Canada

Debates of the Senate

OFFICIAL REPORT
(HANSARD)

THE HONOURABLE WISHART McLEA ROBERTSON, P.C.,
SPEAKER

1956

THIRD SESSION, TWENTY-SECOND PARLIAMENT
4-5 ELIZABETH II

The Session was opened on January 10, 1956
and was prorogued on August 14, 1956

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956

67513—A—1

THE MINISTRY

According to Precedence

AT PROROGATION—AUGUST 14, 1956

THE RIGHT HONOURABLE LOUIS STEPHEN ST. LAURENT, M.P.	Prime Minister and President of the Privy Council.
THE RIGHT HONOURABLE CLARENCE DECATUR HOWE, M.P.	Minister of Trade and Commerce and Minister of Defence Production.
THE RIGHT HONOURABLE JAMES GARFIELD GARDINER, M.P.	Minister of Agriculture.
THE HONOURABLE PAUL JOSEPH JAMES MARTIN, M.P.	Minister of National Health and Welfare.
THE HONOURABLE JAMES J. MCCANN, M.P.	Minister of National Revenue.
THE HONOURABLE MILTON FOWLER GREGG, M.P.	Minister of Labour.
THE HONOURABLE LESTER BOWLES PEARSON, M.P.	Secretary of State for External Affairs.
THE HONOURABLE STUART SINCLAIR GARSON, M.P.	Minister of Justice and Attorney General.
THE HONOURABLE ROBERT HENRY WINTERS, M.P.	Minister of Public Works.
THE HONOURABLE HUGUES LAPOINTE, M.P.	Minister of Veterans Affairs and Postmaster General.
THE HONOURABLE WALTER EDWARD HARRIS, M.P.	Minister of Finance and Receiver General.
THE HONOURABLE GEORGE PRUDHAM, M.P.	Minister of Mines and Technical Surveys.
THE HONOURABLE JAMES SINCLAIR, M.P.	Minister of Fisheries.
THE HONOURABLE RALPH OSBORNE CAMPNEY, M.P.	Minister of National Defence.

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SENATOR THE HONOURABLE WILLIAM ROSS MACDONALD	Solicitor General and Leader of the Government in the Senate.
THE HONOURABLE JOHN WHITNEY PICKERSGILL, M.P.	Minister of Citizenship and Immigration.
THE HONOURABLE JEAN LESAGE, M.P.	Minister of Northern Affairs and National Resources.
THE HONOURABLE GEORGE CARLYLE MARLER, M.P.	Minister of Transport.
THE HONOURABLE ROCH PINARD, M.P.	Secretary of State.

PARLIAMENTARY ASSISTANTS

ROBERT MCCUBBIN, M.P.	to the Minister of Agriculture.
J. WATSON MACNAUGHT, M.P.	to the Minister of Fisheries.
J. A. BLANCHETTE, M.P.	to the Minister of Labour.
W. M. BENIDICKSON, M.P.	to the Minister of Finance.
L. LANGLOIS, M.P.	to the Minister of Transport.
J. H. DICKEY, M.P.	to the Minister of Defence Production.
W. G. WEIR, M.P.	to the Prime Minister.
C. E. BENNETT, M.P.	to the Minister of Veterans Affairs.
F. G. ROBERTSON, M.P.	to the Minister of National Health and Welfare.
MAURICE BOURGET, M.P.	to the Minister of Public Works.
T. A. M. KIRK, M.P.	to the Postmaster General.
LUCIEN CARDIN, M.P.	to the Secretary of State for External Affairs.
PAUL HELLYER, M.P.	to the Minister of National Defence.

PRINCIPAL OFFICERS OF THE PRIVY COUNCIL

R. B. BRYCE	Clerk of the Privy Council and Secretary to the Cabinet.
A. M. HILL	Assistant Clerk of the Privy Council.

SENATORS OF CANADA

ACCORDING TO SENIORITY

AT PROROGATION—AUGUST 14, 1956

THE HONOURABLE WISHART McLEA ROBERTSON, P.C., SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ARTHUR C. HARDY, P.C.	Leeds	Brockville, Ont.
WILLIAM H. McGUIRE	East York	Toronto, Ont.
DONAT RAYMOND	De la Vallière	Montreal, Que.
CAIRINE R. WILSON	Rockcliffe	Ottawa, Ont.
ARTHUR MARCOTTE	Ponteix	Ponteix, Sask.
RALPH BYRON HORNER	Blaine Lake	Blaine Lake, Sask.
WALTER MORLEY ASELTINE	Rosetown	Rosetown, Sask.
FELIX P. QUINN	Bedford-Halifax	Bedford, N.S.
JOHN T. HAIG	Winnipeg	Winnipeg, Man.
JOHN WALLACE DE B. FARRIS	Vancouver South	Vancouver, B.C.
ADRIAN K. HUGESSEN	Inkerman	Montreal, Que.
NORMAN P. LAMBERT	Ottawa	Ottawa, Ont.
ARTHUR LUCIEN BEAUBIEN	Provencher	St. Jean Baptiste, Man.
JOHN J. STEVENSON	Prince Albert	Waskesiu, Sask.
ARISTIDE BLAIS	St. Albert	Edmonton, Alta.
CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke, Que.
SALTER ADRIAN HAYDEN	Toronto	Toronto, Ont.
NORMAN McLEOD PATERSON	Thunder Bay	Fort William, Ont.
JOSEPH JAMES DUFFUS	Peterborough West	Peterborough, Ont.
WILLIAM DAUM EULER, P.C.	Waterloo	Kitchener, Ont.
LÉON MERCIER GOUIN	De Salaberry	Montreal, Que.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THOMAS VIEN, P.C.	De Lorimier	Outremont, Que.
WILLIAM RUPERT DAVIES	Kingston	Kingston, Ont.
JAMES PETER MCINTYRE	Mount Stewart	Mount Stewart, P.E.I.
GORDON PETER CAMPBELL	Toronto	Toronto, Ont.
WISHART MCLEA ROBERTSON, P.C. (Speaker)	Shelburne	Truro, N.S.
TÉLESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe, Que.
ARMAND DAIGLE	Mille Isles	Montreal, Que.
CYRILLE VAILLANCOURT	Kennebec	Lévis, Que.
JACOB NICOL	Bedford	Sherbrooke, Que.
THOMAS ALEXANDER CRERAR, P.C.	Churchill	Winnipeg, Man.
WILLIAM HORACE TAYLOR	Norfolk	R. R. 3, Brantford, Ont.
FRED WILLIAM GERSHAW	Medicine Hat	Medicine Hat, Alta.
JOHN POWER HOWDEN	St. Boniface	Norwood Grove, Man.
VINCENT DUPUIS	Rigaud	Montreal, Que.
CHARLES L. BISHOP	Ottawa	Ottawa, Ont.
JOHN JAMES KINLEY	Queens-Lunenburg	Lunenburg, N.S.
CLARENCE JOSEPH VENIOT	Gloucester	Bathurst, N.B.
ARTHUR WENTWORTH ROEBUCK	Toronto-Trinity	Toronto, Ont.
JOHN ALEXANDER MCDONALD	King's	Halifax, N.S.
ALEXANDER NEIL MCLEAN	Southern New Brunswick	Saint John, N.B.
FREDERICK W. PIRIE	Victoria-Carleton	Grand Falls, N.B.
GEORGE PERCIVAL BURCHILL	Northumberland-Miramichi	South Nelson, N.B
JEAN MARIE DESSUREAULT	Stadacona	Quebec, Que.
PAUL HENRI BOUFFARD	Grandville	Quebec, Que.
JAMES GRAY TURGEON	Cariboo	Vancouver, B.C.
STANLEY STEWART MCKEEN	Vancouver	Vancouver, B.C.
THOMAS FARQUHAR	Algoma	Little Current, Ont.
JOSEPH WILLIE COMEAU	Clare	Comeauville, N.S.
GEORGE HENRY ROSS	Calgary	Calgary, Alta.
THOMAS H. WOOD	Regina	Regina, Sask.
JAMES ANGUS MACKINNON, P.C.	Edmonton	Edmonton, Alta.
THOMAS VINCENT GRANT	Montague	Montague, P.E.I.
JOSEPH ADÉLARD GODBOUT	Montarville	Frelighsburg, Que.
WILLIAM ALEXANDER FRASER	Trenton	Trenton, Ont.
WILLIAM HENRY GOLDING	Huron-Perth	Seaforth, Ont.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
GEORGE H. BARBOUR	Prince	Charlottetown, P.E.I.
ALEXANDER BOYD BAIRD	St. John's	St. John's, Nfld.
RAY PETTEN	Bonavista	St. John's, Nfld..
THOMAS REID	New Westminster	New Westminster, B.C.
J. WESLEY STAMBAUGH	Bruce	Bruce, Alta.
GORDON B. ISNOR	Halifax-Dartmouth	Halifax, N.S.
CHARLES G. HAWKINS	Milford-Hants	Milford Station, N.S.
CALVERT C. PRATT	St. John's West	St. John's, Nfld.
MICHAEL G. BASHA	West Coast	Curling, Nfld.
MARIANA BEAUCHAMP JODOIN	Sorel	Montreal, Que.
MURIEL MCQUEEN FERGUSSON	Fredericton	Fredericton, N.B.
ALLAN L. WOODROW	Toronto-Centre	Toronto, Ont.
FREDERICK GORDON BRADLEY, P.C.	Bonavista-Twillingate	Bonavista, Nfld.
WILLIAM ROSS MACDONALD, P.C.	Brantford	Brantford, Ont.
JOSEPH ARTHUR BRADETTE	Cochrane	Cochrane, Ont.
LEONARD DAVID SWEEZEY TREMBLAY	Lauzon	St. Malachie, Que.
SARTO FOURNIER	De Lanaudière	Montreal, Que.
AUREL D. LÉGER	Kent	Grande Digue, N.B.
JOHN J. CONNOLLY	Ottawa West	Ottawa, Ont.
NANCY HODGES	Victoria	Victoria, B.C.
DONALD CAMERON	Banff	Edmonton, Alta.
WILLIAM M. WALL	Winnipeg	Winnipeg, Man.
DAVID A. CROLL	Toronto-Spadina	Toronto, Ont.
THOMAS D'ARCY LEONARD	Toronto-Rosedale	Toronto, Ont.
FRED A. MCGRAND	Sunbury	Fredericton Junction, N.B.
CALIXTE F. SAVOIE	L'Acadie	Moncton, N.B.
DONALD SMITH	Queens-Shelburne	Liverpool, N.S.
HAROLD CONNOLLY	Halifax North	Halifax, N.S.
FLORENCE ELSIE INMAN	Murray Harbour	Montague, P.E.I.
JOHN T. HACKETT	Victoria	Montreal, Que.
HARTLAND DE MONTARVILLE MOLSON	Alma	Montreal, Que.
CHARLES GAVAN POWER, P.C.	Gulf	St. Pacome, Que.
JEAN-FRANÇOIS POULIOT	De la Durantaye	Rivière du Loup, Que.

Deceased during session:

The Honourable Iva Campbell Fallis, Peterborough, Ontario, March 7, 1956.

The Honourable James A. Calder, P.C., Regina, Saskatchewan, July 20, 1956.

SENATORS OF CANADA

ALPHABETICAL LIST

AT PROROGATION—AUGUST 14, 1956

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ASELTINE, W. M.	Rosetown	Rosetown, Sask.
BAIRD, A. B.	St. John's	St. John's, Nfld.
BARBOUR, GEORGE H.	Prince	Charlottetown, P.E.I.
BASHA, MICHAEL G.	West Coast	Curling, Nfld.
BEAUBIEN, ARTHUR L.	Provencher	St. Jean Baptiste, Man.
BISHOP, CHARLES L.	Ottawa	Ottawa, Ont.
BLAIS, ARISTIDE	St. Albert	Edmonton, Alta.
BOUCHARD, T. D.	The Laurentides	St. Hyacinthe, Que.
BOUFFARD, PAUL H.	Grandville	Quebec, Que.
BRADETTE, JOSEPH A.	Cochrane	Cochrane, Ont.
BRADLEY, F. GORDON, P.C.	Bonavista-Twillingate	Bonavista, Nfld.
BURCHILL, G. PERCIVAL	Northumberland-Miramichi	South Nelson, N.B.
CAMERON, DONALD	Banff	Edmonton, Alta.
CAMPBELL, G. PETER	Toronto	Toronto, Ont.
COMEAU, J. W.	Clare	Comeauville, N.S.
CONNOLLY, HAROLD	Halifax North	Halifax, N.S.
CONNOLLY, JOHN J.	Ottawa West	Ottawa, Ont.
CRERAR, T. A., P.C.	Churchill	Winnipeg, Man.
CROLL, DAVID A.	Toronto-Spadina	Toronto, Ont.
DAIGLE, ARMAND	Mille Isles	Montreal, Que.
DAVIES, W. RUPERT	Kingston	Kingston, Ont.
DESSUREAULT, J. M.	Stadacona	Quebec, Que.
DUFFUS, J. J.	Peterborough West	Peterborough, Ont.
DUPUIS, VINCENT	Rigaud	Montreal, Que.
EULER, W. D., P.C.	Waterloo	Kitchener, Ont.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
FARQUHAR, THOMAS	Algoma	Little Current, Ont.
FARRIS, J. W. DE B.	Vancouver South	Vancouver, B.C.
FERGUSSON, MURIEL McQ.	Fredericton	Fredericton, N.B.
FOURNIER, Sarto	De Lanaudière	Montreal, Que.
FRASER, WILLIAM A.	Trenton	Trenton, Ont.
GERSHAW, F. W.	Medicine Hat	Medicine Hat, Alta.
GODBOUT, J. ADÉLARD	Montarville	Frelighsburg, Que.
GOLDING, WILLIAM H.	Huron-Perth	Seaforth, Ont.
GOUIN, L. M.	De Salaberry	Montreal, Que.
GRANT, THOMAS V.	Montague	Montague, P.E.I.
HACKETT, JOHN T.	Victoria	Montreal, Que.
HAIG, JOHN T.	Winnipeg	Winnipeg, Man.
HARDY, ARTHUR C., P.C.	Leeds	Brockville, Ont.
HAWKINS, CHARLES G.	Milford-Hants	Milford Station, N.S.
HAYDEN, SALTER A.	Toronto	Toronto, Ont.
HODGES, NANCY	Victoria	Victoria, B C.
HORNER, R. B.	Blaine Lake	Blaine Lake, Sask.
HOWARD, CHARLES B.	Wellington	Sherbrooke, Que.
HOWDEN, JOHN P.	St. Boniface	Norwood Grove, Man.
HUGESSEN, A. K.	Inkerman	Montreal, Que.
INMAN, F. ELSIE	Murray Harbour	Montague, P.E.I.
ISNOR, GORDON B.	Halifax-Dartmouth	Halifax, N.S.
JODOIN, MARIANA B.	Sorel	Montreal, Que.
KINLEY, JOHN J.	Queens-Lunenburg	Lunenburg, N.S.
LAMBERT, NORMAN P.	Ottawa	Ottawa, Ont.
LÉGER, AUREL D.	Kent	Grande Digue, N.B.
LEONARD, T. D'ARCY	Toronto-Rosedale	Toronto, Ont.
MACDONALD, W. ROSS, P.C.	Brantford	Brantford, Ont.
MacKINNON, JAMES A., P.C.	Edmonton	Edmonton, Alta.
MARCOTTE, Arthur	Ponteix	Ponteix, Sask.
McDONALD, JOHN A.	King's	Halifax, N.S.
McGRAND, FRED A.	Sunbury	Fredericton Junction, N.B.
McGUIRE, WILLIAM H.	East York	Toronto, Ont.
McINTYRE, JAMES P.	Mount Stewart	Mount Stewart, P.E.I.
McKEEN, STANLEY S.	Vancouver	Vancouver, B.C.
McLEAN, A. NEIL	Southern New Brunswick	Saint John, N.B.
MOLSON, H. DE M.	Alma	Montreal, Que.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
NICOL, JACOB	Bedford	Sherbrooke, Que.
PATERSON, NORMAN McL.	Thunder Bay	Fort William, Ont.
PETTEN, RAY	Bonavista	St. John's, Nfld.
PIRIE, FREDERICK W.	Victoria-Carleton	Grand Falls, N.B.
POULIOT, JEAN-FRANÇOIS	De la Durantaye	Rivière du Loup, Que.
POWER, C. G., P.C.	Gulf	St. Pacome, Que.
PRATT, CALVERT C.	St. John's West	St. John's, Nfld.
QUINN, FELIX P.	Bedford-Halifax	Bedford, N.S.
RAYMOND, DONAT	De la Vallière	Montreal, Que.
REID, THOMAS	New Westminster	New Westminster, B.C.
ROBERTSON, WISHART McLEA, P.C. (Speaker)	Shelburne	Truro, N.S.
ROEBUCK, ARTHUR W.	Toronto-Trinity	Toronto, Ont.
ROSS, GEORGE H.	Calgary	Calgary, Alta.
SAVOIE, CALIXTE F.	L'Acadie	Moncton, N.B.
SMITH, DONALD	Queens-Shelburne	Liverpool, N.S.
STAMBAUGH, J. WESLEY	Bruce	Bruce, Alta.
STEVENSON, JOHN J.	Prince Albert	Waskesiu, Sask.
TAYLOR, WILLIAM H.	Norfolk	R. R. 3, Brantford, Ont.
TREMBLAY, LEONARD	Lauzon	St. Malachie, Que.
TURGEON, GRAY	Cariboo	Vancouver, B.C.
VAILLANCOURT, CYRILLE	Kennebec	Lévis, Que.
VENIOT, CLARENCE J.	Gloucester	Bathurst, N.B.
VIEN, THOMAS, P.C.	De Lorimier	Outremont, Que.
WALL, WILLIAM M.	Winnipeg	Winnipeg, Man.
WILSON, CAIRINE R.	Rockcliffe	Ottawa, Ont.
WOOD, THOMAS H.	Regina	Regina, Sask.
WOODROW, ALLAN L.	Toronto-Centre	Toronto, Ont.

Deceased during session:

The Honourable Iva Campbell Fallis, Peterborough, Ontario, March 7, 1956.

The Honourable James A. Calder, P.C., Regina, Saskatchewan, July 20, 1956.

SENATORS OF CANADA

BY PROVINCES

AT PROROGATION—AUGUST 14, 1956

ONTARIO—24

	SENATORS	DESIGNATION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	ARTHUR C. HARDY, P.C.	Leeds	Brockville.
2	WILLIAM H. MCGUIRE	East York	Toronto.
3	CAIRINE R. WILSON	Rockcliffe	Ottawa.
4	NORMAN P. LAMBERT	Ottawa	Ottawa.
5	SALTER ADRIAN HAYDEN	Toronto	Toronto.
6	NORMAN MCLEOD PATERSON	Thunder Bay	Fort William.
7	JOSEPH JAMES DUFFUS	Peterborough West	Peterborough.
8	WILLIAM DAUM EULER, P.C.	Waterloo	Kitchener.
9	WILLIAM RUPERT DAVIES	Kingston	Kingston.
10	GORDON PETER CAMPBELL	Toronto	Toronto.
11	WILLIAM HORACE TAYLOR	Norfolk	R. R. 3, Brantford.
12	CHARLES L. BISHOP	Ottawa	Ottawa.
13	ARTHUR WENTWORTH ROEBUCK	Toronto-Trinity	Toronto.
14	THOMAS FARQUHAR	Algoma	Little Current.
15	WILLIAM ALEXANDER FRASER	Trenton	Trenton.
16	WILLIAM HENRY GOLDING	Huron-Perth	Seaforth.
17	ALLAN L. WOODROW	Toronto-Centre	Toronto.
18	WILLIAM ROSS MACDONALD, P.C.	Brantford	Brantford.
19	JOSEPH ARTHUR BRADETTE	Cochrane	Cochrane.
20	JOHN J. CONNOLLY	Ottawa West	Ottawa.
21	DAVID A. CROLL	Toronto-Spadina	Toronto.
22	THOMAS D'ARCY LEONARD	Toronto-Rosedale	Toronto.
23			
24			

Deceased during session:

The Honourable Iva Campbell Fallis, Peterborough, Ontario, March 7, 1956.

QUEBEC—24

	SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	DONAT RAYMOND	De la Vallière	Montreal.
2	ADRIAN K. HUGESSEN	Inkerman	Montreal.
3	CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke.
4	LÉON MERCIER GOUIN	De Salaberry	Montreal.
5	THOMAS VIEN, P.C.	De Lorimier	Outremont.
6	TÉLESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe.
7	ARMAND DAIGLE	Mille Isles	Montreal.
8	CYRILLE VAILLANCOURT	Kennebec	Levis.
9	JACOB NICOL	Bedford	Sherbrooke.
10	VINCENT DUPUIS	Rigaud	Montreal.
11	JEAN MARIE DESSUREAULT	Stadacona	Quebec.
12	PAUL HENRI BOUFFARD	Grandville	Quebec.
13	JOSEPH ADÉLARD GODBOUT	Montarville	Frelighsburg.
14	MARIANA BEAUCHAMP JODOIN	Sorel	Montreal.
15	LEONARD DAVID SWEEZEY TREMBLAY	Lauzon	St. Malachie.
16	SARTO FOURNIER	De Lanaudière	Montreal.
17	JOHN T. HACKETT	Victoria	Montreal.
18	HARTLAND DE MONTARVILLE MOLSON	Alma	Montreal.
19	CHARLES GAVAN POWER, P.C.	Gulf	St. Pacome.
20	JEAN-FRANÇOIS POULIOT	De la Durantaye	Rivière du Loup.
21			
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NOVA SCOTIA—10

	SENATORS	DESIGNATION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	FELIX P. QUINN	Bedford-Halifax	Bedford.
2	WISHART MCLEA ROBERTSON, P.C. (Speaker)	Shelburne	Truro.
3	JOHN JAMES KINLEY	Queens-Lunenburg	Lunenburg.
4	JOHN ALEXANDER MCDONALD	King's	Halifax.
5	JOSEPH WILLIE COMEAU	Clare	Comeauville.
6	GORDON B. ISNOR	Halifax-Dartmouth	Halifax.
7	CHARLES G. HAWKINS	Milford-Hants	Milford Station.
8	DONALD SMITH	Queens-Shelburne	Liverpool.
9	HAROLD CONNOLLY	Halifax North	Halifax.
10			

NEW BRUNSWICK—10

	THE HONOURABLE		
1	CLARENCE JOSEPH VENIOT	Gloucester	Bathurst.
2	ALEXANDER NEIL MCLEAN	Southern New-Brunswick	Saint John.
3	FREDERICK W. PIRIE	Victoria-Carleton	Grand Falls.
4	GEORGE PERCIVAL BURCHILL	Northumberland-Miramichi	South Nelson.
5	MURIEL MCQUEEN FERGUSSON	Fredericton	Fredericton.
6	AUREL D. LÉGER	Kent	Grande Digue.
7	FRED A. MCGRAND	Sunbury	Fredericton Junction.
8	CALIXTE F. SAVOIE	L'Acadie	Moncton.
9			
10			

PRINCE EDWARD ISLAND—4

	THE HONOURABLE		
1	JAMES PETER MCINTYRE	Mount Stewart	Mount Stewart.
2	THOMAS VINCENT GRANT	Montague	Montague.
3	GEORGE H. BARBOUR	Prince	Charlottetown.
4	FLORENCE ELSIE INMAN	Murray Harbour	Montague.

BRITISH COLUMBIA—6

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
1 JOHN WALLACE DE B. FARRIS	Vancouver South	Vancouver.
2 JAMES GRAY TURGEON	Cariboo	Vancouver.
3 STANLEY STEWART MCKEEN	Vancouver	Vancouver.
4 THOMAS REID	New Westminster	New Westminster.
5 NANCY HODGES	Victoria	Victoria.
6		

MANITOBA—6

THE HONOURABLE		
1 JOHN T. HAIG	Winnipeg	Winnipeg.
2 ARTHUR L. BEAUBIEN	Provencher	St. Jean Baptiste.
3 THOMAS ALEXANDER CRERAR, P.C.	Churchill	Winnipeg.
4 JOHN POWER HOWDEN	St. Boniface	Norwood Grove.
5 WILLIAM M. WALL	Winnipeg	Winnipeg.
6		

SASKATCHEWAN—6

THE HONOURABLE		
1 ARTHUR MARCOTTE	Ponteix	Ponteix.
2 RALPH BYRON HORNER	Blaine Lake	Blaine Lake.
3 WALTER M. ASELTINE	Rosetown	Rosetown.
4 JOHN J. STEVENSON	Prince Albert	Waskesiu.
5 THOMAS H. WOOD	Regina	Regina.
6		

Deceased during session:
The Honourable James A. Calder, P.C., Regina, Saskatchewan, July 20, 1956.

ALBERTA—6

THE HONOURABLE		
1 Aristide Blais	St. Albert	Edmonton.
2 FRED WILLIAM GERSHAW	Medicine Hat	Medicine Hat.
3 GEORGE HENRY ROSS	Calgary	Calgary.
JAMES ANGUS MACKINNON, P.C.	Edmonton	Edmonton.
5 J. WESLEY STAMBAUGH	Bruce	Bruce.
6 DONALD CAMERON	Banff	Edmonton.

NEWFOUNDLAND—6

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
1 ALEXANDER BOYD BAIRD	St. John's	St. John's.
2 RAY PETTEN	Bonavista	St. John's.
3 CALVERT C. PRATT	St. John's West	St. John's.
4 MICHAEL G. BASHA	West Coast	Curling.
5 FREDERICK GORDON BRADLEY, P.C.	Bonavista-Twillingate	Bonavista.
6		

THE SENATE

Officers and Chiefs of Principal Branches

John F. MacNeill, Q.C., B.A., LL.B., Clerk of the Senate and Clerk of the Parliaments.

E. Russell Hopkins, B.A., LL.B., Law Clerk and Parliamentary Counsel.

Rodolphe Larose, E.D., First Clerk Assistant.

Major C. R. Lamoureux, D.S.O., Gentleman Usher of the Black Rod.

Harvey Armstrong, Chief Clerk of Committees.

H. D. Gilman, Chief Treasury Officer and Assistant to the Clerk of the Parliaments.

B. P. Lake, Editor of Debates and Chief of Reporting Branch.

Miss I. M. Hutton, Chief of Minutes and Journals (English).

Paul LaRocque, Chief of Minutes and Journals (French).

R. J. Dallaire, Acting Postmaster.

Miss N. Foley, Supervisor of Stenographic Service.

R. E. C. Lay, Chief of Stationery Branch.

W. R. Gray, Chief of Joint Distribution Office.

W. D. Foran, Chief of Protective Service.

W. Pentecost, Manager of Parliamentary Restaurant.

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(French) Victor Lemire, M.B.E.

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Henriot Mayer, Chief of Debates Division.

LIBRARY OF PARLIAMENT

Felix Desrochers, General Librarian.

F. A. Hardy, Parliamentary Librarian.

CANADA

Debates of the Senate

OFFICIAL REPORT

THE SENATE

Tuesday, January 10, 1956

OPENING OF THIRD SESSION TWENTY-SECOND PARLIAMENT

Parliament having been summoned by Proclamation of the Governor General to meet this day for the dispatch of business:

The Senate met at 10.30 a.m., the Speaker in the Chair.

Prayers.

COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

The Hon. the Speaker informed the Senate that he had received a communication from the Governor General's Secretary informing him that His Excellency the Governor General would arrive at the main entrance of the Houses of Parliament at 3 p.m., and, when it had been signified that all was in readiness, would proceed to the Senate Chamber to open the Third Session of the Twenty-second Parliament.

CLERK OF THE SENATE

APPOINTMENT OF JOHN FORBES MacNEILL

The Hon. the Speaker: Honourable senators, a commission under the Great Seal has been issued to John Forbes MacNeill, Esquire, appointing him Clerk of the Senate and Clerk of the Parliaments.

The commission was read by the Clerk Assistant.

The Hon. the Speaker: Honourable senators, by the usage of Parliament the Clerk of the Senate is required to take the oath of office before me.

The oath of office was administered by His Honour the Speaker.

The Hon. the Speaker: Honourable senators, a commission under the Great Seal has been issued to John Forbes MacNeill, Esquire, appointing him a Commissioner to administer the oath of allegiance to members of the Senate and also to take and receive their declarations of qualification.

The commission was read by the Clerk Assistant.

NEW SENATORS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received certificates from the Secretary of State of Canada showing that the following Honourable Senators, respectively, have been summoned to the Senate:

Hon. Donald Cameron
Hon. William M. Wall
Hon. David Croll
Hon. Thomas D'Arcy Leonard
Hon. Fred A. McGrand
Hon. Calixte F. Savoie
Hon. Donald Smith
Hon. Harold Connolly
Hon. Florence Elsie Inman
Hon. John T. Hackett
Hon. Hartland de Montarville Molson
Hon. C. G. Power, P.C.
Hon. Jean-François Pouliot

NEW SENATORS INTRODUCED

The Hon. the Speaker having informed the Senate that there were senators without, waiting to be introduced:

The following newly-summoned senators were severally introduced, and presented Her Majesty's writs of summons, which were read by the Clerk Assistant, and took the oath prescribed by law, and were seated:

Hon. Donald Cameron, of Edmonton, Alberta, introduced between Hon. Mr. Macdonald and Hon. Mr. MacKinnon.

Hon. William M. Wall, of Winnipeg, Manitoba, introduced between Hon. Mr. Macdonald and Hon. Mr. Crerar.

Hon. David Croll, of Toronto, Ontario, introduced between Hon. Mr. Macdonald and Hon. Mr. Bradette.

Hon. Thomas D'Arcy Leonard, of Toronto, Ontario, introduced between Hon. Mr. Macdonald and Hon. John J. Connolly.

Hon. Fred A. McGrand, of Fredericton, New Brunswick, introduced between Hon. Mr. Macdonald and Hon. Mrs. Fergusson.

Hon. Calixte F. Savoie, of Moncton, New Brunswick, introduced between Hon. Mr. Macdonald and Hon. Mr. Léger.

Hon. Donald Smith, of Liverpool, Nova Scotia, introduced between Hon. Mr. Macdonald and Hon. Mr. Kinley.

Hon. Harold Connolly, of Halifax, Nova Scotia, introduced between Hon. Mr. Macdonald and Hon. Mr. Isnor.

Hon. Florence Elsie Inman, of Montague, Prince Edward Island, introduced between Hon. Mr. Macdonald and Hon. Mr. McIntyre.

Hon. John T. Hackett, of Montreal Quebec, introduced between Hon. Mr. Macdonald and Hon. Mr. Haig.

Hon. Hartland de Montarville Molson, of Montreal, Quebec, introduced between Hon. Mr. Macdonald and Hon. Mr. Hugessen.

Hon. Charles Gavan Power, P.C., of St. Pacome, Quebec, introduced between Hon. Mr. Macdonald and Hon. Mr. Crerar.

Hon. Jean-François Pouliot, of Rivière-du-Loup, Quebec, introduced between Hon. Mr. Macdonald and Hon. Mr. Bouffard.

The Hon. the Speaker informed the Senate that each of the newly-summoned senators had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of an officer of the Senate authorized to receive and witness the said declaration.

WELCOME TO NEW SENATORS

The Hon. the Speaker: Honourable senators, may I, on behalf of the Senate of Canada, extend the most cordial welcome to those who have just taken their seats in this chamber? You will find here, honourable senators, a pleasant atmosphere far transcending any sharp differences of opinion that may from time to time arise in the consideration of legislation. You will at times be surprised at the expedition with which legislation is disposed of, until you appreciate the fact that the Senate embraces in its membership men and women of wide experience accustomed to assess quickly the import of what comes before them. There have always existed, and will exist in the future, ample opportunities for greater utilization of the undoubted talents and experience possessed by members of this house over and above that required by the consideration of what comes regularly before them. You, with the great prestige and experience hitherto gained in your respective spheres of endeavour, are in a position to add materially in this respect. We welcome you, and wish you well.

The Senate adjourned until 2.30 p.m.

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

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

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

Honourable Members of the Senate:

Members of the House of Commons:

It is with pleasure that I greet you as you resume your parliamentary duties at the beginning of this new year.

Since you last met there have been significant international developments. Some of them have been welcome as releasing tensions in certain parts of the world while others unfortunately have had the contrary effect. My ministers remain convinced of the need to maintain the defences of the free nations as a deterrent to war. A strong North Atlantic Treaty Organization and adequate protection for this continent are in their view fundamental to the preservation of peace and the security of Canada.

Security, however, cannot rest on arms alone. The Government, therefore, is continuing its constant efforts, through diplomacy and negotiation and through the United Nations and other international agencies, to bring about better understanding between nations.

A meeting of Commonwealth Prime Ministers will be held in London in June to consider matters of mutual interest. My Prime Minister has accepted the invitation to attend.

Meanwhile my ministers are looking forward to the visit to Ottawa in February of the Prime Minister and the Foreign Secretary of the United Kingdom.

The annual meeting of the Consultative Committee of the Colombo Plan agreed that this constructive work should be continued for a further period and you will be asked to authorize Canada's continued participation in the Plan, as well as in the United Nations Technical Assistance Program.

A royal commission has been appointed to consider and report upon the development and financing of television and sound broadcasting in Canada.

The royal commission to examine and report upon our economic prospects is proceeding with its inquiry.

The year just ended has been the most productive in our nation's history. More men and women have been employed than ever before. Our harvests have been abundant. Our trade has exceeded all earlier levels. A record number of houses has been built.

Canada has enjoyed, on the whole, a high level of prosperity. Some sectors of the economy have not fully participated in this increased well-being. In particular, although sales of wheat in the past five years have been at record levels, an unprecedented series of bumper harvests has made necessary the storage of abnormal stocks of grain both in elevators and on farms. Lack of space in elevators has limited the ability of producers to deliver grain as early as usual in the marketing year. In order to provide an immediate source of funds where they may be needed, my ministers will ask you to authorize guarantees for bank loans to producers secured by their grain.

You will also be asked to authorize the Treasury to bear the cost from August 1, 1955 of storage and interest charges on wheat held by the Wheat Board over and above its normal carryover levels. As a consequence of this arrangement, returns to producers will not be depressed by carrying costs on abnormal carryover.

A higher level of employment this winter than last seems to be assured and the improvements you made to the Unemployment Insurance Act last year will provide a better coverage for those who are temporarily without work, particularly in the winter season. Various departments and agencies of government have sought to arrange their construction program to provide more employment during the winter season. It is gratifying to note that many other employers are endeavouring to follow the same policy.

In October my ministers held a conference in Ottawa with the premiers and other ministers of all the provinces to consider financial and other relations between the federal and provincial Governments. Following this useful discussion and some further correspondence, my ministers have placed before all provincial Governments a specific proposal for federal-provincial fiscal arrangements to commence next year.

The conference established a committee of ministers from all governments to consider health insurance programs and the work of this committee is now under way.

My ministers have also conferred with provincial ministers to consider and develop an arrangement for sharing the costs of assistance to unemployed persons not eligible for unemployment insurance benefits, and in need. Detailed agreements have been submitted to the provinces. You will be asked to approve the legislation necessary to implement this program.

You will be asked to provide for the construction, jointly with the Government of Ontario, of a gas pipe line across northern Ontario from the Manitoba boundary to Kapuskasing, to be leased to Trans-Canada Pipe Lines Limited, which is to build connecting lines in western and eastern Canada. My ministers consider this government participation is necessary to make this important national project possible at this time.

You will also have laid before you amendments to the Trans-Canada Highway Act to accelerate the completion of essential links in the Trans-Canada Highway and to continue, in co-operation with provincial Governments, the work of constructing that highway up to the agreed standards.

Amendments to the National Housing Act will be laid before you. The rapid growth of our centres of population has been a spectacular feature of our national development since the last war, and in that growth wide use has been made of the National Housing Act by our citizens, particularly in suburban areas. One amendment now to be proposed is designed to increase assistance to encourage redevelopment of older sections of our cities to their best use.

Early last year the home improvement section of the act was proclaimed. It has contributed greatly toward the betterment of many existing houses. An amendment will be laid before you to increase the amounts of loans available for this purpose.

A joint committee of both houses will be proposed to review the progress and program of the Federal District Commission in developing the national capital.

In the field of industrial development you will be asked to extend the scope of the Industrial Development Bank. You will also be asked to increase the size of loans which may be made by the Canadian Farm Loan Board and to amend the Farm Improvement Loans Act.

My ministers also plan to introduce a bill to provide that women receive equal pay with men for equal work in industries which are under federal jurisdiction.

You will be asked to revise the Royal Canadian Mounted Police Act and the Dominion Succession Duty Act. You will be requested to consider amendments to the Canadian Wheat Board Act, the Supreme Court Act, the Excise Act, the Canada Shipping Act, the Small Loans Act, the Navigable Waters Protection Act, the Prairie Farm Rehabilitation Act, the Prairie Farm Assistance Act, the Canadian Citizenship Act and the Indian Act.

Members of the House of Commons:

You will be asked to make provision for all essential services.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence bless your deliberations.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAYS BILL

FIRST READING

Hon. Mr. Beaubien (for Hon. Mr. Macdonald) presented Bill A, an Act relating to railways.

The bill was read the first time.

SPEECH FROM THE THRONE

CONSIDERATION ON TUESDAY NEXT

On motion of Hon. Mr. Beaubien (for Hon. Mr. Macdonald), it was ordered that the speech of His Excellency the Governor General be taken into consideration on Tuesday next.

COMMITTEE ON ORDERS AND PRIVILEGES

APPOINTMENT

Hon. Mr. Beaubien (for Hon. Mr. Macdonald), with leave of the Senate, moved:

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

The motion was agreed to.

COMMITTEE OF SELECTION

APPOINTMENT

Hon. Mr. Beaubien (for Hon. Mr. Macdonald), with leave of the Senate, moved:

That pursuant to Rule 77, the following Senators, to wit: the Honourable Senators Aseltine, Beaubien, Gouin, Haig, Hugessen, Macdonald, McDonald, Quinn and Taylor be appointed a Committee of Selection to nominate senators to serve on the several Standing Committees during the present Session; and to report with all convenient speed the names of the senators so nominated.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, January 11, 1956

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

Prayers.

Routine proceedings.

LIBRARY OF PARLIAMENT

REPORT OF JOINT LIBRARIANS

The Hon. the Speaker: Honourable senators, I have the honour to present the report of the Joint Librarians of Parliament.

The report was read by the Clerk Assistant as follows:

Report of the Joint Librarians to Parliament
3rd Session, 22nd Parliament, 1956.

To the Honourable the Speaker of the Senate:

The Joint Librarians of Parliament have the honour to submit their report for the year 1955.

It will be four years next August since the destructive fire occurred in the Library of Parliament building. The reconstruction of the building was begun in the summer of 1953. On December 19 last the Honourable the Speaker of the House of Commons and the Joint Librarians made a tour of the library building and were very favourably impressed with the structural and decorative work that has been done there. However, the architects in charge of the reconstruction cannot as yet give us a definite date when their task will be completed; they hope that it will be some time in the early summer of this year.

The methods adopted in order to provide a satisfactory service to members of Parliament and officials while we are occupying several buildings in Ottawa have been described in previous reports. No important changes in these arrangements have been made since last session with the exception that we have recently acquired a light panel truck to facilitate the transfer of books and materials from one place to another.

The recataloguing of the collection according to modern methods is progressing satisfactorily, with the help of the six additional librarians engaged for that purpose. In the course of the year just ended 25,565 volumes were recatalogued and reclassified, which brings the total number so far processed to 48,120.

A number of donations were received during the year, among them an album of photographs recording the first century of "Earnscliffe", presented by Sir Archibald Nye, High Commissioner for the United Kingdom.

Respectfully submitted,

Felix Desrochers,
F. A. Hardy,
Joint Librarians.

Library of Parliament,
Ottawa, January 10, 1956.

The Hon. the Speaker: When shall this report be taken into consideration?

Hon. Mr. Lambert: Next sitting.

DIVORCE COMMITTEE

MEMBERSHIP INCREASED

Hon. W. Ross Macdonald: Honourable senators, with leave of the house, before the report of the Committee of Selection is presented, may I refer to a matter directly connected with that committee? As honourable senators know, over the years the Senate Committee on Divorce has been hearing an ever-increasing number of divorce petitions. For ten years before I came to this house the committee was under the able chairmanship of the honourable senator from Rosetown (Hon. Mr. Aseltine). Since I have been here it has been under the equally able chairmanship of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). The committee has a very arduous task to perform. Each petition for divorce, of course, receives very careful consideration; the evidence is heard and weighed just as it would be in a court of law, and from my experience in the courts of law I am satisfied that a petition for divorce presented to this house receives as careful and expeditious consideration as it would if heard in any court in Canada. As I have said, however, the committee has a very arduous task. The chairman has today tabled petitions from 257 applicants. He has so organized the committee, which hitherto has consisted of 20 members, that the evidence is heard by subcommittees and these report to the main committee. I am sure we all want to assist the chairman and his committee in their important work—work which under our Constitution it is necessary that Parliament should perform. It has been suggested that the committee's task would be somewhat lightened, though not greatly, if the membership were increased from twenty to twenty-five; so, with leave of the Senate, I will move:

That the rules of the Senate be amended by striking out paragraph 9 of Rule 78 and substituting therefor the following:

"9. The Committee on Divorce, composed of not less than nine senators and not more than twenty-five senators".

Hon. John T. Haig: Honourable senators, with the permission of the house, I would like to second the motion of the honourable leader of the Government.

Unlike him, I have had considerable experience on the Divorce Committee. For many years I was a member under the chairmanship of the honourable senator from Rosetown (Hon. Mr. Aseltine) and I am now a member *ex officio*—whatever that means—under the chairmanship of the honourable

senator from Toronto-Trinity (Hon. Mr. Roebuck). Both these gentlemen are able lawyers and understand thoroughly the principles of law.

I should like at this time to offer some criticism, not of the Government or of the committee but of *Maclean's* magazine, which carried a vicious article, written by an Ottawa reporter, criticizing the conduct of the Senate in its handling of divorce last session. Our Divorce Committee recommended 407 petitions, of which the House of Commons passed 402, rejected two, talked out two and gave one the six-months hoist. Honourable senators, for many years I have been a member of the bar of my province and have earned my living by the practice of law. I do not claim to be the ablest lawyer in Canada, but perhaps I could be classed among the reasonably fair members of the profession. In all my experience I have not heard of a trial judge in my province or elsewhere who has had the good record of having his decisions reversed on appeal in only five cases out of 407. The courts of appeal frequently have their judgments reversed by the Supreme Court of Canada, and when our cases went to the Privy Council the decisions of the Supreme Court were sometimes reversed by that body. It seems to me, therefore that the committee having recommended 407 petitions, of which only five failed to pass the other house—only two were actually rejected—had a marvelous record last session. Indeed, I don't believe King Solomon in all his wisdom could have claimed a better record.

I am surprised that *Maclean's* would publish the criticism it did in view of the magnificent job done by the committee last year. A good many honourable senators feel that too much of the time of the Senate is taken up with questions of divorce and, of course, many senators are opposed to divorce *ab initio*. However, two Canadian provinces are without divorce courts, and the people of those provinces must come to Parliament to have their cases heard. Therefore, I do not believe that I, as a member of the Senate, can refuse to hear those cases. That principle applies especially to senators who come from provinces whose people have a right to have their cases heard by a provincial court.

In view of all the circumstances, I repeat, I am most surprised that a publication such as *Maclean's* magazine would challenge the Senate on the question of divorce. I think I could tell it a good many other matters about which there might be some criticism—for instance, I would like us to get through the session in five months instead of six, and perhaps we would if some honourable senators made shorter speeches. But, seriously, the question before us is whether the Divorce Committee did a good job in the consideration of the cases it recommended and that were sent to the House of Commons, and whether that house dealt with them properly.

One further point: When a bill for divorce goes from the Senate to the House of Commons, that house is, as it were, sitting as a court of appeal on the evidence. Members of this house who are lawyers know well that the courts of Canada, Great Britain, United States and many other countries in the world recognize the principle that the trial judge who sees the parties and who hears the witnesses first-hand is a better judge of the facts than anybody who reads the evidence later. For that reason, a court of appeal always hesitates to override the decision of a trial judge on a question of the truth or otherwise of the statements made by witnesses before him.

Now, honourable senators, in the handling of divorce petitions that come before Parliament we of the Senate Divorce Committee are the trial judges, we are the ones who see and hear the witnesses. May I be allowed to digress for a moment? Some years ago a very distinguished member of our house, who would be here today were he not ill, was associated with me on the committee, as was also a newly summoned senator. On one occasion we were hearing a contested case, and the question for us to decide was whether the wife-petitioner or the husband-respondent was lying. After we had heard all of the evidence I turned to the senator who had been with me for five or six years and I said, "John, how about it?" He replied, "The wife is telling the truth". I said, "I agree with you on that". Then I turned to the other senator, who was just as able and as conscientious as we were, and I asked him "What do you think?" His reply was: "Well, I don't know who was lying and who was telling the truth". I said to him, "That is one matter you have to decide for yourself on this committee, whether the petitioner or the respondent is telling the truth, and you have to base your judgment of the case on that". As I say, honourable senators, the trial judges —the committee members—are the ones who can make that decision better than anybody else.

I am glad to see that the time for receiving petitions has been extended. And in conclusion I want to congratulate Senator Roebuck upon his work as chairman of the committee. I have often congratulated Senator Aseltine. I had the honour to serve on the Divorce Committee under the chairmanship of the late Senator McMeans and the late Senator Robinson, when we used to have only fifty or sixty cases a year to deal with. When Senator Aseltine got to be chairman the number

soon rose to about 300 a year, and I said to him, "You must be a lame duck; people apparently think they can get by you very easily". But now, with Senator Roebuck as chairman, the divorces we grant every year are in excess of 400.

Hon. Mr. Aseltine: You always said I was too difficult.

Hon. Mr. Haig: Yes, but the public must have thought you were too easy.

I heard one case last session, acting as chairman, but only because Senator Roebuck sent for me and I could not refuse him. I tried to duck out of it, but I could not.

Honourable senators, we have this job to do, but if the House of Commons wants the job I will vote 100 per cent as far as I personally am concerned to let them hear these cases, to be the trial judges, and let us be the appeal judges and do the reviewing after they get through. That is what we are supposed to do in any event, and how they dumped this divorce business on to us I do not know. I suppose the reason was that in the early days it was not a very difficult task.

I am delighted to support the motion of my honourable friend, as I think it meets a real need.

Hon. Arthur W. Roebuck: Honourable senators, may I have the indulgence of the house for just a moment. To begin with I would like to thank the Leader of the Government (Hon. Mr. Macdonald) and the Leader of the Opposition (Hon. Mr. Haig) for the expressions of confidence which they have uttered with regard to the Divorce Committee. It is very encouraging indeed and reassuring to find the loyal support of our fellow members when we come back to the house after dealing with difficult questions and making difficult decisions. I also wish to thank very much the three new senators who have consented to join our committee. I hope they will find it not as arduous and not nearly so bad as it looks, because on the committee we have a certain camaraderie and a very pleasant association among ourselves. Difficult questions come before us and we do not always agree, but we settle them ourselves; the house never hears of them. I may give this information to my fellow members who are not of the committee, that every case that we tried last year we decided unanimously. Those in which we had differences of opinion we deferred sometimes for a short time until they could be discussed thoroughly, and in consequence we had no dissenting voice in any decision we made last year.

As Senator Haig has said, we handled a great many cases. He told us the number of cases that went to the Commons, but there were quite a number of cases that did not get to that house at all. We rejected more cases than the Commons did, by a good margin. The total number of cases that we handled numbered 473. Some we passed over as not being ready to proceed, some were rejected and a very considerable number were granted.

Now, honourable senators, I am pleased to be able to report that this year the number of petitions is down a little. At this time last year there were 326 cases filed and ready to proceed. This session so far there are 257, which represents a reduction of 69 cases at present, and I am rather under the impression that we are going to have a slightly reduced docket this year.

The Leader of the Government (Hon. Mr. Macdonald) has referred to the reorganization of the committee, to certain changes in its method of handling these cases since I became chairman. Instead of dividing the main committee into two halves, we appoint subcommittees to hear the evidence, and even when the chairman of the main committee is chairman of an evidence-hearing committee it is a subcommittee, and all subcommittees report back to the main committee. Last session we had four subcommittees for a considerable period and three for the remainder of the time, but I think three will probably do the work this year. I hope so. Last year we held a great many sittings. We sat as many as 52 times, not counting subcommittees as separate sittings—the main committee sat 52 times. That is a big docket, but there is a certain satisfaction in handling it, as this is our job. There is no sympathy due to us for doing our work, no sympathy at all.

I quite agree that much of the criticism directed against the Senate and against the divorce committee has been misinformed, some of it atrociously so, but I think we must make up our minds to accept criticism even when it is very unjust, and not to be too much concerned about it, particularly about newspaper criticism. Perhaps it is an indication that we are doing something when we are criticized for the doing of it. The worst thing that could possibly happen is that they should forget we exist.

At the end of last session I thanked the members of the committee, of which I have the honour to be chairman, for their loyal, careful and conscientious work. I thank them for accepting the task again this year, and I direct my thanks particularly to the three newcomers who have joined us in this work.

Hon. Mr. Kinley: What will be the quorum now?

Hon. Mr. Macdonald: There will be no change with respect to the quorum.

The motion was agreed to.

REPORT OF COMMITTEE OF SELECTION ADOPTED

Hon. A. L. Beaubien presented the report of the Committee of Selection.

The report was read by the Clerk Assistant as follows:

The Committee of Selection, appointed to nominate senators to serve on the several standing committees for the present session, have the honour to report herewith the following list of senators selected by them to serve on the Standing Committee on Divorce, namely:

The Honourable Senators Aseltine, Baird, Barbour, Burchill, Cameron, Croll, Euler, Farquhar, Farris, Fergusson, Gershaw, Golding, *Haig, Hawkins, Hodges, Horner, Howard, Howden, Kinley, *Macdonald, Roebuck, Ross, Smith and Stevenson (22).

**Ex officio members.*

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Beaubien: With leave, I move the report be adopted now.

The motion was agreed to, and the report was adopted.

APPOINTMENT

Hon. Mr. Beaubien, with leave of the Senate, moved:

That the senators mentioned in the report of the Committee of Selection as having been chosen to serve on the Standing Committee on Divorce during the present session, be and they are hereby appointed to form part of and constitute the said Committee to inquire into and report upon such matters as may be referred to them from time to time.

The motion was agreed to.

DOCUMENTS TABLED

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS, UNEMPLOYMENT ASSISTANCE AND PIPE LINES CONSTRUCTION

Hon. Mr. Macdonald: Honourable senators, I beg leave to table copies of two letters which were written by the Prime Minister to the various provincial Premiers with respect to federal-provincial fiscal arrangements, together with a draft agreement respecting unemployment assistance. Copies are being tabled in English and in French. I understand that the Prime Minister tabled copies of these documents in the House of Commons today.

I also beg leave to table a copy of an agreement between the Government of Canada and the Trans-Canada Pipe Lines Limited respecting the construction of the Trans-Canada pipe line, as well as copies of correspondence on this subject-matter passing between the Right Honourable C. D. Howe, Minister of Trade and Commerce, and the Honourable Dana Porter, Treasurer of the Province of Ontario. I might say that the copies of the agreement and the correspondence are in English only, as they are with the Province of Ontario. Copies of this agreement and correspondence were tabled in the House of Commons today by Mr. Howe.

Hon. Mr. Roebuck: Could these documents and correspondence be published in our records?

Hon. Mr. Macdonald: Yes, if the house agrees.

Hon. Mr. Roebuck: Then I move:

That (1) the two letters forwarded by the Prime Minister to all provincial Premiers with respect to federal-provincial fiscal arrangements, together with a draft agreement respecting unemployment assistance; and (2) the agreement between the Government of Canada and Trans-Canada Pipe Lines Limited respecting the construction of the Trans-Canada pipe line, as well as correspondence on this subject-matter exchanged between the Right Honourable C. D. Howe, Minister of Trade and Commerce, and the Honourable Dana Porter, Treasurer of the Province of Ontario, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date.

Hon. Mr. Macdonald: I second the motion.

The motion was agreed to.

See Appendix to today's Hansard, *pp. 13-24.*

CLERK OF THE SENATE AND FORMER CLERK

TRIBUTES TO JOHN F. MacNEILL, Q.C., AND L. CLARE MOYER, Q.C.

Hon. W. Ross Macdonald: Honourable senators, with leave of the house, I should like at this time to refer to the appointment and swearing in yesterday of the new Clerk of the Senate, John F. MacNeill, Q.C.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I do not think we should let this occasion go by unnoticed. We are all acquainted with Mr. MacNeill, who has been serving the Senate for a considerable time. We know of his ability and of his industry. He was educated at Acadia University, Wolfville, Nova Scotia, where he received his B.A. degree. Later he received the degree of LL.B. at Dalhousie University, Halifax, Nova Scotia, and subsequently he was called to the bar of the province of Nova Scotia. So he comes well prepared to carry on the very important functions of Clerk of the Senate

After serving at the bar for some time Mr. MacNeill was appointed a King's Counsel. He enlisted in World War I, and served overseas both in France and in Belgium for a considerable time. After completing his education, subsequently to his return from

active service overseas, he was appointed secretary to Sir Charles Fitzpatrick, who was chairman of the Statute Revision Commission from 1924 to 1927. That type of work also prepared him for the post he has now attained in the Senate. I am sure we all agree that his work as secretary of that commission was a splendid training for him. Upon the completion of his work with Sir Charles Fitzpatrick he joined the Department of Justice, where he remained from 1927 to 1942, and where his duties served as further preparation for those he is now required to fulfil. In 1942 he was appointed Law Clerk and Parliamentary Counsel of the Senate, and held that position up to the time of his present appointment. I do not need to amplify here the splendid manner in which he has carried out his duties and how helpful he has been to us all with our problems. I am sure I express the feelings of all present when I say that we are very, very happy indeed to have him as Clerk of this house.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: He replaces a man who was a very capable Clerk of the Senate, Mr. L. Clare Moyer, D.S.O., Q.C., B.A. Mr. Moyer retired from the position on account of illness, and I know we were all very sorry indeed when we learned that his health would not permit him to continue as Clerk. Mr. Moyer came to this house well prepared for the task which he was called upon to assume. He graduated from the University of Toronto with top honours in political science and worked on several newspapers, starting as a reporter. I think there is no better training for a man who has to deal with people, and who is going to serve in public life, than newspaper work; it gives him a great store of knowledge and information which is of great help later on. After serving in the newspaper field for some time, Mr. Moyer decided to practise law, and he was called to the bar of Ontario and the bar of Saskatchewan. He is one of the comparatively few people in Canada who are members of the bars of two provinces.

In World War I Mr. Moyer joined the forces, and served in France, Belgium and Germany. For his gallantry on the field he was twice mentioned in dispatches, and in 1918 was awarded the D.S.O. After demobilization, and having practised law for some time, he was appointed Law Officer for the Attorney General's Department of Saskatchewan, in which office he served from 1921 to 1922. He then came to Ottawa. He did such good work in acting as secretary to the Dominion-Provincial Conference of 1927 that at the completion of the conference the Prime Minister of the day, the Right Honourable William Lyon Mackenzie King, appointed him as his secretary. Mr. Moyer acted as the Prime Minister's secretary for some considerable time. He was appointed as Clerk of the Senate in 1938. He has rendered splendid service indeed, and I think we would all be very happy to make him an honorary officer of this house. Such a step was taken in 1939 when Mr. Blount retired as Clerk of the Senate. On motion of the Honourable Senator Dandurand, seconded by the Right Honourable Senator Meighen, Mr. Blount was appointed an honorary officer of this house. I feel that we would all be very pleased to have that custom followed in the present instance, and with leave of the Senate I move, seconded by the honourable Leader of the Opposition (Hon. Mr. Haig):

That in view of the long and faithful services of Mr. L. Clare Moyer, D.S.O., Q.C., B.A., the former Clerk of the Senate, he be continued an honorary officer of this house and allowed the entree of the Senate and a seat at the Table on occasions of ceremony.

Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable senators, in joining the honourable Leader of the Government in felicitations on the appointment of Mr. MacNeill as Clerk of the Senate, the only regret I feel is in his loss as Law Clerk. I do not know how we shall be able to get a new Law Clerk with the ability, experience and finesse of Mr. MacNeill.

Hon. Mr. Euler: And the good looks!

Hon. Mr. Haig: The only redeeming feature for me lies in this fact: whenever I debated a bill and Mr. MacNeill's interpretation of the law respecting it was against me, I was licked, and I knew it.

Hon. Senators: Oh, oh.

Hon. Mr. Haig: In his new position, Mr. MacNeill brings with him the good will of the legal profession. No lawyer of my acquaintance in Canada—and I know a good many of them, through attending various bar associations meetings—is more highly esteemed than Mr. MacNeill. Any of my friends who have come from my part of the country to appear before a committee of the Senate, and who have become acquainted with the ability of Mr. MacNeill, have said to me, "Well, Haig, at least you have a good lawyer in the Senate, even if the senators don't amount to much." I hope Mr. MacNeill will be spared for many years to sit as Clerk at the Table, for I know that he will bring honour, not only to the Senate and its members but to the people of Canada, and will demonstrate what a Canadian can contribute to the public life of our country.

Now may I say, by way of reminiscing, and either for the benefit or discomfiture of our new members: you are sitting on the back benches at present, but some day you may wonder why you ever sat there, for it takes only about ten years to move up from there to the front benches. I was present when Senator Dandurand moved, and Senator Meighen seconded the motion, that Mr. Blount be continued an honorary officer of this house. They were able men and able speakers, and when they finished speaking there was nothing left for the rest of us to say—it was all said. I cannot do as well, and I will simply say this to the Leader of the Government (Hon. Mr. Macdonald): In presenting this motion you have honoured one of our past officers. A gesture of that kind is encouraging to young men and women to join the public service of this country and serve its people. In such a way recognition is given where it is deserved. I am glad that the precedent with respect to Mr. Blount is being followed, and I have much pleasure in seconding this motion.

The motion was agreed to.

Hon. Arthur W. Roebuck: Honourable senators, notwithstanding the fact that everything that could be said in a general way has been said by the two leaders—as used to be the case in former times, according to the honourable Leader of the Opposition—I nevertheless feel impelled to make some specific reference to the appointment of the new Clerk of the Senate.

As a fellow solicitor and a member of the bar I have had an opportunity of observing Mr. MacNeill more closely than have those members of the Senate who are not lawyers. I have been intimately in touch with his work, particularly with respect to the Divorce Committee, where we are continually running into problems which require study and consideration. It has been our custom over the past two or three years to refer such questions to the Law Clerk, which of course is the most convenient and authoritative way of handling them, and I could show honourable senators a number of carefully prepared and sound opinions given to me by Mr. MacNeill for the guidance of the committee.

My mind goes back to another occasion when, over a period of some two or three years, a small subcommitee from this house assisted in the revision of the Criminal Code. As you well know, it was an exceedingly important and difficult task, and required a fundamental knowledge of the principles of law. The work involved a thorough study of many sections of the code, their history and the effect of their phraseology. Mr. MacNeill prepared for the subcommittee a lengthy and most useful memorandum, and I say most sincerely that his influence on the revision of the code was greater than that of any member or other official of either house.

Ever since I came to the Senate I have been most impressed with Mr. MacNeill's willingness and ability. While the new Law Clerk will not find it an easy task to fill the vacancy, I express every confidence in him: he too will learn, as everyone has to, the rudiments of his office, and in that task he will have the advice and guidance of our present Clerk of the Senate. I look forward to an equally competent Law Clerk in the successor to Mr. MacNeill.

I congratulate Mr. MacNeill on his elevation to his present post, which is a most honourable one, and I wish him every success.

The motion was agreed to.

LAW CLERK AND PARLIAMENTARY COUNSEL OF THE SENATE

APPOINTMENT OF EDWARD RUSSELL HOPKINS, LL.B.

Hon. W. Ross Macdonald: Honourable senators, Mr. MacNeill having given up the position of Law Clerk and Parliamentary Counsel of the Senate, it becomes the duty of this house to appoint his successor, and under the rules the vacancy is to be filled by a resolution of the Senate.

No doubt many honourable senators are acquainted with Mr. Hopkins, and it is hardly necessary for me to say much about him. I should like to point out that he has had a distinguished academic career: he holds the degree of B.A. in political science from the University of Toronto, B.A. from Oxford and LL.B. from the University of Saskatchewan. He was a Rhodes scholar from 1932 to 1935, a lecturer in law at the University of Toronto in 1935, and from 1936 to 1940 Professor of Public Law at the University of Saskatchewan. Mr. Hopkins served for five years in the Royal Canadian Air Force, and was dis charged with the rank of wing commander. From 1946 to 1949 he was legal adviser to the Department of External Affairs. From 1949 to 1951 he was Clerk Assistant of the House of Commons, and then became secretary to the Board of Transport Commissioners, which position he has occupied until the present time.

I enjoyed a happy association with Mr. Hopkins during his term as Clerk Assistant of the other house, for I was then speaker of that house, and I know him to be a man of outstanding ability, with a great capacity for work, and a splendid gentleman. We are

indeed fortunate in having the high offices of this house occupied by men of the type of those referred to here today.

With leave of the Senate I now move:

That Edward Russell Hopkins, B.A., LL.B., be appointed Law Clerk and Parliamentary Counsel of the Senate and that he be paid a salary of $11,000 per annum as of and from 10th January, 1956.

Hon. John T. Haig: Honourable senators, I take great pleasure in seconding the motion.

May I say briefly that Mr. Hopkins has only two drawbacks: First, he comes from Saskatchewan, and second, he was my legal adviser when I was a delegate to the United Nations General Assembly. However, I am sure that under the wise guidance and direction of our new Clerk Mr. Hopkins will be able to live down these two drawbacks.

At the United Nations meetings of which I spoke Mr. Hopkins was the leader of a group of three legal advisers. When a question would come up on which I wanted advice, I would ask him how I should vote, and then inquire whether the other two agreed with him. Well, he always advised me, and though I did not always take his advice I found him to be a very able gentleman.

May I say, honourable senators, when I meet a lawyer I either like him or I don't like him. I like Mr. Hopkins. I am sure that under the advice and guidance of Mr. MacNeill he will have great success in his new office.

The motion was agreed to.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, I move that when the Senate adjourns today it stands adjourned until Tuesday, January 17, at 8 o'clock in the evening.

The motion was agreed to.

THE LATE SENATOR DuTREMBLAY

TRIBUTES TO HIS MEMORY

Hon. W. Ross Macdonald: Honourable senators, before the Orders of the Day are proceeded with I would like to refer to a subject which is not as pleasant as the subjects we have been discussing. Honourable senators will recall that during the recess one of our members was called to the Great Beyond. I refer to the late Senator P. R. DuTremblay who passed away in Montreal on Thursday, October 6, 1955, at the age of 76 years. He had been ill for the last few years and for that reason I was not as well acquainted with him as were most members of this house. I do know that he had a wide knowledge of business and of public affairs, and that during the time he was in this house he took a special interest in the affairs of the Standing Committee on Tourist Traffic.

The late Senator DuTremblay had a long and distinguished public career. He was a member of the House of Commons from 1917 until 1921. In 1924 he was appointed to the Quebec Legislative Council, and in 1942 he was summoned to the Senate. Senator DuTremblay was a remarkably gifted man. Probably I could best describe some of his interests by reading an extract from the Montreal *Gazette* of October 12. Referring to our late colleague the *Gazette* said:

During his career as a lawyer, member of Parliament, member of Quebec's Legislative Council and of the Canadian Upper House, Senator DuTremblay became president and general manager of *La Presse*, Quebec's largest daily newspaper.

He held this post at the time of his death and as well was president of *La Patrie*. He was also active in the management of CKAC, radio station operated by *La Presse*, and CHLP, *La Patrie's* radio outlet.

What strikes me most in connection with the late Senator DuTremblay was the fact that when a very young man he left the small St. Lawrence north shore village of Ste. Anne de la Perade and went to Montreal, where he was practically unknown, yet with a few friends and little financial means he worked his way from the bottom rung to the top of the ladder. I feel that his life should be an example to all young Canadians that opportunity awaits every one, no matter from what station in life he comes. His success is an outstanding example of the position which a young Canadian with industry, honesty and ability can attain.

The late Senator DuTremblay served his country well indeed. He was highly respected throughout Canada, especially in his native province. I am informed that thousands of people from all walks of life attended his funeral service or lined the route of the funeral procession.

May I read a short extract from *La Presse* of October 11, 1955, reporting the funeral:

(*Translation*):

The Church, universities, bench, bar, financial circles, the press, business and industrial concerns have all, through their many official representatives, paid a solemn and heartfelt tribute to the deceased, thus joining with the staff of the two newspapers and the two radio stations over which Senator DuTremblay presided for so many years, in this gesture of deepest sympathy.

(*Text*):

His Eminence Paul Emile Cardinal Léger was the celebrant of the requiem mass, assisted by other distinguished members of the clergy. The Government of Canada was represented by the Honourable Roch Pinard, Secretary of State; the Province of Quebec, by Lieutenant Governor Gaspard Fauteux;

the Senate, by the Honourable Senators Adélard Godbout, Donat Raymond, Léon Mercier Gouin, Thomas Vien and Vincent Dupuis; the Government of the Province of Quebec, by the Honourable Paul Beaulieu, Minister of Commerce and Industry; and the City of Montreal, by the Chief Magistrate, Mayor Jean Drapeau. The honorary pall bearers were: The Honourable Roch Pinard, the Honourable Raoul Grothe, Senator the Honourable Mercier Gouin, the Honourable Paul Beaulieu, and Messrs. Oswald Mayrand and Eugene Lamarche. I mention this to emphasize the fact that all classes of society paid tribute to our late colleague at the last rites which were performed for him.

We owe a great debt of gratitude to Senator DuTremblay for the work which he has done both in and out of this house. May I repeat the sentiment which was expressed in an editorial in *La Presse* of October 11:

(*Translation*):

The memory of Senator DuTremblay will ever remain alive in our hearts. His demise is a great loss to us and one which we feel very keenly at this time when, in recalling his career, we become more conscious of our indebtedness to him.

(*Text*):

While the passing of the late senator is a loss to this house, to his loved ones it is a much, much greater loss. Probably I could close my remarks by referring to his loved ones in his native tongue.

(*Translation*):

Without doubt his loss will be felt even more by his loved ones. To Mrs. DuTremblay and to all the members of his family we offer once more our sincere and respectful sympathy.

(*Text*):

Hon. John T. Haig: Honourable senators, I join with the honourable Leader of the Government (Hon. Mr. Macdonald) in expressing my sincere regard for the late Senator DuTremblay. He entered this house some years ago; the occasion I remember very well. He did not play a very active part in the general work of the Senate but, as the leader said, took a special interest in the activities of the Standing Committee on Tourist Traffic. And I remember one debate in which he participated prominently, a debate in which the Constitution came under discussion; he was very keen on the constitutional aspects of that debate. He will be missed not only in Quebec, but in this chamber, where he upheld the traditions of that great province.

Hon. J. M. Dessureault: Honourable senators, I wish to associate myself with the very eloquent and well-deserved tributes which have been paid to the memory of our late colleague, the Honourable Senator Pamphile DuTremblay.

Originating from the same small town of Ste. Anne de la Perade, I knew him for over fifty years and always considered him as a personal friend of mine. I followed with great interest his brilliant and continually ascending career. From modest beginnings he attained great success and was tops in many spheres of activity. He was a most reputable lawyer, a clear-sighted businessman, a great politician and the president of Canada's two largest French newspapers, as well as of two radio stations.

Canada received both innumerable and invaluable contributions from Senator DuTremblay. His accomplishments during his distinguished career are far too numerous for me to relate but, to sum up, it can be truthfully said that he was a great Canadian and a true lover of his native province.

(*Translation*):

Honourable senators, as I said in my opening remarks in English, I have known senator DuTremblay since childhood, having been born at Ste. Anne de la Perade, as he was, and I have always considered him as a personal friend.

I remember him as a young lawyer and I followed his brilliant and extraordinary career closely as he became successively a newspaperman, a politician, a businessman, a financier and a building contractor. He excelled in all fields and finally became president of the two most important French-language newspapers in Canada.

Born at Ste. Anne de la Perade in 1879, he was called to the bar in 1901, sat in the House of Commons from 1917 to 1921, was appointed a member of the Legislative Council for the Sorel division in 1924 and appointed to the Senate in 1942 to represent the division of de Repentigny.

Humane and courteous, he was a true Christian, an ardent Catholic, who never deviated from the kindliness which was his main characteristic. In other words, he was a great Canadian, a perfect gentleman and our French-speaking fellow-citizens have lost in him a good friend and a devoted servant. His great activity, his persevering efforts and his steadfastness are an inspiration to our young people.

I would like to offer anew to Madame DuTremblay, to his family and to the executive and staff of *La Presse* and *La Patrie*, my deepest sympathy.

The Senate adjourned until Tuesday, January 17, at 8 p.m.

(*See p. 8*):

APPENDIX

Letter forwarded by the Prime Minister to all provincial Premiers with respect to federal-provincial fiscal arrangements; letter and draft agreement respecting unemployment assistance; and agreement between the Government of Canada and Trans-Canada Pipe Lines Limited respecting the construction of the Trans-Canada pipe line, as well as correspondence on this matter between the Right Honourable C. D. Howe, Minister of Trade and Commerce, and the Honourable Dana Porter, Treasurer of the Province of Ontario.

Similar letters sent to the Premiers of all the provinces.

The letter to the Premier of Quebec was in the French language.

OFFICE OF THE PRIME MINISTER
CANADA

Ottawa, January 6, 1956.

My Dear Premier:

At the opening session of our October Conference, I put forward certain general ideas which the federal government believed would form a reasonable basis for a revised approach to the question of federal-provincial fiscal arrangements. These ideas were further elaborated in our sessions in camera, with some statistical illustrations of how they might operate.

We discussed these suggestions at some length at the Conference and the general consensus seemed to be that they were worth careful study. We did not expect, nor did we ask the provincial governments to commit themselves on these principles at the Conference, but at the closing session, I invited them to send in further comments or observations after they had had time for further consideration.

Since the Conference I have received formal communications from four provincial governments and there have been informal exchanges of views with other provinces, both between Ministers and officials; all of these have been carefully considered.

The federal government is now prepared to make a definite proposal and to recommend to Parliament that appropriate legislation be passed along the following lines:

1. The federal government would make unconditional tax equalization payments to the provinces. In brief, these annual equalization payments would bring the combined per capita yield of certain standard taxes applied to the personal income tax field, the corporate tax field and the succession duty field up to the level of the average per capita yield of these taxes in the two provinces which have the highest per capita combined yields in these three fields. These equalization payments would be paid during each fiscal year commencing April 1, 1957, and would be calculated on the basis of the tax and population figures for the preceding taxation year.

2. During the currency of these arrangements, the federal government would also pay to each provincial government each year any amount required to bring the total yield of these standard taxes, plus the equalization payment, up to the highest of:

(a) the tax rental paid or available to the provincial government in respect of the year ending March 31, 1957, increased by an amount proportionate to any increase in population of the province, from June 1, 1956 to June 1 of the taxation year in respect of which the equalization payment is made; or (b) in the fiscal year 1958-59, 90 per cent of the standard tax yield plus equalization and stabilization payments, if any, in 1957-58, and in subsequent years, 90 per cent of the average standard tax yield plus equalization and stabilization payments, if any, in the two preceding years.

3. Where a provincial government undertakes not to impose or permit its municipalities to impose taxes in the personal income tax fields, or the corporation tax field or the succession duty field, the federal government would pay to such provincial government each year an amount equal to the yield of the standard tax in that field in that province.

4. Where a provincial government prefers to impose and collect its own taxes in any of these three fields at whatever rates it chooses, the federal government would abate the rate of federal tax in that field in that province by the standard rate.

5. Where a provincial government chooses to impose and collect corporation taxes, other

than a general tax on profits, the federal government in determining the taxable income of a corporation would not allow as an expense provincial corporation taxes on that corporation up to 9 per cent of its taxable income or up to the general rate of corporate income tax levied by the provincial government, whichever is the greater. Where the total provincial corporation taxes paid by a corporation exceed such level, such excess would be allowed as an expense to the corporation. The cost to the federal treasury of allowing such excess as a corporate expense would be deducted from any payments due to the provincial government arising out of these proposals.

6. The standard rates proposed are:

(a) On personal incomes, 10 per cent of the federal tax under the Income Tax Act (i.e. excluding the Old Age Security Tax);

(b) On corporations, 9 per cent of the taxable income deemed to be earned in the province;

(c) On successions, 50 per cent of the federal duty. (In calculating equalization payments, it is proposed to average the yield of succession duties over a period of three years.)

7. In calculating equalization payments, stabilization payments or rental payments under numbered paragraphs 1, 2 and 3, the standard rates of personal income tax and succession duty would be adjusted upward or downward each year, if necessary, in order to offset any future changes in either the rates of tax or personal exemptions resulting from future amendments to the Income Tax Act or the Succession Duty Act.

We propose that these arrangements be for a period of five years commencing April 1, 1957.

These proposals provide revenues to the provinces somewhat greater than those available under the present tax-rental system; they provide for revenues increasing with the growth and expansion of our country; and they guarantee a measure of stability in this sector of provincial revenues more effectively than do the present arrangements.

They also make it possible for any provincial government so desiring to secure these revenues in these tax fields without the necessity of imposing and collecting its own taxes.

It would, I think, be useful to have our committee of officials meet as early in February as possible to clarify the technical details of these proposals.

I would be glad to hear from you in due course.

Yours sincerely,
(Sgd.) LOUIS S. ST-LAURENT

(Similar letter sent to all Provinces)

OFFICE OF THE PRIME MINISTER

OTTAWA, DECEMBER 5, 1955.

My dear Premier:

My colleagues and I have been considering changes in the draft unemployment assistance agreement proposed by a number of provinces in earlier correspondence and in discussions held with federal officials during the week of October 3rd. We have now approved a revised draft agreement, two copies of which I am enclosing with this letter.

In revising the draft agreement, we have sought to meet all the points raised by provincial representatives in so far as they would help to assure all provinces, with their wide variety of institutions and procedures for providing relief, an equal measure of federal participation.

In all cases where changes have been made it will be noted that the revised text offers somewhat more favourable terms to the provinces than was the case in the original draft of last August. No change is contemplated in the formula designed to meet the special situation in Nova Scotia as set forth in my letter to you of August 26th.

The attached agreement was drafted in such a manner that it may be given effect from July 1st, 1955, or whatever later date may be preferred by each provincial government. In the event your government decides to enter into an agreement on the basis of this revised draft, would you please arrange to have both the attached copies signed or initialled by your appropriate Minister and returned to the Minister of National Health and Welfare for completion on behalf of the federal government and one of the copies will then be returned to you for your records. Before sending the signed or initialled copies to Mr. Martin, paragraph 17 should, of course, be completed to indicate whether you wish the agreement to come into force on July 1st, 1955, or at some later date, and also whether the agreement with your province is to run for a term certain of five years or some lesser period.

Following completion of the agreement, the appropriate officers of the federal government will work out with the officials of whatever department you may designate the detailed administrative procedures for the submission of monthly reimbursement claims, beginning with the month in which the agreement takes effect. Federal authority to make the actual reimbursement payments will, of course, have to await the passage of legislation at the next session of Parliament beginning January 10th, 1956.

Yours sincerely,
LOUIS S. ST-LAURENT.

(DRAFT AGREEMENT AS SUBMITTED ON DECEMBER 5, 1955 TO ALL PROVINCES EXCEPT NOVA SCOTIA)

Memorandum of agreement respecting unemployment assistance made this
day of 19
Between:

The Government of Canada, hereinafter called "Canada",

Of The First Part

and

The Government of the Province of , hereinafter called ,

Of the Second Part

Whereas Canada and are desirous of entering into an agreement for the purpose of providing assistance to unemployed persons who are in need, and for the sharing of the costs thereof;

Now, Therefore, this agreement witnesseth that in consideration of the premises and of the mutual covenants and agreements herein contained, the parties hereto hereby covenant and agree each with the other as follows:

1. In this agreement, unless the contrary intention appears,

(a) "province" means the province of

(b) "municipality" means a municipal corporation in the province and includes any city, town or local governmental body established under the authority of the law of the province and authorized to administer assistance to unemployed persons who are in need;

(c) "a recipient of mother's allowance" includes

(i) a dependent child of a person receiving a mother's allowance if such child is within the age group for whom provision is made under the law of the province that provides for the payment of mothers' allowances; and

(ii) the husband of a person receiving a mother's allowance if an allowance is being paid on his behalf under the law of the province that provides for the payment of mothers' allowances.

(d) "population" means, except in subparagraph (a) of paragraph 13, the most recent estimate of the population of the province made by the Dominion Bureau of Statistics and published by the Queen's Printer at Ottawa prior to the month to which the reimbursement claim relates;

(e) "homes for special care" means nursing homes, hostels for indigent transients, homes for the aged, poor houses, alms houses and hostel facilities provided for the aged within housing projects constructed under the provisions of the National Housing Act; and

(f) words in the singular include the plural and words in the plural include the singular.

2. At the first session of Parliament following the execution of this Agreement, Canada shall introduce and recommend the enactment of such legislation as may be required to enable Canada to give effect to this Agreement, and at the first session of the Legislature of the province following the execution of this Agreement shall introduce and recommend the enactment of such legislation as may be required to enable to give effect to this Agreement.

3. shall make all the necessary arrangements for

(a) the receipt, by itself or by municipalities, of applications for assistance from unemployed persons in the province, and

(b) the verification of the representations made by applicants

and the province shall assume responsibility for the correctness of such representations.

4. shall make available to officials of Canada particulars of

(a) the conditions prescribed by or by municipalities under which assistance may be given to persons in need, and

(b) the rates of assistance payable.

5. Length of residence shall not be made a condition for the receipt of assistance if

(a) the applicant has come from a province whose government has entered into an agreement similar to this respecting unemployment assistance, and

(b) such agreement includes a like clause as herein contained in respect of length of residence not being a condition for receipt of assistance.

6. shall deliver to the Minister of National Health and Welfare, at Ottawa, a monthly statement, hereinafter referred to as a reimbursement claim, in such form as Canada may require, indicating, *inter alia*,

(a) the total number of persons who are unemployed and in need in the province, including their dependents, who have received assistance during the month to which the reimbursement claim relates, and

(b) the total amounts paid to or on behalf of such persons during the month to which the reimbursement claim relates.

7. shall keep a record of the names and addresses of any persons and of the number of their dependents who have received assistance and the particulars of such assistance, which record shall be made available for examination on request by officials of Canada.

8. There shall be excluded from the reimbursement claim any person, together with any payment made to or on behalf of such person, who is

(a) an inmate in any institution maintained in whole or in part out of funds appropriated by

(i) the Parliament of Canada,

(ii) the Legislature of the province,

(iii) a municipality, or

(iv) a charitable organization;

except that there may be included in the reimbursement claim payments made by the province or by a municipality for the upkeep of inmates in homes for special care and the number of persons in respect of whom such payments are made, provided that said inmates are unemployed and in need and the payments claimed do not exceed what an individual might reasonably be expected to pay for accommodation of a comparable kind and quality in the same locality and provided further that said inmates are not such as would normally be cared for in general, acute, chronic or convalescent hospitals, tuberculosis sanatoria, mental institutions, institutions for incurables, orphanages or child welfare institutions;

(b) a person in receipt of

(i) unemployment benefit under the Unemployment Insurance Act,

(ii) a pension under the Old Age Security Act,

(iii) assistance under the Old Age Assistance Act,

(iv) an allowance under the Blind Persons Act,

(v) an allowance under the Disabled Persons Act, or

(vi) a supplemental allowance or cost-of-living bonus provided under the law of the province to recipients of benefit under any of the aforementioned Acts; or

(c) a recipient of mother's allowance.

9. Notwithstanding subparagraph (b) of paragraph 8 there may be included in the reimbursement claim any additional relief payments made by the province or by a municipality to persons described in the said subparagraph and the number of persons to whom such payments are made if such persons are unemployed and in need.

10. There shall also be excluded from the reimbursement claim payments made in respect of

(a) medical, hospital, nursing, dental and optical care and drugs and dressings,

(b) funeral expenses,

(c) all travelling expenses except those, if Canada is not contributing thereto under some other arrangement, that are made for the purpose of

(i) returning a recipient of unemployment assistance and his dependents, if any, to his normal place of residence under an arrangement to which the municipality or the government of the province to which he is being returned as agreed in advance,

(ii) enabling a recipient of unemployment assistance or dependent member of his family to obtain assured employment as certified by the National Employment Service, or

(iii) enabling a recipient of unemployment assistance or a dependent member of his family to obtain needed medical, hospital or nursing home care which cannot be provided at his normal place of residence; and

(d) the cost of administration.

11. There shall be deducted from the reimbursement claim

(a) an amount calculated by multiplying the average per person monthly cost of assistance by ·45 per cent of the population, and

(b) an amount calculated by multiplying the average per person monthly cost of assistance by the decrease in the number of recipients of mothers' allowances.

12. The average per person monthly cost of assistance shall be calculated by dividing the total of the payments made during the month, as set forth in the reimbursement claim, by the total number of persons, including dependents, who received assistance during the said month as set forth in the reimbursement claim.

13. For the purpose of subparagraph (b) of paragraph 11, the decrease in the number of recipients of mothers' allowances shall be calculated as follows:

(a) the average monthly percentage of the population of the province who were recipients of mothers' allowances during each twelve-month period from the first day of July 1945, to the thirtieth day of June prior to the month to which the reimbursement claim relates shall be determined, and in determining these percentages the latest estimate made by the Dominion Bureau of Statistics and published by the Queen's Printer at Ottawa of the population of the province on the first day of June or nearest date thereto in each twelve-month period shall be used;

(b) the average monthly percentage determined for the twelve-month period ending the thirtieth day of June immediately

preceding the month to which the reimbursement claim relates shall be subtracted from the highest percentage ascertained pursuant to subparagraph (a) of this paragraph in respect of any other twelve-month period;

(c) from the difference ascertained pursuant to subparagraph (b) of this paragraph there shall be subtracted .10 per cent;

(d) the difference ascertained pursuant to subparagraph (c) of this paragraph shall be multiplied by the population; and

(e) in the event that the calculation in subparagraph (c) of this paragraph results in a negative quantity, subparagraph (b) of paragraph 11 shall have no application.

14. The reimbursement claim shall

(a) be submitted within six (6) months next following the last day of the month to which it relates, but no claim submitted by in respect of any month prior to the actual date on which this agreement is executed shall be disqualified solely on the ground that it was not submitted within the said six (6) months, and

(b) contain the following certificate signed by the provincial auditor:

"I here certify that this claim for reimbursement has been prepared in accordance with the terms and conditions set forth in an agreement respecting unemployment assistance dated the day of 195 , and made between the Government of Canada and the Government of the province of ".

15. Canada shall, on receipt of a reimbursement claim that has been prepared in accordance with this agreement, pay fifty (50) per cent of the total claim.

16. In the event of any controversy arising between Canada and in respect of this agreement, either party may submit such controversy to the Exchequer Court of Canada for determination.

17. This agreement shall be deemed to have come into force and shall bind the parties from the day of 195 , to the day of 19 , and thereafter until terminated by either party giving to the other party one year's notice in writing.

18. Any notice given pursuant to paragraph 17 may be communicated as follows:

(a) to Canada, by registered mail addressed to the Minister of National Health and Welfare, at Ottawa; and

(b) to by registered mail addressed to the Premier of the province at

In witness whereof the Honourable Paul Martin, Minister of National Health and Welfare, has hereunto set his hand on behalf of the Government of Canada and the Honourable Minister of of has hereunto set his hand on behalf of the Government of the province of

Signed on behalf of the Government of Canada by The Honourable Minister of in the presence of

Signed on behalf of the Government of the province of by the Honourable Minister of in the presence of

DRAFT AGREEMENT AS SUBMITTED TO NOVA SCOTIA ON DECEMBER 5, 1955—

[See clause 11 (a)]

Memorandum of agreement respecting unemployment assistance made this.....day of .....19....

Between:

The Government of Canada, hereinafter called "Canada",

of the first part

and

The Government of the province of , hereinafter called ,

of the second part

Whereas Canada and are desirous of entering into an agreement for the purpose of providing assistance to unemployed persons who are in need, and for the sharing of the costs thereof;

Now, therefore, this agreement witnesseth that in consideration of the premises and of the mutual covenants and agreements herein contained, the parties hereto hereby covenant and agree each with the other as follows:

1. In this agreement, unless the contrary intention appears,

(a) "province" means the province of

(b) "municipality" means a municipal corporation in the province and includes any city, town or local governmental body established under the authority of the law of the province and authorized to administer assistance to unemployed persons who are in need;

(c) "a recipient of mother's allowance" includes

(i) a dependent child of a person receiving a mother's allowance if such child is

within the age group for whom provision is made under the law of the province that provide for the payment of mothers' allowances; and

(ii) the husband of a person receiving a mother's allowance if an allowance is being paid on his behalf under the law of the province that provides for the payment of mothers' allowances.

(d) "population" means, except in subparagraph (a) of paragraph 13, the most recent estimate of the population of the province made by the Dominion Bureau of Statistics and published by the Queen's Printer at Ottawa prior to the month to which the reimbursement claim relates;

(e) "homes for special care" means nursing homes, hostels for indigent transients, homes for the aged, poor houses, alms houses and hostel facilities provided for the aged within housing projects constructed under the provisions of the National Housing Act; and

(f) words in the singular include the plural and words in the plural include the singular.

2. At the first session of Parliament following the execution of this Agreement, Canada shall introduce and recommend the enactment of such legislation as may be required to enable Canada to give effect to this Agreement, and at the first session of the Legislature of the province following the execution of this Agreement shall introduce and recommend the enactment of such legislation as may be required to enable to give effect to this Agreement.

3. shall make all the necessary arrangements for

(a) the receipt, by itself or by municipalities, of applications for assistance from unemployed persons in the province, and

(b) the verification of the representations made by applicants

and the province shall assume responsibility for the correctness of such representations.

4. shall make available to officials of Canada particulars of

(a) the conditions prescribed by or by municipalities under which assistance may be given to persons in need, and

(b) the rates of assistance payable.

5. Length of residence shall not be made a condition for the receipt of assistance if

(a) the applicant has come from a province whose government has entered into an agreement similar to this respecting unemployment assistance, and

(b) such agreement includes a like clause as herein contained in respect of length of residence not being a condition for receipt of provides for the payment of mother's

6. shall deliver to the Minister of National Health and Welfare, at Ottawa, a monthly statement, hereinfater referred to as a reimbursement claim, in such form as Canada may require, indicating, *inter alia,*

(a) the total number of persons who are unemployed and in need in the province, including their dependents, who have received assistance during the month to which the reimbursement claim relates, and

(b) the total amounts paid to or on behalf of such persons during the month to which the reimbursement claim relates.

7. shall keep a record of the names and addresses of any persons and of the number of their dependents who have received assistance and the particulars of such assistance, which record shall be made available for examination on request by officials of Canada.

There shall be excluded from the reimbursement claim any person, together with any payment made to or on behalf of such person, who is

(a) an inmate in any institution maintained in whole or in part out of funds appropriated by

(i) the Parliament of Canada,

(ii) the Legislature of the province,

(iii) a municipality, or

(iv) a charity organization;

except that there may be included in the reimbursement claim payments made by the province or by a municipality for the upkeep of inmates in homes for special care and the number of persons in respect of whom such payments are made, provided that said inmates are unemployed and in need and the payments claimed do not exceed what an individual might reasonably be expected to pay for accommodation of a comparable kind and quality in the same locality and provided further that said inmates are not such as would normally be cared for in general, acute, chronic or convalescent hospitals, tuberculosis sanatoria, mental institutions, institutions for incurables, orphanages or child welfare institutions;

(b) a person in receipt of

(i) unemployment benefit under the Unemployment Insurance Act,

(ii) a pension under the Old Age Security Act,

(iii) assistance under the Old Age Assistance Act,

(iv) an allowance under the Blind Persons Act,

(v) an allowance under the Disabled Persons Act, or

(vi) a supplemental allowance or cost-of-living bonus provided under the law of

the province to recipients of benefit under any of the aforementioned Acts; or

(c) a recipient of mother's allowance.

9. Notwithstanding subparagraph (b) of paragraph 8 there may be included in the reimbursement claim any additional relief payments made by the province or by a municipality to persons described in the said subparagraph and the number of persons to whom such payments are made if such persons are unemployed and in need.

10. There shall also be excluded from the reimbursement claim payments made in respect of

(a) medical, hospital, nursing, dental and optical care and drugs and dressings,

(b) funeral expenses,

(c) all travelling expenses except those, if Canada is not contributing thereto under some other arrangement, that are made for the purpose of

(i) returning a recipient of unemployment assistance and his dependents, if any, to his normal place of residence under an arrangement to which the municipality or the government of the province to which he is being returned has agreed in advance,

(ii) enabling a recipient of unemployment assistance or dependent member of his family to obtain assured employment as certified by the National Employment Service, or

(iii) enabling a recipient of unemployment assistance or a dependent member of his family to obtain needed medical, hospital or nursing home care which cannot be provided at his normal place of residence; and

(d) the cost of administration.

11. There shall be deducted from the reimbursement claim

(a) an amount calculated by multiplying the average per person monthly cost of assistance by

(i) ·30 per cent of the population during the first year of this agreement,

(ii) ·35 per cent of the population during the second year of this agreement,

(iii) ·40 per cent of the population during the third year of this agreement, and

(iv) ·45 per cent of the population during the fourth and subsequent years of this agreement,

(b) an amount calculated by multiplying the average per person monthly cost of assistance by the decrease in the number of recipients of mothers' allowances.

12. The average per person monthly cost of assistance shall be calculated by dividing the total of the payments made during the month, as set forth in the reimbursement claim, by the total number of persons, including dependents, who received assistance during the said month as set forth in the reimbursement claim.

13. For the purpose of subparagraph (b) of paragraph 11, the decrease in the number of recipients of mothers' allowances shall be calculated as follows:

(a) the average monthly percentage of the population of the province who were recipients of mothers' allowances during each twelve-month period from the first day of July 1945, to the thirtieth day of June prior to the month to which the reimbursement claim relates shall be determined, and in determining these percentages the latest estimate made by the Dominion Bureau of Statistics and published by the Queen's Printer at Ottawa of the population of the province on the first day of June or nearest date thereto in each twelve-month period shall be used;

(b) the average monthly percentage determined for the twelve-month period ending the thirtieth day of June immediately preceding the month to which the reimbursement claim relates shall be subtracted from the highest percentage ascertained pursuant to subparagraph (a) of this paragraph in respect of any other twelve-month period;

(c) from the difference ascertained pursuant to subparagraph (b) of this paragraph there shall be subtracted ·10 per cent;

(d) the difference ascertained pursuant to subparagraph (c) of this paragraph shall be multiplied by the population; and

(e) in the event that the calculation in subparagraph (c) of this paragraph results in a negative quantity, subparagraph (b) of paragraph 11 shall have no application.

14. The reimbursement claim shall

(a) be submitted within six (6) months next following the last day of the month to which it relates, but no claim submitted by in respect of any month prior to the actual date on which this agreement is executed shall be disqualified solely on the ground that it was not submitted within the said six (6) months, and

(b) contain the following certificate signed by the provincial auditor:

"I here certify that the claim for reimbursement has been prepared in accordance with the terms and conditions set forth in an agreement respecting unemployment assistance dated the day of 195 , and made between the Government of Canada and the Government of the province of ".

16. Canada shall, on receipt of a reimbursement claim that has been prepared in accordance with this agreement, pay fifty (50) per cent of the total claim.

16. In the event of any controversy arising between Canada and in respect of this agreement, either party may submit such controversy to the Exchequer Court of Canada for determination.

17. This agreement shall be deemed to have come into force and shall bind the parties from the day of 195 , to the day of 19 , and thereafter until terminated by either party giving to the other party one year's notice in writing.

18. Any notice given pursuant to paragraph 17 may be communicated as follows:

(a) to Canada, by registered mail addressed to the Minister of National Health and Welfare, at Ottawa; and

(b) to by registered mail addressed to the Premier of the province at

In witness whereof the Honourable Paul Martin, Minister of National Health and Welfare, has hereunto set his hand on behalf of the Government of Canada and the Honourable Minister of of has hereunto set his hand on behalf of the Government of the province of

Signed on behalf of the Government of Canada by The Honourable Minister of in the presence of

Signed on behalf of the Government of the province of by the Honourable Minister of in the presence of

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THIS AGREEMENT made the 21st day of November 1955.

Between:

Her Majesty the Queen in right of Canada, (hereinafter called the "Government of Canada"), represented by the Minister of Trade and Commerce, (hereinafter called "the Minister"),

Party of the First Part,

and

Trans-Canada Pipe Lines Limited, a body corporate with head office in the City of Calgary Province of Alberta, duly incorporated by Act of Parliament, Chapter 92, Statutes of Canada 1951 (hereinafter called "Trans-Canada")

Party of the Second Part.

Whereas Trans-Canada has been authorized by the Board of Transport Commissioners for Canada to construct an all-Canadian natural gas pipe line, currently estimated to cost approximately $375 million, from a point on the Alberta-Saskatchewan border eastward through the Provinces of Saskatchewan, Manitoba, Ontario and to the City of Montreal in the Province of Quebec, with connections to serve cities and communities within economic reach of the said pipe line;

And whereas the Government of Canada favours the construction of the said pipe line in the national interest and to that end is prepared to recommend to Parliament that a Crown Corporation of the Government of Canada be established and financed to construct a section (hereinafter called "the Northern Ontario section") of the said all-Canadian pipe line commencing at the Ontario-Manitoba border and extending eastward through Northern Ontario to a point at or near the Town of Kapuskasing, Ontario and that the Northern Ontario section be leased to Trans-Canada for a period of 25 years and on the terms as hereinafter set forth;

And whereas Trans-Canada has carried on engineering studies, market surveys, contract negotiations, and has taken options to acquire right-of-way for the major portion of the Trans-Canada all-Canadian pipe line, and has constructed a 20-inch pipe line from the Niagara River to Sheridan in the vicinity of Toronto, Ontario;

And whereas Trans-Canada proposes to construct between October 1, 1955, and November 1, 1956 a 34-inch pipe line from a point on the Alberta-Saskatchewan border to the vicinity of Winnipeg, Manitoba, with a lateral line from the vicinity of Winnipeg to Emerson, Manitoba, and a 24-inch pipe line from Sheridan to Brooklin, Ontario, and a 20-inch line from Brooklin to Ste. Anne de Bellevue in the vicinity of Montreal, Quebec, with a lateral from Morrisburg to the vicinity of Ottawa, Ontario;

And whereas Trans-Canada proposes to construct between October 1, 1955 and November 1, 1957 a 30-inch pipe line from the vicinity of Winnipeg, Manitoba to the Manitoba-Ontario border, and from the vicinity of Kapuskasing, Ontario to Brooklin, Ontario;

And whereas Trans-Canada proposes to arrange for financing of all its costs and commitments in connection with the said program of construction prior to May 1, 1956;

Now Therefor This Agreement Witnesseth

1. Trans-Canada will diligently take steps to secure all necessary governmental permits, financing, materials and supplies for and, having obtained same, will carry out the aforesaid program of construction and particularly

will cause to be constructed in conjunction with the construction of the said Northern Ontario section of the said all-Canadian pipe line the portions thereof from the vicinity of Winnipeg, Manitoba to the Manitoba-Ontario border, and from the vicinity of Kapuskasing, Ontario to Brooklin, Ontario, so that all portions of the said pipe line to be constructed by Trans-Canada will be ready for operation at the time of completion of the Northern Ontario section.

2. The Government of Canada will recommend to Parliament that a Crown Corporation of the Government of Canada be established and that funds be provided to such Crown Corporation to enable it in due course and in conjunction with the building of the said all-Canadian pipe line to acquire the necessary right-of-way and to construct thereon the Northern Ontario section of the said all-Canadian pipe line.

3. If evidence satisfactory to the Government of Canada is presented by Trans-Canada before May 1st, 1956 that it has arranged for financing of all the costs and commitments in connection with the said program of construction, the Government of Canada will cause the said Crown Corporation to acquire the said right-of-way and construct thereon a natural gas pipe line of the size and specifications laid down by order of the Board of Transport Commissioners for Canada under which Trans-Canada is authorized to construct the said all-Canadian pipe line. The said Northern Ontario section shall commence at the Ontario-Manitoba border west of Kenora, Ontario, thence to Port Arthur and Fort William, Ontario, thence to or in the vicinity of Nipigon, Ontario, thence to the vicinity of Geraldton, Hearst and Kapuskasing in the Province of Ontario, being a distance of approximately 675 miles and costing a currently estimated total of $117,633,000. The said pipe line shall consist of 30-inch diameter pipe of $\frac{3}{8}$-inch wall thickness and initially shall be equipped with pressure capacity capable of transmitting approximately 300 million cubic feet of gas per day and designed to have its capacity increased to 530 million cubic feet per day by installing additional compression facilities. The engineering and design of the facilities included in the said Northern Ontario section and the standards of construction and workmanship shall be in accordance with the design and construction standards specified by the engineering firm responsible to Trans-Canada for such matters for the whole all-Canadian pipe line.

4. In the carrying out of their respective undertakings hereunder, Trans-Canada and the said Crown Corporation shall co-operate in every respect to the end that (a) the said all-Canadian pipe line shall be completed as one integrated project on the most economical basis from the point of view both of costs of construction and operation, and (b) the construction of the Northern Ontario section and the installation of the facilities are properly carried out to meet the designs, plans and specifications thereof.

5. After completion of construction of the Northern Ontario section, the Crown Corporation will install and bear the cost of additional integral parts of the pipe line, including additional compression facilities, if required by increased gas demand east of the Manitoba-Ontario border, without, however, being required to build any additional pipe line or looping of the Northern Ontario section or sales laterals therefrom.

6. The Crown Corporation will retain title to the Northern Ontario section and will enter into a lease thereof to Trans-Canada substantially on the following terms:

(a) The lease shall be for a period of 25 years from the completion of construction;

(b) The lessee will, during the term of the lease

(i) at its own cost and expense operate and maintain the Northern Ontario section so as to make the maximum practical use thereof having regard to gas demand east of the Manitoba-Ontario border;

(ii) pay local and municipal taxes and assessments;

(iii) pay to the Crown Corporation a monthly rental equal to the number of Mcf. of natural gas actually transmitted by the Northern Ontario section in the preceding month multiplied by the transportation cost per Mcf. as hereinafter provided. The said transportation cost shall be that amount per Mcf. which, if the line were operated for one year at $\frac{2}{3}$ of initially designed capacity, would yield an amount in that year equal to $4\frac{1}{2}$ per cent of the capital cost to the Crown Corporation of the Northern Ontario section as constructed at its initially designed capacity. In calculating the said capital cost, there shall be included, in addition to all costs of materials, supplies, right-of-way, installation of other costs incurred in the construction of the section, interest costs and all other expenses of the Crown Corporation during construction;

(iv) commencing in the fourth full calendar year of the term of the lease, and for each calendar year thereafter, pay to the Crown Corporation by way of additional rental the amount by which in such

calendar year the revenues of Trans-Canada exceed its operation expenses, (including its cost of operating and maintaining the Northern Ontario section as required under the terms of this Agreement), interest on bonds, debentures and other outstanding debts and obligations, and depreciation at 3½ per cent of the cost of its depreciable assets, such additional rental not to exceed in any event 1 per cent of the said capital cost of the Northern Ontario section and to be payable only to the extent necessary to bring the accumulated total of rental payments under subparagraphs (iii) and (iv) hereof to an amount equal to 7 per cent per annum of the total capital cost from time to time of the Northern Ontario section together with interest accumulated at 3½ per cent per annum compounded annually on the net deficiencies below 7 per cent per annum of any preceding period;

(v) make such repairs and replacements as may be required to maintain the Northern Ontario section in proper operating condition;

(vi) be responsible for any loss of or damage to any part of the Northern Ontario section and will carry insurance in favour of the Crown Corporation and itself in respect of such parts thereof as would be covered by insurance if it were the owner of the Northern Ontario section in such amounts as may be agreed upon between the parties;

(vii) be responsible for any loss of or damage to property of others, injury to persons or infringements of any rights arising from or occasioned by the operation of the Northern Ontario section and will indemnify and save harmless the Crown Corporation from any and all such claims.

(c) Such other terms as may be mutually agreed upon for the carrying out of the intent and purpose of this Agreement.

7. It is understood and agreed by the parties hereto that Trans-Canada shall purchase the Northern Ontario section from the Crown Corporation as soon as it can arrange the necessary finances. Trans-Canada may elect to purchase the Northern Ontario section from the Crown Corporation at any time during the term of the lease by giving written notice to the Crown Corporation at least three months prior to the date when the sale is to be completed. The Crown Corporation will, following the receipt of such notice, sell to Trans-Canada all facilities and assets comprised in the Northern Ontario section of pipe lines as of such date at a price equal to the total capital cost of the Northern Ontario section as of the date of sale, minus all payments under subparagraphs (iii) and (iv) of paragraph (b) of section 6 hereof which are in excess of the amount necessary to give the Crown Corporation from the date of completion of construction an annual return of 3½ per cent on its invested capital and outstanding capital obligations, presuming that the Crown Corporation has applied semi-annually to retirement of its invested capital and outstanding capital obligations all funds received by it in excess of said return.

8. Notwithstanding the provisions of section 7, Trans-Canada shall not be entitled hereunder to elect to purchase nor shall the Crown Corporation be obligated hereunder at any time to sell the assets and facilities comprised in the Northern Ontario section;

(a) before the Crown Corporation has received, from the date of completion of construction, an annual return of 3½ per cent on its invested capital and outstanding capital obligations as hereinbefore set out; or

(b) at a price less than (1) the amortized capital cost of the Northern Ontario section which shall be determined by applying, from the date of completion of construction, to the total capital cost from time to time amortization at the rate of 3½ per cent per annum plus interest thereon compounded annually at 3½ per cent per annum, or (2) 70 per cent of the capital cost of the Northern Ontario section at its initially designed capacity as defined in subparagraph (iii) of paragraph (b) of section 6, whichever is the higher amount.

9. For the purposes of sections 6, 7 and 8,

(a) if the date as of which the sale is to be completed does not coincide with an anniversary of the date of completion of construction, interest as expressed in the form of annual return, amortization and interest thereon shall, for the purpose of making the calculations for the lease year then current, be deemed to accrue from day to day; and

(b) the total capital cost of the Northern Ontario section means

(i) the capital cost of the section as constructed at its initially designed capacity as defined in subparagraph (iii) of paragraph (b) of section 6, plus

(ii) the cost of additions thereto, such cost to include, in addition to all costs of materials, supplies, land, installation or other costs incurred in the construction of such additions, interest during construction at 3½ per cent per annum and all

expenses of the Crown Corporation that are properly attributable to such construction.

10. This Agreement shall be binding upon and enure to the benefit of the successors and assigns of Trans-Canada, but no assignment of this Agreement or of any of the rights or obligations hereunder shall be made by Trans-Canada without first obtaining the written consent of the Minister, and in the event of any such consent being given, Trans-Canada shall not be relieved of any of its obligations hereunder; provided, however, that Trans-Canada, without such consent, shall have the right to mortgage, hypothecate, charge or pledge any or all of its rights hereunder to secure any indebtedness, and no such consent shall be required to permit any person holding such mortgage, hypothec, charge or pledge from enforcing such security under the terms of any trust deed or other instrument.

In witness whereof the Minister of Trade and Commerce has hereunto set his hand and the seal of the Department of Trade and Commerce on behalf of Her Majesty the Queen in right of Canada and Trans-Canada Pipe Lines Limited has caused its seal to be hereto affixed and this Agreement to be signed by its proper officers in that behalf.

Signed and Sealed on Behalf of Her Majesty The Queen in Right of Canada

(Signed) C. D. HOWE
Minister of Trade and Commerce

Signed and Sealed on Behalf of Trans-Canada Pipe Lines Limited

(Signed) N. E. TANNER
President

(Signed) A. D. NESBITT
Secretary

MINISTER OF TRADE AND COMMERCE

NOVEMBER 21, 1955.

The Honourable Dana Porter,
Treasurer of Ontario,
Toronto, Ontario.

Dear Mr. Porter:

As we have discussed on several occasions, the building by Trans-Canada Pipe Lines Limited of a natural gas pipe line to follow an all-Canadian route from Alberta to the East has manifest advantages for the whole of Canada and will involve very serious financing problems due to the limited markets initially served and the difficulty of the terrain. These might result in the delay or indefinite postponement of this vitally important project.

I understand that conditioned upon the proposed line passing through Northern Ontario and thus making additional sources of fuel and power available to that area as well as to other parts of Eastern Canada, the Government of Ontario would consider limited participation with the Government of Canada in a plan which, it is hoped, will ensure the construction of the proposed all-Canadian line.

To accomplish this purpose, the Government of Canada proposes and intends to recommend to Parliament the formation of a Crown Corporation to build and own a 30-inch gas pipe line from the Manitoba-Ontario border to Kapuskasing, Ontario, to be known as "the Northern Ontario section", to be built in conjunction with the actual building of the adjoining sections and to be leased to Trans-Canada Pipe Lines Limited. Enclosed herewith is a copy of the agreement between the Government of Canada and Trans-Canada, dated November 21st, 1955 setting forth the terms of the proposed lease.

You have indicated, in response to our proposal, that the Government of Ontario would be willing, on satisfactory terms, to share, through the medium of such Crown Corporation, in the financing of the Northern Ontario section of the pipe line to the extent of one-third of its cost, your participation to be limited, however, in any event to a total of $35,000,000.

It has been estimated that the Northern Ontario section will cost about $117,000,000, on which basis Ontario's participation would be its maximum amount of $35,000,000. We therefore propose that the capital of the Crown Corporation should be called up on the conservative basis of an overall cost of $120,000,000; in other words, that $35/120$ of the funds required from time to time by the Crown Corporation for the purposes of the Northern Ontario section would be supplied by Ontario and the balance by the Government of Canada, adjustment being made in reasonable time before the completion of the section to ensure that Ontario subscribes its one-third share (not exceeding the total of $35,000,000) and the Government of Canada the entire balance of the cost of the project.

It is suggested, having regard to the extent of the respective investments of the two governments in the project, that the Government of Canada would be entitled to nominate one more director of the Crown Corporation than the Government of Ontario and also, from among these, to appoint the chairman.

It is proposed that the Crown Corporation should pay interest and repay capital investment to our respective governments in accordance with the following principles:

(1) Interest on the outstanding capital investment of each government shall be payable at rates (related to the respective rates of interest prevailing for outstanding obligations of Ontario and Canada) to be agreed upon prior to the commencement of construction of the Northern Ontario section;

(2) Earnings in excess of expenses and interest shall be applied to retirement of the outstanding capital investment of each government in proportion to original investment. In the event of sale of the assets of the Crown Corporation, the same principle of distribution shall apply.

I would like to make it clear that the Crown Corporation will not commence to build the Northern Ontario section and that the Government of Ontario will not be called upon to contribute any funds toward that project unless and until the Government of Canada has satisfied your government that Trans-Canada Pipe Lines Limited is in a position to carry out its commitment to build and put into operation all the other parts of the natural gas pipe line as contemplated by the agreement with that company dated November 21st, 1955.

If these arangements are satisfactory to you, please let me know as soon as possible. This letter and your reply would then constitute an agreement binding upon both governments, subject to implementation by our respective parliaments, unless and until they are replaced by any other agreement between us.

Yours sincerely,
C. D. HOWE.

THE TREASURER OF ONTARIO

NOVEMBER 22nd, 1955.

Dear Mr. Howe:

I have your letter of November 21st, 1955 and the draft agreement between your government and Trans-Canada Pipe Lines Limited which was enclosed with it.

It has long been an objective of the Government of Ontario to add to the fuel and power resources of this Province by bringing to the East, by means of an all-Canadian pipe line running through and serving Northern Ontario, natural gas from Western Canada.

We have given careful consideration to your letter and the agreement, and we are prepared to agree to your proposal and recommend its acceptance to the Legislature.

Accordingly, I wish to inform you that the Government of Ontario is prepared to recommend to the next session of the Legislature that appropriate legislation be passed to authorize our participation in the project to the extent and on the tems out-lined in your letter.

We have noted particularly that the proposed Crown Corporation will not commence to build the Northern Ontario Section of the line and that the Government of Ontario will not be called upon to contribute any funds toward that project unless and until the Government of Canada has satisfied the Government of Ontario that Trans-Canada Pipe Lines Limited is in a position to carry out its commitment to build and put into operation all the other parts of the natural gas pipe line as contemplated by the agreement with that company referred to in your letter.

It is understood that your letter and this reply shall constitute an agreement, binding upon both governments, subject to implementation by our respective Parliaments, unless and until they are replaced by any other agreement between us.

Yours sincerely,
"DANA PORTER"

The Right Honourable C. D. Howe,
Minister of Trade and Commerce,
Ottawa, Ontario.

THE SENATE

Tuesday, January 17, 1956

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

Prayers.

Routine proceedings.

DIVORCE

PETITIONS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented a number of petitions for divorce.

He said: Honourable senators, I may say that, with these petitions, there are now 266 cases for trial at this session.

REPORTS OF COMMITTEE

Hon. Mr. Roebuck presented the committee's reports Nos. 1 to 3 and moved that they be taken into consideration at the next sitting.

COMMITTEE QUORUM—AUTHORITY TO SIT DURING SENATE ADJOURNMENTS AND TO APPOINT SUBCOMMITTEES

Report No. 1 was read by the Clerk Assistant as follows:

1. Your committee recommends that their quorum be reduced to three members for all purposes, including the taking of evidence upon oath by the committee or any subcommittee as to the matters set forth in petitions for bills of divorce.

2. Your committee also recommends that leave be given them to sit during all adjournments of the Senate, and also during sittings of the Senate.

3. Your committee further recommends that authority be granted for the appointment of as many subcommittees as deemed necessary by the committee for the purpose of hearing and inquiring into such petitions for divorce as may be referred to them by the Committee on Divorce. The subcommittee in each case to report their findings to the main committee.

APPLICATION FOR LEAVE TO WITHDRAW PETITIONS

The committee's reports Nos. 2 and 3 recommended that applications for leave to withdraw two petitions for divorce be granted, and that in each case the parliamentary fees paid under Rule 140 be refunded to the petitioner, less the sum of $25 to apply on costs, including printing and translation costs.

These reports were severally read by the Clerk Assistant.

The motion that the three reports be taken into consideration tomorrow was agreed to.

CANADIAN CITIZENSHIP BILL

FIRST READING

Hon. W. Ross Macdonald presented Bill B, an Act to amend the Canadian Citizenship Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

POST OFFICE BILL

FIRST READING

Hon. Mr. Macdonald presented Bill C, an Act to amend the Post Office Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

PRIVATE BILL

CANADIAN UNION CONFERENCE CORPORATION OF SEVENTH-DAY ADVENTISTS—REFUND OF FEES

Hon. Arthur W. Roebuck: Honourable senators, with leave of the Senate I move:

That the parliamentary fees paid upon the Bill (Y-12) of the last session, intituled: "An Act to incorporate The Canadian Union Conference Corporation of Seventh-day Adventists", be refunded to the petitioners, less printing and translation costs.

He said: Honourable senators will remember that at the last session we passed a bill to incorporate The Canadian Union Conference Corporation of Seventh-day Adventists. The applicants neglected then to ask for the refund of fees usually given with respect to measures on behalf of religious bodies of this kind.

The motion was agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

The Senate proceeded to consideration of His Excellency the Governor General's Speech at the opening of the Third Session of the Twenty-second Parliament.

Hon. Jean-Francois Pouliot moved:

That the following Address be presented to His Excellency the Governor General of Canada:

To His Excellency the Right Honourable Vincent Massey, Member of the Order of the Companions of Honnour, Governor General and Commander-in-Chief of Canada. May Please Your Excellency:

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

He said:

(*Translation*):

Honourable senators, it gives me pleasure to express myself in French in order to move the Address in reply to the Speech from the Throne. This is the first time that I have had that honour in Parliament.

The atmosphere here in the Senate is quite different from that which I have known in the House of Commons.

I wish to thank the Leader of the Government in the Senate for the honour he has bestowed upon me in asking me to propose the adoption of the Speech from the Throne.

The first time that I came to Ottawa, I was six years old. My father, who was then a member of Parliament, sent me up to the gallery. The only person, apart from my father, whom I recognized on the floor of the house, was none other than Sir Wilfrid Laurier. With the good nature for which he was well known, he came and shook hands with me.

I am happy to recognize in this chamber some old friends of mine for whom I have always had a very high regard.

Honourable senators, I would like to raise a point in which I am keenly interested. Why should we use the term "the other place", when speaking of either chamber of Parliament? The custom originated several centuries ago, when there was a marked difference between the poor classes and the rich ones, but we are now in the twentieth century. I hope I shall not be called to order by the Speaker of the Senate if I call the other chamber the House of Commons because it seems to me that, according to the British North America Act, the two chambers of Parliament should be given their true names.

I recognize Senator Power, who was dean of the House of Commons when I was its vice-dean, if I may be allowed to use the expression. We were then the two senior members of the House of Commons and today we are two junior members of the Senate, since we were the last to be sworn in. My greetings also to the Honourable Senator Croll, whose invaluable services at the time of the inquiry held in Windsor in 1930 regarding minimum salaries for men and women I have not forgotten.

(*Text*):

It is most difficult for me, but I intend to make, for the first time in my life, a non-political speech in Parliament.

Hon. Senators: Hear, hear.

Hon. Mr. Pouliot: The only thing that I will quote as a matter of politics is the amendment moved by the Leader of the Opposition in the House of Commons to the motion for the Address. Pardon me, I have the amendment in French:

(*Translation*):

We respectfully represent that Your Excellency's advisers, by reason of their indifference, inertia and lack of leadership in the face of serious national problems and their disregard of the rights of Parliament, are not entitled to the confidence of this house.

(*Text*):

I do not find that fair in its terms. That is all I have to say about politics, but I will mention some of the activities of the various departments of the Government of Canada.

(*Translation*):

Relations between the federal and provincial governments—The Speech from the Throne refers to the federal-provincial conference of last October and then adds that following "this useful discussion" the federal Government placed before all provincial governments "a specific proposal for federal-provincial fiscal arrangements to commence next year".

It is evident that "useful discussion" is a discussion which produces good results, but to obtain such results patience and a spirit of co-operation and good will are required.

As the Prime Minister of Canada so aptly said in the speech he made last Thursday on the address:

The past year was an active one in the development of our relations with the provincial governments. We had several major conferences with the leaders of the provincial governments, and have made considerable progress in developing new patterns of co-operation.

Last year four conferences were held between Ottawa and the provinces: a preliminary one in April; a special conference in June to help the unemployed; and in October, a full conference at which

(1) a committee of ministers was established "to consider in more detail the subject of health insurance";

(2) a continuing committee of federal and provincial officials was also established "to meet from time to time to exchange information and examine technical problems in the field of federal-provincial fiscal and economic relations";

(3) It was also agreed "that a meeting of the ministers concerned with highway matters would be held to consider the steps which should be taken to continue the work on the Trans-Canada highway. The Minister of Public Works, the Honourable Mr. Winters, convened this meeting in November, and the Government will be introducing legislation to accelerate the completion of essential links in this highway and to continue general work on it elsewhere up to the agreed standards".

A fifth conference will be held before the end of the month, under the chairmanship of the Minister of National Health and Welfare, the Honourable Paul Martin, to consider the question of health insurance.

"In addition to these conferences," said the Prime Minister, "we have had several discussions between individual federal and provincial ministers from time to time and between officials of our various governments. There has also been some correspondence on the matters which have been discussed at our meetings. These have all contributed to the working out of the matters that were of such concern to us all."

"I would like to indicate," the Prime Minister continued, "my colleagues' and my own appreciation of the friendly and co-operative spirit in which the provincial governments participated in all these discussions this year.

The settlement of these problems was a subject "of such concern" both to the federal and to the provincial governments; that is why the friendly and co-operative spirit shown by the latter was deeply appreciated by the whole population of Canada.

The Prime Minister and his colleagues "fully recognize the magnitude and the importance of the problems which the growth and development of this country have created for the provincial governments, and have borne this in mind in making their recommendations about their relations with those governments", following this useful discussion and these friendly meetings. The cordial atmosphere in which they took place caused such surprise to the leader of the Conservative opposition that he ignored federal-provincial relations in his criticism of the Speech from the Throne.

The Honourable Walter Harris, Minister of Finance, stated at a press conference that Ottawa's new proposal contained nothing which might lead the provinces to believe that their rights were being overridden. "I can see nothing" he said, "in our proposals which might give rise to the argument that we are interfering with the affairs of the provinces. If a province finds that our proposals do not provide it with sufficient revenues, it is free to levy its own taxes".

As a distinguished newspaperman, Mr. Lorenzo Paré, parliamentary correspondent of *L'Action Catholique* and former president of the Press Gallery, so aptly remarked:

> Ottawa is being very careful this time to respect the freedom of the provinces. There is no "take it or leave it" attitude. The various governments will continue to negotiate and a further inter-provincial conference may be held, if the premiers so desire.
>
> Whatever decisions are finally reached, it can safely be claimed that better plans for a settlement have now been laid than ever before, but the present stage is such a difficult one that the good will of all parties concerned will be required in order to avoid confusion in the public mind and to achieve a proper solution.

For eight months the Minister of Finance has devoted most of his time to the working out, with the co-operation of the officials of his department and of the representatives of the provincial governments, of a new and more acceptable formula with regard to the fiscal agreements between the federal and provincial governments. The Prime Minister believes that a fair apportionment of a sum of $500 million between the provinces will constitute a satisfactory arrangement for all provincial governments.

This is a praiseworthy effort by the Minister of Finance. Last November, addressing the Canadian Club in New York city, the Honourable Walter Harris reminded his audience that, in 1954, following eight years of budgetary surplus, a deficit of $150 million was recorded; that is 3½ per cent of the total expenditures. Nevertheless, he recommended, to the astonishment of many and to the satisfaction of all, that the scale of taxes be moderately cut down in order to balance the budget during a whole year of high level economic activity. He was compelled to prepare and present the budget at a time when the increase in business activity was not as yet apparent. His budget was adequate and reasonably optimistic. He forecast a deficit of about $160 million for the current year. The course of events has been even more satisfactory than Mr. Harris had hoped; that deficit is likely to be half the amount he had forecast.

In a speech delivered on January 12 at the annual meeting of the shareholders of the Royal Bank of Canada, Mr. James Muir, president and chairman of the board, asserted that this decision, this new trend towards deficit financing, unless it is reversed, is significant as it will no doubt determine the type of budgets that will prevail during the coming years.

Speaking to the Canadian Club in Toronto on January 9, the Honourable the Minister of Finance advised the Canadian people not to spend too much and urged them to be provident in order to divert inflation from our Canadian economy.

> In 1955, he said, Canada recorded a strong and continued increase in its economic activity, in practically all fields. Total production increased about 10 per cent over 1954, topping the high level reached in 1953 . . . All year-end forecasts have pointed out the possibilities of 1956. I am convinced that this year will bring great developments.

But we must keep in mind that the benefits of a buoyant economy involve greater responsibilities. When the economy nears the point where its present resources are fully used, the danger that it may be thrown out of balance becomes greater, unless the public practises timely moderation.

The Speech from the Throne mentions many new bills that the Government intends to present during the session in order to widen the field of action of the Industrial Development Bank, to increase the amount of loans authorized under the Canadian Farm Loan Act and the Farm Improvement Loans Act, and to amend the Small Loans Act.

Our trade has reached unprecedented levels.

National production last year was the highest in Canadian history. The number of workers, male and female, was greater than ever. Crops were bounteous.

On the 27th of December last the Right Hon. C. D. Howe, Minister of Trade and Commerce and of Defence Production, made a review of Canada's economic position in 1955; this review was published in every Canadian newspaper. May I quote the highlights of this masterpiece:

Ten per cent increase of the gross national product.

Decrease in unemployment.

Record production of passenger cars.

Steel production at the unprecedented figure of 4,400,000 tons.

Record exports as forecast.

Iron ore exports close to $100,000,000.

Substantial increase in our sales to the United Kingdom.

Increased exports to the United States.

Unprecedented investments of 6 billion dollars.

New housing units completed numbering 126,000.

Favourable year for the Canadian consumer.

Notable rise in the standard of living.

Increased farm production.

Nine per cent increase in personal income.

Upward trend of the main indexes of economic activity.

Continuing firm market.

Defence purchases at a constantly high level.

Increased activity in defence construction.

In co-operation with the Ontario Government, the Government will ask for funds to construct a natural gas pipe line through Northern Ontario, from the Manitoba border to Kapuskasing; the pipe line will be leased to Trans-Canada Pipe Lines Limited, which is to construct branch lines in western and easter Canada.

Those who wish to obtain information in regard to the financial situation of the country should read the *Monetary Times* magazine, "The Annual Commercial Review and Forecast" published by the Montreal *Gazette*, and the reports of annual meetings of the shareholders of chartered banks.

(*Text*):

The Forward Surge—For Canadians, 1955 was a year marked by renewed confidence and strengthened optimism. In reviewing events of the last 12 months at their annual meetings, the presidents of Canada's chartered banks have chronicled a story of resurgent vigour and determination leading to new records of achievement.

As H. L. Enman, President of the Bank of Nova Scotia, told shareholders, although an upturn in business had been expected "the surge forward which actually occurred was beyond the forecasts of the most sanguine."

Best Year Ever—With retail sales, industrial production, residential construction, foreign trade, employment and income all continuing to set new records since midyear, it is abundantly apparent that 1955 was the best year Canadian business ever enjoyed, Gordon R. Ball, President of the Bank of Montreal pointed out to his shareholders.

Canadians' Share in Canada—Individual Canadians may have a greater share in their country's development in the near future, James Stewart, President of the Canadian Bank of Commerce, told shareholders at the annual meeting.

"Never Had It So Good."—Repeating what he termed "an apt and picturesque description of the Canadian economy," A. C. Ashforth, President of The Toronto-Dominion Bank, told shareholders "Canadians never had it so good."

He pointed out that Canadians in 1955 produced more, imported, exported, earned, spent, consumed, borrowed, saved and invested more than in any previous year. They earmarked a gain in physical output and in the real standard of living of the Canadian people, he said.

Many economic and political problems remained to be solved, he admitted, but it is possible today to take a more optimistic outlook of the future than at any time in a quarter of a century.

"The Year Is Promising."—"The year just beginning is promising," said Mr. Charles St. Pierre, President of the Banque Canadienne Nationale. "However, could there be a more opportune time to counsel prudence than when it is liable to be disregarded?"

(Translation):

The role of governmental policy:

It seems clear enough that the policies of the governments had something to do with this new recovery in the economic activities, at a time when there was reason to fear a depression. The reductions of taxes, though small, have no doubt contributed to the ever growing consumer demand. They were all the more felt because the burden of taxes does unquestionably put a curb on expenses for consumer goods and on personal savings. But according to statistics, the most important step probably consisted in the great credit facilities available for housing, chartered banks having participated in the granting of mortgage loans. Advances made on this account during September exceeded 200 million dollars, an important figure in itself even if it does not represent a high proportion of bank loans.

That was an extract from a speech by Mr. J. Edouard Labelle, O.B.E., Q.C., President of the Provincial Bank of Canada, at the annual meeting of shareholders.

(Text):

Much in store for future—

"There is much in store for this young country and I cannot agree that Canadians are not very much awake and very much alive", said Mr. J. S. Proctor, Vice-President and General Manager, to the shareholders of the Imperial Bank of Canada. He also said: Canada's outstanding position, in every field of endeavor, industry, commerce, mining, agriculture, finance and atomic energy, etc., is due basically to the leadership of Canadians from every walk of life and to the Canadian working man.

If we all—particularly the younger generation—continue to tackle our problems realistically, work intelligently with vigor, enthusiasm and imagination, business will continue to grow and to prosper across our land and your bank will grow and prosper with it.

(Translation):

The Speech from the Throne exaggerates nothing when it states that, on the whole, Canada has enjoyed a high level of prosperity, but it notes that certain sectors of our economy "have not fully participated in this increased well-being". During the past five years "sales of wheat have been at record levels; on the other hand, an unprecedented series of bumper harvests has made necessary the storage of abnormal stocks of grain both in elevators and on farms."

In order to make cash readily available when needed, the Government will ask for authority to guarantee the loans granted by the banks to the producers under a mortgage on their grain and the payment of storage charges and interest, with respect to the wheat held by the Canadian Wheat Board over and above the normal carry-over.

From October, 1941 to December 31, 1955, $237 million was paid by the Government for shipping 37,672,000 tons of grain from the Prairie provinces to points in British Columbia, Ontario, Quebec and the Maritimes.

It is clear that the Government does everything it possibly can to help the grain growers who are having a bad time on account of an unexpected surplus.

Floor prices for farm products—Where would the producers of butter, eggs and pork be, had floor prices not been set for their products? Only recently the Government also set a floor price for apples and potatoes. It might be said that such a policy works as much to the advantage of the consumers as to that of the producers, since it makes it possible for families with small revenues to keep on buying essential goods.

On January 6 last, Mr. H. H. Hannam, President of the Canadian Federation of Agriculture, made a speech in Toronto, where he showed the need of a floor price for dairy products. The Catholic Farmers Union is of the same opinion.

The Right Honourable James G. Gardiner, Minister of Agriculture, proved once more that he is a real friend of the farming group.

"When construction is active, everything else is in good shape."

Mr. S. C. D. Chutter, General Manager of the Canadian Builders Association, stated that a record was established during 1955 in the field of construction and that it represented the tenth successive annual increase. He expects a higher figure for 1956.

The Public Works Department's estimates for this financial year has reached a record high of 173 million dollars. At the end of December, the department had 197 buildings under construction, which represents a substantial contribution to the Government campaign to give as much employment as possible during the winter months.

The Public Works estimates include many important projects, one of which is the spectacular undertaking to eliminate Ripple Rock, the great barrier to navigation in Seymour narrows on the Pacific coast. It is hoped that with the help of tunnels and a great amount of dynamite it will be possible to do away with this obstacle once and for all.

Among other projects also contemplated is that of changing the site of the city of Aklavik from its location in the delta of the Mackenzie river to another place where living conditions are better. The creation of the new site will necessitate the construction of a hospital, a school, churches, a rehabilitation center and a federal building.

We take pleasure in mentioning among the numerous public buildings a beautiful new one in Rivière du Loup, the metropolis of the Lower St. Lawrence region. This building is one of which Rivière du Loup is bound to be proud. Credit must be given to the Minister of Public Works for that construction.

Moreover, by the end of December, the Department of Public Works had paid $73 million, in round figures, an amount equivalent to half the cost of implementation of the Trans-Canada highway project, the other half being paid for by all the provinces, with the exception of Quebec. As a result of the agreement arrived at on the occasion of the conference held last November, the Minister of Public Works hopes to be in a position to grant even more help for the completion of this "main street of Canada."

Records indicate that in the field of housing an unprecedented number of housing units, 125,000, have been constructed in 1955; this bears witness to the success achieved through the amendments brought, the preceding year, to the National Housing Act.

Furthermore, the department has continued its traditional policy for the construction, repairing and maintenance of hundreds of marine buildings from coast to coast, many of which are located in the province of Quebec. No less than 371 major constructions undertaken by the department were under way in 1955, 190 of which have been completed. Moreover, the department undertook the construction of 1,200 smaller marine units during the same year. It is undeniable that the Honourable Robert H. Winters, that active and devoted Minister of Public Works, has given a strong impetus to building activities. He has led the way in this field.

Decrease of seasonal unemployment—The Honourable Milton F. Gregg, Minister of Labour, obtained the support of several other governments and of some private concerns in order to reduce seasonal unemployment during the winter. The action of his department in this connection deserves recognition.

On February 17, 1954, the National Employment Committee completed its report on the causes and effects of seasonal unemployment, prepared at the request of the National Manpower Council, and made several important recommendations toward stabilizing employment. The same day Major General George R. Pearkes, one of the most enlightened members of the Conservative opposition in the House of Commons, made a remarkable speech, in which he expressed the opinion that the unemployment which existed at that time was, to a very great extent, seasonal.

The Minister of Labour succeeded in co-ordinating the efforts of heads of industries, of employers and of public bodies, in order to remedy seasonal unemployment. The Government adopted the policy of letting building contracts in winter. It got the support of municipal authorities and chambers of commerce, as well as of the press and radio, to encourage individuals to have their properties repaired or done over during the period of lowest employment. Very interesting booklets were widely distributed by the Department of Labour, the National Research Council and the Canadian Manufacturers' Association, which kept the public advised of the efforts of the federal, provincial and municipal authorities' efforts to fight seasonal unemployment. The co-operation of industry was essential and the Minister of Labour obtained it unreservedly.

Last night, at Winnipeg, the Honourable Milton F. Gregg had the satisfaction of being able to state, before the annual general meeting of the Canadian Builders Association, that the year 1955 had beaten all records in regards to commercial activities and employment in Canada. The value of our national production for 1955 will reach $26·4 billion, or an increase of 10 per cent over the previous year, which is a record increase for the post-war period.

Employment also reached a record high in 1955. It shot up to 5,641,000 in the month of August. Since then there has been some reduction in employment, but it is much lighter than for the two previous years. In mid-December, although there were 291,000 more non-agricultural workers than last year, unemployment insurance offices listed 75,000 fewer applicants. The improvement brought last year to the Unemployment Insurance Act will ensure greater protection to those who are temporarily out of work, especially during the winter season.

The National Employment Office renders the greatest services to the working class. This makes me particularly happy because the Honourable Norman Rogers, Minister of Labour in Mr. King's cabinet, stated on March 9, 1936, that the report which I had prepared on the classification of unemployed had served as the basis of his department's policy.

Mr. St. Laurent's government leaves no stone unturned when it comes to helping the working class. The following excerpt from the Speech from the Throne is ample proof thereof:

> My ministers have also conferred with provincial ministers to consider and develop an arrangement for sharing the costs of assistance to unemployed persons not eligible for unemployment insurance benefits, and in need. Detailed agreements have been submitted to the provinces. You will be asked to approve the legislation necessary to implement this program.

As regards equal pay for equal work in the case of women under federal jurisdiction, may I refer my honourable friends to the House of Commons *Hansard* for 1928, 1929 and 1930. They will see that the Liberal party's interest in and efforts on behalf of the working class is nothing new.

In the case of labour disputes, no one ever called in vain upon the good judgment, the tact and fair play of the Minister of Labour, the Honourable Mr. Gregg.

(*Text*):

Honourable ladies and gentlemen, I have a few notes in English to which I will refer.

Department of National Health and Welfare —Because of the initiative of Prime Minister St. Laurent and his predecessor, the late Right Honourable W. L. Mackenzie King, Canadians now enjoy the benefits of such far-reaching programs as family allowances, old age security, allowances for the blind and the national health program.

During the past twelve months the most recent social measure introduced by the present Government—disability allowances—completed its first full year of operation. Through the co-operation of the federal and provincial governments, this program brings a welcome measure of relief to thousands of Canadians who are totally and permanently disabled. It covers a previously neglected area of social need and, together with other programs to which I have already referred, brings federal expenditures on health and welfare to more than $1 billion a year.

As the most recent forward step in the field of health, the Minister of National Health and Welfare, the Honourable Paul Martin, has this week called a national conference of outstanding specialists in the field of heart diseases for the purpose of considering further measures to combat heart ailments, which now account for more deaths each year than any other single cause. On past occasions the Minister of National Health and Welfare has taken important initiative in campaigns to conquer other diseases. As a result of his personal efforts, there were formed two national health organizations, the National Cancer Institute and the Canadian Arthritis and Rheumatism Society, which have done much useful work. The department has also administered programs in such fields as turberculosis, mental health and medical rehabilitation, and has directed a program of health grants to the provinces which has stimulated the construction of 800 new hospitals or hospital additions and the extension and improvement of existing health facilities and services.

The Department of National Health and Welfare made possible during the past year the immunization against polio with the Salk vaccine of nearly one million children. Canada's Salk vaccine program has won wide acclaim for the safe, effective and well-planned manner in which it was administered. This was only possible because careful preparations were made well in advance, so that as soon as it was announced that the vaccine was safe and effective Canada was in a position to proceed without delay on a large-scale program for the benefit of our children.

Expenditures on old age security reached a total of nearly $362 million as more than 760,000 persons 70 years of age and over benefited from the universal old age security pension. In the department's third area of responsibility, Civil Defence, continued progress was evident. During 1955 mass evacuation exercises were carried out during which advance centres for the treatment of disaster victims were established in various parts of the country. Now as a result of co-operation at the various levels of organization, more than 7,000 persons have received training in various aspects of Civil Defence. Across Canada, over 170,000 persons have accepted Civil Defence responsibilities on a full-time or voluntary basis.

Later this month the Minister of National Health and Welfare will be meeting with the provincial ministers of health to discuss the question of health insurance, as a result of the discussions that took place last October at the federal-provincial conference.

During the past 12 months there was continued expansion in existing social welfare measures. At the end of 1955 more than 5,300,000 children in nearly 2,250,000 families were benefiting under the family allowances program, with payments for the year in the neighbourhood of $378 million.

Says Liberals enriched women—This is a clipping from one of my favourite newspapers, the Halifax *Chronicle-Herald*, of January 15, 1936. It reads:

> The Liberal government during the last 10 years has entrusted more money to the women of Canada than any other government in history, Mrs. C. J. Embree of Halifax said Wednesday.
>
> President of the National Federation of Liberal Women of Canada, she told the Alberta branch that "the Liberal government in Ottawa has placed $3,060 million in the hands of Canadian mothers to be spent on the welfare of their children."

This is my only political quotation. It seems to be appreciated.

How much has been done for the veterans?

Treatment facilities—The Department of Veterans Affairs, since the days of World War II, has been working towards a Canada-wide

chain of modern, fire-proof hospitals for the treatment of veterans. During the last two years a considerable amount of new accommodation has come into use, and work started on several other projects. The high-lights of this period include:

A complete renovation of Lancaster Hospital, near Saint John, N.B. New operating rooms, new laboratories and new kitchens were installed in this modernized 500-bed hospital. The remodelled hospital was opened in May, 1954.

A completely new hospital was built at Ste. Foy, Quebec, to replace the old hospital—a former school—in Quebec City. This 325-bed hospital was opened by the Prime Minister in May, 1954. I was there. It is the most modern hospital in Canada.

A new out-patient wing came into use at Queen Mary Veterans' Hospital, Montreal, in November, 1954.

A new floor, accommodating 35 beds, at the Medical Unit, Westminster Hospital, London, came into use in April, 1954.

At Deer Lodge Hospital, Winnipeg, construction was started in June, 1955, to replace 300 beds in frame buildings with the same number of beds in modern, fireproof wings.

The Minister of Veterans Affairs laid the cornerstone of a new wing for the Colonel Belcher Hospital, Calgary, in November, 1955. This 250-bed wing is expected to be opened before next winter and will replace the old convalescent hospital.

The department now owns and operates 11 active treatment hospitals, two convalescent centres and three veteran homes, with a total normal capacity of 9,435 beds. In addition, the department has 588 beds in pavilions owned by the department but operated by other hospitals.

War veterans' allowances—The War Veterans' Allowance Act was amended in March, 1955, increasing the rates and ceilings. Single recipients may now receive up to $60 monthly and those who are married up to $108 per month. The new ceilings are $840 for single veterans and $1,440 for married recipients.

Education Assistance Act (Children of War Dead)—This act came into force in July, 1953, and so far 671 have been assisted to continue their education. Of these, 110 have completed their courses and 464 are still continuing their studies. The remainder discontinued their training, for one reason or another.

The Honourable Hugues Lapointe has neglected nothing to reform the Department of Veterans Affairs and to help the war veterans and their families.

I wish to pay a tribute to the Minister of Justice and also to the honourable senators and the honourable members of the House of Commons who sat jointly on the Criminal Code committee, all of whom have done service to the country. The Code has been simplified and it is much better than it was. I am very pleased to convey to you the message of the Canadian Bar Association, to the effect that the revision of the Criminal Code reflects honour on the Minister of Justice and the members of the committee.

The honourable Leader of the Government in this chamber (Hon. Mr. Macdonald) is far from being a gentleman of leisure. Both as Leader of the Government in the Senate and as Solicitor General, he has a lot to do. I wanted to have some information about his work; and I am very much interested in him, because he has always been kind to me and because he was the greatest Speaker of the House of Commons that I have known. Besides that, he deserves credit for having made his rulings himself; he did not ask anybody to write them; and he was always right. That is something I cannot forget.

The Remission Service is a very important branch of the Government. It is a branch which, considering men and women from the human point of view, tries to improve their mentality and to make them better citizens. The Solicitor General deals with them with justice and also with kindness. The Remission Service is the branch of the Department of Justice which investigates each year between four and five thousand applications for the release on parole of inmates from penal institutions in Canada. It is the responsibility of the Solicitor General under our constitutional system to advise the Governor General as to which of these inmates should be released on parole; that is, on ticket of leave. The Solicitor General personally considers each case. In 1954, 916 inmates were released on ticket of leave. In 1955 more than thirteen hundred were so released. Of the persons released in 1954—this is quite interesting—only four per cent had up to November 1955 violated the conditions of their release and had to be returned to the institutions from which they had been released. It is noteworthy that during the past two years the remission service has worked out a system of supervision of persons released on ticket of leave. This is done through the service of social service agencies, such as the John Howard Society, the *Société d'Orientation et de Réhabilitation Sociale*, and provincial probation officers. In 1954 almost 75 per cent of persons released on ticket of leave received such supervision.

Prior to that time such trained supervision was rarely available in more than twenty per cent of the cases.

As you know, honourable senators, the Solicitor General is responsible for studying the case of every convicted murderer whose appeals have failed in the courts, for the purpose of discussing with his colleagues in the cabinet the question whether the sentence of death should be commuted to one of life imprisonment. There were fourteen such cases in 1954, and four of them resulted in commutation, while ten resulted in no interference by the cabinet. A number of the cases tried in that year are still before courts of appeal and there has been no action as yet to bring them before the cabinet. In 1955, seventeen persons were sentenced to death in Canada for murder. The cases of twelve of them are still before courts of appeal. The remaining five were considered by the cabinet, with the result that in two cases the persons concerned were executed, and in the remaining three the sentences of death were commuted to life imprisonment.

In addition, of course, it is the responsibility of the Solicitor General to advise the Governor General when and under what circumstances persons should be released from imprisonment who, having been previously sentenced to death for murder, have had their sentences commuted to imprisonment for life. Where it is possible to release such a person from confinement, as a general rule the release takes place not earlier than ten years nor later than twenty years from the commencement of the imprisonment. Of course there are some cases in which the release of such prisoners is impossible. The minister's duties in this respect are very difficult, but they are done conscientiously.

With regard to the Department of Fisheries: the minister, a young, active and courageous man, did what very few people from the west have done: he went to Russia to examine into the methods of the fishing industry in that country, and he returned with a great deal of information which will be very useful to the fishermen of Canada. I will not mention all the legislation that he has sponsored as Minister of Fisheries, but the Fishermen's Indemnity Plan was very helpful, especially when the fishing industry suffered great losses by reason of a hurricane. He has sponsored legislation for loans to fishermen, something that was sought by my former colleagues from the Maritime provinces for a very long time, and it is now coming into operation.

Let us look at the Department of Transport, which has a very able minister in the Honourable Mr. Marler, who had some training in the province of Quebec. No mention was made in the Speech from the Throne about developments under his department, but there has been the important undertaking of the deepening of the St. Lawrence Waterway, and the opening of the Canso Causeway, which has been a credit to the minister. There has also been the removal of railway crossings. I know from experience, and my colleagues must know too, that ten, twenty, thirty years ago a government would have referred to the opening of the Canso Causeway in the Speech from the Throne. I find this Government is very modest. It performs great accomplishments, yet it is left to the mover of the Address in reply to the Speech from the Throne, in the Senate, to mention them.

Let us see what is taking place in the Department of Citizenship and Immigration. In the last two and a half years the department has continued to play its important part in the lives of our oldest Canadians, the Indians, and our newest, the immigrants. The Indian population rose to 151,552 by the end of 1954 and an intensified effort was made to assist Indians in becoming happy, useful Canadians. Forty new Indian schools with a total of approximately 175 classrooms were opened between April 1, 1953, and March 30, 1955, and by the end of 1954, 32,525 Indians were attending educational institutions, most of them in the 574 schools operated by the department. Also during the period April 1, 1953, to March 30, 1955, 1,809 houses were built for Indians, and 4,367 houses repaired and renovated. The Indians have not been forgotten by the Minister of Citizenship and Immigration.

During the years 1953-54-55 over 425,000 immigrants came to Canada and over 100,000 citizenship certificates were issued. In 1955 alone over 65,000 certificates were granted, an indication of the increased activity in this field. What has to be taken into consideration is the fact that it takes a few years before a certificate can be granted. An example of the work of the Citizenship Branch may be seen in the *Handbook for Newcomers* issued recently to assist immigrants in becoming familiar with Canadian ways. More than half a million of these booklets were printed in five languages.

The Minister of Northern Affairs and National Resources, the Honourable Jean Lesage, has said that there are two problems in his department, the human problem and the economic problem. Speaking to the Richelieu Club of Quebec early in January he said:

(Translation):

Among the main problems, one may mention the extremely high cost of education, the long

distances, language difficulties, the nomadic habits of the population, its rapid increase, the different degree of civilization, the various creeds, etc.

(*Text*):

Let us look at the work of the Department of Mines and Technical Surveys, a department which has five main branches, namely: Mines Branch, Geological Survey, Surveys and Mapping Branch, Geographical Branch, and Dominion Observatories.

In this department, with its five main branches employed in widely differing fields, it is difficult to cite its most outstanding accomplishments.

Probably the most significant achievement of the Geological Survey Branch was the successful completion by using helicopters of the preliminary or reconnaissance mapping of 250,000 square miles of the Canadian north. This was done in three seasons, by accomplishing in each season what would have taken an old-style ground party 25 years to complete.

The production of maps has increased by 30 per cent in the last five years. The map in the Railway Committee room, produced by the department by hand methods, required the full-time efforts of skilled craftsmen for two years. Other noteworthy accomplishments are the use of "shoran" methods of surveying; and the use of echo-sounding devices in the hydrographic surveys which greatly speed up mapping of our coastlines. Canada, incidentally, has the third largest hydrographic fleet in the world, and a new survey vessel, the *Baffin*, will be launched this year for work in the far north.

The Mines Branch does all the metallurgical work for the atomic energy plant at Chalk River and does valuable research in extracting uranium from ores in various parts of Canada.

In summary, the department provides the maps and scientific knowledge used by those enterprisers who are most vitally concerned with developing the resources of this great country.

The Department of the Secretary of State —As honourable senators know, there are three divisions in this department, namely, the Companies Division, the Registration Division and a Special Division; and the department also includes the Custodian of Enemy Property, the Patent and Copyright Office, and the Trade Marks Division. The present Royal Commission on Patents, Copyrights, Trade Marks and Industrial Designs is under the chairmanship of the Right Honourable J. L. Ilsley, Chief Justice of Nova Scotia, formerly Minister of Finance and Minister of Justice. The important amendments of 1955 to the Election Act were sponsored by the Secretary of State. The Bureau for Translations is also under him. He sponsors the estimates of the Civil Service Commission, and I congratulate him upon the excellent appointment of Mr. S. G. Nelson as chairman.

Post Office Department—Honourable senators, one of the most reliable barometers of business conditions in the country is the continued increase in the use being made of our postal services. This physical increase has been apparent every year since the end of the war, and last year a similar increase was recorded to the extent of 6 per cent over the previous year. In other words, in that year postal business reached the highest point in the long history of the service.

The Department of National Defence reports that the strength of the regular force has increased by over 12,000 from March 31, 1953 to the end of 1955. The department is doing very well in defending our country. HMCS *St. Laurent* was commissioned in the autumn of 1955, and after inspection by naval experts from Canada and our allies this ship has been pronounced the most lethal anti-submarine ship of her type. The Department of National Defence has continually improved, and Canada has done a lot for mutual aid.

With regard to the royal commission concerning TV and radio, I had occasion to communicate with the Chairman of the Board of Governors of the Canadian Broadcasting Corporation about a program that was given over the air, and in which the Senate was ridiculed. I was not then sworn as a senator, but I wanted to give a defence of the Senate. The chairman was kind enough to send me a copy of the script, and I wrote to him. Would honourable senators permit me to read the letter I wrote to him, and also his reply? This is part of the letter I wrote to the chairman:

> I wonder if you have given your approval to the song in which it has been many times repeated that the Senate is no longer needed (pages 35, 36 and 37 of the script).
>
> CBC should be the last one to ridicule our Parliamentary institutions.
>
> Will you please tell me who is the script writer, where he was born, and how much he has been paid for writing that script?

I received this reply from Mr. Dunton:

> I believe a more careful reading of the rather crude English of the song you mention will show that in it there is not even in comedy any suggestion that the Senate is no longer needed. It is clear from the song and from other mentions in the script that the "House" to which the singer is referring is the House of Commons.

Some Hon. Senators: Oh, oh.

Hon. Mr. Pouliot: The letter continues:

> And of course in the rough language similar to the negro original on which the song was based, the word "need" in no way refers to any lack of public need.
>
> I am not sure whether the writer, T. W. Tweed, was born in Scotland or Canada, but I know that he was brought up in this country and has been writing here for many years.

Well, I do not see how it is that anyone could make jokes like that about our parliamentary institutions.

An hon. Senator: Hear, hear.

Hon. Mr. Pouliot: Of course, it is the right of people who enjoy liberty to make jokes, but I cannot conceive that an organization like the Canadian Broadcasting Corporation should destroy one of the pillars of state in Canada, either the House of Commons or the Senate. It makes no sense. Besides there was a nearly blasphemous poem read over the French network. I complained about it, and they told me it was the language of the *clochard,* which in English means "bum." It may be all right to use language that such people are accustomed to, but not over the air by the CBC to a million people. I find that the CBC is exceedingly bold and that it has no sense of responsibility with regard to the public business, and that there are young men there who seem to believe in nothing and who should not be in a position to educate the Canadian people.

An hon. Senator: Hear, hear.

Hon. Mr. Pouliot: I am not offended by what has been sung over the radio, but I am concerned about it, and they should be different from that. It is incredible, but as in so many other cases, they are always right, and always have an excuse to give—and nobody is wrong; those who are at the head of the business would consider it a humiliation to say that someone under them has not done the right thing. And we cannot say anything, but I hope that there will be a time when the Senate and the House of Commons will know how much it has paid for that fact, and as soon as it does know that we will have better results.

The Department of National Revenue—I have not forgotten the Minister of National Revenue, who is a very dear friend of mine. He is modest, and when I asked him to comment he said, "I have the responsibility to get the money to pay for all that." He succeeds pretty well, because all the accomplishments I have mentioned have been paid for mostly from moneys which came from the Department of National Revenue. The Canadian people have many returns from that department.

Before concluding I should like to say a word about the Department of External Affairs. The Speech from the Throne mentions the visit of the British Prime Minister with his Secretary of State for Foreign Affairs, not with his Secretary of State for Commonwealth Relations. Probably that is because of the influence of his Honour the Speaker in Great Britain. Our Prime Minister says that he will return that visit after the session, in June. With regard to trips taken by the Prime Minister, I must say what I have said many times before, that the trip he undertook two years ago around the world to visit the peoples of Europe, and of Australia and other countries, prevented a third world war. That is my deep conviction, and I am glad to repeat it now.

I have some notes about the accomplishments of the Department of External Affairs. The Honourable Minister, Mr. Pearson, reminds me of the aircraft carrier *Magnificent*—he travels all around the world and gives a good impression of Canada. During recent years Canada has assumed greater responsibilities in the international field, and although our population is small the influence of Canada among the nations is becoming greater and greater. When I was in the House of Commons I used to say that I could not conceive that Canada was a small nation. Then I was told that it had become a major nation. For me, Canada is the most beautiful, the greatest and the most important country in the world. The influence of Canada is felt everywhere.

At the last meeting of the United Nations it was due to the initiative of the Canadian delegates that new members were admitted. This remarkable achievement attests to the credit of the Honourable Paul Martin. I have before me some excerpts from the verbatim record of the United Nations General Assembly meeting, December 14, 1955. They are as follows:

> Sir Pierson Dixon (United Kingdom):
>
> This is an historic and a moving occasion at our Headquarters in this great metropolis of the United States . . .
>
> Let me pay tribute too to the work of the Canadian delegation under the indefatigable and far-sighted leadership of Mr. Paul Martin. Indeed, the Commonwealth as a whole, I think I may say without immodesty, has not failed in making its contribution to the breaking of the deadlock.
>
> Sir Leslie Munroe (New Zealand):
>
> I am honoured to follow my distinguished friend, Mr. Paul Martin, who may be justly described as the chief architect of this successful and historic event.
>
> Sir Percy Spender (Australia):
>
> We congratulate all those members who have been admitted tonight, and we should like to say a few words of congratulation to those whose efforts have brought this about. I especially single out, if I may say so, Mr. Paul Martin of the Canadian delegation who has laboured for many weeks

now to bring about this result. We know what a deep debt of gratitude we owe to him for all that he has done.

Mr. Mates (Yugoslavia):

. . . Last, and above all, I wish to express the admiration of my delegation for the leadership that the Honourable Paul Martin has shown in striving toward universality and helping this Assembly to achieve today's result. He has displayed an unparalleled devotion to the United Nations and he has added honour to his great country, serving the best interests of the United Nations.

And there were others. The next day the Prime Minister of Canada said this:

The admission of 16 new members to the United Nations is a matter of profound gratification to Canada. I am sure it will be a source of pride to all Canadians that their delegation at New York, under the able leadership of the Minister of National Health and Welfare, Mr. Paul Martin, has played so important a role in achieving this result . . .

All this has been said quite deservedly of Mr. Paul Martin. Canada, with the four big powers, is part of the subcommittee on disarmament. Canada continues to resist communism in Europe by supporting NATO, and by making contributions of men and war material on the European front.

I should also mention the Colombo Plan, and the St. Lawrence Seaway, which was decided upon after very delicate discussions with the Department of External Affairs.

Honourable senators, what I want to say at last is that I am happy to be a member of the Senate of Canada because I find so many of my friends here. I have already spoken of the Leader of the Government, the Honourable Senator Macdonald. The Deputy Leader, the Honourable Senator Godbout, was born in Témiscouata county and is well known in the province of Quebec. He is the first senator from Témiscouata county, and he may give me some very useful advice on agriculture. I see about me some other friends. There is the Honourable Senator Euler, to whom I wrote many times when he was Minister of National Revenue. And the Honourable Senator Crerar who, at my request, established a highway for vehicles on the Quebec bridge. It was a long time ago and he may not remember it, but what he did then was very helpful. So many senators have been kind to me that I cannot name them all. I might mention, though, a few who have passed on. In particular I would mention my late friend Sir Allen Aylesworth, Minister of Justice at the time when Sir Wilfrid Laurier was Prime Minister and there was a policy of light. I would also mention the late Senators Dandurand and Fafard. And, by the way, Senator Fafard and I were the two closest friends of the late Right Honourable Mr. Lapointe.

All that being said, honourable senators, I will conclude by saying this, using the words that the Right Honourable Mr. Howe used in Victoria when he spoke there not long ago:

As you know, I have had tremendous confidence in the future of Canada; and I have lived to see that confidence more than justified.

I will do my best to represent my new division of De la Durantaye in the Senate as faithfully as I represented the county of Témiscouata during my 31 years in the House of Commons.

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

LIBRARY OF PARLIAMENT

REPORT OF JOINT LIBRARIANS ADOPTED

The Senate proceeded to consideration of the report of the Joint Librarians of Parliament, which was presented on Wednesday, January 11.

Hon. Norman P. Lambert: Honourable senators, I think a word or two in explanation of this report might be advisable at this time.

In the first place, the report of the Joint Librarians is possibly the earliest report that is tabled every session. It is tabled by the Speaker of each house as one of the Joint Chairmen of the Joint Committee on the Library.

The information contained in this report has been submitted by the two joint librarians, and after the joint committee has been set up it may meet in the near future and consider anything that arises out of the report. Most of the items have already been considered by the committee during the past year.

Reference is made in the first paragraph to the fact that the date of completion of reconstruction of the library is indefinite. However, inquiry of the Department of Public Works since this report was published has elicited the definite information that it will be ready for occupancy by the end of May this year.

The report mentions the purchase of a light panel delivery truck which is used to facilitate the transfer of books and materials from one place to another in the rather difficult circumstances that the library has to operate under at the present time. Members will be interested to know that no additional civil servants have been hired to operate that truck. It is run by a present part-time employee of Parliament who receives $25 a month for doing that work.

The concluding reference is to recataloguing. This process has been going on for the past two or three years since the division was made between the present Library of

Parliament and the new National Library which is still to be constructed. The report states that the number of books that have been reclassified and recatalogued has risen from 25,565 volumes a year ago to 48,120 at the present time. When the library is reopened in the reconstructed building its complement will be somewhere around 250,000 volumes, devoted entirely to parliamentary interests and information, as compared with the old stock of over half a million volumes. Most of the volumes not required have been moved to the basement of the Supreme Court building awaiting the construction of the National Library, which will take over these books, classify them and perhaps dispense with those which are of no value whatever.

With those words, honourable senators, I move the adoption of this report.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, January 18, 1956

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

Prayers.

Routine proceedings.

STANDING COMMITTEES

REPORT OF COMMITTEE OF SELECTION

Hon. William H. Taylor, for Hon. Mr. Beaubien, presented the report of the Committee of Selection.

He said: Honourable senators, the names of the senators appointed to the several standing committees will be printed in the proceedings of this house tomorrow, and any senator on looking over the list who wishes to have a change or an addition made should, I suggest, get in touch with the Whips.

The Clerk Assistant, reading:

The Committee of Selection appointed to nominate senators to serve on the several standing committees for the present session, have the honour to report herewith the following list of senators selected by them to serve . . .

Some Hon. Senators: Dispense.

For text of report see appendix to today's Hansard, pp. 44-5.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Taylor: Next sitting.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. David A. Croll: Honourable senators—

Hon. Senators: Hear, hear.

Hon. Mr. Croll: I am pleased to second the motion to adopt the Address in reply to the Speech from the Throne. I want first to thank my long-time friend, the mover of the address (Hon. Mr. Pouliot), for his generous references to me. He is a great Canadian who has impressed his personality upon the country. His speech was constructive as well as informative and contained a sample of his fluency and freshness of appeal. The Senate will undoubtedly be privileged to hear from him very often. I serve notice that he is a great deflator of political balloons, particularly if they contain hot air, and he is expert at pulling rugs from under political opponents. He is really at his best when he is interrupted, and then he is very quick at the thrust. The mover really needs a foil, and you can take my word for it that then he is superb.

Now, let me turn first to the broad picture. It is with some pride that I take the opportunity to say that we in Canada have been bountifully blessed with good harvests, for which we ought to be thankful. More people are employed than ever before in the history of our country; the number is now 5,588,000, which is 153,000 more than were employed last year. Unemployment is down; seasonal unemployment, which is a curse in this country, is also decreasing. Housing is at an all time high. The gross national product has increased by about 10 per cent, which is much greater than the increase in the United States. The normal increase is considered to be between 3 and 4 per cent.

Now, if conditions in the world do not change and there is no need for extraordinary expenditures—and I do not expect such—there will be a great temptation, an overwhelming temptation, to cut taxes. I take this very early opportunity to counsel the Government not to do it. I do not think there should be any reduction in taxation until health insurance in this country becomes a reality. In my opinion health insurance would be real tax relief, and where it is most needed, in the lower and middle income groups. If we were to reduce taxes now there is a strong possibility that some would have to be reimposed in order to meet the cost of health insurance, and that might well start the merry-go-round of controversy once again. I can pay no higher tribute to the Government than to say that the economy is unparalleled: today is glowing and tomorrow looks rosy.

I express my pleasure at the honour which has been conferred upon me which admits me to this house. It is a distinguished company which I join. I am particularly happy to come to it with a group of fellow appointees whose qualifications are such that I am sure you will welcome them to your labours and deliberations. As a newcomer to this house but as an old Ottawa hand I would offer them my personal congratulations and good wishes, and I hope that we find each other comfortable colleagues.

Hon. Senators: Hear, hear.

Hon. Mr. Croll: With many members of this house I have had a long, pleasant and useful

association. The house will forgive me if I reminisce about my early association with them. The honourable member from Toronto-Trinity (Hon. Mr. Roebuck) and I sat in the Ontario Government more than twenty years ago. We were members of the original Hepburn cabinet. Time and the democratic process have taken their toll, so he and I and the Honourable Harry Nixon, member for Brant in the provincial house, are the only ones remaining on the political scene. Whether that political scene is thereby better off or not is a matter I leave to the house.

When I came to the Senate I found some fifteen members with whom I sat in the House of Commons, with whom I have had a great friendship and understanding. With other senators I sat on joint committees, and others I met from time to time. There is yet another group of senators. These, I recall, were Liberal stalwarts when I was a young Liberal thirty years ago. In those days they were blazing the trails; today you find them in the front seats as elder statesmen. I know what a debt this country owes to their vision. As for the Leader of the Government in the Senate (Hon. Mr. Macdonald), I sat under him when he was the First Commoner. We both have a great interest in that glorious part of Ontario called Western Ontario. I had hoped that the honourable senator from Gulf (Hon. Mr. Power) would be present, for this happens to be his birthday and it would have given me an opportunity to say a few words about him. I am still going to say them, because I owe him a rather personal debt.

Some Hon. Senators: Here he comes now.

Hon. Mr. Croll: Honourable senators, I wish the honourable senator from Gulf many happy returns of the day.

Hon. Senators: Hear, hear.

Hon. Mr. Croll: We save some money on him because he is not eligible for old age security. But what I wanted to say was just this, that for years, in my early days of politics, he was the great liberal Liberal, and I still think he is the best political strategist in Canada.

Hon. Senators: Hear, hear.

Hon. Mr. Croll: In my years in the House of Commons there were occasions when I needed advice and I turned to him time and time again for advice and guidance, and he always had time to give it to me. If one in politics has a father confessor, then he has been mine for a great number of years, and I am very grateful.

I have admired from the other side of the hall the cool sagacity of debates that have taken place in this house. I have also recognized the hard, painstaking and often tedious work which your committees have done and the kind of work that has been entrusted to them. My one criticism has nothing to do with the manner in which you have conducted, or in which you have performed: it is concerned only with the fact that more such duties have not been allotted to you. Capacities have far exceeded permitted performance; and I would like to believe that the utilization of the abilities to the fullest extent in the most diverse fields should be and will be an object of the administration.

The fact that I find myself in this forum, which is basically different from the one where I spent so many years, relieves me of the problems which confront the elected representatives of any political party, without stripping me of the convictions which I have held throughout my lifetime. To me, as to many—I should say the majority—of you, the Senate is no sanctuary, no escape from responsibility and service. I am here prepared to work and to learn. I shall continue to be a Liberal who believes that his party is more often right than wrong, but is none the worse off for being told when it is wrong. I shall continue to advance my beliefs and to hope that they will find favour and support from you, my colleagues. I hope, too, that they will be vital enough to penetrate across the hall to the House of Commons, and interesting enough to penetrate the cloud of silence with which the press shrouds the doings of the Senate.

Hon. Senators: Hear, hear.

Hon. Mr. Croll: My generation has brought to the fore strong, healthy and responsible groups, who, as Canadians, have had an influence on affairs commercial, cultural, professional and political. They have contributed much to virtually every field of endeavour in this country, in peace, war, and twilight. They have had to save, and struggle and endure to achieve Canadian status. All this they have gladly done, and they have been repaid many-fold. Recognition, for which they all strive, has been achieved in part by appointments to this public non-elective body. It is proof positive that our democracy does work and that we are being welded into a great Canadian nation. We have been accepted unhyphenated into the larger community; and we are extremely happy as Canadians. There are others waiting for the recognition which, in due course, will come to them, but which will come very much more quickly if they throw themselves wholeheartedly into all projects of community and political life and give of themselves and their talents. My generation, and particularly

those who, like myself, were not born in Canada, found that we could best give expression and make our greatest contribution through Liberalism. The Speech from the Throne indicates that there will be considerable legislation at this session. Some of it will be merely controversial; some of it will be political—I need not mention that that sometimes is controversial; all of it will be important. Some of the controversial legislation which lacks political overtones will entail considerable study. These matters could very well be turned over to the Senate now, and such legislation could originate in the Senate.

I can understand the Government not originating in the Senate any matter upon which it stands or falls, but anything short of that could much better be originated here. Already bills have been introduced here to amend the Citizenship Act and the Post Office Act, and the house leader indicated yesterday that we would have before us a bill to amend the Insurance Act. Even now such a controversial matter as divorce is originated in the Senate. They are very glad to let us have it. That practice can be followed, and such bills on the agenda as those to amend the Royal Canadian Mounted Police Act, the Dominion Succession Duty Act, the Canada Shipping Act, and the Indian Act could be sent to the Senate for immediate attention, which they would receive. All this legislation could be sent to the Senate with profit. In so far as the Senate being able to handle it, I had occasion to look up the study that was made in 1918 by the late Senator W. B. Ross as to the rights of the Senate in matters of financial legislation. The bills to which I have made reference do not appropriate public revenue or impose any tax, and the passing of a bill which indirectly invites the expenditure of money is certainly not outside our scope. As I understand our scope, short of voting supply we are on the same footing as the members of the House of Commons.

I would like to refer at this point to a recent press report emanating from Calgary which disclosed that the Royal Canadian Mounted Police had fired six mounties, each of whom had served more than three years on the force. Their crime—marrying without permission. I could hardly believe my eyes when I read the report; yet it is a true and shocking situation, and one that I raised a question about in the House of Commons some years ago. These mounties, who are heroes and examples to our children—and, as for me, to my grandchildren—appear to have been fired for doing what comes naturally.

Hon. Senators: Oh, oh.

Hon. Mr. Croll: The mountie who represents the typical Canadian, with the physique of an Appollo, a bloom in his cheek and a gleam in his eye, is forced, as a condition of employment, to remain celibate. Such thinking is antiquated and medieval, outmoded and outdated, and it is time the Government were told by the people that they have no right to exact from an employee a condition requiring him to live an unnatural life. My advice to the Government—I am not sure they will take it from me here as they used to in the other place—

Hon. Senators: Oh, oh.

Hon. Mr. Croll: —is that the best way to deal with the situation is to pay decent salaries and make a fair and generous allowance for the movement of these men and their families, as is done for service personnel.

Some Hon. Senators: Hear, hear.

Hon. Mr. Croll: By this time I have no doubt you have come to the conclusion, as I will now state, that I intend in this chamber to speak out with all the emphasis at my command on issues still to be resolved in the interest of the Canadian people. Though we have come a long way towards creating a nation in which the dictates of the common man are not overlooked, there are many things yet ahead of us. The Liberal philosophy which I understand best, and particularly that of a welfare state, is reflected in the legislation which has been enacted over the past several decades. We have taken great strides toward a more equitable distribution of the good things of life. We have provided out of our tax revenues substantial sums to aid the junior and senior citizens, the physically afflicted, and other worthy elements of our society. But the biggest step of all has not yet been taken, and that step is the bringing into being of a national health program. It is true there never can be an end to legislation enacted in its relation to the changing moods and needs of our people, but it is equally true that a national health program would complete a magnificent program of social security, planned and carried out by the Liberal party. Today Canada is racing ahead toward the fulfilment of its twentieth century destiny as a great and vital nation, rich in material and human resources. Surely in a land such as ours the lack of an adequate overall health insurance program to replace the patchwork of schemes now in effect can no longer be tolerated. We have backed and filled and stalled and looked the other way far too long. There is a desperate need, and we have the means with which to meet that need. Until such a program becomes an actuality, the great humanitarian story which

has been unfolding in Canada over the past two decades is a story without an ending. We must write the final chapter now.

National health insurance is one of the unfinished tasks before us. We Liberals have been consistently criticized for including health insurance in successive party platforms but allegedly doing nothing about it. It is quite true that for many years it has been the policy and goal of the party, but it is untrue to say that it has been no more than idle words, for in recent years very definite and essential steps have been taken. We are surely in a position now to begin a health insurance plan with hospitalization. Adequate hospital accommodation exists—adequate in the sense of bed space, and in the sense of efficiency of service.

The government system of grants-in-aid has accomplished wonders in the construction and improvement of hospitals by government and private agencies. Much has been learned from the great expansion of private and semi-public hospitalization plans, such as the Blue Cross and that of the insurance companies. These have been closely and constantly examined by the Department of National Health and Welfare, and much has been learned that would otherwise have to be learned the hard way. The provincial ventures have been similarly valuable as guides. The Department of National Health and Welfare is thoroughly informed. We are surely now in a position to begin our national system; we have the accommodation, we have the knowledge, we have the money, and we have agreement, expressed and implied, of provinces containing more than half of the population of this country. The need is overwhelming, and the argument that we are waiting for a substantial majority of the Canadian people and the Canadian provinces just does not hold water. The provinces of British Columbia, Alberta, Saskatchewan and Ontario contain more than one-half of the population of Canada. If that fact does not meet the formula, surely the Government can induce one or two of the Liberal provinces to come over to the side of the angels.

We can no longer penalize those whose thinking is more socially advanced nor can we afford to wait for the laggards We are now ready to pass legislation, and invite the participation of any province willing to accept the terms. Only in that way can we make effective the next logical step in the advancing program of social welfare. It cannot be denied that all necessary facilities are available to make a start with hospitalization. That can be the first instalment. We can do the rest in progressive stages. We will never have better facilities, and never be more able to afford and pay for it.

Honourable senators, time is running out on us. Let us just take a look around. British Columbia, Alberta, and Saskatchewan all have hospitalization schemes. Ontario will introduce one at this session. The first two provinces have Social Credit governments; Saskatchewan has a socialist government, and Ontario is Tory. I ask myself, and I ask this house and the country, where are the Liberal provinces? Can we afford to sit by and let the initiative be taken from us? I believe that any number of provincial schemes would be much less desirable than one guided and patterned by the federal Government. At this stage, to allow our promises to be fulfilled by others would be failure to keep faith with Liberal philosophy; it could be the greatest political mistake in our generation, and could very well result in having the tables turned on us. In the past our party has delivered what other political parties have promised, and the people have returned us to office time and time again. So, even at this late stage I make the appeal that the Government regain the initiative, as they did with the old age security enactment. In that case, honourable senators will remember, a joint parliamentary committee was established one session and it brought in a report that was adopted at that very session. I was a member of that committee. A similar joint parliamentary committee could be set up this session. I assure the Government that its minimum recommendation would be the commencement of a national health scheme with hospitalization. The Canadian people would thereby have the advantage of a scheme that would be more efficient, uniform, better directed and less of a hodge-podge than we have now. The present "bits and pieces" schemes will be as hard to unscramble as an omelet. Much time will have to be spent in undoing that which it should not have been necessary to do in the first place.

There is no profit in blaming others or looking for scapegoats. We have a precedent, which members of this house know was used on another occasion. It is now more than 25 years since we brought into being old age pensions. At that time, the scheme was offered to those provinces which wished to participate. Some accepted at once, others took a little longer; by the end of ten years all had joined the scheme. It may be argued that the old age pensions affect perhaps only a couple of hundred thousands at the most, whereas national health insurance affects the whole country. That is a good argument, and notice must be taken of it, but the way to meet that argument is to turn to a constitutional amendment. If any province refuses to agree to a constitutional amendment

—and that is the prerogative of a province—then, of course, we could bring in national health insurance without a constitutional amendment by grants-in-aid. The scheme resulting from grants-in-aid will not be as uniform or as good, but anything is better than what we have at present.

Honourable senators, this is not a new subject with me. I have advocated health insurance for 25 years, which is all of my active political life. If I was a radical then, I am an advanced radical today. My views were moulded by the storms which raged around me in my youth. In those days insecurity was all about me. That same insecurity of crippling health costs still exists, and will continue to exist, until national health insurance is realized.

I had also planned to speak on crime, penal reform and probation, a subject in which I thought I should take more interest here than I took in the House of Commons. I intend to speak on housing and on foreign affairs, but I shall leave those subjects to another day. However, there is one matter which I must bring to the attention of the Senate at this time, for I have strong feelings on it.

It has always been my view, and this is the first opportunity I have had to say it, that the Senate can play a very much more important role than it does in the field of public inquiry. In this respect I have in mind one subject which in my opinion is long overdue and screaming for attention. If there is wisdom among us, and I believe there is, and if there is experience of many years, as I am sure there is, then these qualities should be put to use in the most beneficial manner. Frankly, the Senate of Canada faces the task of reviving public confidence in it. I know of no better way of accomplishing that end than by continuing to use our talent and experience in the undivided service of our people in the field of public inquiry.

At this session, as early as possible, the Senate in conjunction with the House of Commons should undertake an immediate study of Canada's No. 1 health problem, the most dreaded affliction of mankind, mental illness. This subject is, as I say, long overdue for study. It is a little understood problem, and for too long has been sloughed off and neglected. It is time we had a national survey to create an atmosphere of understanding.

When I speak of the mentally ill, most honourable senators know what I am talking about: I speak of the hidden people, victims of superstition, unnoticed and forgotten, in a forbidden world, and living in a world of their own. These mental patients occupy one-half of the hospital beds in Canada. The cost of their care has risen over the past fifteen consecutive years to a point where it is now in excess of $70 million annually, with no end in sight.

Mentally retarded children outnumber all those afflicted by polio, blindness and rheumatic fever. Mental disease touches one in every fifty families in Canada. It is time that we brought the subject out in the open and had a good look at it. Thus, we could sweep away the myths surrounding this disease and deal with reality. Here is an opportunity to strike an important blow for human progress. I suggest that we should enter into such a study in order to obtain a greater understanding of mental illness, its causes and how it can be prevented. Let us learn something of the custodial problems and help to break down the barrier between the community and mental hospitals. It is time we recognized that the mentally afflicted are human beings with talents which can be developed into useful and worthwhile activities.

We in our time have been helpless against many diseases, but by study, application and expenditure of money we have driven back such diseases as smallpox, scarlet fever, tuberculosis and pneumonia. A better example of our progress is our fight against polio. Ten years ago—five years and, yes, two years ago—there was faith in the ultimate defeat of polio but there was little to justify that faith. Today we are in sight of a remedy. We must not give up.

I urge this house to give careful consideration to the suggestion I have made. I for one, and I am sure honourable senators feel the same way, am not prepared to write off the 66,000 Canadians now in our mental hospitals and the 10,000 to 20,000 waiting for admission.

Honourable senators, I have stepped across the hall from one house to the other. There are different walls and new faces, but my perspective remains unchanged. I believe it is what men and women do with human and material resources that largely determines their future.

We have before us a bright and glorious future, if we are determined to make it so.

Hon. Senators: Hear, hear.

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

DIVORCE

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of report No. 1 of the Standing Committee on Divorce, which was presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the committee, moved that the report be adopted.

He said: Honourable senators, by way of a brief explanation, may I say that the report recommends that the quorum of the Standing Committee on Divorce be reduced, that the committee be permitted to sit during adjournments of the Senate, and to appoint subcommittees. This is a routine report.

The motion was agreed to.

The Senate proceeded to consideration of the reports Nos. 2 and 3 of the Standing Committee on Divorce.

Hon. Mr. Roebuck moved that the reports be adopted.

He said: Honourable senators, each of these reports recommends, first, that application for leave to withdraw a petition for divorce be granted. We are always very ready to allow such petitions to be withdrawn. Secondly, there is a recommendation in each case, that we refund the parliamentary fees, other than $25 for printing and translation costs. That is the amount fixed for these costs now. It used to be for many years $10, but we felt that was not sufficient and last session we increased it to $25.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 38):

REPORT OF COMMITTEE OF SELECTION

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

JOINT COMMITTEE ON THE LIBRARY

The Honourable the Speaker, the Honourable Senators Aseltine, Blais, Cameron, Fallis, Fournier, Gershaw, Godbout, Gouin, Lambert, McDonald, Reid, Vien, Wall and Wilson. (15)

JOINT COMMITTEE ON PRINTING

The Honourable Senators Barbour, Blais, Bouffard, Bradette, Bradley, Comeau, Davies, Euler, Fallis, Isnor, McGrand, Nicol, Savoie, Stambaugh, Stevenson, Turgeon and Wood. (17)

JOINT COMMITTEE ON THE RESTAURANT

The Honourable the Speaker, the Honourable Senators Beaubien, Fergusson and Haig. (4)

STANDING ORDERS

The Honourable Senators Beaubien, Bishop, Godbout, Hackett, *Haig, Hayden, Howden, Inman, Kinley, Leger, *Macdonald, McLean, Pratt, Tremblay, and Wood. (14)

**Ex Officio* member.

BANKING AND COMMERCE

The Honourable Senators Aseltine, Baird, Beaubien, Bouffard, Burchill, Campbell, Connolly (*Ottawa West*), Crerar, Croll, Davies, Dessureault, Euler, Farris, Gershaw, Golding, Gouin, Hackett, *Haig, Hardy, Hawkins, Hayden, Horner, Howard, Howden, Hugessen, Isnor, Kinley, Lambert, Leonard, *Macdonald, MacKinnon, McDonald, McGuire, McIntyre, McKeen, McLean, Paterson, Pirie, Pouliot, Power, Pratt, Quinn, Reid, Roebuck, Taylor, Turgeon, Vaillancourt, Vien, Wilson, Wood and Woodrow. (49).

**Ex Officio* member.

TRANSPORT AND COMMUNICATIONS

The Honourable Senators Aseltine, Baird, Beaubien, Bishop, Bouffard, Bradley, Campbell, Connolly (*Halifax North*), Connolly (*Ottawa West*), Daigle, Dessureault, Duffus, Euler, Farris, Gershaw, Gouin, Grant, *Haig, Hardy, Hawkins, Hayden, Hodges, Horner, Hugessen, Isnor, Jodoin, Kinley. Lambert, *Macdonald, MacKinnon, Marcotte, McGuire, McKeen, McLean, Molson, Nicol, Paterson, Power, Quinn, Raymond, Reid, Roebuck, Ross, Smith, Stambaugh, Veniot, Vien and Wood. (46)

**Ex Officio* member.

MISCELLANEOUS PRIVATE BILLS

The Honourable Senators Baird, Beaubien, Bouffard, Bradette, Connolly (*Halifax North*), Connolly (*Ottawa West*), Duffus, Dupuis, Euler, Fallis, Farris, Fergusson, Godbout, Hackett, *Haig, Hayden, Horner, Howard, Howden, Hugessen, Inman, Lambert, Leger, *Macdonald, McDonald, McIntyre, Nicol, Quinn, Reid, Roebuck, Stambaugh, Taylor and Tremblay. (31)

**Ex Officio* member.

INTERNAL ECONOMY AND CONTINGENT ACCOUNTS

The Honourable Senators Aseltine, Basha, Beaubien, Bouffard, Campbell, Dessureault, Fallis, Gouin, *Haig, Hayden, Hodges, Horner, Howard, Isnor, Lambert, *Macdonald, Marcotte, McDonald, McLean, Paterson, Petten, Quinn, Robertson (*Speaker*), Turgeon, Vaillancourt, Vien and Wilson. (25)

**Ex Officio* member.

EXTERNAL RELATIONS

The Honourable Senators Beaubien, Bradette, Bradley, Farquhar, Farris, Fergusson, Fournier, Gouin, Hackett, *Haig, Hardy, Hayden, Howard, Hugessen, Jodoin, Lambert, *Macdonald, Marcotte, McGuire, McIntyre, McLean, Nicol, Savoie, Taylor, Turgeon, Vaillancourt, Veniot, Vien, Wall and Wilson. (28)

**Ex Officio* member.

FINANCE

The Honourable Senators Aseltine, Baird, Barbour, Beaubien, Bouffard, Burchill, Campbell, Connolly (*Halifax North*), Connolly (*Ottawa West*), Crerar, Dupuis, Euler, Farris, Fraser, Gershaw, Golding, *Haig, Hawkins, Hayden, Horner, Isnor, Lambert, Leonard, *Macdonald, McDonald, Molson, Paterson, Petten, Pirie, Pratt, Quinn, Reid, Roebuck, Smith, Stambaugh, Taylor, Turgeon, Vaillancourt, Vien and Woodrow. (38)

**Ex officio* member.

TOURIST TRAFFIC

The Honourable Senators Baird, Beaubien, Bishop, Bouffard, Cameron, Connolly (*Halifax North*), Crerar, Croll, Daigle, Davies, Duffus,

Dupuis, Fergusson, Fraser, Gershaw, *Haig, Horner, Isnor, Jodoin, *Macdonald, McIntyre, McLean, Pirie, Roebuck, Ross and Tremblay. (25)

**Ex officio* member.

DEBATES AND REPORTING

The Honourable Senators Aseltine, Bishop, Davies, Fallis, Grant, *Haig, *Macdonald, McGrand, Savoie and Tremblay. (8)

**Ex officio* member.

NATURAL RESOURCES

The Honourable Senators Aseltine, Barbour, Basha, Beaubien, Bouffard, Burchill, Cameron, Comeau, Crerar, Davies, Dessureault, Duffus, Dupuis, Farquhar, Fraser, *Haig, Hawkins, Hayden, Horner, Kinley, *Macdonald, MacKinnon, McDonald, McIntyre, McKeen, McLean, Nicol, Paterson, Petten, Pirie, Power, Raymond, Ross, Stambaugh, Stevenson, Taylor, Turgeon, Vaillancourt and Wood. (37)

**Ex officio* member.

IMMIGRATION AND LABOUR

The Honourable Senators Aseltine, Beaubien, Blais, Bouchard, Burchill, Calder, Campbell, Crerar, Croll, Dupuis, Euler, Fallis, Farquhar, Fournier, Gershaw, *Haig, Hardy, Hawkins, Hodges, Horner, Hugessen, *Macdonald, MacKinnon, McIntyre, Pirie, Reid, Roebuck, Taylor, Turgeon, Vaillancourt, Veniot, Wilson and Wood. (31)

**Ex officio* member.

CANADIAN TRADE RELATIONS

The Honourable Senators Baird, Bishop, Blais, Burchill, Campbell, Crerar, Daigle, Davies, Dessureault, Duffus, Euler, Fraser, Gouin, *Haig, Hawkins, Howard, Kinley, Lambert, Leonard, *Macdonald, MacKinnon, McKeen, McLean, Molson, Nicol, Paterson, Petten, Pirie, Pouliot, Turgeon and Vaillancourt. (29)

**Ex officio* member.

PUBLIC HEALTH AND WELFARE

The Honourable Senators Blais, Burchill, Comeau, Connolly (*Halifax North*), Dupuis, Fallis, Farris, Fergusson, Gershaw, Golding, Gouin, Grant, *Haig, Hawkins, Howden, Inman, Jodoin, Kinley, *Macdonald, McGrand, McGuire, McIntyre, Pratt, Roebuck, Smith, Stambaugh, Veniot, Wall and Wilson. (27)

**Ex officio* member.

CIVIL SERVICE ADMINISTRATION

The Honourable Senators Aseltine, Bishop, Bouchard, Calder, Cameron, Davies, Dessureault, Dupuis, Gouin, *Haig, Kinley, Leger, *Macdonald, Marcotte, Pirie, Quinn, Roebuck, Taylor, Turgeon and Wilson. (18)

**Ex officio* member.

PUBLIC BUILDINGS AND GROUNDS

The Honourable Senators Barbour, Connolly (*Ottawa West*), Dessureault, Fallis, *Haig, Horner, Lambert, *Macdonald, McGrand, McGuire, Paterson, Pouliot, Quinn, Stevenson, Wall and Wilson. (14)

**Ex officio* member.

All which is respectfully submitted.

A. L. Beaubien,
Chairman.

THE SENATE

Thursday, January 19, 1956

The Senate met at 3 p.m., Hon. Arthur L. Beaubien, Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

PRIVATE BILL

THE CHURCH OF ENGLAND IN CANADA—FIRST READING

Hon. A. K. Hugessen presented Bill D, an Act respecting The General Synod of the Church of England in Canada, The Missionary Society of the Church of England in Canada, The Woman's Auxiliary of the Church of England in Canada and the Church of England Consolidated Trust Fund.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be placed on the order paper for second reading?

Hon. Mr. Hugessen: Wednesday next.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 4 to 15, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, I move that when this house adjourns today it stands adjourned until Tuesday, January 24, at eight o'clock in the evening.

The motion was agreed to.

LIGHTING OF SENATE CHAMBER

On the Orders of the Day:

Hon. John T. Haig: Honourable senators, before the Orders of the Day are proceeded with, I rise to complain about the lighting in this chamber. It is atrocious; it is insufficient for the reading of our reports; and the members of the press in the gallery complain to me that they have to look directly into the lights when watching a speaker on the floor. I would suggest that when the Standing Committee on Public Buildings and Grounds is formed it take up this question at once to see if some solution cannot be found.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. John T. Haig: Honourable senators, there is method in my madness in wanting to speak today: I calculated that the senators from Montreal and vicinity and those from Toronto and vicinity would be away, and I would be able to address the thoughtful members of the chamber in peace and quiet.

Before I address words of welcome to the new senators I wish to take issue with one item mentioned by the mover of the Address (Hon. Mr. Pouliot) and to support a point made by the seconder (Hon. Mr. Croll).

The mover referred to the Canadian Broadcasting Corporation. Now, honourable senators, I do not know how the CBC is regarded in the province of Quebec or Ontario, but I do know something as to how it is regarded in the western provinces: we would not do without the CBC under any conditions if we could help it. It is one medium that is of very great assistance and help to our country. We have no American stations just across the line that we can tune in on; we have to depend on Canadian stations and especially on the Canadian Broadcasting Corporation for the news, particularly in the outlying parts of the province. We value that organization very much.

Now I come to the matter raised by the seconder. I agree with what he said in criticizing the Royal Canadian Mounted Police for dismissing six members of the force because they had married without permission. That is an outrage. It is no excuse to say that there is a regulation to the effect that a man has to be five years on the force before he can get married. Love does not wait on regulations of that kind. I would hate to think that in this civilized country young men who went to war and risked their lives to protect Canada—as my boy did—might be told when they came home that they could not get married until they were twenty-one or had five years' service in the bank or wherever they worked. We talk about giving young men of eighteen the right to vote; yet a mounted Policeman cannot get married until he has been five years in the service. The sooner this barbaric rule is done away with the better. In saying this, I am sure I speak for all our people, especially Christian men and women who want their children to marry young and form a partnership which

will make for better homes and, in the case of our policemen, for even higher efficiency. I know, speaking for myself, that I am a better lawyer than I would have been but for the kind of woman I was lucky to secure as a wife.

Apart from the reference to the CBC, I unreservedly congratulate the new senators who respectively moved and seconded the address. They are experienced parliamentarians; and as they have probably had more experience in this line than most of us, it might be said that to compliment them is like carrying coals to Newcastle. However that may be, we are delighted to have had thirteen people added to our rostrum. In welcoming them I want to say a word or two, not to try to tell them how to act, not to try to tell them what to do, not to try to tell them how to think or vote, but to assure them that we shall make them part of ourselves; and it is up to them to take advantage of this situation, because they are wholeheartedly welcomed and will be as wholeheartedly received as though they had been here as long as the rest of us—and some of us have been here quite a while. When one has been a senator for a year or two, or at most four or five years, he tends to forget, or at any rate to overlook, that he was a Liberal or a Conservative; he puts the interests of Canada ahead of those of any party when it becomes necessary to decide an issue of real importance. I do not say this in a political sense, but from the point of view that when we as senators have to face an issue, the interests of the country are the criterion by which we shall be judged. For if those outside this house criticize us it will be because, in matters of crucial importance, we have allowed our former political allegiance to stand in the way of what they think we should have done for the benefit and the progress of Canada. The more we promote the true interests of Canada, the more thankful the people will be that there is a Senate in this country today.

In welcoming the new members, may I say how pleased I am that some of them are women. When I first came to this chamber there was but one woman member: later another was added, to our side of the house. For many years our membership included only these two ladies, both of them distinguished and able; and it is very gratifying that their numbers have been increased by the latest appointments. These new senators have already given fine service to the people, and I know I speak for all of you when I say that we are glad they are members of this house.

I want to discuss a number of the issues referred to in the Speech from the Throne, and particularly to deal with a subject which you may not have heard about before—the question of wheat—and the agricultural situation in Canada. First of all, however, I am going to say something about the question of trade, which is vital to the life of our people. Since the end of World War II we have had a seller's market and have been able to sell anything we produced. Some of the things we produce are raw materials, and by selling them we are using up natural resources which do not reproduce and thereby doing away with a great heritage. For instance, the Hudson Bay Mining and Smelting Company Limited produces and exports copper, lead and zinc, and the present estimate is that in eleven years the mine's deposits will be used up and that particular mine will no longer be productive. Although other mines may be found, Canada may ultimately reach its limit of production of these ores, as the United States has in respect of iron ore. In 1913 I had occasion to take part in a curling bonspiel in the iron range country of Minnesota. At that time it seemed to me that the iron ore there could never be exhausted. It was being taken away as though it were gravel. I remember seeing a town which had been constructed on the top of iron ore deposits and so much ore had been taken from around the town that a bridge had to be built in order that people could travel in and out of the place. Later I found that the town had been abandoned and the ore under it was mined until finally none was left. I fear we are going to do the same thing in Canada. We will be able to sell our raw materials as long as there is a demand in the world for war supplies, as long as the United States and Russia spend billions on defence, and the United States gives other countries the money with which to buy the instruments of war. It just can't be stopped.

What about our products that we are able to reproduce year after year? I maintain that that side of our production is lacking very much, but before I get into that subject I want to say a word or two about finances. Yesterday the honourable senator from Toronto-Spadina (Hon. Mr. Croll) advocated that a national health program should be introduced because the Government is now collecting enough taxes to pay for it. But let me tell you of some of the ways in which our taxes are collected. I know something about the operations of the Hudson Bay Mining and Smelting Company Limited, which has its main mine in Manitoba, so I will use it as an illustration. In the year 1922 I travelled with other members of the Manitoba Legislature up the Saskatchewan River to The Pas, and later we visited Flin Flon. Here we were shown certain ground formations

which somebody said might some day be a mine. A man by the name of Whitney came up from New York and decided to purchase the site.

Well, when he got the first of the material out and sent it for test they could not refine it, could not separate the gold, silver, copper, lead and zinc from the dross, and there was no known formula for doing so. Then he came to Winnipeg and asked the Legislature, which was in session at the time, for an advance of a certain amount of money to find a way to make the refining perfect; but the Government said no, that was a matter for private enterprise. He then appealed to the members of the Legislature, and offered to each one who put in $1,500 a bond at 5 per cent and also 100 shares in the stock of the company. Of course, the shares were worth nothing so long as there was no formula for refining the material, so if they could not find a formula you would lose your money. At first only three or four fellows accepted the offer, but the rest of us canvassed until we got pretty nearly every member of the Legislature to put up $1,500 in return for a bond, plus 100 shares of stock as a bonus. About $1 million was spent on experimental work, and at last a formula was discovered; then the mine was started and $20 million was put into development. Last year the company made $9 million net.

Remember, honourable senators, the land was originally owned by the discoverer of the mine; he bought and paid for it; then Whitney bought and paid for it. The town of Flin Flon was built, and it taxed the mine to pay for police protection, schools, and all that sort of thing. The dominion Government put in nothing at all, and yet last year out of the earnings of $9 million it took $4½ million in taxes. Canada is the only country in the world which does that kind of thing. Great Britain does not do so. It is true that Britain taxes corporations, but if I owned 100 shares in a company in Britain I would be given credit on my income tax for the amount that the company paid in taxes in respect of my shares. This country does not allow such a credit, yet it took $4½ million in taxes from the mine, into which it never put a dollar. At the end of eleven years my money and that of the other investors will be gone, and the government will have received a huge sum in taxes. Is that fair taxation? I do not think so at all. I have no objection to personal income tax, on the basis of ability to pay; I know of no fairer system that could be devised. If I earn $25,000 a year and a young man sitting next to me earns only $5,000, certainly I should pay more income tax than he; but if my money is invested in an organization into which the Government never put a nickel, I do not think the Government has any right to take half the profit made on my money, and not give me credit for it when I am paying my own income tax.

A growing financial problem is facing our municipalities and school districts, both public and separate. I have heard from school districts in Manitoba, Saskatchewan, British Columbia, Quebec, Prince Edward Island, New Brunswick and Nova Scotia, and they all refer to the great difficulty of meeting the cost of education, on account of the increase in population, with the prevailing larger families, and the increased salaries of teachers. I am not kicking because the teachers in our cities start at a salary of $2,500 a year, running up to $6,000, but I remember when a school teacher got $40 a month. That is what I started at, and I was considered one of the "plutes" one of the aristocrats of the profession. People said, "He gets $40 a month." True, $40 then was as good as about $100 now, and maybe more.

While on the subject of education, I thank the Government, through the honourable leader of this house (Hon. Mr. Macdonald) for the contribution made every year to the universities of Canada; if it were not for that help a great many of our universities would have to close their doors. The contributions by the Government this year will amount to almost $8 million, an average of 50 cents per person from every Canadian. Only the other day Dr. Sidney Smith, President of the University of Toronto, said that unless something drastic is done within the next few years the case for education will be lost. Russia today is training more engineers than is the United States, and is advancing in the field of higher education. It is said that engineers are not required in our country, but how can that be so, with all these new war inventions? And we are not near the end of the story. Yet we in Canada are starving our educational institutions, and the dominion Government is to blame, because the municipalities have not been able to get the money they need. The Government made a deal with the provinces, but it was soon found that the provinces would use up the money. I do not think my own city of Winnipeg is or ever was extravagant, but when I left the board there in 1921 our expenditure on the educational system was, if I recall rightly, about $600,000 or $700,000 a year. The estimate for this year is $10 million. And that is not the end; new buildings are proposed, at a probable cost of $5 million or $6 million more. There is a similar situation in other parts of Canada. Also, various municipalities are in a plight

because the government puts up fancy buildings and pays no taxes on them. My honourable friend will say, "Yes, it does, provided their assessed value is a certain proportion of the whole assessment in the municipality concerned". But that happens only in Ottawa and perhaps some of the larger cities. The Government should pay municipal taxes on the same basis as all other property owners do.

I turn now to the question of credit. Four days before Christmas I walked into one of the largest department stores in Canada; in fact, it was the leading department store. I wanted to buy a present for one of my daughters-in-law. I was looking for cups and saucers—not an extravagant present, because one uses cups and saucers every day. I told the girl behind the counter that I wanted a certain pattern. She wrapped up the goods up and said "That is $42.35, Mister" —she did not know my name. She then asked if I wanted credit or would pay cash, and added, "We will give you credit if you wish, as much as you want." Now, she did not know me at all. My children say that she looked at my hat, which was about two years old—and my overcoat was not too good either—and that the girl behind the counter probably said to herself, "That fellow needs some help; he can't afford to pay cash for that expensive stuff, he needs credit."

Hon. Mr. Macdonald: No doubt she looked at your honest face.

Hon. Mr. Haig: No, she looked at my hat and said to herself, "That fellow needs credit."

Honourable senators, that sort of thing is going on all over Canada. In the city of Ottawa 9,000 liens were filed in 1955, as against 6,000 in 1954. In the same city 1,189 more chattel mortgages were filed last year than in the previous year. All this is because of credit buying. There are firms by the dozens in the city of Winnipeg who are cashing agreements on television sets, radios and many other appliances which have been bought on time. It is most ridiculous that anybody can buy these articles by paying $5 down and $2 a month. Such easy credit terms were for a time allowed in Britain, but there it was soon found necessary to curtail them, and today buyers must make a down payment of at least 30 per cent of the value of the article they buy. In a firm in Winnipeg four men and four women are kept busy looking after the credit buying of television sets alone. That situation is multiplied all across the country.

Today the banks have heavy deposits in savings accounts. If there is a banker in the house I would like him to tell me why that is so. The same is true of the trust companies. In conversation an officer of a trust company recently told me that their deposits over the past six months were higher than they had been for years. To me, the reason why a certain class of people are putting their money into savings is that they are afraid of the investment future.

Let me come now to the problem of finding markets for the products we annually produce in Canada. Take for instance wheat, cattle, hogs, potatoes, fruit, especially apples, and such items which we produce year after year: These commodities are now a glut on the world market, and wheat in particular cannot be sold. I know some honourable members of the house will remind me that we got big prices for wheat during and after the war. That is true, but we could have received much bigger prices had we had a free market. I have previously reminded this house that in the first four years of the British wheat agreement we lost $600 million. The United States is in somewhat the same position as we are: it wanted $2.25 a bushel for its wheat, but the world market would not pay it. Now it is selling the wheat for what it can get, and taking in return foreign exchange, or lending money to the purchaser to buy American products.

Canada faces a peculiar situation. Let me read to you some rather startling figures concerning Canadian agriculture. The approximate value the farmer received for his products over the past few years is as follows:

1951	$1,250,000,000
1952	1,000,000,000
1953	880,000,000
1954	375,000,000

Honourable senators, to me it is most startling that the returns for agricultural products have fallen off so much.

And now we can't sell our wheat. The honourable Leader of the Government (Hon. Mr. Macdonald) will of course tell me that wheat is being sold now. I would remind him that the elevators are full. The statement that there is space for 100 million bushels is, I think, in part accounted for by another reason than sales. Our wheat last year was largely graded as No. 5 and No. 6, which is feed grain, and that grain is in the elevators. Some of it was sold to Poland, but only on credit guaranteed by the Government. A little may have been sold elsewhere, but largely it is either in the elevators at the lakehead or on the prairies.

Hon. Mr. Aseltine: You are speaking of 1954?

Hon. Mr. Haig: Yes, 1954. That grain cannot be sold for the making of bread, and should be taken out of the elevators now and sold to the feeders of Ontario, Quebec and the Maritime provinces. If enough buyers cannot be found in that area, it should be sold on the world market at whatever price it will bring, and let the Government take the loss on the rest. That is the situation, honourable senators, and I emphasize its seriousness as strongly as I can. The longer we hold that grain, the less space we will have in our elevators, and the more time will be spent moving it about to keep it from spoiling.

Let me give you the story of a big farmer in Saskatchewan, and I am sure these facts will be as startling to you as they were to me. This farmer has shipped his full quota of grain to the elevator, and he has on hand, in his granary or out in the field, the following substantial quantities:

From crop of	Bushels
1952	16,000
1953	20,000
1954	10,000
1955	20,000
Total	66,000

Although he is, as I have said, a large farmer, that gives us some indication of the problem facing the producers, especially in Saskatchewan. We in Manitoba are more inclined to carry on mixed farming, but even there the problem is serious.

Just the other day a farmer came to my office to see me about the interest on a small loan I had made to him. I asked him if he was able to pay it. He said: "Mr. Haig, I have 1,500 bushels of wheat in the granary, No. 2 Northern, one of the best grades, and the bank manager tells me I can borrow money at 5½ per cent to pay taxes or to buy gasoline, but that I cannot use it to pay interest on the mortgage. What are you going to do?" I said: "I am going to close you out; you will lose your farm, machinery and all." His reply was: "Mr. Haig, I know very well you can do that, but I don't believe you will." I assured him I would not, and in turn I gave him a cheque to pay his taxes and his gasoline. I pointed out to him that I already had some money tied up in his farm, and I might as well put some more in and let him pay the interest to me instead of to the bank.

Honourable senators, that situation is multiplied many times across the country. These are honest men and they want to pay for what they get. If I lost the right to sit in this chamber I could still go back to the practice of law, but the farmer I speak of can do nothing else but farm. The attitude I took towards his problem was that which would be taken by almost anyone in the province of Manitoba. You may say that 1,500 bushels of wheat is not very much, but at $1.20 a bushel it amounts of quite a bit of money for him.

In another case, a woman came to see me, a widow. She has 240 acres of land and she cannot sell her wheat at all. I think she sold three or four bushels but what she got from that was practically nothing. She owes $800 on machinery; she wants to buy a couple of more cows to add to the two or three she now has. After her husband died and left the farm to her, the taxes piled up, and the municipality foreclosed for non-payment of taxes and is going to convey the property to her for the amount of the taxes. I consider that is a fine gesture on the part of the municipality, but now she needs $3,000. I point out that there is no government agency or anybody else who will lend the woman that money. She has seven children, the eldest a boy of 17, the next one 14, and two or three under ten. What is that woman to do? Her grain is in the granary but what good is that to her? She said: "Mr. Haig, we cannot sell it. What should I do with it?" I told her, "You cannot sell it to me, I would not touch the stuff, it would have no value to me." Of course, if I were a farmer I could trade or barter with another.

Hon. Mr. Horner: The Wheat Board would not let anybody buy the wheat at all.

Hon. Mr. Haig: The point is that these farmers are law-abiding, hard-working people, who at first thought that the wheat pool idea would result in a bonanza for them, that they would be able to sell their grain to the world all the time. We tried to tell them differently, but they would not listen to us. We tried to tell them that the day might come when France would have 100 million bushels of wheat to sell, as it has this year; that Italy might have grain to sell; that Britain might some day have a much bigger wheat crop than ever before. And it is worth mentioning here that Sweden, which five years ago had never exported any grain, has 20 million bushels for sale now. Britain may not be subsidizing grain production, in one sense, but in reality it is doing so, because not being able to obtain dollars to buy our grain it pays its own people to produce. I believe that we in this country, even the Government itself, do not understand the problem that faces Britain.

I agree with the proposal of the CCF party that the Government should pay at least 75 per cent of the initial price of the grain to the farmer for the quantity in his granary

or on his farm, so as to enable him to carry on. Now, honourable senators, that is not as dangerous as it sounds. No one can sell any grain in Manitoba without bringing in a government certificate showing how much grain he has. Of course, farmers might sell it among themselves, but then that would show up on the certificate. So there would be little possibility of a farmer defrauding anybody if the proposed advance of 75 per cent were made.

Another thing that should be done today is to take the damp grain of the 1954 crop and dispose of it to Ontario, Quebec, the Maritime provinces and British Columbia at the best price obtainable, for feed to cattle, hogs and poultry, in order to make use of it in this country. It is far better that farmers in those provinces should have it than it be left to rot on the prairies or sold to Poland or some other satellite of Russia for an amount that we may or may not be paid. I remember that when we were selling Canadian ships to China I objected strenuously in this house to that transaction. However, the ships were sold, and now we are paying for them and the Chinese have the boats. We certainly lost out on that deal. And here is the same thing again. This grain cannot be sold for milling purposes, so it should be sold for feed.

Just think, honourable senators, of going to the bank and borrowing money at 5½ per cent interest on the value of your own grain, so that you can spend that money to pay for what the grain itself should have paid for. You cannot sell the grain because of the government monopoly; it just cannot be got onto the market.

That, honourable senators, is the situation in a few words.

I say that that question and the question of the financial condition of municipalities and school districts of Canada are problems of paramount importance to the people of our country. Schools are needed not only in the rural districts, but perhaps even more urgently in the cities. We senators have to help to solve these problems. We have no political axe to grind; therefore it does not make any difference to us whether a Conservative, a Liberal, a CCF, a Social Credit or a what-have-you government is in power. We shall be senators as long as we live—which may be a short or long time—and therefore we personally do not have anything to fear from the standpoint of political consequences. All that we need to do is to bring forward what is best for Canada.

Honourable senators will pardon me if I make a personal reference here. I came to Winnipeg as a boy and went to school. I won't tell you how much money I had in my pocket, but it was not very much. Dad and mother were at home and I knew mother would scrape up the last bit of butter and sell it to get a 50-cent or 25-cent piece to send me occasionally until I got through university and became a lawyer. She treated my brothers and sisters similarly; all farmers do that kind of thing for their children. Honourable senators, I tell you that the farming community is the backbone of this country, and the minute we forget that fundamental fact we are lost. It is all right to work the mines at Flin Flon, to dig the iron ore mines in Quebec and Ontario, to work the nickel mines in Ontario, but the day will come, as it did in the United States, when our ore will run out, and then what will we have to sell?

The farmers must be enabled to make a living. They are entitled to their share of the prosperity of this country. I do not care whether you are a labourer or a capitalist, you are entitled to your share. But to my mind the farmer is No. 1, and if we do not consider him to be No. 1 the rest of us will be No. 6 before we are through.

I am glad to have been able to say these few words today; I hope I have said nothing to offend the feelings of any member, for I did not intend to do so, and I hope I have said something to repay the kindness that farmers have always shown to me. I have dealt with farmers all my life. My father was a homesteader and I was brought up on a homestead. I know the work from the ground up, and I know that the bulk of the money the homesteaders made went for goods manufactured in Ontario and Quebec. We made a living out of it, a plain honest well-cooked living, but the eastern manufacturers made a profit on our clothes, our boots, our vehicles, our binders and other implements, and our twine. All those necessities came from Ontario and Quebec. We in the west voted that the manufacturing industries should have protection year after year. Some of you should have been behind the scenes as I was. I recall hearing my dad and mother argue and argue about that problem, and my mother would always ask why we should pay so dearly for binders just in order that industries in the east might be protected and Americans prevented from selling their binders in this country. I used to listen to these arguments and wonder what they were all about.

Well, honourable senators, we stood it, we fought it through and we put Canadian industry on its feet. We made Canada a great industrial country. Now we say to industry, to the management and to the workers, you

have to come to the assistance of the farmer and see that he gets a square deal for his produce. World markets have so changed that we cannot get into them at all now, and we may have to do as the United States did. Do you think the Americans are giving their wheat away because they like to do so? Our government criticized them, but what did it do about our butter? Did it give it away? It sounds as if it did. The Government paid 58 cents a pound for it and sold it at 37 cents a pound. That sounds to me like a give-away. I am not complaining; maybe it had to be done.

The problems of the farmer face this house and Parliament generally this year. They cannot be evaded; they will be with us again next year. There are those who place reliance on a crop failure as a corrective, but even a crop failure would not take care of our surplus, for under present conditions Canada cannot compete successfully in the world's markets. I hope every member—especially those who are former Government supporters and have more influence than I—will seriously consider and do what he can to bring home to the government the seriousness of the problem. It is an issue which must be met and solved.

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

STANDING COMMITTEES

REPORT OF COMMITTEE OF SELECTION ADOPTED

The Senate proceeded to consideration of the report of the Committee of Selection, which was presented yesterday.

Hon. Mr. Macdonald moved that the report be adopted.

The motion was agreed to.

APPOINTMENT

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate, I move:

That the senators mentioned in the report of the Committee of Selection as having been chosen to serve on the several standing committees during the present session, be and they are hereby appointed to form part of and constitute the several committees with which their respective names appear in said report, to inquire into and report upon such matters as may be referred to them from time to time, and that the Committee on Standing Orders be authorized to send for persons, papers and records whenever required; and also that the Committee on Internal Economy and Contingent Accounts have power, without special reference by the Senate, to consider any matter affecting the internal economy of the Senate, and such committee shall report the result of such consideration to the Senate for action.

The motion was agreed to.

JOINT COMMITTEE ON RESTAURANT

SENATE MEMBERS

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate, I move:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable the Speaker, the Honourable Senators Beaubien, Fergusson and Haig, have been appointed a committee to assist the Honourable the Speaker in the direction of the Restaurant of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a Joint Committee of both Houses on the said Restaurant.

The motion was agreed to.

JOINT COMMITTEE ON LIBRARY

SENATE MEMBERS

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate, I move:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable the Speaker, the Honourable Senators Aseltine, Blais, Cameron, Fallis, Fournier, Gershaw, Godbout, Gouin, Lambert, McDonald, Reid, Vien, Wall and Wilson, have been appointed a committee to assist the Honourable the Speaker in the direction of the Library of Parliament so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a Joint Committee of both Houses on the said Library.

The motion was agreed to.

JOINT COMMITTEE ON PRINTING

SENATE MEMBERS

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate, I move:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable Senators Barbour, Blais, Bouffard, Bradette, Bradley, Comeau, Davies, Euler, Fallis, Isnor, McGrand, Nicol, Savoie, Stambaugh, Stevenson, Turgeon and Wood, have been appointed a committee to superintend the printing of the Senate during the present session and to act on behalf of the Senate as members of a Joint Committee of both Houses on the subject of the Printing of Parliament.

The motion was agreed to.

The Senate adjourned until Tuesday, January 24, at 8 p.m.

THE SENATE

Tuesday, January 24, 1956

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

Prayers.

Routine proceedings.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 16 to 43, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

PRIVATE BILL

HYDROCARBONS PIPELINE LIMITED—
FIRST READING

Hon. T. A. Crerar presented Bill Q, an Act to incorporate Hydrocarbons Pipeline Limited.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be placed on the Order Paper for second reading?

Hon. Mr. Crerar: February 15 next, if that is a sitting day.

PRIVATE BILL

MERCANTILE TRUST COMPANY—
FIRST READING

Hon. David A. Croll presented Bill R, an Act to incorporate Mercantile Trust Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be placed on the Order Paper for second reading?

Hon. Mr. Croll: Thursday next.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—
DEBATE CONTINUED

The Senate resumed from Thursday, January 19, consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mr. Pouliot, seconded by Hon. Mr. Croll, for an Address in reply thereto.

Hon. W. Ross Macdonald: Honourable senators, my opening remarks will be words of congratulation to the mover (Hon. Mr. Pouliot) and to the seconder (Hon. Mr. Croll) of the address. This year we had the privilege of hearing two very experienced parliamentarians move and second this motion. The mover, Senator Pouliot, was first elected to the House of Commons in 1924, and he served continuously in that House until July last, when he was summoned to the Senate. That is an exceedingly long unbroken period of service as a member of Parliament. During that time he has interested himself not only in the affairs of his own province but in those matters which concern all the people of this dominion. He has become familiar with the workings of Parliament, both those which take place in the chamber itself, and such as occur in the background—so to speak, behind the scenes. He is well informed as to the work of the various government departments, and in his speech the other day he took occasion to put on the record, for all of us to read—and reread—a description of what these departments are doing. His speech is indeed a very valuable contribution to our debates.

The honourable senator from Toronto-Spadina (Hon. Mr. Croll) is also an experienced parliamentarian. He has not been in Parliament quite so long as the honourable senator from De la Durantaye (Hon. Mr. Pouliot), but previously he had been the mayor of one of our most industrialized cities—the city opposite Detroit, and the largest city in western Ontario—namely, Windsor. He served as mayor of that great municipality from 1930 to 1934, and in the latter year was first elected to the Ontario Legislature. On July 10 of that year he was sworn in as Minister of Public Welfare, Municipal Affairs and Labour, in which capacity he served for a number of years. It is interesting to note that the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) was a colleague of Senator Croll in the Ontario Government. Senator Croll left the Legislature at the outbreak of war to enlist in the army as a private soldier. He went overseas on active service, and was discharged in 1945 with the rank of colonel. He then successfully contested the federal riding of Spadina, which he represented in the House of Commons until his appointment to the Senate. During his years in that house he served on various committees, the last one being the very important Committee on Banking and Commerce.

As I have said, honourable senators, we have had the opportunity this session of hearing two very experienced parliamentarians. Their speeches were most interesting and enlightening, and will be well worth rereading from time to time.

May I also take this opportunity of extending a welcome to the honourable senators who were introduced into this house when Parliament reassembled this year. There are thirteen very distinguished new members. Amongst their number are the two whom I have already mentioned, and another veteran parliamentarian, a Privy Councillor, who held various portfolios in our Government. Two other new senators were at one time members of Parliament at Ottawa. And besides Senator Croll, two other newcomers held portfolios in provincial governments, one in New Brunswick and the other in Nova Scotia, the latter having served for some time as the distinguished premier of his province. Three or four of the new senators are well-known and distinguished members of the business world. Others have devoted most of their time and talents to the arts and sciences. Last but not least, our numbers have been increased by the addition of a member of the fair sex, who is not only a family woman but also a woman of wide business experience. I am sure honourable senators will agree with me that we are fortunate indeed in these members who have just come to our house, and we extend to them a very hearty welcome.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: New members may wonder why we do not initiate more legislation in the Senate, and why more bills are initiated in the House of Commons than in this house. May I point out that we are limited by the provisions of the British North America Act. In my opinion, money bills or taxation bills, cannot, according to our Constitution, be initiated in this house. Allow me to read section 53 of the British North America Act:

> Bills for appropriating any Part of the Public Revenue, or for imposing any Tax or Impost, shall originate in the House of Commons.

It will be seen, therefore, that great limitation is placed upon the work which can be initiated in this house. There has been a slight difference of opinion as to whether the words of section 53 should be read as clearly as I read them, but I have various authorities who agree with my opinion. The Right Honourable Arthur Meighen, a distinguished former member of this house, once wrote an article on the subject of the Canadian Senate, in which he stated:

> There is only one class of legislation which, in point of law, must be initiated in the Lower Chamber, and that is such as has to do with taxation of the people, or such as creates a charge on the Treasury. It is not certain, indeed, that the limitation in law is even as restricted as it has been thus expressed. However, whether it be so circumscribed or not, that Senate would be very ill advised which sought to encroach upon the territory which I have just defined. Far better that subjects which fall within the domain of taxation and charges upon the Treasury should have their initiation in the Commons, as is the case in England. Whether or not this is the law in Canada, it ought to be the practice in Canada.

I also have in my hand a book entitled *The Senate of Canada*, by Sir George Ross. As honourable senators know, the author was of a different political persuasion from the Right Honourable Mr. Meighen. I will read two quotations from this book. At page 45 the author, referring to a debate on the British North America Act, states:

> The Hon. George Brown, in the same debate, said:
>
> Our Lower Canada friends have agreed to give us representation by population in the Lower House on the condition that they shall have equality in the Upper House, and on no other condition could we have advanced a step, and for my part I am quite willing that they shall have it. In maintaining the existing sectional boundaries, and handing over the control of local matters to local bodies, we recognize to a certain extent diversity of interests, and it was quite natural that a protection for these interests by equality in the Upper House should be demanded by the less numerous provinces.

At page 44, Sir John A. Macdonald, speaking in the same debate, is reported as follows:

> In order to protect local interests and to prevent sectional jealousies, it was found requisite that the three great divisions into which British North America is separated should be represented in the Upper House on the principle of equality.

And later in the same debate:

> Accordingly, in the Upper House, the controlling and regulating,—

Please note these words.

> —but not initiating, branch, we have the sober second thought in legislation, which is provided in order that each of these great sections shall be represented equally by 24 members . . . To the Upper House is to be confided the protection of sectional interests, and therefore is it that the three great divisions are there equally represented for the purpose of defending such interests against the combinations of majorities in the Assembly.

The provisions of the British North America Act, backed up by such eminent statesmen as I have mentioned, I think make it quite clear that money bills and taxation measures should not be initiated in this house. There was a great fight for representation by population, in which the slogan was "No taxation without representation." The representation which was meant at that time, and which I think is still meant, is representation by elected persons. Questions having political implications, controversial questions, and those on which one section of the country takes a stand against another, all are matters which, in my humble opinion, should be introduced not in this house but in the other house.

Honourable senators, and especially the new appointees to this house, will think from

what I have said that our work may be restricted. But, on the other hand, we have wide powers of inquiry, of which we have taken advantage, and from time to time we shall continue to do so. I am sure you will find the work in the committees most interesting. As you know, in the House of Commons bills, after having received second reading, are referred to the committee of the whole, where the minister concerned may have the deputy minister and his assistants sit in front of him on the floor of the house to advise him. The members of the house cannot question directly the representatives from the department, but must address their questions to the minister, and if he does not have the information he may then speak to his advisers and tell the house what he has learned.

Our practice—which I am sure you will feel is preferable—is to refer a bill, after second reading, to a committee of the house sitting outside the chamber, to which we can call representatives from the department concerned and we question them directly. I am sure you will find that a satisfactory way of getting the information you desire.

Honourable senators, I should like now to refer to a matter which was mentioned by the honourable Leader of the Opposition (Hon. Mr. Haig) and the honourable senator from Toronto-Spadina (Hon. Mr. Croll), the dismissal of a number of men from the Royal Canadian Mounted Police for failure to comply with regulations. Naturally, our sympathy goes out to young men who want to marry, and we would encourage them to marry. But, after all, when a young man joins a force such as the Royal Canadian Mounted Police, after having been advised on at least three occasions before he joins that he may not marry in less than five years, we cannot criticize the force for penalizing him by dismissal for flagrantly breaking that regulation. One reason why he should remain single is that during the first four or five years of his service he may be moved from place to place.

Hon. Mr. Wood: He may be sent to the northland.

Hon. Mr. Macdonald: Yes, he may be sent to the far north, the far east or the far west. He does not, as a rule, stay long in one location. I inquired of the department how often young members of the force were moved. The officials drew at random 20 service files, which revealed that within the first five years of service the men concerned were moved a total of 261 times, because of certain exigencies that the force had to meet.

Now, honourable senators, imagine what effect such frequent moves would have on the home life of a young member of the force. As you will observe, from those 20 files it would appear that a man is moved on an average of more than twice a year. He may go first to the far north, a location to which it is impossible to take his young bride. From there he may be transferred to another area entirely, and so he may move from place to place all across Canada. Would those conditions tend to bind together the family or be in the best interests of the household? Is it in the interests of the R.C.M.P. to allow such circumstances to arise? In my opinion they would neither be helpful to the young couple nor to the force.

Hon. Mr. Euler: May I ask a question at this point? Is there not provision in the regulations that if permission of the head of the force is obtained the young man can marry in less than five years?

Hon. Mr. Macdonald: Under certain conditions. For instance, if a man who has served a few years is posted to a city and is prepared to stay there for several years, permission may be given him to marry. But, honourable senators, most of these young men in the R.C.M.P. do not like serving in cities; they did not join the force for that purpose. They like to get out in the wilds. Their greatest work is not, as some of us think, parading up and down in front of the Parliament buildings—necessary as that may be—and incidentally giving a very splendid impression to the thousands of people who come here.

Hon. Mr. Haig: May I ask one question? What was the original regulation in that respect and when was it changed?

Hon. Mr. Macdonald: The regulations regarding marriage have always been in effect.

Hon. Mr. Haig: That is not the point. At one time the length of service required before a member of the force was allowed to marry was twelve years, but that was cut down.

Hon. Mr. Macdonald: I have some information on that point. At one time it was twelve years, as my honourable friend says. In 1951 it was modfied from seven years' service and 28 years of age to the present regulations.

Replying to the honourable senator from Waterloo (Hon. Mr. Euler), I may say that again in 1953 a further easing of the regulations was introduced allowing members with three years' service to marry, provided they volunteered to serve in certain large centres in Canada where their duties would be of a permanent nature and the need for

sudden transfers greatly lessened. In 1955 forty-nine members took advantage of that change.

Honourable senators, I need not labour the subject. I am sure that, on reconsideration, all honourable senators will agree with me that we should not try to influence the Royal Canadian Mounted Police to change regulations which have tended to make it one of the most respected forces in the entire world.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Honourable senators, since the opening of the session last year great changes have taken place on the international front. Frowns and cross looks and insulting words at diplomatic gatherings have given way to smiles and compliments and backslapping, but in spite of this the cold war continues, and we are still living in an age of very uneasy peace. But in my opinion the cold war instead of getting hotter, as it was at the beginning of last year, has if anything cooled off slightly and the prospects of permanent peace are in my humble opinion much greater than they were a year ago.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Nevertheless, in spite of these changed conditions on the international scene, we must guard against complacency. The reason why the prospects for peace are brighter than they were a year ago is that we have been able at least to maintain our strength and in many instances to increase our armed might. I predict that in the next decade in order to have peace we must continue to remain stronger than those who seek a different way of life than we are accustomed to or in which we believe. Should our armed might become weaker than that of the totalitarian countries we would no longer have peace: the cold war would immediately flame into a hot war, with devastating results to all concerned.

We must continue to maintain and develop our defence efforts. Our progress must keep pace with the techniques of modern warfare. We must not lose our place in the competition for supremacy and, to say the least, events are moving at a nightmarish pace. To relax, to rest on our oars, to be complacent, would spell disaster.

Now, you ask me, is this mad race in the construction of destructive armaments to go on for ever? I sincerely trust and believe that it will not go on for ever, but we must be in it as long as it is going on. In other words, we can only cease in our efforts when there is some sign of a general agreement on a reduction in armaments. At this moment representatives of the great nations are meeting together in committee to consider the matter of disarmament. That is a step in the right direction. It is one of the first steps in the direction of peace. It is a hopeful sign.

However, in the meantime our budget for military purposes cannot be cut. We must be prepared to continue to pay in heavy taxation if we are to have peace. But I am confident that every one of us is prepared to pay whatever the price may be and that none of us will complain about higher taxes if we have the assurance of real peace throughout the world.

Since the commencement of the last session of Parliament there has also been a change in the pace of industrial development in Canada. When we assembled here a year ago critics of the Government were never more eloquent than when predicting a depression. In fact, many of them were already declaring that we were in the midst of one. There was some unemployment, but my recollection is that critics of the Government sent out storm signals of hurricane proportions. The Government maintained that the condition was only temporary, and fortunately for all of us the Government was right. I do not want to burden you with a lot of figures, but I think it is especially noteworthy that the present employment picture in Canada has greatly improved over that of the last year. On December 10, 1955 there were 5,261,000 people working in Canada, an increase of 180,000, or more than 5 per cent, over the previous year.

What of wages and salaries? In October of last year the total wages, salaries and supplementary labour income received by Canadian workers reached an all-time record level of one billion one hundred and thirty-nine million dollars, an increase of 9 per cent over the figure for October of the previous year. The total labour income for the first ten months of 1955 reached ten billion, six hundred and three million dollars, which was an increase of 7 per cent over the same period of the previous year. The year 1955 was indeed a record-breaking year in employment and in wages.

On the trading scene, Canada's sales abroad during the first eleven months of 1955 reached $4 billion. That is, in eleven months we sold abroad $4 billion worth of goods, an increase of 12 per cent over the corresponding term in 1954. And if we consider world trading conditions, particularly competition in our traditional wheat markets, with giveaway programs on the one hand and new grain exporting countries such as Turkey and France on the other, I think you will agree with me that our export trade has been

remarkable. These percentages are largely consonant with the increase in our national output, which in every line has been impressive; and I believe we can take great comfort in general economic conditions and in the prospect of a bright future. I think I can do no better at this point than to refer to the words of my colleague, the Right Honourable C. D. Howe, Minister of Trade and Commerce, whose magnificent record has been distinguished by excellent prophecies and justified optimism. In his recent year-end statement he said:

> The evidence at hand gives no indication of any general slackening and seems to point to the continuation for some time to come of all-out operations throughout at least a major portion of Canadian industry. Whether or not speculative excesses and other dislocating influences will enter the situation to cause an eventual reaction would seem to depend very largely on the future attitudes and decisions of individual consumers and businessmen. Nevertheless, in its progress to date, the current economic upswing seems solidly based.

For this reason I feel we can look forward with confidence to another record-breaking year in 1956.

My honourable friend the Leader of the Opposition (Hon. Mr. Haig) referred at some length to credit buying. He was very disturbed about it. While I also am somewhat disturbed, I have, as I am sure he has, great confidence in the Canadian people. He is inclined to think that the practice of excessive buying on credit has extended to all our fellow-citizens. My impression is otherwise; that is, that it affects only a limited class. Although there has been a great deal of credit buying, the volume has decreased in recent months. I would also point out that the majority of these credit purchases are in respect of automobiles. I do not know that one can find too much fault with that because an automobile is an expensive article; not many of us can afford to make a down-payment of the full price. So credit buying may very well be a good thing for the purchaser, as it undoubtedly is for the manufacturer, as well as for the Government, which derives good revenues from a fairly high tax on all automobile sales.

Although we may be concerned at the volume of credit buying in some directions, it should not be assumed that credit can be had as easily as some seem to suppose. The honourable Leader of the Opposition remarked that one could get credit with no deposit at all. The other day I put this notion to the test. Walking along the street, I saw a sign advertising certain household commodities as being available without a down-payment. So I went in the store, told the salesman what I wanted to buy, and inquired, "What about the deposit?" He said, "Well, how much can you pay down?" I replied, "I am not in a position to make any down-payment." He said, "Nothing down?" I remarked, "There is a sign in your window, 'No deposit' ". "That," replied the salesman, "is very limited. What have you got to turn in on a purchase?" I answered that I had nothing to turn in, that I had seen this piece of equipment and the "No deposit" sign, and that I had come in to inquire about it. He then asked, "Where do you work?" Though harbouring some doubt whether I worked at all, I did not admit it, but assured him that I had steady employment. "Well," he said, "can you give us an assignment of your pay?" I remarked that I did not think my employer would recognize such an assignment. He then said, "Well, we would have to inquire of your employer and be assured that you have steady employment." I told him I could not agree to anything like that, but I repeated: "I would like to buy this article. It just suits me. But I want to buy it without a deposit." "Well, sir," he said, "I am very sorry, but we could not let you have it without some down payment." I believe my experience accords with the custom in most stores which advertise goods for sale with "No deposit".

Hon. Mr. Haig: If my honourable friend wore a hat as old as mine, probably he would not have got even as far as he did.

Hon. Mr. Macdonald: I will trade hats with my honourable friend "sight unseen".

It is true that in Britain restrictions have been placed on credit buying. But Britain has been under severe inflationary pressures, and, moreover, as it has a unitary government, the constitutional problem is not a serious one. In Canada things are quite different. I am not so sure that the question of instalment buying is not one which affects property and civil rights. Although credit buying was restricted during the war, we were then working under emergency legislation. To put a similar enactment into effect in time of peace would not be easy, and in any event would not be palatable. I doubt very much whether any such legislation by the federal Government would not be challenged in the courts. However, the subject is an important one, and I can assure the house that the Government is fully conscious of the present situation.

Hon. Mr. Roebuck: Can the Government not control the banks, which are giving credit?

Hon. Mr. Macdonald: Well, the Government does not want to control the banks. We like

to believe that we are operating under a free enterprise system. From what I have read, the Bank of Canada, without any inspiration from the Government, is conscious of the condition, and the increase of bank interest which it has imposed is, I am sure, designed to safeguard our economy from the danger of over-extended credit. On the other hand, as I have already said, the Government has confidence in the judgment of the Canadian people generally, and is convinced that their common sense will continue to direct them in the ways which are best for themselves.

May I now refer, honourable senators, to a commodity of which we have heard a great deal in recent months. I shall briefly discuss the matter of the surplus of wheat. It appears from some speeches we have heard outside this chamber that certain people are endeavouring to reap political advantage from this situation. It is very difficult for me to understand why anyone would try to gain political advantage from a condition which brings about plenty in our land, and I am glad that the Leader of the Opposition (Hon. Mr. Haig) did not take that attitude when he spoke in this house the other day. If my memory serves me correctly I think the honourable senator from Blaine Lake (Hon. Mr. Horner) told the house last year that the prospects for a bumper crop in the west were uncertain on account of the weather conditions at that time. Therefore, he will bear me out when I say that a slight change in the weather conditions in western Canada last year might have resulted in a crop failure. The Book of Genesis recalls to our minds the account of Joseph's interpretation of Pharaoh's dream which foretold 7 years of famine and 7 years of great plenty. Well, I hope that such a condition will never prevail in Canada, but I would remind Canadians that it can happen here, and, if it did happen, this great surplus of wheat which we now have would be a blessing in disguise.

Just what is the situation in Canada with respect to wheat? Many of you are familiar with this, but for some of us who come from the east it is very refreshing to note that the acreage in wheat has been reduced since 1940. At that time there were 27¾ million acres sown in wheat in Canada. Last year the acreage sown in wheat was 20 million, a reduction from 1940 of 7¾ million, or approximately 25 per cent.

Hon. Mr. Roebuck: Were there corresponding increases in oats, peas and other market garden vegetables? Was there an overall increase in agricultural production?

Hon. Mr. Macdonald: I am not referring to overall agricultural production. I am referring only to the acreage that was sown in wheat in western Canada, and I was pointing out that there was a reduction of approximately 25 per cent in that acreage from 1940 to last year.

Hon. Mr. Roebuck: Was there a corresponding increase in other agricultural products?

Hon. Mr. Macdonald: I should think there would be an increase in the production of coarse grains. I notice the honourable senator from Blaine Lake (Hon. Mr. Horner) nodding his head in assent. But at the moment I am dealing with wheat, and I want to discuss its exportation. In eastern Canada we have been given to understand that our exports in wheat have not been up to standard recently. However, let me go back to the years when we felt we were doing an excellent business in wheat, years in which everyone was satisfied with our exports. I refer to the period from 1947 to 1951. I find that during those very good years we had an average exportation of 223 million bushels a year. Here are the figures:

	Bushels
1947 to 1948	195 million
1948 to 1949	232 "
1949 to 1950	225 "
1950 to 1951	241 "

Now let us look at the last four years, from 1951 to 1955. I find that our average exportation of wheat during that period amounted to 312 million bushels a year, which is exactly an average of 89 million bushels a year better than any previous four-year period in our history. So it can be seen we have been doing fairly well in exporting wheat during recent years. For the record, here are the figures:

	Bushels
1951 to 1952	355 million
1952 to 1953	385 "
1953 to 1954	255 "
1954 to 1955	252 "

What about the marketing of wheat? That is what we are most interested in, for when we market wheat we get money for it. Admittedly our marketing of wheat is not as bright as is that of other agricultural products, and unfortunately it is the farmers in the three Prairie provinces who are being affected. I am endeavouring to give the facts tonight, and I hope I am not being misleading. I do not say that the sales of wheat abroad are as good as we would like them to be; on the other hand, I feel they are much better than would appear from the impression which is being given throughout the country. Last year, although the sale of wheat was not as good as we would have

liked, the farm income in the Prairie provinces was not down as low as we might have expected. I have the figures on this: the farm cash income was down less than 6 per cent in Manitoba, and less than 5 per cent in Saskatchewan and Alberta. The high rate of income has been maintained, nothwithstanding the increased international competition caused by the great production of wheat throughout the world.

There are many reasons why it is difficult to sell wheat. One reason, of course, is the wheat surplus, and there are many reasons why there is a surplus. One that seems to me to be interesting is this. At one time horses, cattle and oxen were used for doing certain work on the farms in France, and grain was produced to feed these animals. Nowadays mechanized equipment has taken the place of these animals in France, as in other countries, and instead of using the land to produce grain to feed the animals the farmers are putting the land into wheat.

There has been some criticism of the manner in which the selling of wheat has been dealt with in Canada, and suggestions have been offered by various people as to how the selling should be done. I wonder how many of those suggestions are valid. Today the sale of our wheat is in the hands of the five members of the Canadian Wheat Board; they are very able members, indeed, and very good salesmen.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I am satisfied that we cannot have a better salesman at the top of that board than our own Right Honourable C. D. Howe.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Although prospects for the sale of wheat are not as bright as we might wish them to be, I am happy to say that things are beginning to look a little brighter in Canada for farmers generally. During the past few years the eastern farmer has seen difficult days, and it has not been easy for him to make a living. The improvement is welcomed, for I do not know how much longer the farmer could withstand very difficult times. I have before me a table entitled "Farm cash income: Receipts from Sale of farm products, 1926-1955." The figures are given in millions of dollars, and are listed by provinces. This table could be included as an appendix to *Hansard,* or shall I just refer to the last five years?

An Hon. Senator: Put it in *Hansard.*

See Appendix to today's Hansard, p. 61.

Hon. Mr. Macdonald: I would ask honourable senators to note the distinct change upward last year for each of the provinces, in so far as farm income is concerned, with the exception of the three Prairie provinces. It is, indeed, a very hopeful sign, and I trust that we are moving toward better days for the ordinary farmer who carries on mixed farming, for he has had a hard time; I am sure we shall all rejoice if better days are in store for him.

There is one further matter I should like to mention briefly. A number of years ago the dominion Government entered into tax-rental agreements with the provinces. Some provinces benefited greatly. Some provinces accepted because they could not get any better deal. One province did not accept the agreement at all. Although I do not think it can be said that the tax rental agreements were entirely satisfactory, yet they were much better than no agreements at all, and certainly the best that any government could conceive of at that time. Personally, I do not think any better proposals were put forward. From experience, however, it has been found that the agreements do not work too well, and therefore the Government has proposed equalization payments. The good things of this country are spread throughout the land, but the wealth seems to be concentrated in one or two provinces, with the result that other provinces do not get the benefit of the great wealth of this country which they should receive. The purpose of the tax-rental agreements was to endeavour to spread the wealth of the country more equally amongst the people of Canada, no matter where they are situated, no matter where they happen to have been born. That is also the purpose behind the proposal for equalization payments, and it is a very laudable effort. I tabled the letter of our Prime Minister to the premiers of the various provinces, setting forth the proposals of the Government. I know all members of this house hope that a satisfactory arrangement will be entered into. All good Canadians want the wealth of Canada to be divided as equally as possible throughout all parts of our country. In that way we can surely have a united Canada.

Hon. Senators: Hear, hear.

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

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce, Nos. 4 to 15, which were presented on Thursday, January 19.

Hon. Arthur W. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill E, an Act for the relief of George Francis Alfred Yull.

Bill F, an Act for the relief of Joyce Ethel Jaques Horgan.

Bill G, an Act for the relief of Jean Thomson Duquette.

Bill H, an Act for the relief of Rosa Straub Gehlsen.

Bill I, an Act for the relief of Cecile Bezeau Barnabe.

Bill J, an Act for the relief of Dora Gina Costello Dash.

Bill K, an Act for the relief of Fernand Desmarais.

Bill L, an Act for the relief of Elsie Abbott Marsden.

Bill M, an Act for the relief of Freda Ethelwinne Henders Jacobson.

Bill N, an Act for the relief of Hazel Loretta Noseworthy Johnston.

Bill O, an Act for the relief of Veronica Iris Collier Horvath, otherwise known as Veronica Cross Horvath.

Bill P, an Act for the relief of Maria Romano Bove.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time.

Hon. Mr. Roebuck: With leave, next sitting.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See P. 59)

FARM CASH INCOME: RECEIPTS FROM SALE OF FARM PRODUCTS, 1926-1955

(Million Dollars)

—	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Total[2]
1926	9·74	14·17	16·88	102·02	245·87	89·88	294·47	165·85	26·61	965·87
1927	10·14	15·37	14·82	102·22	246·44	79·54	274·58	173·27	28·89	945·27
1928	9·77	16·66	14·73	111·87	259·61	82·78	324·60	216·46	33·17	1,069·65
1929	10·34	15·60	14·64	110·66	256·83	73·31	248·15	174·13	33·94	937·61
1930	8·59	16·73	13·93	92·82	213·47	48·02	125·35	97·93	30·23	647·07
1931	5·34	13·14	10·25	75·00	171·00	31·79	74·00	73·74	21·84	476·10
1932	3·68	10·57	7·68	59·47	131·47	29·26	80·49	71·56	18·07	412·25
1933	4·18	12·99	8·20	57·79	135·90	32·60	79·80	71·97	19·12	422·57
1934	4·94	13·59	9·81	68·24	149·92	43·60	96·53	97·74	22·01	506·37
1935	5·31	15·54	11·26	72·26	160·90	36·67	111·04	100·01	23·04	536·03
1936	6·75	15·80	12·84	81·10	176·53	47·86	128·50	96·10	25·19	590·67
1937	6·47	18·40	13·74	89·75	201·91	75·04	85·93	121·78	28·97	641·98
1938	5·71	18·57	12·45	92·34	201·16	64·76	93·22	135·25	29·67	653·12
1939	6·99	14·17	13·98	99·83	208·97	64·66	157·95	119·29	30·24	716·06
1940	7·16	14·64	16·02	112·79	215·94	63·47	149·74	125·01	30·24	735·01
1941	7·60	17·88	19·06	140·57	274·39	80·80	159·72	145·10	40·06	885·26
1942	11·26	21·48	24·96	172·91	356·64	103·67	195·44	168·04	44·60	1,099·01
1943	14·09	25·43	31·15	198·36	386·37	145·85	327·40	220·31	58·02	1,406·97
1944	13·73	28·01	33·12	222·57	405·65	176·46	543·25	337·91	68·14	1,828·82
1945	16·47	27·27	35·60	236·39	454·36	153·18	409·62	287·92	75·00	1,695·81
1946	17·11	34·36	35·97	256·47	481·13	167·25	387·59	280·42	82·13	1,742·42
1947	17·60	32·70	39·90	286·91	543·42	181·56	428·49	340·31	94·17	1,965·05
1948	22·30	36·99	45·63	356·47	664·23	247·54	533·99	452·35	103·65	2,463·15
1949	20·68	36·64	42·85	349·36	677·97	242·85	560·72	460·33	101·22	2,494·78
1950	21·80	39·45	46·86	361·00	678·48	195·41	408·29	368·01	100·34	2,219·64
1951	26·7	44·4	50·3	437·0	786·8	265·7	636·2	460·0	109·4	2,816·5
1952	32·0	40·2	53·4	417·4	736·9	249·6	710·7	505·1	104·0	2·849·3
1953	22·8	41·3	46·1	393·3	718·9	220·0	742·2	486·5	104·9	2,776·0
1954	24·0	43·0	48·4	408·0	704·5	186·6	472·3	385·7	105·4	2,377·8
1955	25·7	45·3	48·4	414·4	719·0	177·7	449·3	367·8	109·0	2,356·6

[1] Includes total adjustment payments made by grain companies on oats and barley *delivered by western producers during the period August 1 to October 21, 1947*. Since we have no provincial breakdown of these figures we were unable to include them in the provincial totals.

[2] Excludes Newfoundland.

THE SENATE

Wednesday, January 25, 1956

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

Prayers.

Routine proceedings.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports No. 44 to 56, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY— DEBATE CONTINUED

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

Hon. John A. McDonald: Honourable senators, may I first extend my apologies to the more senior members of this chamber for speaking so early in the debate; but I do so because I wish very much to return tomorrow to Nova Scotia. I would also like to explain now that, in what I shall have to say about the fruit industry, I hope it will be understood here and elsewhere that I speak not as one who knows it all, but as one who wishes to help. I certainly do not feel that I know it all. But during the later years when I was with the provincial Department of Agriculture at Halifax a set of circumstances and conditions arose in the fruit industry similar to those which are present today; and it occurred to me that it might be helpful if I reviewed some of these conditions and mentioned some of the remedies which were suggested at that time, and which, I believe, would if adopted bring about some improvement today.

May I sincerely compliment the mover (Hon. Mr. Pouliot) and the seconder (Hon. Mr. Croll) of the Address in reply to the Speech from the Throne for their excellent performance. Their speeches showed careful preparation and were well delivered. We expected much from these two honourable gentlemen, who were leaders in the House of Commons, and we were not disappointed. After listening last night to the interesting and educative address of our Government Leader (Hon. Mr. Macdonald), and the fine tributes he paid to the mover and seconder, I would like to endorse what he said about them. I heard a critic of the Government speak in the other house recently and he said that the Government had lost its two only independents. Well, as all honourable senators are aware, the Senate is the house for independent thought and we welcome it here. I must say, however, experience shows that some of the independent thought has a leaning toward the Government side, and some has almost as pronounced a leaning in the opposite direction.

I would like to compliment His Honour the Speaker (Hon. Mr. Robertson) for all the time, energy and money that he has put into his efforts to emphasize the objectives and aims of the North Atlantic Treaty Organization, and especially for trying to have article II implemented, so as to improve economic conditions in the fifteen member nations. I believe if that were done it would help to arrest communism.

I listened with a great deal of interest to the address of the honourable Leader of the Opposition (Hon. Mr. Haig). I am sure we were all glad to see him in such good form, and I know that he spoke with the utmost sincerity and the greatest desire to aid the grain growers of western Canada. I wish him to know that anything I may say is not intended to detract from his remarks, and I know I could not do so anyway. As he spoke I could not help comparing the lot of the fruit growers of Nova Scotia with that of the grain growers in the western provinces. I speak more particularly of Nova Scotia because I know the conditions existing there, although I believe similar conditions prevail to some extent in both Quebec and Ontario.

Honourable senators, I join with the speakers who preceded me, in extending a most sincere welcome to the newly-appointed members, two of whom are from my province of Nova Scotia. Senator the Honourable Dr. Connolly, a friend of mine, and a former colleague in the provincial Government, was at the time of his appointment to the Senate the only member of that Government who had been a member of it in 1945, when I was summoned to the Senate. So that in a little over ten years, and without a change in government so far as party is concerned, there has been a complete change in personnel. When that great Nova Scotian and Canadian, Premier Angus L. Macdonald, passed on, the honourable senator succeeded him and held the office of Premier for some

time. Senator the Honourable Dr. Smith was a very highly respected member of the House of Commons during the 21st Parliament. Unfortunately, Nova Scotia had not kept pace in population with the rest of Canada in the preceding ten years, and the newest constituency in the province, namely, Queens-Shelburne, which happened to be Dr. Smith's constituency, had to go. These two honourable gentlemen possess the fine qualities of heart and mind required for the rendering of outstanding public service here, and I am sure the other newly-appointed members also possess the same fine qualities or they would not have been asked to take their places in the Senate. We wish them all long years in which to serve the public as members of this chamber.

As a humble citizen, interested in the welfare of our people, I wish to commend every person engaged in the public service who in any way helped to make 1955 such an outstandingly prosperous year. I am sure that even members of the Opposition will not think I am presumptuous in saying that I feel we have a lot to thank our Government for, both collectively and individually. In another room of the Senate meetings are being held at the present time in the hope of formulating a public health policy. This is another demonstration of the Government's desire to help the people of our country.

Honourable senators, the year 1955 was a year of outstanding accomplishments in my province. Among those accomplishments was the completion of the Canso Causeway and the inauguration of ferry service between Yarmouth and Bar Harbour, Maine, by the S.S. *Bluenose*, both of which projects were joint federal-provincial undertakings. I recently heard criticism of the rates being charged by the *Bluenose*, but those rates, I understand, are under review, in the hope that they will be lowered.

Satisfactory progress has been made in the construction of the Trans-Canada Highway. Several fine public buildings were erected in Nova Scotia last year. Numerous wharves and breakwaters were built or repaired. We should not forget one further important transportation link, that of the construction, by the provincial and municipal governments, of the Angus L. Macdonald Bridge connecting Halifax and Dartmouth.

The outstanding efficiency of our civil servants in the departments of agriculture, fishing, lumbering and mining, is something which I think we take too much for granted. If these departments in other provinces can claim to have anything like the efficiency of our Nova Scotia departments, then Canada can truly be said to have an outstanding civil service.

May I call the attention of the appropriate ministers and officials to two or three other transportation matters which I think are important to western Nova Scotia? Many people are hopeful that the direct service between Yarmouth and Boston will continue, that the link between these two points will not be broken.

A good deal of interest is being taken in the proposed re-establishment of the Minas Basin ferry which for many years was operated by the Dominion Atlantic Railway Services. At that time the ferry could operate only when the tides served; it is now proposed to operate from and to points where there are deep water terminals. It would be of great advantage to those who are shipping produce north and west, and as well to travellers. If the Department of Public Works and the Department of Transport could, through their appropriate officials, give us an estimate of the cost of this service, it would be much appreciated.

I was pleased to hear the Premier of Nova Scotia speak of a causeway—or perhaps a dam with an aboiteau—at the mouth of the Annapolis River, which would remove the necessity of keeping up miles of dikes and add materially to the acreage of first-class soil for the growing of fodder for livestock. This would also serve as a bridge. The same advantages, as I have suggested for many years, would be given to other first-class soil if a dam with an aboiteau was constructed across the Cornwallis River at Port Williams; that too would save miles of dikes and form a proper bridge. The present bridge is too narrow to carry the increased traffic safely.

In times of prosperity there is a danger of over-extending credit. I was pleased to hear the honourable Leader of the Government (Hon. Mr. Macdonald) say in his speech last evening that credit is being curtailed. Yet, I am fearful that in my province there is considerable buying on the part of people who are unable to make a sufficient down-payment on the purchases and may become discouraged before the balance is fully paid. I think it would be helpful if buyers were required to make a higher down-payment on the articles they purchase. Possibly too much buying on credit is one cause of trouble in the Canadian west. It may be that implement manufacturers have been overly anxious to sell their machines and have pressed new ones on farmers when they did not have sufficient capital or credit and should not

have bought such expensive equipment. However, honourable senators, I am only suggesting this may be one cause of trouble. There is this to be said, though, that our people certainly have been using credit much beyond what they can afford.

There is another matter which I would like to mention, and that is the tremendous business being done by finance corporations in making loans to people at very high interest rates. It does not seem to me that it is at all fair to allow these firms to charge such high interest. If borrowers find it difficult to pay low interest rates, how can they manage to pay very high rates? In my opinion the interest rates these finance firms are allowed to charge should be lowered.

Although we rejoice that Canadians generally have had a record year in making progress, as is reported in the Speech from the Throne, some are not in as good economic condition as others. Should we not pay special attention to those industries which are lagging and so help to build an even greater nation?

While the majority of the people in Canada are having a very good time commercially, many of the farmers of our country are not doing so well because of the downward trend in the prices paid to them for their products, coupled with rising costs of production. I hope that the Gordon Commission on Canada's economic prospects is making a sufficiently exhaustive study of the problems concerning the several branches of our great agricultural industry, and that the commission will shortly be in a position to make helpful suggestions.

One of the hardest hit branches of the agricultural industry is that of fruit growing. If we were to compare the surplus of fruit with the surplus of grain, for instance, we would find that the conditions are not very much alike. For instance, apples are a very perishable product, and even with the best of storage facilities they cannot be kept more than a few months. Wheat, on the other hand, is almost indestructible. As a matter of fact, I have heard some honourable members say, and not very long ago, that they consider good quality wheat in storage about as good as cash in the bank.

Perhaps I should not refer to debates in another place, but I think something that happened yesterday is interesting. One honourable member, an independent, is reported to have said that he did not support the amendment to the motion for an Address in reply to the Speech from the Throne because he thought the Government had done everything it could.

It seems to me that we ought to slow down on requests to the Government for subsidies.

Hon. Senators: Hear hear.

Hon. Mr. McDonald: If we do not, then the situation will get out of hand and will lead to only one end, increased taxation.

With the permission of honourable senators I will try to explain something of the present position of the fruit growers and suggest several things that should be done to place this important branch of our industry in a more healthy economic position, so that the growers will never have to be embarassed by asking for subsidies—unless, of course, we have another hurricane such as visited the fruit growing districts of Nova Scotia in the fall of 1954.

Fruit growing is an important industry in at least four provinces, namely, British Columbia, Quebec, Ontario and Nova Scotia, and New Brunswick is making a good start. It is an industry in which I have had some experience, as some of you know, in both production and marketing. The cause of the trouble this season was over-production for the limited markets we have left, and lack of proper marketing organization to take advantage of the limited markets for this perishable product. When our growers in Nova Scotia set out their orchards they had good reason to believe that the market in Britain would continue to be available to them. For many years they continued to market there, generally profitably, about 85 per cent of their crop, which was about 6 million bushels a year at the time the market was lost to them as a result of the war, and later, also as a result of the war, because there was not the currency available to buy our fruit. Our fruit growers were in difficulty at that time, and today their situation has not improved very much.

The British market used to accept cooking varieties of apples, which were retailed by the pound from barrel packages. At the present time they do not want the cooking varieties, because they are growing them themselves. Apple growers in Canada could not have prevented this industry from becoming a casualty. There is, however, one fault that we find with our growers, and that is that more of them did not make a change over to dessert varieties or to other branches of farming when they knew that the growers in Britain were setting out large acreages of fruit trees. Many did make the necessary changes and are either growing good dessert varieties or have changed their style of farming, or both. The Valley today is one of the heaviest producers in Canada of livestock and livestock products, but there are

still about 2,000 orchard farmers in Nova Scotia, many doing a thorough job in producing as good dessert apples as can be found anywhere. Where can you find fruit of as good texture and flavour? This is a valuable industry, and I have confidence that the growers will in the near future take the necessary steps to strengthen the industry. At present they are not even organized to take full advantage of the Co-operative Marketing Act.

Our growers are very grateful to this Government for their assistance in endeavouring to save the industry, which is truly a war casualty. I left Nova Scotia to attend the opening of Parliament before I could learn the reaction of the growers to the offer of assistance which was made recently by the Government, but I do know that many will be grateful again, as it will help them pay for the costs of growing last year's crop, and also help some, at least, to finance the production of a quality crop in 1956. I wish everyone concerned would remember that it has been very distasteful for the growers and members of the so-called "Ottawa Committee" to come here for help.

There was an estimated 2-million-bushel surplus of apples produced in Nova Scotia last season. Some growers sold to the processors on the understanding that they would be paid the amount which the processors could afford. Others were promised 18 cents a bushel. I am now speaking of the growers who perhaps do not spend quite so much time and money on the growing of their crops as others do, and who, as soon as their apples were picked, not knowing what to do with them, took them to the processors who promised to pay what they could afford. Some other growers, when it came time to market top quality Gravensteins, sold them to the larger retail stores and received approximately $1 a bushel for them. Of course the best fruit is now selling for $2 and upwards. It is estimated that about a million bushels were left on the trees.

Under the present system of marketing apples in Nova Scotia, the United Fruit Companies handle about 60 per cent of the crop; the balance is sold to so-called dealers, or the growers try to do their own marketing. The result is that truckloads arrive in our markets with fruit for sale which the owners do not want to carry back home. If they cannot obtain the price they want, they take what they can get. Under these circumstances, as honourable senators well know, it is not long before prices fall below the cost of production.

I will give as good an idea as I can of what it costs to produce a box of apples. Although costs of production and marketing vary from farm to farm, according to an estimate made by the secretary of the United Fruit Companies which recently came to my notice, apples cost 75 cents a box to produce up to time of picking. This figure covers pruning, fertilizing, spraying and thinning, but not packing and handling. The secretary of the United Fruit Companies also gave minimum expenses of preparing a box of graded apples for market, as follows:

Picking labour	.10
Trucking to storage	.03
Grading and packing	.30
Packaging	.53
Trucking to Halifax	.12
	$1.08

Adding the 75 cents I have mentioned, the total cost amounted to $1.83. Top quality Gravensteins were then selling for $1.12 in Halifax. Deduct this amount from $1.83, and there is a loss of 71 cents. As I have already intimated, this figure does not represent the fruit situation today, because the best quality apples are bringing $2 up a box.

Hon. Mr. Euler: May I ask what is the difference between a box and a bushel?

Hon. Mr. McDonald: The box of which I have been speaking really holds a bushel.

There is not time here to go into too much detail, but if I may have your forbearance I would like to mention briefly some things which I think should be done to place this industry in a stronger position. Honourable senators will notice that most of the suggestions I have to make require that the fruit growers shall help themselves. There is one proposal, however—that of encouraging apple growers across Canada to get rid of their old trees and trees of unprofitable varieties—wherein the federal and provincial governments can give assistance. That is the only suggestion I am making which would call for any public expenditure in order to set this industry on a firm footing, so that in future the growers will not need to come here for aid, unless, of course, another hurricane or something of that nature should occur.

I wish that the appropriate officials of the federal and provincial governments could get together and tell the growers of Nova Scotia, Quebec, Ontario and British Columbia, "If you have old trees, that is trees over 40 years old, or varieties of apples which are not of the best, you will receive a grant of so much per tree to encourage you to get these trees out of the way." I am sure that by this means a great service would be rendered, for I am rather doubtful whether inferior trees will be got rid of unless some encouragement is given to the growers. It is my recommendation that at least another 300,000 trees should

be removed from Nova Scotian orchards this coming spring, and the land cleared promptly and made available for growing fodder for livestock of the production of small fruits and vegetables. I say, 300,000 trees. There still remain in the Cornwallis-Annapolis Valley over 700,000 trees. Formerly there were about 2 million, but while I was with the department we got rid, without any financial assistance, of 300,000. Later, with the support of the federal Government, about another million were destroyed, but we still have too many old trees and unprofitable varieties, which it is necessary to remove. Think how helpful this would be, not only to reducing the chances of another surplus, but to eliminate the infected orchards. There are people who keep these trees around them, will not look after them, and allow them to become infested with all kinds of pests, which make them a menace to those who are trying to keep their orchards clean.

Hon. Mr. Horner: May I ask the honourable senator what would be planted on ground from which these trees had been removed? Would he suggest more apple trees, or some other crops?

Hon. Mr. McDonald: In most cases, I think, the land would be better utilized to produce fodder for livestock, or small fruits and vegetables. But a farmer who is a real orchardist, ready and able to look after his orchard, to plant young trees, nourish, cultivate and prune them properly for the next 8 years before they come into profitable bearing, might set out Gravensteins, McIntoshes, Rome Beauties, or some such varieties.

The second suggestion is most important; the change has to be made by the growers themselves, and it should take place during the next few months. Our producers realize this, because they have already appointed a strong committee to study marketing systems in other places. They have had experience in centralized marketing, and this experience should be a help in the avoidance of some of the possible pitfalls. They know now that as close to 100 per cent of the growers as possible must indicate by their votes that they desire to and will co-operate in the marketing of their fruit through one office. Our growers also know that if they decide on this way of marketing they will need the most honest, independent and progressive management that it is possible to secure. Having said this, perhaps I should add that although among their members there are many men from whom a manager could be selected, it would be better for all concerned if the manager were chosen from outside the territory altogether. Personally, I would go after the best businessman that I could secure. As I have said, he must be absolutely honest and independent, and he should be progressive.

The growers should co-operate with that management, and for that purpose should meet at regular intervals to review what has been done and make such changes as are found advisable. The most important questions should be decided by vote of all the growers concerned, for only in this way will everyone have the opportunity to express his views. From personal experience, and having given much thought to the matter, I feel very strongly that the present system of cut-throat competition in the marketing of such a perishable crop as apples should be succeeded by centralized marketing. Some will say and, perhaps some honourable senators will agree, that centralized marketing is not the most democratic system; that is true, but for such a perishable product it is the only sensible and reasonable method that I can think of.

My third suggestion is that increased emphasis should be placed on the work of the Canadian Horticultural Council, which is composed of leaders in production and marketing in the fruit and vegetable industry across Canada. The Canadian Horticultural Council is in a better position than anybody else to solve such common problems in the industry as transportation, the weeding out of poor varieties, and the developing of new later apples with good appearance, texture and flavour. The members of this council have done a good job, but I would like to see them work a little harder and longer in an attempt to come up with some of the answers to these common problems. Another problem concerns the packing of fruit. For instance, a large consignment of apples shipped to England this year was found to be improperly packed, and as a result an official had to go over there to try to settle the matter. It is bad enough that the shipper himself was put in a position where he can no longer sell his apples at their full value, but it has also meant the blacklisting of the district from which those apples came.

The fourth suggestion is that through advertising and demonstration the sales for Canadian apples could be greatly increased. I do not think the industry has gone far enough in trying to increase consumption of apples in this country. They should carry on an advertising campaign similar to the fine one maintained by the citrus growers. The British Columbia fruit growers have also carried on an effective advertising program; just the other day I saw one of their attractive advertisements in *Maclean's* Magazine. In this

connection I would like to thank the Halifax *Chronicle-Herald* for the front page advertising which it published in an attempt to assist the Nova Scotia apple growers at a critical time last fall.

I trust that as honourable senators have an opportunity they will let our fruit growers across Canada know that they have our moral support.

Hon. Senators: Hear, hear.

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

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce, Nos. 16 to 43, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the committee, moved that the reports be adopted.

The motion was agreed to, on division.

BILLS—SECOND READINGS

Hon. Mr. Roebuck, with leave, moved the second reading of the following bills:

Bill E, an Act for the relief of George Francis Alfred Yull.

Bill F, an Act for the relief of Joyce Ethel Jaques Horgan.

Bill G, an Act for the relief of Jean Thomson Duquette.

Bill H, an Act for the relief of Rosa Straub Gehlsen.

Bill I, an Act for the relief of Cecile Bezeau Barnabe.

Bill J, an Act for the relief of Dora Gina Costello Dash.

Bill K, an Act for the relief of Fernand Desmarais.

Bill L, an Act for the relief of Elsie Abbott Marsden.

Bill M, an Act for the relief of Freda Ethelwinne Henders Jacobson.

Bill N, an Act for the relief of Hazel Loretta Noseworthy Johnston.

Bill O, an Act for the relief of Veronica Iris Collier Horvath, otherwise known as Veronica Cross Horvath.

Bill P, an Act for the relief of Maria Romano Bove.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, January 26, 1956

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

Prayers.

Routine proceedings.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 57 to 71 dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

STANDING COMMITTEES

QUORUMS REDUCED

The first report of each of the following Standing Committees, presented by or on behalf of its Chairman, recommended that its quorum be reduced as follows:

The Committee on Transport and Communications, (Chairman, Hon. Mr. Hugessen), quorum nine members.

The Committee on Finance, (Chairman, Hon. Mr. Hawkins), quorum nine members.

The Committee on Canadian Trade Relations, (Chairman, Hon. Mr. McLean), quorum seven members.

The Committee on Public Health and Welfare (Chairman, Hon. Mr. Veniot), quorum seven members.

The Committee on External Relations, (Chairman, Hon. Mr. Gouin), quorum seven members.

The Committee on Civil Service Administration, (Chairman, Hon. Mr. Marcotte), quorum seven members.

The Committee on Immigration and Labour, (Chairman, Hon. Mrs. Wilson), quorum seven members.

The Committee on Public Buildings and Grounds, (Chairman, Hon. Mr. Dessureault), quorum five members.

The Committee on Miscellaneous Private Bills, (Chairman, Hon. Mr. Bouffard), quorum seven members.

The Committee on Standing Orders, (Chairman, Hon. Mr. Bishop), quorum three members.

The Committee on Natural Resources, (Chairman, Hon. Mr. Vaillancourt), quorum nine members.

The Committee on Banking and Commerce, (Chairman, Hon. Mr. Hayden), quorum nine members.

The Committee on Tourist Traffic, (Chairman, Hon. Mr. Isnor), quorum seven members.

The Committee on Debates and Reporting, (Chairman, Hon. Mr. Davies), quorum three members.

The Committee on Internal Economy and Contingent Accounts, (Chairman, Hon. Mr. Macdonald), quorum seven members.

On motions, made with leave, the reports were severally adopted.

FOREIGN INSURANCE COMPANIES BILL

FIRST READING

Hon. J. Adélard Godbout, for Hon. Mr. Macdonald, presented Bill S, an Act to amend the Foreign Insurance Companies Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be placed on the Order Paper for second reading?

Hon. Mr. Godbout: With leave, next sitting.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

FIRST READING

Hon. Mr. Godbout, for Hon. Mr. Macdonald, presented Bill T, an Act to amend the Canadian and British Insurance Companies Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be placed on the Order Paper for second reading?

Hon. Mr. Godbout: With leave, next sitting.

ADJOURNMENT

Hon. Mr. Godbout: Honourable senators, I move that when this house adjourns today it stand adjourned until Tuesday, January 31, at 8 o'clock in the evening.

The motion was agreed to.

HEALTH INSURANCE

ON THE ORDERS OF THE DAY

Hon. Mr. Croll: Honourable senators, at the opening of the House of Commons today the Prime Minister made an historic statement on health insurance. I would like to ask the Leader of the Senate (Hon. Mr. Macdonald) if there is any reason why a simultaneous statement was not made in this house.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Godbout: Honourable senators, as Acting Leader of the house, I cannot say whether the Leader had any reason for not having the statement made in the Senate at the same time as it was made in the House of Commons. However, I can assure the honourable gentleman that members of this house will be made fully aware of the Prime Minister's declaration.

Hon. Mr. Reid: We can read it tonight in the newspapers.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill E, an Act for the relief of George Francis Alfred Yull.

Bill F, an Act for the relief of Joyce Ethel Jaques Horgan.

Bill G, an Act for the relief of Jean Thomson Duquette.

Bill H, an Act for the relief of Rosa Straub Gehlsen.

Bill I, an Act for the relief of Cecile Bezeau Barnabe.

Bill J, an Act for the relief of Dora Gina Costello Dash.

Bill K, an Act for the relief of Fernand Desmarais.

Bill L, an Act for the relief of Elsie Abbott Marsden.

Bill M, an Act for the relief of Freda Ethelwinne Henders Jacobson.

Bill N, an Act for the relief of Hazel Loretta Noseworthy Johnston.

Bill O, an Act for the relief of Veronica Iris Collier Horvath, otherwise known as Veronica Cross Horvath.

Bill P, an Act for the relief of Maria Romano Bove.

The motion was agreed to, and the bills were read the third time, and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY— DEBATE CONTINUED

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

Hon. Donald Cameron: Honourable senators, it had not been my intention to participate in this debate but rather to observe the time-honoured custom of my Scottish forebears that the younger members of the family should be seen and not heard. However, I feel that I would be remiss in my duty if I did not take the opportunity of emphasizing the urgent importance to Canada of the earliest possible implementation of some of the recommendations of the Massey Report with respect to the establishment of the Canada Council and a national program of scholarships or, at least, some steps in that direction.

Before doing so, however, I would like to express my appreciation to the Right Honourable the Prime Minister for the very great honour he did me in recommending me for appointment to the Senate. I was particularly pleased that at the time the thirteen appointments were made the Prime Minister said that the new senators were selected as Canadians rather than as members of political parties. That is an attitude which is in keeping with the high sense of public duty which we have come to look for from our Prime Minister and one which starts new senators out under the most favourable auspices.

At this time, too, I would like to express my very deep appreciation to the honourable members of this house for the very warm welcome and many courtesies they have extended. Their kindness has made the joining of the Senate a warm and pleasant experience. I want to say also that it is a great privilege to renew my association with three men with whom I had the privilege of being associated on the National Film Board some years ago. I refer to my good friend the honourable senator from Edmonton, Senator MacKinnon; to that genial, rugged and friendly individualist, the honourable senator from Churchill, Senator Crerar, and to our distinguished Clerk of the Senate, Mr. MacNeill.

If it is not presumptuous on the part of a neophyte in this House, may I add my compliments to those that have gone before to the mover of the Address, the seconder, and the speakers who preceded me. It is always interesting for a "new boy" to see how things are done; and I can assure you that I have sat back and listened with very great interest.

In the course of this introduction, too, I want to pay tribute to two members of the cabinet who, with their colleagues, are doing a distinguished job for Canada in the larger realm of international affairs. I refer particularly to the Honourable Mr. Pearson, who by his inimitable qualities of personality, mind and heart has gained for Canada and for Canadians the respect and admiration of the world. In the work of the United Nations and in the field of national health the member for Essex East, the Honourable Mr. Martin, has been doing an outstanding job and has been persevering in his attempts to bring in a progressive program of health and welfare

in Canada. In the latter connection I would like to associate myself with the honourable senator from Toronto-Spadina (Hon. Mr. Croll) and say that I hope that a national program of health insurance can be brought in at the earliest opportunity. I do so, however, with this reservation, that the direct beneficiaries should be expected to make a direct contribution as well. In these days of tremendous and increasing costs for adequate medical and hospital care, it is becoming imperative that a comprehensive program of health insurance be added to those other milestones in the evolution of social progress —old age pensions, family allowances and unemployment insurance.

It is no accident that the Canadian people are getting distinguished service from most of their governmental departments. For the past 20 years the government service has been recruiting some of the ablest brains from the universities right across Canada; and it is because I want our Government, along with every agency of the community, to continue to get adequate numbers of the best brains available in our country that I am prompted to take part in this debate.

We are living in one of the most exciting and challenging periods of history, in a time of breath-taking and rapidly accelerating change—a rate of change which, I think, is likely to continue. New forms of energy, new forms of communication, the increasing application of automation to industry, and longer hours of leisure as a result of progressively shortening work-weeks—all these factors are contributing to a different form of society. I suspect that the society of 35 to 50 years hence will be as different from our present society as our age is from the horse-and-buggy days of 50 years ago. Added to this is the fact that today, as a result of the advance of medical science and better health programs, people are living 20 years longer than they did 40 years ago. In spite of this, we still go on retiring people at 55, 60 and 65 years, with no thought as to how this valuable pool of skills and experience can be continued in useful and productive enterprise. In this area alone lies one of the most important fields of social thinking, yet practically nothing is being done to train people who are the victims of a set of rules that are no longer valid.

All of the developments I have mentioned have one important characteristic in common: they depend for their success upon greatly increased numbers of highly trained and highly skilled people. The source of supply is, of course, our universities and technical schools, yet it is common knowledge today that all our institutions of higher learning are suffering from a serious condition of financial undernourishment and malnutrition.

Our universities, like other institutions of our national life, are caught up in the whirl of social and technological change; they are, in fact, the very mainspring of it. No longer is the university only a cloistered retreat for scholars and a custodian of the heritage of knowledge. It is, fortunately, still that—the one place where the classical tradition still survives. But the modern university has become the nation's first line of defence, and we neglect it at our peril.

We Canadians like to brag and point with pride to this land of ours as one of the greatest areas of opportunity on earth. So it is; but if we are to develop our country to its fullest potential in the years to come we must be prepared to greatly change our thinking with respect to the share of our resources which must be invested in the physical facilities, staff and students necessary to maintain and preserve an expanding economy and our way of life.

It is unfortunate that the world today is divided into areas of conflict. We find ourselves engaged in what has been called "The war for men's minds". I suspect, contrary to the thinking of some people, that the war for men's minds, like the war for men's souls, will be, as in the period of the Reformation, a long-drawn-out and costly conflict; and the greatest disservice that we can do our people is to underrate the strength and the appeal of those who believe in a philosophy and a way of life different from ours. A new dynamic is abroad today among the peoples of Asia, Africa and Russia; and to disregard it would be folly.

In the years since the Russian Revolution of 1917 there have been many public figures and publicists who industriously promoted the fable that Russian technology and Russian culture were inferior things which in no way could challenge the superiority of the west. But some people, who are among the best informed on the matter, say that the progress made by the Russians in the 38 years since the Revolution of 1917 is practically equivalent to that achieved in our own industrial revolution in the period between 1840 and 1940. Fortunately for us, there are authoritative sources in the western world whose realistic appraisal of the comparable numbers of scientists, artists and technicians training in Russia and in the west cannot be ignored.

No less an authority than Sir Winston Churchill has suggested that the tremendous strides Russia has made in technological training could be a threat to western superiority, if not survival. Recently Mr. Allen Dulles, of the United States Security Administration, has been quoted as saying that in

the current year Russia will turn out 60,000 graduates in Applied Science as against 22,000 in the United States and 3,000 in Great Britain. I think he has perhaps underrated the figures for Britain. Sir John Cockroft, who played an eminent role in our own scientific development during the war, is authority for the statement that Russia is now leading the world in some fields which we in the western world thought were peculiarly our own. Dr. O. M. Solandt, retired chairman of our Defence Research Board, recently stated that Soviet output of technical manpower surpassed that of the United States and "may soon exceed that of the whole free world combined". Lewis L. Strauss, Chairman of the United States Atomic Energy Commission, says much the same thing. Dorothy Thompson, in a series of articles on Russian education, has stated that her outstanding impression of Russia was the emphasis on education, disciplined and thorough. Mr. I. Norman Smith of the Ottawa *Journal*, the Honourable James Sinclair, the Honourable Mr. Pearson and others have said the same thing and we are indebted to these men for letting this much light through our western curtain of complacency and indifference.

According to a recent publication the Soviet Union has over 800 institutions of higher learning, with an enrolment of 1,800,000 students. In addition to that, there are over 4,000 specialized secondary schools, with an enrolment of 1,500,000. In the light of this information, let us examine our position in Canada.

In a series of articles in the Montreal *Star* in November, 1955, extracts of which were reproduced in the excellent issue of the *Newsletter* of the Canadian Chamber of Commerce for December, two charts were reproduced showing the enrolment of undergraduate and postgraduate students in Canadian universities and colleges at the present time and projected to the year 1965.

The latest figures on university enrolments indicate that there are just under 70,000 taking undergraduate and postgraduate work in Canadian universities. This is slightly less than half of 1 per cent of the total population of 16 million. If we accept the figures of the Soviet Union as being 1,800,000 students in a total population of 200 million, we get a figure of ·9 per cent, or better than a ratio of two Russian students for our one.

All educators and all provincial and municipal governments are concerned by what is being called the "battle of the bulge" in education—the enormous increase in enrolments which is just beginning in our schools and will have a tremendous effect on our resources for higher education in the next 10 years. Again, the best projections available indicate that university enrolment in 1965 will be somewhere between 125,000 and 130,000 students, or practically double the enrolment today.

Speaking in Edmonton recently, Dr. R. E. Heartz, President of the Engineering Institute of Canada, made the statement that Canadian industry could have employed three engineering graduates for every one that graduated from our universities last spring. While the demand in all other fields may not be proportionately high, we know that there is an alarming shortage of teachers of the proper quality, and there is a shortage of doctors, dentists, nurses and people with training in economics and business management. Industries are coming to universities every day asking where they can get qualified personnel in the management field. In other words, the present university facilities in Canada are being used to capacity and are not turning out enough graduates to meet our present needs. If that is the case, how are we going to turn out double the number of graduates 10 years from now? The answer is obvious. We are going to have to greatly increase our expenditures for capital equipment and teaching staff and, if we are to do this we shall have to work out a new relationship between the federal Government, the Provinces and a new partner—Business—in order to provide the facilities which are a necessity to the efficient functioning of our economy and to national defence.

While I think the need for some form of federal aid for education is imperative and inescapable—and I am convinced that an acceptable formula for making that aid available can and must be found—there is another aspect of Canada's educational problem which is more important still, and that is the quality of education we are offering.

Canada is faced with three major problems in education today: one is finance, the second is recruitment of adequate numbers of the right quality, and the third is the quality of education we offer at all levels from the elementary school to the university.

Let me say at once—and as a result of 25 years' experience in university extension work in my own province, an experience which has brought me in intimate contact with the people in most communities of my own province and a good many outside—there is no dearth of potential leaders. In fact, it is one of the reassuring aspects of our democratic life that there are so many people who have the potential to go to the top in

every line of endeavour; all they need is a little encouragement and cultivation. In the field of fine arts, which has been sadly neglected in this country, I have seen, on dozens of occasions, cases where a scholarship as small as $100 was the means of starting young Canadians on careers of distinction in music, painting and theatre. Most Canadians are gratified with the success of our own Stratford Festival, and deservedly so. Yet, in one year of that festival there were seven young Canadians in the cast—including Frances Hyland and Douglas Rain—who received their initial encouragement through a $100 scholarship to the Banff School of Fine Arts. It just took that much to get them started. In the field of business management training, business has come to the universities and more than one company president has told me in the last four or five years that the investment of $1,000 to $1,500 which his company put into sending a young executive to take a course in business administration has been repaid many times over in the first three years.

In the business world we measure returns on our investments in terms of percentage—3 per cent, 5 per cent, 10 per cent, sometimes 15 per cent or 20 per cent, or whatever the figure may be—but the money invested in developing the skills and talents of young Canadians gives returns in terms, not of a paltry 3 to 5 per cent, but of hundreds per cent. There is no investment that money can buy that will bring returns comparable to those from investment in the development of the skills and talents of young Canadians.

It was because we recognized the importance of scholarships that all Canadian educators welcomed the appointment in 1949 of the Royal Commission on National Development in the Arts, Letters and Sciences. We were gratified with the appointment of distinguished men and women to that commission and encouraged by the eminent feasibility and practicality of their recommendations. Here at last we thought is a program for a modest beginning in recognizing and cultivating those rich resources of talents and skills which for all too long have gone without recognition or adequate encouragement in our national life. Here was a charter which set in proper perspective the importance of those institutions which are vitally necessary to the development of a distinct Canadian culture. That report was made in 1951, and the Government acted with commendable speed in implementing the recommendations that immediate aid be given to our universities on a per capita-student basis. This has been of great help to Canadian universities. It was our hope that the second important phase, dealing with a national program of scholarships, would shortly follow. Four years have now gone by and the conditions which made the recommendations valid in 1951 are present in much more urgent form today. I would strongly urge the Government to take the necessary steps to implement these recommendations and go as far as they can at the earliest possible moment.

We are all familiar with the many reasons and factors which affect the timing of major innovations of the kind represented by the establishment of the Canada Council and a national program of scholarships. It is because I recognize this that I suggest to the honourable members of this house that we all have a responsibility as individual citizens, and as people exercising an influence in the communities in which we live, to make available the information we have on the importance of a national scholarship program to the general welfare of our country.

There may be good and sufficient reasons why the Canada Council and national program of scholarships cannot be instituted at this time. If that is the case, then I think every Canadian who occupies a position of leadership and responsibility in his community owes it to himself and those he represents to become fully informed on the issues at stake and the serious consequences which could accrue to this country if we do not provide trained leaders in the arts, the humanities and the sciences.

To show how serious the shortage of fully qualified people is at this time, may I quote the situation in my own province of Alberta? For the last 20 years it has been my privilege to sit as a member of the Senate of the University of Alberta. For the last three or four years particularly there has been increasing concern over the relatively small number of students who were completing their university matriculation examinations with grades sufficiently high to warrant their entry to the university. Two years ago the total number completing university entrance with 60 per cent or better was slightly less than 1,200 students—not enough to provide replacements for the professional personnel who were lost to the professions in that province by retirement, migration to some other province, or by death. In the current academic year, in a province with over one million population, the number who completed university entrance with 60 per cent or better was 1,426—again not nearly enough to meet the professional requirements of the province without imports, four years from now, even without any increase in population or industry. In addition, many of the students who

are coming to the university have a minimum rather than an adequate grounding in mathematics and in languages. While I cannot speak with the same authority about the situation in other provinces, I have reason to believe the same tendency exists there as well, although I do not believe it is true to the same extent in Ontario.

Honourable senators, that this situation is part of a general condition on this continent is borne out by the comments of General Maxwell D. Taylor, Chief of Staff of the United States Army and former Superintendent of West Point, who said recently:

> Only 47 per cent of U.S. high schools now offer physics. Enrolment of students in such physics courses as there are declined from 22 per cent in 1895 to 5·5 per cent in 1948.
>
> Further proof of the squeezing out of old subjects for new is equally shocking. Now 46 per cent of the country's high schools offer no foreign languages; 24 per cent give no geometry; 23 per cent offer neither physics nor chemistry.

All this at a time when our industry and our defence depend on a thorough grounding in these subjects to an extent never necessary in previous history. While this is a United States' experience—and to my knowledge comparable figures are not available in Canada—I suspect on the basis of the knowledge we do have that we are not far ahead of our neighbours to the south.

If this assessment of the present state of higher education in relation to the needs of the times is even approximately accurate, it would suggest that some means should be taken soon not only to get more people into our universities and technical schools but to toughen up the standards of training for those who do get there. And our problem is: how do we do it? I would say by increasing the physical facilities for higher education by at least 50 per cent in the next ten years; by increasing the teaching and research staffs by at least an equal percentage; and, finally, by providing a nation-wide system of scholarships, bursaries and student loans—and I would suggest that more attention be paid to student loans on a revolving fund basis, because I know that many of the students can, in later years, make a contribution to repay the fund and help others who come after them.

Were it possible to set up the Canada Council in the near future it would be the logical instrument through which the scholarship program should be implemented. May I say here that when that council is set up I hope its membership will include a good proportion of men from the business world and the public service, as well as those from the arts, letters and sciences. The policies these men evolve and apply can have the most significant effect on the welfare, status and prosperity of the Canadian nation. In the meantime, until a council is set up and functioning, there is no reason why intermediate steps cannot be taken which will go part way in meeting the need. There are several precedents which the Government could follow, and there is much valuable experience which would be helpful. Since 1913 the federal Government has been making grants to the provinces to assist in agricultural instruction and technical education. In 1913 $10 million was made available for agricultural instruction; in 1919 $10 million was made available on a matching basis for technical education.

In 1937, under the Youth Training and Rehabilitation Program, further substantial sums were set aside, on a joint basis with the provinces. That was a very fine thing, as I know from personal experience, because in the five-year period from 1937 to 1942 it was my privilege to organize and administer 132 of those dominion-provincial schools in Alberta and to serve over 14,000 young Albertans in the rural areas. Coming at that time it had a most far-reaching and beneficial effect on the general morale and the practical knowledge of the country.

Probably one of the most generous and far-reaching programs of federal assistance that has ever been given in this country came under sections 8, 9 and 10 of the Veterans Rehabilitation Act of 1945—the program which was part of the Veterans' Charter, under which the veterans who served in the last war were able to go on to the universities. That was one of the finest pieces of legislation this country ever enacted. People who were not in day-to-day contact with the veterans who came to the universities under the veterans' program cannot have any idea what it meant to many young men and women who, but for that enlightened program, would have been denied university training and could not have fulfilled a life's ambition. Thanks to that program, thousands of them today are making a contribution to our national life far more important than they would otherwise have been able to do. Surely, with this example and this experience behind us we can find a formula that will enlist the support of all Canadians, no matter where they may live.

There is one other important source of scholarship assistance being provided by the federal Government, and that is the scholarship program through the National Research Council. According to the annual report for the year ending March 31 last, the amount allocated to scholarships was $642,000, a not

inconsiderable sum. In addition to that a sum of $1,568,000 was made in aid of research. Again from personal experience I know that research grants such as this often serve the same useful purpose as grants for scholarships. Full credit must be given to the Government for what is being done, but the important point to remember is that what is being done, while valuable and good, is not enough to meet present day needs.

There are suggestions in some quarters that the federal Government should confine its activities in the scholarship field to the postgraduate level. This argument sounds fine, but it overlooks the very great value of scholarships at the undergraduate level as a means of recruiting and screening a much larger pool of postgraduate material. Such an argument also overlooks the fact that some of the most productive investments in scholarships in arts and letters may be made in areas of less formal training than that in a regular university program.

Earlier in this discussion I suggested that instead of looking to the Government entirely for support for a national scholarship program we ought to add a new partner—Business. Although I come from Alberta, where it has been alleged that we look for something for nothing, I have always believed that the beneficiary of any Government program should pay at least part of the direct cost of the aid he is getting. In this case there would be two direct beneficiaries of a national program of scholarships. One of the closest and most immediate beneficiaries, of course, would be the student himself, and the second would be the business community which gets the benefit of the scholar. As far as the student is concerned, I think he can and should pay part of his own costs. The amount could be anywhere from 10 per cent to 50 per cent or more, according to the student's ability to pay, but he should make some contribution. Furthermore, more use could be made of the principle of repayable loans and revolving funds.

In the case of business, many will argue, with justifiable validity, that business is paying for education now through taxes. However, I can say from personal experience in providing courses in Business Administration that one of the most hopeful signs I see on the horizon is a new and growing sense of parterership between business and education. Private business and co-operative enterprise are today spending large amounts of money on in-service training programs, leave of absence with pay, and outright scholarships. Business today is more interested in education than at any time in my experience. And that is one of the most hopeful signs on the horizon at present.

I make bold to suggest that if the machinery of the Canada Council was established it would not be long until contributions by industry, provincial and municipal governments, and individual contributions by charitable donations and bequests on death, would much more than match any contribution the federal Government made. As one who has had some experience in raising funds for both capital and scholarship purposes, I have confidence this can be done.

Having been interested in this subject, naturally I have been anxious to know what groups in Canada have given official expressions of support for the establishment of the Council and the scholarship program. These are the peoples and organizations that have gone on record in favour:

The Imperial Order of the Daughters of the Empire

The Canadian Congress of Labour

The Canadian Federation of Agriculture

The National Conference of Canadian Universities

The National Federation of Canadian University Students

The Canadian Association for Adult Education

The Co-operative Union of Canada

The Canadian Teachers' Federation

The Canadian Education Association

The Canadian Home and School Federation

The National Federation of Women's Institutes.

This is a formidable list representing many thousands of the most intelligent and best informed Canadian citizens and voters. With support of this kind in every province in the land, who are the organizations opposing the program, and why? I respectfully suggest that it is our job to find out.

In conclusion, I want to say that education is the responsibility of every member of the Canadian Parliament. It is the very foundation stone of our society. I also believe that our leaders have the wit and the skill to devise formulas which will overcome the handicaps of geography and protect the rights of minorities. My final words are those of the noted Chicago architect D. H. Burnham who, speaking of building of the cities of tomorrow, said these words, which I like very much:

> Make no small plans, they hold no magic to stir men's blood.

I suggest to you that the time has come for Canadians to be much bolder, imaginative

and daring than we have been in the past. The opportunity is ours and the rewards will be great.

Hon. Senators: Hear, hear.

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

PRIVATE BILL

MERCANTILE TRUST COMPANY—MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. David A. Croll moved the second reading of Bill R, an Act to incorporate Mercantile Trust Company.

He said: Honourable senators, this is a bill to incorporate a trust company to carry on a normal trust business, as we understand it. The application is made by responsible and representative Canadians, who intend to open offices at first in Toronto, Edmonton and Vancouver, and later in some other major cities.

I am asking the house to endorse this bill in principle and send it to the Standing Committee on Banking and Commerce, where it can receive detailed study.

Hon. Mr. Reid: Where will the head office of the company be located?

Hon. Mr. Croll: According to section 4 of the bill, the head office will be in Toronto.

On motion of Hon. Mr. Lambert (for Hon. Mr. Vien), the debate was adjourned until Wednesday, February 1.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 44 to 56, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

The Senate adjourned until Tuesday, January 31, at 8 p.m.

THE SENATE

Tuesday, January 31, 1956

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

Prayers.

Routine proceedings.

DIVORCE

REPORTS OF COMMITTEE—STATISTICS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 72 to 93, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

He said: Honourable senators, at this time I wish to make a progress report of the divorce committee, in which I fancy the house will be interested. The figures to date are as follows:

Petitions filed	302	
Petitions withdrawn		2
Petitions heard and recommended		113
Petitions pending a hearing		187
Totals	302	302

As to the petitions pending a hearing, 25 notices of intention to oppose have been filed by the respondents.

The time limited for filing petitions for the present session will expire on Monday, February 20.

The number of petitions heard and recommended from the beginning of the session to date, namely, 113, is probably a record of accomplishment in the early stages of a session. The hearings commenced in the very second week of the session, and since then committees have been sitting steadily; for instance, last week cases were heard every day, from Monday to Friday. This week cases will be heard on Tuesday and Friday only, because other committees of the Senate will be sitting.

I should point out that the fact that there are 25 notices of intention to oppose does not necessarily mean 25 contested cases, because experience has shown that some opposed cases will be withdrawn, or that some petitioners will fail to turn up, and that sort of thing. It does mean, however, that a number of contested cases will have to be heard, some of which may take a full day or more; probably a day per hearing is the average.

The Chief Clerk of Committees estimates that another 100 petitions will be filed. In that event, we shall have a further 287 petitions to be heard.

The motion was agreed to, on division.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill U, an Act for the relief of Nora Marian Tilley McBain.

Bill V, an Act for the relief of Marguerite Tremblay Nathan.

Bill W, an Act for the relief of Dolores Marion Zolov Karpman.

Bill X, an Act for the relief of Rosalie Rosetti Acason.

Bill Y, an Act for the relief of Edmund Joseph Cochrane.

Bill Z, an Act for the relief of Edna Hannah Keene Newberg.

Bill A-1, an Act for the relief of Charlotte Jean McAndrew Boyd Thompson.

Bill B-1, an Act for the relief of Wilma June Keast Noel.

Bill C-1, an Act for the relief of Patricia O'Neill Primiani.

Bill D-1, an Act for the relief of Evelyn Nellie Keemer Mein.

Bill E-1, an Act for the relief of Pierre Roger Vuille.

Bill F-1, an Act for the relief of Marie Gertrude Antoinette Hotte Ouellette.

Bill G-1, an Act for the relief of Euphrosina Kowalyk Whalley, otherwise known as Rose Kowalyk Whalley.

Bill H-1, an Act for the relief of Matilda Stoner Adams.

Bill I-1, an Act for the relief of Gertrude Bailiss Goodlin.

Bill J-1, an Act for the relief of Leokadja Laura Rozycka Haber.

Bill K-1, an Act for the relief of Teofila Kurjata Marciniak.

Bill L-1, an Act for the relief of Shirley Gelber Kaufman.

Bill M-1, an Act for the relief of Margaret Pounden Greenstien.

Bill N-1, an Act for the relief of Gaston Maille.

Bill O-1, an Act for the relief of Mary Dufresne Cosco.

Bill P-1, an Act for the relief of Julienne Marchesseault Jasmin.

Bill Q-1, an Act for the relief of Helen Mary Farrell Hickey.

Bill R-1, an Act for the relief of Hazel Mair Grant Mander.

Bill S-1, an Act for the relief of Joseph Roland Gaston Charette.

Bill T-1, an Act for the relief of Beulah Sybil Chapman Maus.

Bill U-1, an Act for the relief of John Elwood Way.

Bill V-1, an Act for the relief of Thomas Charles Desmarais.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—
DEBATE CONTINUED

The Senate resumed from Thursday, January 26, consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mr. Pouliot, seconded by Hon. Mr. Croll, for an Address in reply thereto.

Hon. F. W. Gershaw: Honourable senators, may I first of all congratulate the mover (Hon. Mr. Pouliot) and the seconder (Hon. Mr. Croll) of the Address. They are both outstanding Canadians and I am sure that in their new positions they will continue to contribute to Canada's welfare.

May I also in a very humble way extend my welcome to the new senators who have come to this chamber? A person need not be here very long before noticing that from time to time familiar faces are missing, and that new appointees appear to carry on the work of the Senate.

Now, I want to make brief reference to the fact that 1955 was the Golden Jubilee year of the province of Alberta.

Hon. Mr. Wood: And Saskatchewan, too.

Hon. Mr. Gershaw: It will long be remembered, because of the many gatherings, ceremonies and gala events which marked the occasion.

Honour scrolls were prepared for all the people who had lived in the province since 1905. Schools everywhere observed the historic occasion, and thousands of new Canadians joined in the gala events and, without a dissenting voice, expressed their loyalty to and love for our Queen and for the country of their adoption.

Just about 50 years ago a land of prairie, woodland, footlands and mountains was formed into the province of Alberta. Over those plains for countless ages nomadic bands of Indians had roamed. In 1874 police posts were established and a few settlers came in; and explorers, traders and Christian missionaries made their way from place to place in that great country as well as they could. There were numerous buffalo grazing on the plain. Buffalo existed in such great numbers that early observers there said they covered the ground in some directions for as far as the eye could see. Those buffalo disappeared and in their place came great herds of cattle. The cattle did well on the nutritious prairie grass, and the years before 1905 were the golden days of the ranching industry. They were the days of the open range and there was a great measure of prosperity. Later on, of course, after the settlers came in and roads and fences were built, that industry ceased to exist as it had existed in those earlier years.

Since 1905 there have been two wars and a great depression. Those wars caused more death and destruction, more suffering and sadness than any previous conflicts; and it seems to me that, lest the memory of those anxious days should grow dim, it is the duty of the people of this generation to teach the children something of the grimness and horrors and also something of the causes of war, so that another resort to arms will never occur, and war as an instrument of settling international disputes will be banished forever.

Since 1905 there was also a great depression. That was a period of strenuous times for the people of Alberta. Soil erosion, dust storms, drought and crop failures brought discouragement and despair to many people. In some places relief had to be given. Not a few areas of land were depopulated. Prices fell to extremely low levels, wheat was selling at 26 to 30 cents a bushel; beef cattle fetched 1¾ cents a pound, wool 4 cents a pound.

In the last fifty years great changes have come in the province of Alberta. The population, which in 1905 was 116,000, has grown to around a million. Industrial production, then in the neighbourhood of $5 million, has risen to between $600 million and $700 million, and agricultural production, always in the lead, has grown from $42 million to about $800 million or $900 million. A thousand barrels will hold an awful lot of oil; yet every day the wells of Alberta produce 412 thousand barrels of oil. In order to transport such tremendous quantities a new method has been adopted; an underground tunnel has been built all the way from Edmonton to Superior, on the Great Lakes. That pipe line

contains enough steel to construct a thousand miles of main line railway, and the capacity of the pipes is about 64 million gallons. Oil which was poured into the pipes at Edmonton on October 4 reached Superior just two months later. That great asset has made an immense difference to the circumstances of our people in Alberta. In order to process the crude oil, great refineries have been built, and secondary industries have been established to provide manufactured plastics, sulphur, cellulose acetate, and building material. Enough refined gasoline and oil is being produced to supply all western requirements.

Thousands of people visit our province to see the beauties of the Canadian Rockies and our lakes and rivers. They come to Banff, Jasper and Waterton Park, and such colourful events as the Calgary Stampede and the Grey Cup football semi-final attract a great many people who, once they are there, are impressed by western hospitality.

Honourable senators, I wish to discuss just one other subject this evening. Research has had the richest results in the field of medical science, and has done more to control the ravages of diseases than any other activity. Scarlet fever, diptheria, typhoid and smallpox have almost been conquered, and pneumonia and even tuberculosis have lost their hold on and terror for the people of Canada. Great progress has been made in the treatment of mental diseases by the use of electric and insulin shocks, and even newer drugs are having a strong influence on the healing of diseased brain tissue.

However, while much has been done, much remains to be done. Rheumatism and arthritis still disable people. Cardiovascular diseases, cancer and accidents are still the captains of the men of death, and so research must be given a very prominent place if any national health scheme is to be successful. The following discoveries have been made through research: antitoxin, in the treatment of diphtheria; liver-extract, in the treatment of pernicious anaemia; insulin, in the treatment of diabetes; and penicillin and similar drugs, in the treatment of infections. The great advances that have been made in brain and heart surgery have been accomplished by diligent, prolonged and even discouraging and tedious efforts. Except for the last few years, ever since the days when the Books of the Bible were written there has been one disease which has been a terrible scourge to humans. That disease, it has been said, is handed down to the second and even the third generation. An attempt was made to find a serum to combat it, and after prolonged experimentation on 900 serums, No. 606 was the one which had a great deal to do with curing the disease. At the present time medical professors can hardly find a case to demonstrate to their classes. No one gets a fortune when such discoveries are made by laboratory workers. No one patents or copyrights the discoveries; they are given freely to everyone in the world. So we should pay tribute to the laboratory workers who step by step have accomplished so much. These words truly apply to them:

> Does a trail wind uphill all the way?
> Yes, to the very end;
> Does a day's work last the whole of a live-long day?
> From morning till night, my friend.

During the past week a federal-provincial conference on health was held in Ottawa. I think we may say that it was reasonably successful and will result in some measure of health insurance being devised to help meet hospital and diagnostic costs. But this does not go very far toward a full national health insurance scheme. It is true that hospitals are being used more now than formerly, but the average person who becomes ill calls in a doctor or goes to his office or to a clinic. The fact is that it is the cost of drugs and prolonged medical or surgical care that runs up the big bills, and naturally and rightly Canadians are trying to find some relief or escape from this expense.

A good deal has already been done about health insurance and three of our provinces provide a pretty full measure of hospital protection. Hospital insurance is compulsory in one province and costs about $15 per person or $30 per family. In another province there is an arrangement whereby every taxpayer can receive treatment in the public wards of hospitals for $1 a day, the balance of the cost being paid by the provincial and municipal governments. All over Canada workmen's compensation boards provide hospital accommodation and doctors' care. Special illnesses such as cancer, tuberculosis, poliomyelitis, mental disease and venereal disease are provided for by some degree of diagnostic treatment and, in some cases, by hospital treatment. In some western provinces people who are in receipt of old age security, or the blind pension or the mother's allowance receive hospital accommodation, and some of them have dental service and free drugs.

Over and above all this, at least 4 million Canadians are protected by private voluntary insurance organizations. I wish to discuss one in particular, for I feel that the use of these voluntary organizations can do much to bring about a satisfactory health service in this country. The Trans-Canada Medical Plans has collected premiums from some 2½ million

Canadians, in return for which it provides medical services. It is a voluntary scheme throughout.

Honourable senators, I am not sure that the people of Canada are yet ready for any compulsory health insurance scheme. I want to quote what Dr. Wilder Penfield, of Montreal, said very recently:

> I hope that we in Canada never see socialization of medicine in this country like that in England.

I realize that others take the directly opposite view, but the opinion of a man of Dr. Penfield's standing is certainly worthy of some consideration and should not be hastily cast aside. I do know this, that when a person is sick, especially seriously ill, he or she wants and is entitled to the very best medical and surgical care which the age affords, wants to feel convinced that the best care is given. Under those circumstances, cost is really not the most important consideration.

Honourable senators, I am not sure that the people generally are ready yet for compulsory health insurance. I will tell you why. In Saskatchewan, in the southwest corner, quite a large block of municipalities were marked out, and within that area, called the Swift Current Health Unit, the people all had to take out insurance for medical care. It cost them about $15 per individual, and up to about $30 to $35 per family. In addition, there was an assessment of two mills on the assessed value of all their property, and there was also some assistance from the Government. That health unit has been in operation for eight or ten years; it is very well managed and has been a great blessing to many; but just recently it was proposed to set up two more health units in the same area. A vote was taken, and although the issues were explained to everybody the vote in one case was three to one against the setting up of a health unit; in another case the vote was six to one against. I take that to mean that in some places at least compulsory insurance is not too popular.

However, I realize that many people in Canada feel they should be protected against calamities, and I have noticed that the labour representatives are asking for medical care in their negotiations with companies I think that something should be done, step by step, to relieve people of ruinous charges. One body is particularly interested in health matters, namely, the Canadian Medical Association, which is made up of practically all the doctors in Canada. In 1943 the Association passed a resolution approving national health services; in 1947 it approved a plan of medical insurance; that is, it initiated and sponsored the Trans-Canada Medical Plans, and it hopes that gradually by means of these plans, every individual in Canada will be able to insure himself against the high cost of medical care. This scheme was to apply to all Canada, and it is operating now in every province; a person who has a policy in one province can get medical care in another; and the policy does not expire at 65 or 70 years of age, but the holder's card is good as long as he lives. It is a voluntary scheme in every way; it is prepaid insurance, because the premium is payable at the first of the year. It is a non-profit organization.

The object of the Trans-Canada Medical Plans is to provide insurance for all. Up to the present time mostly only groups have been able to obtain insurance; for instance, a number of people working in an industry or in a city hall or in a garage. Sometimes such a group consists of nine or more persons, and sometimes as few as three can be insured. Great progress has been made, for half a million people joined last year. In the Windsor metropolitan area it is estimated that 85 to 90 per cent of the people are insured under this plan. In that area there are a great many payrolls. However, the idea is that not only groups should be allowed to join, but also individuals, and it is expected that in Ontario, within a year's time, the Medical Plans will be able to insure individuals as well as groups.

In Alberta, about a year ago, the Government decided to encourage Medical Services Limited, as it is called there, to insure individuals. It went so far as to promise to pay about one-third of the premium up to $7, and then Medical Services would insure individuals as well as groups all through the province. Unfortunately, an election came on about that time, and the date of starting was postponed from the first of October until the first of January this year; then it was further postponed on account of the recent conference. It is expected, however, that the organization will be taking on individuals as well as groups before long.

The objects of this particular private organization sponsored by the Canadian Medical Association are: First, to make health protection available to everybody in Canada; secondly, to see that the doctor-patient relationship is not interfered with—a person who has a policy can choose any doctor he likes, and when he likes; thirdly, to retain the management in the hands of those who provide the service and those who receive the service—it is not strictly a doctors' organization; fourthly, to keep expenses down as low as possible—probably to $22 to $24 a year for individuals.

During the year 1954, $33 million was collected by the Trans-Canada Medical Plans, $28,750,000 was paid out in claims, some 4 per cent was set by as a reserve, and the cost of operating was about 8 per cent.

Just recently President Eisenhower expressed his support of private pre-payment medical plans as voluntary organizations. He felt they would protect a great many people against ruinously high charges. I simply wish to make clear what at least one private voluntary organization is doing and is prepared to do, because I believe that at present the national health scheme can best be advanced through private, voluntary organizations, for they have had experience and know how to adapt their system to the needs of the people of Canada. While we must see what the results of health insurance have been in other countries, yet we need a system that is particularly adapted to our own Canadian needs and ideas.

There are two parts to social welfare; one is social insurance, which I have mentioned; the other is social assistance. In encouraging private voluntary organizations, governments of necessity would have to pay the premium for unemployable persons and disabled persons, and perhaps some people of low incomes. The policies would need to be carefully examined and approved of by the governments. It would be a way of proceeding step by step, without any turning back; thus, an efficient service would be established which would endure and be a great blessing.

In the last analysis the aim and object of all legislation is to improve conditions in the homes of the people. In the gradual rounding out of our social welfare program, security against sickness and resultant ruinous bills would bring more contentment to the homes of the people than almost anything else we could provide; it would dispel that great fear of debt and uncertainty which is present in so many homes. In reaching towards this high and worthwhile ideal, I believe we should proceed step by step with proven and steady progress, which in the end would accomplish most. Like most things, we cannot expect to reach the ultimate goal all at once; it is rather a matter of trial and error. It is as Josiah Gilbert Holland said:

> Heaven is not reached at a single bound;
> But we build the ladder by which we rise
> From the lowly earth to the vaulted skies,
> And we mount to its summit round by round.

Hon. Senators: Hear, hear.

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

HEALTH INSURANCE

PRIME MINISTER'S STATEMENT IN COMMONS

Hon. W. Ross Macdonald: Honourable senators, I rise to reply to the inquiry of the honourable senator from Toronto-Spadina (Hon. Mr. Croll) on Thursday last, when I was unavoidably absent from the chamber, with respect to a historic statement on health insurance made that day by the Prime Minister in the House of Commons. The honourable senator asked why a simultaneous statement was not made in this house. The answer is that the statement had not been received by me nor by the honourable Acting Leader (Hon. Mr. Godbout) at that time. As honourable senators know, one or other of the ministers makes a statement in the House of Commons almost every day, and it is not always possible to have a simultaneous statement made to the Senate on each occasion.

However, in view of the very interesting and informative address on health insurance delivered this evening by the honourable senator from Medicine Hat (Hon. Mr. Gershaw), it occurred to me that perhaps the house would wish to have the Prime Minister's statement inserted as an appendix to today's *Hansard*. The statement would no doubt be helpful to honourable senators when they are required to consider this question in the future.

Hon. Mr. Roebuck: Could the honourable Leader read it to us?

Hon. Mr. Macdonald: I could read it, but it is quite lengthy.

Some Hon. Senators: Dispense.

Hon. Mr. Macdonald: With leave, I move that the statement of the Prime Minister as to federal assistance in the matter of health insurance made in the House of Commons on January 26, 1956, be printed as an appendix to the *Debates of the Senate* of this day.

The motion was agreed to.

See Appendix to today's Hansard, *p. 84.*

PRIVATE BILL

CHURCH OF ENGLAND IN CANADA—SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill D, an Act respecting The General Synod of the Church of England in Canada, The Missionary Society of the Church of England in Canada, The Woman's Auxiliary of The Church of England in Canada and the Church of England Consolidated Trust Fund.

He said: Honourable senators, this bill results from the action taken at the General Synod of the Church of England in Canada

held in Edmonton early last fall at which the name of the church was changed from that of the Church of England in Canada to that of the Anglican Church of Canada. That change in itself does not require any parliamentary sanction, but there have been a number of measures passed by this Parliament at one time or another dealing with some of the bodies affiliated with the church, and the property of those bodies, in which the name of the church appears; and the only purpose of the present bill is to effect the corresponding change in the name of the church wherever it appears in any of these acts.

In a matter of this kind, which is of considerable importance to the two million Anglicans in Canada, I think the Senate will probably require to be satisfied on two points. The first is as to the authority under which the name of the church was changed; and the second, as to the reasons which led the General Synod to make a change in what I might say is an old and historic name.

First, as to the authority for the change. The Anglican Church in Canada is divided territorially into 28 dioceses, each headed by a bishop. The temporal affairs of each diocese are administered by the diocesan synod, which consists of the bishop, the clergy working in the diocese, and elected lay representatives from each parish. In most dioceses the diocesan synod meets once a year for a period of two or three days.

Matters affecting the whole church throughout Canada are in the hands of a body known as the General Synod of the Church of England in Canada. The General Synod, like the Parliament of Canada, consists of two houses. The Upper House, the House of Bishops, consists of the 28 diocesan bishops and of retired bishops; its present membership constitutes about 40 in all. The Lower House is constituted of delegates elected by the synod of each diocese in equal numbers of lay and clerical delegates; the number of delegates elected from each diocese depends upon the number of parishes in the diocese. For example, in the diocese of Montreal, we are entitled to elect eight clerical and eight lay delegates to the General Synod. The clerical delegates are voted for by the clergy and the lay delegates are voted for by the laity separately. The total number of elected delegates to the Lower House of the General Synod at the present time is 284.

The General Synod meets once in every three years for a period of about ten days. It does not meet always in the same place. It varies its sittings from city to city throughout Canada, and the nineteenth session of the General Synod met at Edmonton from August 30 to September 8 last year. Incidentally, that was the first occasion on which a meeting of the General Synod has been held west of Winnipeg.

I attended the General Synod as one of the elected lay delegates from the diocese of Montreal; and my honourable friend the senator from Northumberland - Miramichi (Hon. Mr. Burchill), sitting opposite me, also attended the General Synod as one of the elected lay delegates from the diocese of Fredericton. He and I had the experience there, rather unusual for both of us, of sitting and voting together as elected members of the Lower House.

One of the first questions which the General Synod considered was this question of the change of name to which I have referred, and a resolution was submitted in the following terms:

> The church hitherto known as the Church of England in Canada shall in future be styled the Anglican Church of Canada.

Now I should explain that in most matters the two houses, that is, the Upper House of Bishops and the Lower House of Delegates, sit together, as they did when they considered this resolution. However, they vote separately, and no resolution can be adopted unless it receives the affirmative vote of both houses.

After considerable discussion, the resolution which I have just read was carried in both houses by an overwhelming vote. In the Upper House, the House of Bishops, the vote was 23 to 4, and in the Lower House it was a vote of 174 to 40. So the Senate will realize that there was a very substantial majority in favour of the resolution in both houses of the General Synod, and that basically that resolution is my authority for introducing the present bill to the Senate at this time.

The Senate may be interested in the reasons for making this change in the name of our church. It goes without saying that that was not done without very considerable thought. I think it is fair to say that the principal reason was an historical one. It was felt that the old name no longer correctly describes our church as it exists today.

I think it is perfectly fair to say that the name, "The Church of England in Canada", was a perfectly proper and perfectly correct description of the church in the early days. Let me refer you to the conditions as they existed in colonial times.

All the clergy of the church were sent out to us from England. Financially, a very large degree of support both in the building of churches in this country and in the maintenance of the clergymen was obtained by

contributions from the faithful in Great Britain. Our Episcopal Sees were established, and our bishops were appointed, by letters patent issued by the sovereign under the Great Seal. Let me take as an example the diocese of Montreal.

The diocese of Montreal was created by letters patent issued by Queen Victoria under the Privy Seal on the 18th of July 1851, and I have in my hand the text of these letters patent. By these letters patent Queen Victoria created the diocese of Montreal out of a part of the territory formerly comprised in the diocese of Quebec. The letters patent define the boundaries of the diocese; they appoint the Right Reverend Francis Fulford as the first bishop of the diocese; and they set out the powers and the duties of the bishop and of his successors in office. But the letters patent did more than that. As some honourable senators probably know, in England any town which becomes the seat of a bishop thereby becomes entitled to call itself a city, and that tradition was followed in these letters patent issued by Queen Victoria on the 18th of July 1851.

Honourable senators from the province of Quebec will, I think, be interested to learn that it was this document which created Montreal as a city. Let me read from the relevant section of the letters patent. I quote:

> And we do further by these our letters patent ordain and constitute the town of Montreal in the said diocese to be a bishop's see and the seat of the said bishop and do ordain that the said town of Montreal shall henceforth be a city.

Well now, under the conditions which I have described, I think all honourable senators will agree with me that it would be very proper to refer to our church as the Church of England in Canada. However, in point of fact, at the time of which I speak the mother church in England was not known as the Church of England. Its name in those days, and it is so described in the letters patent to which I have just referred, was "The United Church of England and Ireland", and it retained that name until the disestablishment of the church in Ireland by the British Parliament about the year 1870, during the first administration of Mr. Gladstone, after which it became known as the Church of England.

Now, since those days of which I have spoken, conditions have of course completely changed. Our clergy are not sent to us from England any longer; they are trained in our own theological colleges, established by our own people, in various cities throughout the country. Financially the church is completely independent and receives no funds from England. Our bishops are no longer nominated by the sovereign, they are elected by the diocese which they are to administer.

To be brief, honourable senators, the church has now become a Canadian church, it is completely autonomous and it has taken deep root in the soil of our country.

That I think was the principal reason which led the General Synod to change the name by that substantial majority. It goes without saying that in matters of faith and doctrine the church remains in full communion with the mother church in England. And we will always remember with great pride and gratitude the marvellous work which was done by the mother church in establishing our church in Canada, and the invaluable help which it gave in the early years.

A second reason was advanced to us for the change in name. It was put forward largely by members of the clergy and the laity in districts of Canada where there has been a fairly substantial immigration from northern Europe. These people, upon their arrival in Canada, often lose the church associations of their old country, and it might be expected that in their new home they would be attracted to the doctrines of the Church of England, which are not very far removed from those to which they were accustomed in the lands of their birth. But, we were told, it was almost impossible to get any of them to join the church so long as its name, "the Church of England in Canada", naturally led them to believe that it was confined and restricted to people of English birth. That is as it may be; but whatever the reasons were—and I have attempted to outline some of them—the General Synod, by the overwhelming majorities I have mentioned, did vote to change the name.

As I tried to explain, the only purpose of the bill now before you is, one might say, to tie up certain legislative loose ends resulting from this change of name. That being so, I venture with great respect, on behalf of the two million Anglicans in Canada, to submit this bill for the favourable consideration of the Senate.

Hon. Senators: Hear, hear.

Hon. G. Percival Burchill: Honourable senators, it is, perhaps, superfluous for me to add anything to what has been said, and so well said, by my honourable friend from Inkerman (Hon. Mr. Hugessen). In fact, there is hardly anything which can be added. The honourable senator is exceptionally well qualified to tell us what we have heard from him this evening, because he occupies, among

other positions, the honourable post of Chancellor of the Diocese of Montreal. Since, however, you have heard from a representative of that diocese, it might not be out of place if, coming as I do from another and smaller diocese, that of Fredericton, I added a word by way of endorsing everything he has said.

As he has pointed out, the recommendation which he has presented and discussed is not one which has been rashly adopted. It has been before the General Synod since the year 1911, when as I recall, it was brought forward mainly by western bishops, clergy and laity, who pressed the gathering for a change of name, and for the second reason which the senator gave, namely, the difficulty under which they laboured in the missionary field to convince new Canadians, principally from northern Europe, that they would not have to be Englishmen to belong to the Church of England. At that time it came as rather a shock to the rest of the church that there should be so much as a suggestion that this historic heritage of ours, this name of which we were still so proud, "The Church of England", should be changed, and the idea got little support. The matter came up again in 1915, when a committee was appointed to consider it; but in 1918 it was reported, after consultation with the various dioceses, that there was little support for this suggestion, and the committee was discharged. In 1921 the proposal again met with a poor reception. In 1931 an Anglican commission which had visited every diocese from the east to the west of Canada presented, as one of its recommendations, that the name of the church be changed to "The Anglican Church in Canada". That recommendation was voted down, and the subject was dropped until 1949. In that year, when the Synod met in Halifax, it was brought up once more, again by western representatives who, I remember, pressed very strongly for a change of attitude in this respect. A motion to adopt the name "The Anglican Church of Canada", though carried in the Lower House by a very substantial majority,—as I remember, 157 to about 60,—was defeated in the House of Bishops. In 1954 the Primate appointed a representative commission to study the whole matter, and it is their recommendation, brought before the Synod which was held in Edmonton in 1955, that the name be changed to "The Anglican Church of Canada", which is contained in the bill before us. As the honourable senator from Inkerman has told us, it was carried in both houses by a very substantial majority.

I hope this honourable house will approve of the measure, because I feel that it expresses the wishes of the majority, after long years of study, and that it is the best course of action at the present time.

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

REFERRED TO COMMITTEE

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

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 57 to 71, which were presented on January 26.

Hon. Arthur W. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

HEALTH INSURANCE

STATEMENT BY PRIME MINISTER IN HOUSE OF COMMONS ON JANUARY 26, 1956, AS TO FEDERAL ASSISTANCE

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, honourable members will recall that the federal-provincial conference in October established a committee of federal and provincial ministers of health and of finance to study health insurance questions. This committee has been meeting here this week in camera, in accordance with the expressed desire of the provincial representatives at the conference.

I made a public statement of the general policy of the Government on this subject at the opening of the conference in October. This has been furnished to all honourable members in the proceedings of the conference. The main point of that policy statement was that when a majority of the provincial governments, representing a majority of the people of Canada, are ready to put into effect programs to provide hospital care as a measure of health insurance under provincial jurisdiction and management, the federal Government would recommend to Parliament legislation to provide financial support and technical assistance to the provinces for such programs.

Constitutional responsibility in this field lies, of course, with the provincial governments, and we have no desire to interfere in their exercise of it, nor to urge any provincial government to take this major step in social policy before it feels prepared to meet the substantial administrative and financial problems which are involved. Provincial spokesmen have made quite clear, however, that they would expect Parliament to provide some share of the finances required by a grant in aid, as was done in the case of other major social security and health programs.

Public opinion appears to support the view that it would be proper for the federal Government to recommend such assistance. The Government has not felt it could recommend assistance for only a few provinces to undertake this great social innovation, but if a majority of provinces, such as I have mentioned, are ready to embark upon it, and wish assistance, we feel it would be justified.

The discussions with the provincial representatives have now reached a stage where it seems desirable that the federal Government should state the nature of the financial assistance it would ask Parliament to provide under the circumstances I have described. This is desirable in order that provincial governments can estimate the amounts they would have to finance in undertaking a program along these lines.

I think it is appropriate that I inform the house, in general terms, of the nature of the proposed basis of assistance at about the same time that the Minister of National Health and Welfare, in an adjoining room, is informing the provincial representatives. He will be reporting in more detail upon these matters to the house at the first appropriate opportunity.

When a majority of the provinces, as I have mentioned, are ready to proceed we would recommend to Parliament that it enact legislation to provide a grant to each province operating a hospital care insurance program. The amount of the grant would be a fraction of carefully defined shareable operating costs of hospital care, being 25 per cent of the per capita shareable costs in that province, plus 25 per cent of the average per capita shareable costs in Canada as a whole, multiplied by the population covered by the provincial program. The programs in which we would share would provide standard ward care.

This formula will leave a substantial incentive for economy and efficiency with each provincial authority, together with a large measure of federal assistance and equity in its distribution. It will mean that on the whole the federal treasury would bear about one-half of the net shareable operating costs of such programs of hospital insurance.

We would not propose under this legislation to share the costs of care for mental illness and tuberculosis, which provincial governments have traditionally provided and for the improvement of which Parliament has already been providing grants under the national health grants program.

We are also prepared to include in our recommendation to Parliament the addition to this hospital program of laboratory, radiological and other diagnostic services for patients outside of hospitals as well as in them. Already a start has been made toward these services under the national health grants program, and those who have studied the subject consider the provision of these

diagnostic services to be a desirable step to take either before or along with a program of insurance for hospital care.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Prime Minister a question in connection with the important announcement he has just made? If the agreement to which he has referred is reached at this conference or shortly thereafter, will the appropriate legislation be presented to Parliament at this session?

Mr. St. Laurent (Quebec East): The question as to when legislation to implement the statement I have just made will be presented is something that will be considered in the light of circumstances as they develop further.

THE SENATE

Wednesday, February 1, 1956

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

Prayers.

Routine proceedings.

UNITED KINGDOM PRIME MINISTER

SIR ANTHONY EDEN TO ADDRESS MEMBERS OF BOTH HOUSES

The Hon. the Speaker: Honourable senators, at 2.30 p.m. on Monday, February 6, 1956, the Right Honourable Sir Anthony Eden, Prime Minister of the United Kingdom, will address a joint meeting of both Houses of Parliament in the chamber of the House of Commons.

As usual on such occasions chairs will be provided on the floor of the house for our use.

Honourable senators are requested to be in their places not later than 2.15 p.m.

In view of the limited space available in the Senate gallery in the House of Commons, I have directed that the allocation of seats in that gallery be restricted to wives or husbands of senators.

At the conclusion of the address of the Right Honourable Sir Anthony Eden, the Prime Minister of Canada will escort him to the chambers of the Speaker of the House of Commons, where Sir Anthony Eden and Mr. Selwyn Lloyd will meet members of both houses.

PRIVATE BILL

THE CANADIAN STANDARD INSURANCE COMPANY—FIRST READING

Hon. G. Peter Campbell presented Bill J-2, an Act to incorporate The Canadian Standard Insurance Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be placed on the order paper for second reading?

Hon. Mr. Campbell: Tuesday next.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

CORRESPONDENCE BETWEEN PRIME MINISTER AND PROVINCIAL PREMIERS TABLED

Hon. W. Ross Macdonald: Honourable senators, on Wednesday, January 11, I tabled copies of two letters written by the Prime Minister to the various provincial Premiers with respect to federal-provincial fiscal arrangements. It was suggested that the documents should be printed as an appendix to our *Hansard* of that day, and pursuant to a motion that was done.

The Prime Minister has since received replies from a number of the Premiers to whom he wrote, and yesterday he tabled those letters in the House of Commons. I propose to table them in the Senate today, and if it is the wish of the house, I would move that they appear as an appendix to our *Hansard* and *Minutes* of today.

Some Hon. Senators: Agreed.

Hon. Mr. Macdonald: With leave, I move, seconded by the Leader of the Opposition (Hon. Mr. Haig):

That the correspondence between the Prime Minister and certain provincial Premiers subsequent to the letter of the Prime Minister dated January 6, 1956, concerning federal-provincial fiscal arrangements, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date.

The motion was agreed to.

See Appendix to today's Hansard, *p. 96.*

DIVORCE BILLS

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce presented the following bills:

Bill W-1, an Act for the relief of John Caldwell Scriver.

Bill X-1, an Act for the relief of Marie Therese Provost Lapointe.

Bill Y-1, an Act for the relief of Margeryann Williams Farrow Chesney.

Bill Z-1, an Act for the relief of Kathleen Birdie MacPhail Morgan.

Bill A-2, an Act for the relief of Sylvia Colato Le Pottier.

Bill B-2, an Act for the relief of Antonina Dieni Choumanchuk.

Bill C-2, an Act for the relief of Rena Amelia Duncan Chenier.

Bill D-2, an Act for the relief of Stanley Edgar Barnes.

Bill E-2, an Act for the relief of Molly Joyce LaPlante Baggott.

Bill F-2, an Act for the relief of Jean Dorothy McLean Lewis.

Bill G-2, an Act for the relief of John Walter Thoburn.

Bill H-2, an Act for the relief of Panorea Delaporta Alivizatos.

Bill I-2, an Act for the relief of William James Stoddart Edington.

The bills were read the first time.

The Hon. the Speaker: When shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—
DEBATE CONTINUED

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

Hon. R. B. Horner: Honourable senators, it is hardly necessary, so far as the senators who have been here for a number of years are concerned, to make any explanation, but for the benefit of the new members of this house may I explain that this debate is an annual occurrence, and it is one of the occasions on which I feel particularly well suited to make the remarks I care to make. It is an occasion of this kind that a speaker can wander about a bit.

I would first of all like to congratulate the mover (Hon. Mr. Pouliot) and the seconder (Hon. Mr. Croll) of the Address in reply to the Speech from the Throne, and I would also like to commend the other speakers we have heard since the opening of this debate.

I was particularly impressed by the speech made by the honourable senator from Banff (Hon. Mr. Cameron). The honourable senator is a university man and I must say that he gave us a very fine address. I would also like to congratulate the honourable senator from Medicine Hat (Hon. Mr. Gershaw) upon his splendid address of last evening. I may say that an outstanding contribution by him to this annual debate is something that we have come to expect.

Hon. Senators: Hear, hear.

Hon. Mr. Horner: He made a very sound speech as he always does, and to my mind he was pretty nearly right—at least, as nearly right as a Liberal can get to things.

Hon. Senators: Oh, oh.

Hon. Mr. Horner: The province that I represent here is the greatest grain growing province in the Dominion of Canada. As a matter of fact, it grows more grain than all the rest of Canada. I may be pleading poverty for a number of the farmers of Saskatchewan, but the fact is that the farmers of that province pay more than half of the income tax paid to the Government by all the farmers of Canada.

Looking around the chamber, I would say that some men here were born on a farm, and perhaps that is about the only basis for any claim that they can put forward to any acquaintance with farming conditions. However, honourable senators, I was not only born on a farm, down in the province of Quebec, but I have continued in the farming industry, and my main interest has been grain growing, the handling and driving of horses and all that pertains to an agricultural pursuit.

As I said before, I doubt very much whether the Wheat Board has benefited by much of the publicity and the argument relating to the disposal of our surplus wheat. I recall that in the early days I had a good deal to do with shipping horses from east to west, and latterly from west to east. To deal profitably with a bunch of, say, 26 horses one had to be a pretty good salesman, and I discovered it was poor policy to have too many of them on view at one time, so I stowed away some of them in a convenient box stall, stable or pasture. It is a weary business for both buyer and seller to have a would-be purchaser make up his mind when there are too many animals to choose from. Remarks have been made, even by my leader (Hon. Mr. Haig), somewhat critical of the present marketing system. But, honourable senators, the farmers of the Prairie provinces still believe that their wheat should be sold through the Board, for the simple reason that, under the present system, they share alike in the proceeds. Under the former system, one man in selling his grain would hit the high point, while another, perhaps his neighbour, would hit a very low point, so that there would be a considerable difference between their returns. It is interesting to find that, even yet, some people in Canada have not recognized this situation. For example, in an article in the Montreal *Gazette* I note the following, under the heading: "Free market for wheat sole solution".

> Return to a completely free market, "where the law of supply and demand governs and competent grainmen will move crops into world markets", was recommended yesterday as the only possible solution to Canada's wheat problem.

With these statements I entirely disagree. They represent a stage which, I believe, we have passed—the unrestricted law of supply and demand. On almost every other commodity which the farmer must buy, whether it be the machinery he uses or the clothes he wears, the producer makes the mark-up, and that is the price he gets for the article he sells.

I do not think a return to a completely free grain market would work, and I am unalterably opposed to the suggestion put forward by the Government, particularly to the 5 per cent interest feature of it. Every businessman

knows that this surplus wheat is a gilt-edged security, and a 3 per cent rate should be plenty. The farmers cannot sell their wheat other than through the Wheat Board—there is no other way for them to get rid of it—but it would be an inexpensive matter for the municipal secretary or some such official to inspect the grain in storage so that an advance loan could be made on it. It is true that a few fortunate farmers have acquired some money in past years, but I am simply amazed when I hear it stated that general sales are down something like only 1 per cent in Saskatchewan. Almost a year ago the merchants in the villages and towns throughout my part of the country started to operate on a strict cash basis, simply because they realized the farmers were already in debt. Many Saskatchewan farmers have grain, yet are unable to pay their taxes, grocery bills, and so on.

It is a rather sad commentary that in the Speech from the Throne we were asked to authorize the Treasury to bear the cost from August 1, 1955, of storage and interest charges on wheat held by the Wheat Board over and above its normal carryover levels. Surely we can devise some better method to take care of this situation. When Providence has been kind and favoured our farmers with good crops, and particularly when we have a central bank, we should not have to pay 5 per cent interest on these charges. I am not sure whether the regulations have been changed, but I know that at one time a farmer could not borrow if he had not paid his taxes.

Hon. Mr. Euler: Was that a bank regulation or a government regulation?

Hon. Mr. Horner: I am not certain, but that was the stumbling block at first. The farmer said, "I can't borrow anything because I haven't paid my taxes".

This is highly profitable business for the banks. It has meant good business for them whenever the farmers have met with a disastrous set-back.

I disagree with my leader (Hon. Mr. Haig) in this regard: It is amazing what one crop failure can do to eliminate a surplus. Today in Canada, with a population of some 15 million, it is quite a problem to grow the best wheat for consumption; and I have no doubt many wheat-growing countries face the same problem. Sometimes we are able to get a crop only by a very close margin, and sometimes it is a question of whether we will even get a crop at all. I think it was in 1916 that the west had a beautiful stand of grain, but the frost killed it. When wheat is in blossom one degree of frost means no wheat at all. The crop is also subject to drought and hailstorms. I think Canada should carry a surplus of 350 million bushels of grain at all times, and that we should make up our minds to that as necessary for the welfare of our people throughout the whole of Canada. I recommend that such a surplus should be stored on the farms.

A great deal has been said about the expense of storage, but plenty of money has been spent on national housing without complaint. We appreciate the fact that the Government has offered to pay storage charges on deliveries of wheat that have been made to the Wheat Board in excess of the average of 178 million bushels. A large sum of money will be required to pay for these charges. However, I should imagine the Government would receive the greater part back in income tax, in the same way that it gets back a portion in income tax from Government housing projects. I think the storage charges, in the light of present-day conditions, are altogether out of proportion to what they ought to be. I am of the opinion that about one-third the present costs of grain storage in the terminal elevators would defray the entire cost of the buildings over a twenty-year period. The storage charges are entirely too steep.

Times have changed since the days when I used to turn over the grain with a shovel or a pail. Now the farmer uses augers, by means of which the grain can be moved from trucks to the bins in the granaries, or from the bins to the trucks, and turned over, thus allowing air to pass through and keeping the grain in good condition. The farmer is now able to do that himself on his own farm. That is why I say the grain should be stored entirely on the farm until there is a market for it. At least the farmer would be able to own the building in which his grain is stored. Farmers pay for many of the elevators, anyway, and they never own them.

Hon. Mr. Wood: How much per month is charged for storage?

Hon. Mr. Haig: About one cent a month per bushel.

Hon. Mr. Horner: Whatever it is, I know it counts up very fast.

Honourable senators, I want to give you an instance to show what honest people we have in Saskatchewan. I once sold a section of land to a Dukhobor neighbour on the crop-payment basis. It was a very dry season, and times were not good. I thought the man was perfectly all right. Before every threshing time he would come over and tell me he was starting to thresh and ask me if I wanted to come and help. So I would say: "Now, look, John, I am not going near your place;

I have plenty of other things to do. I trust you, and I am not at all worried." Well, the year that the crash came on this open market scheme, wheat was $1.25 a bushel on the market, and the wheat pool was paying 75 cents a bushel as an initial payment. That was a long time ago.

Hon. Mr. Wood: In 1929.

Hon. Mr. Horner: Yes, in 1929 or before. Of course, I wanted my wheat to go to the wheat pool, and I expected my Dukhobor neighbour to sell his wheat for $1.25. Next summer—that was the year the pool found it had overpaid—wheat dropped so low that they had to come to our provincial Government and borrow several millions of dollars. However, that has all been repaid. I realized that I would be allowing my neighbour only some 75 cents, and I said, "John, I will have to make an adjustment with you, because possibly you sold your wheat last fall for $1.25." He replied, "Mr. Horner, don't say a word, but I held my wheat until the next year because I thought it would go up, but it dropped and I only got 65 cents." Now, honourable senators, instead of telling me that, my neighbour could have told me to allow him $1.25 a bushel. That particular year the International Harvester Company had collectors on the road. The farmers had all made up their minds in the fall that wheat would go up in price, and the company then decided to take their collectors off the road.

Honourable senators, Saskatchewan is still a great province; I think it is the greatest province in the dominion of Canada. The honourable senator from Medicine Hat (Hon. Mr. Gershaw) told you about the celebrations in July to mark the fiftieth anniversary of Saskatchewan as a province. Blaine Lake, and every village and town, had its parade and celebration. Then in September that grand meeting was held in Regina, when Lieutenant Governor Patterson, the Prime Minister, the Minister of Agriculture, former Premiers, including the Honourable Mr. Dunning, and other former members of the Legislature met in the afternoon.

Hon. Mr. Wood: Former and present.

Hon. Mr. Horner: Former and present, yes. Although all honourable senators were invited, I think I was the only one present on that occasion. For the benefit of anyone who has not visited Regina, and particularly the site of the Legislature, may I say that this was a day in September that I am sure one could find only in Saskatchewan—a perfect day that could not be equalled in Florida or any other place in the world.

Some hon. Members: Oh, oh.

Hon. Mr. Horner: Wascana Lake is artificial, but the grounds are spacious and even more beautiful than those surrounding the Parliament Buildings here. They were in perfect condition, and seats, tables and chairs were out on the front facing the lake. Everyone present was in splendid form, and all assembled in the evening at a banquet.

As an old-timer in the Senate, may I say a word of welcome to the new appointees? I am looking forward to hearing from them, especially the honourable senator from Gulf (Hon. Mr. Power), who can give us the benefit of his lifetime of experience in Parliament. On the Jubilee occasion that I mentioned I had an opportunity to thank the Prime Minister in particular for the appointment of the honourable senator from Victoria (Hon. Mr. Hackett), who now sits with the select few in the Opposition ranks.

When I heard the honourable senator from Toronto-Spadina (Hon. Mr. Croll) give a rank socialistic speech proposing nationalization of health services, with no suggestion of reduction in taxes, I thought for the moment I was back in the Saskatchewan Legislature.

The good senator from Medicine Hat (Hon. Mr. Gershaw), who knows so well the history of medical men in western Canada, is perhaps too modest to mention their fine record in not pressing for prompt payment of fees. In my almost fifty years of living in the west I have not heard of a single instance of a doctor embarrassing a settler by trying to collect his bill, let alone by putting him off his farm. But I am a little doubtful that I could say the same for the members of the legal profession. If we are going so far as to nationalize the medical services, let us also nationalize legal services and set standard fees for everybody. Perhaps the honourable senator from Toronto (Hon. Mr. Hayden) might not approve of that suggestion.

Hon. Mr. Hayden: This may be your chance to sell me the idea.

Hon. Mr. Horner: Be that as it may, what concerns me is what is to become of the true wealth and value of our nation, namely, the homes of our people and the character of the members of our families. What effect will the continued trend of nationalization of services have on the character of our people? If we truly want to be engulfed in socialism, let us go all the way and appoint our dictator, because socialism has never succeeded and will never succeed without a dictator. Under a completely nationalized health program we could never hope to build enough hospitals to meet the needs of the people. Let me take a moment to give an illustration of what I have in mind.

Back in 1916, in the days when the huge steam-powered threshing machines used to travel through the western states as far south as Texas and into the Canadian west, much as the combines did when they first began to operate, I met a man who travelled as an expert mechanic to keep the machines in operation. Later that year I met him again, in the little French village of Debden, in Saskatchewan, at one of those small, well-run hotels where the food is grown locally, and is well prepared, and everybody sits around a well-lighted dining room. The settlement in its early days had gained its livelihood by shipping wild hay and poplar cordwood, but was then a beautiful farming community with some timber in the area. I approached this chap, who was an Englishman, and asked how he happened to have settled in that particular spot. He said to me his health had been so bad that he had planned to go into hospital, at a cost of some $500, when it was suggested to him that he might benefit by working in the woods for a while. He found this attractive place, and was cutting cordwood at a dollar a cord. Some days he would cut as much as two and a half cords, but he always paid his board and cleared a dollar a day. He also said to me: "I never felt better in my life; this is the finest treatment I could have taken."

Honourable senators, I venture to say that had that man gone into hospital and taken a lot of medicines he might have died.

Hon. Mr. Reid: You mean, if he had taken the doctor's advice.

Hon. Mr. Horner: Yes. I too have had some experiences in that line, but I will not bore you with them.

I find fault particularly with what I call this meagre Speech from the Throne, because it makes no mention of the important things that affect Canada today. For instance, it says nothing about our immigration policy. What is the Government going to do about it? What about the ever-growing city population? Some persons are even suggesting that in Ontario more people should leave the farms and move to the cities. To me that would be a sad state of affairs, because I think there is no place equal to the farm for raising a family.

As I walk up to the Parliament Buildings each day and see car after car, many with only the driver in them, and on cloudy days the air laden with carbon monoxide, I wonder what will happen to city dwellers as their numbers grow. I believe the problem will become so acute that we shall need to have fans placed on towers to clear the air in built-up areas.

With all due respect to what was said by the honourable senator from Banff (Hon. Mr. Cameron) about the prolongation of life, I believe that is mainly brought about by the reduction in infant mortality. Not a day passes but we hear of young men dying of heart disease. Somehow or other, I think we are not really gaining, and we should revise our figures to give a more accurate picture. I think that the longevity we hear so much about is greatly exaggerated. I know of a man in Saskatchewan who has never been inside a hospital, and although he has not had an easy life he passed his one hundredth birthday last November. But he is an exception—he doesn't ride around in an automobile every day. Honestly, I think the automobile is responsible for a lot of poor health. For instance, a garage nowadays must be part of the house, so that people get up from one soft seat, pass through a door and sit down in another soft seat. If men were to run around a race track more and do less riding in their cars, they probably would live longer.

I wish to take exception to the statement by the honourable Leader of the Government (Hon. Mr. Macdonald) that members of my party are prophets of gloom. Honourable senators, I would hesitate to try to fill that role completely, but may I point out that the bankers are talking today as they talked in 1929, to the effect that everything is all right, everything is going to be fine. Now, though I hesitate to rock the boat when a storm is coming up, I believe I would be derelict in my duty if I did not call attention to the icebergs and the shoals ahead, and ask the Government: How can our economy maintain its present buoyancy and what is the position of our trade with other countries? Today our trade with the United States of America, our biggest export market, shows an adverse balance of some $750 million.

The honourable senator from Cariboo (Hon. Mr. Turgeon) not very long ago expressed a very fine idea, although I have heard nothing of it lately. He favoured the appointment of a committee of the Senate to inquire into the costs of production in Canada, with a view to lowering our costs in order that our goods might better compete in the export markets.

As I mentioned earlier, we are doing nothing about the important problem of immigration.

We have developed wonderful new medicines and inventions, among which is the H bomb and what-have-you. However, we have not found a satisfactory method of avoiding strikes, which are costly and injurious to good relations between labour and management. An example of this is the

current General Motors strike, as a result of which labour has lost some 136 days, with no solution yet in sight. And I may say that a second strike on the railways seems to be threatening.

Surely we can devise some means of avoiding such losses in the productive capacity of our country. The labour unions have contributed some $12 million to $15 million to maintain their fellow-workers who are on strike. If we can settle questions of life and death in our courts we ought to be able to avoid strikes. I am not arguing whether labour is getting enough or too much, but what I do say is that the tying up of industry by strikes is as outmoded as the ox-cart. Yet everyone seems to be fearful of tackling this question. However, we must face it.

Suppose a railway strike were to occur. The province that I represent would be very seriously affected, for it has only one outlet to the sea, through Hudson Bay, which involves a long rail haul. We are entirely dependent on the railways. And I may say in passing that the freight rates have become almost prohibitive.

Hon. Mr. Turgeon: May I ask the honourable senator a question, to keep the record straight? Am I right in assuming that you are linking together the question of whether there should or should not be strikes with the suggestion I made about the appointment of a Senate committee to inquire into the factors leading to increased cost of production?

Hon. Mr. Horner: Yes.

Hon. Mr. Turgeon: Well, I would like to say that there is no connection whatever between the two. I did propose that a committee be set up to study the factors tending to increase costs of production, which have caused the loss of export markets, but I had no thought whatever with respect to strikes.

I would like to ask the honourable gentleman another question: I note that a labour group—I think it was the United Steel Workers—suggested just a few days ago that there should be an inquiry by the Gordon Economic Commission into the increase in prices. Would you sooner have a Senate committee or the Gordon Commission do the investigating?

Hon. Mr. Horner: I am not concerned as to that.

Hon. Mr. Turgeon: Then you are not thinking of linking up the question of strikes with my suggestion?

Hon. Mr. Horner: Otherwise I could not see what would be the object of your suggestion, because strikes certainly add to the cost of producing our goods, and we are at a point where it will become more serious; for if our cost of production is still to go up, how are we going to sell our goods in competition with other countries in the world market?

I would like to refer honourable senators to an article in the Ottawa *Journal* reporting the warning given to the Gordon Economic Commission by no less a person than James S. Duncan. The heading reads:

MAY PRICE CANADA OUT OF MARKETS

He develops the very argument I am discussing, that we will arrive at that position because of our fewer hours of work and shorter work week. Yet we persist in imagining that we are going to continue to compete in world markets. It is of the utmost importance that Canada maintain a favourable balance of trade, and it is high time that an investigation was made of the cost factors—whether it be by the Gordon Commission or by a committee of the Senate or by the Government, I do not care, but we really should get down to serious business on this whole question or we certainly are going to strike the shoals. We cannot continue in this way.

Let us look at some figures that help to make up the gross national product, which is said to have been of the order of $26 billion in 1955. Now, when we are given employment figures of course they include those persons who are self-employed. I wonder if the gross national product of $26 billion includes all the time sales. I suppose they are included, even though 10 per cent is paid on this and 10 per cent on that, and the rest is paid at so much a month. I may say, honourable senators, that I myself was once in a fix, and, like the man in the parable of the unjust steward, I took my bill for a hundred and "sat down quickly and wrote fifty". I am sure that if certain adjustments—such as omitting to count the unpaid balance on time sales—were made to the gross national product of $26 billion, it might easily be reduced to about $15 billion.

A $15,000 house can be bought with a $500 down-payment. A person can even travel to the Old Country by plane if he will pay down 10 per cent of the fare and agree to pay the balance later. Now, I can understand that there is some security for the balance due when you buy a house, but when you take a trip and come back and disappear in the crowd, I wonder just where the security lies. These are conditions we face today. I could cite the case of Saskatoon. If there is not a great influx of people to this country, what is to become of all the houses which have been built? There are not enough people to

occupy them—certainly not to pay for them —and it will be just too bad for some of the present occupants if their salaries should cease.

We in Saskatchewan are concerned about the St. Lawrence Seaway project. It may be that I speak only for myself, but I am doubtful whether the undertaking will be of any benefit to Saskatchewan. It grieves me that valuable land is being inundated and trees, which have taken a century or more to grow, are being torn up by the roots.

I think it is time the Government let us know what the tolls are to be. I wish I had the ease of expression of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), whose "Toll-gate on the Rhine" was very much in point. But I want to emphasize that the scheme will not result in lowering Saskatchewan freight rates one iota, though possibly Manitoba may benefit. In our province our one reliance is on the use of the Hudson Bay railroad. I am grateful for what has been accomplished on this route, over which, in the past season, about 12 million bushels of grain—the highest amount on record—was shipped. But that is a small fraction of what could be carried on this line. I have said before, and I think the criticism is reasonable, that insurance rates are too rigid. Anyone familiar with western Canada knows that the opening of the spring season may vary as much as four weeks; one year it will be a month earlier than another; but the insurance rates are based on an arbitrary and lengthy period. Today, with airplanes flying all over the area, and all kinds of means available for getting correct information as to weather conditions, this system is entirely wrong. If insurance charges were varied according to climatic conditions, it should be possible to ship *via* Hudson Bay at least 100 million bushels a year. And should a great part of our total grain exports move in the not too distant future by the Hudson Bay or through Pacific ports, we shall benefit very little from the St. Lawrence route; yet its great power developments, though mainly benefiting Ontario and the eastern provinces, will be very largely paid for, it seems to me, by the grain growers of Saskatchewan. I repeat, it is time to let us know what the toll will be; but no, we are not informed.

The honourable Leader of the Government (Hon. Mr. Macdonald) as well as the honourable senator from Toronto-Spadina (Hon. Mr. Croll) held out no hope of a reduction of taxes. Yet lower taxation, I suggest, is one of Canada's greatest needs,—not in the interest of us old codgers, but for the sake of the younger generation. How is a young man without private means or assistance to raise enough money, on the present scale of taxation, to establish himself on a farm? I maintain that the rate of exemption for single men should be at least $2,000 and for married men $3,000. The ordinary responsible citizen wants to make a home. How is he to do it? With income tax at its present levels, he cannot secure credit. I remember when a man with a good reputation in western Canada could go to the owner of a farm worth $25,000 or $30,000 and arrange to start operations with a very small cash payment. He cannot do that today, for if he does get a crop his income tax is so heavy that he has little left to pay for his land. This is a burning question. If national health insurance is established, taxes will be even higher. So, I maintain, the first thing we need to make Canada prosperous and give our young men a chance is a lowering of taxes.

I admit the needs of defence, but I believe we could save money and have just as efficient an organization if there were not, as I believe there is, waste and extravagance. We hear much about this DEW Line between Labrador and Alaska; personally I doubt whether the country is getting value for the enormous sums of money which have been spent on it. I say, though perhaps with some hesitation, that the fate of the western peoples is being decided elsewhere, and much nearer the equator. May I mention here that I regretted very much to find that the Government, because of its dire need to boost export trade, is adopting the nefarious practices of Sir Basil Zaharoff during the First World War, in shipping arms to one nation and then approaching its opponent and saying, "Your enemy has bought so much; to counteract their purchases you had better buy more." This practice, which provides implements of war to some of the most troubled spots in the world today, is one which, I am sure, is regretted by the Canadian people.

With regard to the criticism of Royal Canadian Mounted Police officers for having dismissed some members of the force, I know nothing of the qualifications of the men concerned, nor of the circumstances of the case. Though I was not satisfied with the explanation of the honourable Leader of the Government (Hon. Mr. Macdonald), there is a regulation that a man must be five years on the force before he can get married "without permission". The provision with regard to permission is, I think, satisfactory, and I do not share the extreme concern which was expressed by the honourable senator from Toronto-Spadina (Hon. Mr. Croll). After all, a young man away from home, provided with a well-fitting uniform, may, perhaps, be said to need some protection.

Hon. Senators: Oh, oh.

Hon. Mr. Horner: However, the reason put forward by the Honourable Leader of the Government was that the police are subject to being moved about often, to anywhere in the country. That is not a problem today. For instance, missionaries and their wives move to the far north and raise their families with the help of modern conveniences and transportation.

Hon. Mr. Macdonald: And move every six months?

Hon. Mr. Horner: That is not the answer. However, in moving about they gain experience that is valuable to them in the carrying out of their work. But there should be no argument as to costs, for the present Government seems delighted to spend money in some ways. The Department of National Defence has moved many Canadian soldiers and their families, some with as many as nine children, to Germany, and have built homes and schools for them there. The regulation forbidding members of the R.C.M.P. to marry until they have served five years is a disciplinary measure. However, a member who has not yet served five years can appeal to his superiors and, under certain circumstances, may be given special permission to marry. So I have no criticism of this regulation.

Honourable senators, I cannot understand why eastern farmers should pay as much as they do for feed grain. A Quebec farmer told me recently that he has to pay $3.50 a hundredweight for a certain grade of wheat, and he said that Ontario farmers pay as high as $58 a ton for screenings. That amazes me because we get very little for it in the west. They also pay about $55 a ton for oats, whereas they should be able to get it for about $2 a hundredweight. The other day my honourable leader (Hon. Mr. Haig) referred to damp wheat, but let me say that the low-grade wheat we had last year is as dry as shot. It could be sent down here and kept for years. It is not damp at all. As a matter of fact, it is just about the finest feed in the world. It is even wholesome for dairy cattle. During a drought in 1919 many farmers began to lose their stock and they started buying wheat straw for feed, paying as much as $20 a load for it. I figured it had little nutritional value, so as soon as the snow melted on the hills I took some pure wheat and spread it over the grassy parts of the ground. Well, we had about a hundred head of cattle and we never lost an animal. They just thrived on the pure wheat. I think a market could be developed in eastern Canada for a great deal of the low-grade wheat that is hindering the movement of higher grades.

Honourable senators, there are many other subjects I would like to deal with but I will leave them until another occasion. I thank you very much for your kind attention to my rambling remarks.

Hon. Senators: Hear, hear.

Hon. Mr. Stambaugh: I should like to ask the honourable senator a question. Did I understand him to say that it was impossible for a farmer to sell his grain anywhere but through the Wheat Board; that there is no other way that a farmer can dispose of it?

Hon. Mr. Horner: I do not know that I said that, for I know that you can sell it to feeders.

Hon. Mr. Stambaugh: Yes, that is true.

Hon. Mr. Horner: That also means there is not nearly as much wheat stored as is estimated.

On motion of Hon. Mrs. Jodoin, the debate was adjourned.

PRIVATE BILL

MERCANTILE TRUST COMPANY— SECOND READING

The Senate resumed from Thursday, January 26, the adjourned debate on the motion of Hon. Mr. Croll for the second reading of Bill R, an Act to incorporate Mercantile Trust Company.

Hon. Thomas Vien: Honourable senators, I have been requested to draw to your attention the fact that, by a statute of 1952-53 Parliament granted a charter to the Mercantile Bank of Canada, and that charter was repeated in the revision of the Bank Act (Elizabeth II, 1953-54, chapter 48). The bank itself has its head office at Montreal, and other offices at Toronto and Vancouver, and it expects to establish branches elsewhere in a relatively near future. It owns already two subsidiaries, one called Mercantile Estates; the other, Mercantile Estates of British Columbia. The creation of Mercantile Trust Company would certainly cause a lot of confusion. We all know the close relationship that exists between banks and trust companies. Trust companies now exercise many functions similar to those of the banks; they receive deposits, lend money, administer estates, *et cetera*. If we create a new trust company, it would seem desirable that it be under a different name than that of "Mercantile Trust Company".

The promoters of this company do not now carry on any business in Canada. Had they been established under that name for some time, they might have had a better claim to it. The promoters of the bill are a group

of bankers, financiers, and other businessmen from England and elsewhere, planning to launch in Canada a new venture in the form of a trust company. I should think it would be very easy for them to find a name to which less objection could be raised. I shall not oppose the second reading of this bill, but I propose to stress again in committee the point I have just made. In the meantime I invite the promoters of this legislation to give serious consideration to adopting a more appropriate corporate name. If no change in the name is made in committee, then despite my having agreed to the second reading of the bill I shall not consider myself bound to vote for the third reading.

Hon. Mr. Roebuck: The name is not a principle of the bill, anyway.

Hon. Mr. Vien: No, not the name.

Hon. John T. Haig: Honourable senators, I am inclined to agree with the honourable gentleman from De Lorimier (Hon. Mr. Vien). Ever since I first came to this house it has always been regarded as important to see that names of companies do not conflict. It will be remembered that last year it was said that the name of the insurance company seeking incorporation under a certain bill conflicted with the name of another company which had been in existence for some thirty years. Quite properly, that company objected. I saw the strength of its objection, and in committee I moved that another name be substituted. Now, as to the bill before us, I am not opposed to the proposed name at all—I know nothing about it—but I think the proper principle is to be sure that a new name does not conflict with an existing name. I would be very much afraid that it might do that.

As many honourable senators know, confusion often arises because the Royal Bank of Canada controls the Montreal Trust Company and the Bank of Montreal controls the Royal Trust Company. Many a person has said to me, "I want to go to the trust company that is controlled by the Bank of Montreal", and I have replied, "Well, go to the Royal Trust Company". The usual response is: "That is the Royal Bank trust company, isn't it? But I want to go to the Bank of Montreal trust company". So I have to say, "Well, that is the Royal". Then I am asked, "Do you mean to say that the Bank of Montreal is interested in the Royal Trust Company?" And of course my reply is, "Yes, and the Royal Bank is interested in the Montreal Trust Company; that is my information". I have been hoping for years that the two banks would get together and apply to Parliament for a change in the names or their respective companies.

Honourable senators, I will not be bound by any vote taken by this house for the second reading of this bill. I approve of the second reading in so far as the powers of the company are concerned, for I presume they are the same powers as are given to any other trust company, and that the conditions are the same. I just want to mention that, as honourable senators will remember, I opposed the incorporation of the Mercantile Bank, but it has since established itself and opened branches in our largest cities. We should not now incorporate a new company with a similar name.

I think this bill should go to committee and be considered there very carefully. I strongly support the suggestion of the honourable senator from De Lorimier that in committee the sponsors of the bill should be asked to substitute another name so as to avoid conflict.

Hon. Thomas Reid: Honourable senators, I remember that during my first session in the Senate the question of second readings was discussed. I think the rule in the other house was that any objection to the principle of a bill must be taken right at the second reading stage. However, I am informed that in this chamber when a bill is referred to committee it does not follow that we have voted in favour of the principle of the bill. I should like that point cleared up, so that in future I for one may be guided as to whether or not I should raise questions on second reading.

Hon. A. K. Hugessen: Honourable senators, I think perhaps I can clear up the matter raised by the honourable senator from New Westminster (Hon. Mr. Reid). There is a difference between public bills and private bills. When a public bill comes up for second reading, if we vote in favour we are supposed to have approved the bill in principle. That is not the case with a private bill. Under our standing orders a private bill must always be referred to one of the standing committees of this house for examination, and all that we do on second reading is simply to send it on so that it may go through that additional stage, reserving to ourselves complete freedom to examine it in committee and, if necessary, to vote against it there.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Croll, the bill was referred to the Standing Committee on Banking and Commerce.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 72 to 93, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

BILLS—SECOND READINGS

Hon. Mr. Roebuck, with leave, moved the second reading of the following bills:

Bill U, an Act for the relief of Nora Marian Tilley McBain.

Bill V, an Act for the relief of Marguerite Tremblay Nathan.

Bill W, an Act for the relief of Dolores Marion Zolov Karpman.

Bill X, an Act for the relief of Rosalie Rosetti Acason.

Bill Y, an Act for the relief of Edmund Joseph Cochrane.

Bill Z, an Act for the relief of Edna Hannah Keene Newberg.

Bill A-1, an Act for the relief of Charlotte Jean McAndrew Boyd Thompson.

Bill B-1, an Act for the relief of Wilma June Keast Noel.

Bill C-1, an Act for the relief of Patricia O'Neill Primiani.

Bill D-1, an Act for the relief of Evelyn Nellie Keemer Mein.

Bill E-1, an Act for the relief of Pierre Roger Vuille.

Bill F-1, an Act for the relief of Marie Gertrude Antoinette Hotte Ouellette.

Bill G-1, an Act for the relief of Euphrosina Kowalyk Whalley, otherwise known as Rose Kowalyk Whalley.

Bill H-1, an Act for the relief of Matilda Stoner Adams.

Bill I-1, an Act for the relief of Gertrude Bailiss Goodlin.

Bill J-1, an Act for the relief of Leokadja Laura Rozycka Haber.

Bill K-1, an Act for the relief of Teofila Kurjata Marciniak.

Bill L-1, an Act for the relief of Shirley Gelber Kaufman.

Bill M-1, an Act for the relief of Margaret Pounden Greenstien.

Bill N-1, an Act for the relief of Gaston Maille.

Bill O-1, an Act for the relief of Mary Dufresne Cosco.

Bill P-1, an Act for the relief of Julienne Marchesseault Jasmin.

Bill Q-1, an Act for the relief of Helen Mary Farrell Hickey.

Bill R-1, an Act for the relief of Hazel Mair Grant Mander.

Bill S-1, an Act for the relief of Joseph Roland Gaston Charette.

Bill T-1, an Act for the relief of Beulah Sybil Chapman Maus.

Bill U-1, an Act for the relief of John Elwood Way.

Bill V-1, an Act for the relief of Thomas Charles Desmarais.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 86*):

COPIES OF CORRESPONDENCE BETWEEN THE PRIME MINISTER AND CERTAIN PROVINCIAL PREMIERS SUBSEQUENT TO THE LETTER OF THE PRIME MINISTER DATED JANUARY 6, 1956, CONCERNING FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

THE PREMIER
Fredericton
The Government of the Province
of New Brunswick

JANUARY, 27, 1956.

Right Honourable Louis S. St. Laurent,
Prime Minister of Canada,
Ottawa, Canada.

Dear Mr. Prime Minister:

My colleagues and I have given careful consideration to the proposals of your Government in respect to its fiscal arrangements with the provinces, as set forth in your letter to me of January 6th last.

It seems to us that these proposals differ from the older tax-rental formulas only in the method of calculating transfer payments. They go very little further in remedial action or in the development of broader principle. They may be somewhat more sensitive and volatile than the formulas based upon Gross National Product, but their ultimate impact upon Federal-Provincial fiscal relations in general must necessarily leave the same problems unsolved—the same inequities perpetuated.

The new federal proposals offer compensation for the lack of taxable capacity in only three tax fields. Other fields, which remain for provincial exploitation and which, in the case of New Brunswick, account for roughly two-thirds of current revenue, are precisely those which reflect and embody the results of unsatisfactory economic conditions over a long period.

Thus, the proposals of your Government make only a very limited attack upon the problem of how best to overcome the serious and, indeed, tragic inability of certain provinces to raise, in tax fields open to them, sufficient revenue to carry out their constitutional responsibilities and to provide a reasonable level of provincial services.

You will remember, Sir, that in my submission to the Conference in October, I stressed the auspicious circumstances which exist, in the Canadian economy, at the present time. It was the earnest contention of our Government in October that full advantage should be taken of what I termed "a magnificent opportunity to achieve long sought national objectives".

Acting on this conviction, our Government submitted a formula which was designed to provide supplementary national adjustment grants for provinces where per capita income fell far below the Canadian average.

In this connection, I wrote you on December 30th, 1955 as follows:

> We are still convinced that a formula similar to the present tax-rental agreement or one based on tax yields should be supplemented by a National Adjustment Grant to those provinces whose per capita personal income is well below the national average, and feel strongly that the suggestion made in our submission to the October meeting was sound and equitable. Our formula would not impose a serious burden on the Federal Treasury. For a comparatively modest outlay the Federal government would really be enabling the poorer provinces to meet their minimum essential responsibilities without imposing on their people an intolerable burden of taxation.

Your proposals of January 6th contain no recognition of the foregoing contentions and, therefore, the Government of New Brunswick must regard them as disappointing and falling far below the national objectives which should be sought and might well be achieved under the present favourable conditions of Canadian development.

It is my opinion that this feeling is shared by all New Brunswick municipalities, who have to carry an ever increasing burden of taxation. Indeed, in our province, I am very much concerned lest municipal taxation may have reached the abnormal proportions, which you so properly view with alarm.

It has seemed to our Government in approaching the whole question of fiscal arrangements, that the language of the Rowell-Sirois Report admirably expressed the objectives with reference to their recommendation concerning adjustment grants. The quotation is taken from Chapter V, Book II, of that report and reads as follows:

> They (adjustment grants) are designed to make it possible for every province to provide for its people services of average Canadian standards and they will thus alleviate distress and shameful conditions which now weaken national unity and handicap many Canadians. They are the concrete expressions of the Commission's conception of a federal system which will both preserve a healthy local autonomy and build a stronger and more united nation.

I was much encouraged by your letter of January 14th, 1955, previous to the convening of the preliminary meeting, to learn that substantially the same goal remained the settled policy of the Government of Canada. Your letter included the following admirable declaration!

> The present government has no intention of abandoning the objective of the tax rental agreements which is to make it financially possible for all the provinces whatever their tax base to perform their constitutional functions themselves and to provide a reasonable Canadian level of provincial services without an abnormal burden of taxation.

We would respectfully submit that the result of the new proposal will be to increase the differences in economic and fiscal capacity among provinces. These differences actually constitute a grave problem in achieving national unity. A majority of provinces will receive slightly more in transfer payments—those which have neglected to impose adequate taxation and have inferior services as a result—those which enjoy rich and broad tax bases with derivative benefit to their services—those which are receiving almost more revenue than they know how to spend—those, like New Brunswick, which suffer from a relatively heavy burden of provincial taxation already and yet are unable to provide an adequate level of services—all will derive revenues from these three taxes and equalization payments *on the same basis*, (substantially equal amounts per capita), irrespective of their needs.

Our Government is now asked to accept a situation which does practically nothing to relieve the special disabilities under which we have laboured for so long. The formula which we presented to the Conference envisaged transfer payments to our treasury of some ten millions of dollars more than we were receiving annually under the 1952 tax agreements. This amount is based on a realistic appraisal of our minimum requirements, if we are to be able to carry out our constitutional responsibilities. The proposal of your Government will increase payments to New Brunswick by about one million dollars annually, ten percent of our indicated requirements.

This small percentage of the $10,000,000 special adjustment grant envisaged by our formula will not enable us to provide the health and social needs, the educational facilities and services, the public works, the material benefits and cultural advantages—all of which are the birthright of an industrious and enlightened people.

The situation is further complicated for New Brunswick by the fact that we have had to undertake an extensive program of hydroelectric development in order to meet the requirements of an expanding economy. The new mineral resources which have been discovered present opportunities which, wisely and vigorously exploited, could transform our economy, our provincial standard of living and our whole way of life. As you know, officials of your Government have expressed approval of the action taken by New Brunswick in proceeding with the construction of a large hydroelectric plant at Beechwood on the St. John River. In addition the New Brunswick Electric Power Commission must undertake very substantial expenditures on thermal generating plants, transmission lines, storages, and other capital expenditures.

Consideration of New Brunswick's position at the present time will reveal very special circumstances—some of them historic in their implications—others novel and demanding almost immediate solution. We believe that no other province outside the Martimes can be held to be so drastically affected by the results of your Government's decisions during the next few months. The things which need to be done cannot be carried out with our own unaided resources. Yet if they are not done, opportunities for which generations of our people have patiently waited will be lost forever.

To us, Sir, your letter has come as the disappointing culmination of a now long series of meetings and submissions of various kinds, rising eventually to the level of a Federal-Provincial Conference. During this process, the almost tragic suspense of our present provincial situation has been exhaustively explained and documented. Yet, we must infer from your proposals that no consideration is being given to our special needs and responsibilities at this time in our history.

As your letter induces careful thought upon the broadest aspects of Federal-Provincial relations, my colleagues and I once more request that consideration be given to the special awards which were made as a result of the Duncan and White Commissions in 1927 and 1935 respectively. One of the basic reasons for the adjustments made by these bodies was the recognition that the Maritime provinces had never received—nor had any prospect of receiving—any accessions to their areas at Confederation. No other provinces were partners in federal union under similar conditions—hence, special awards of compensation were provided under the Royal Commissions referred to. In the language of the White Commission report, page 17:

> We feel we can only deal with the claim as to public lands added to other provinces in enlargement of their original boundaries

in a broad general way giving it equitable consideration as a factor of importance to be taken into account in reaching conclusions on the whole question of a just revision of subsidies as between the Maritime Provinces and the Dominion.

As stated at the Conference in October, it is our contention that the Duncan and White awards demand revision in the light of changes in the value of money and in the Canadian economy, and in recognition of our interest in the fabulous wealth which has been discovered in the Northlands. These now form a part of various provinces but were originally a portion of, or were acquired by, the Canada of Confederation into which New Brunswick came as a partner in 1867.

In view of all the foregoing facts and with the seriousness of our New Brunswick situation very much in mind, we respectfully request that the Dominion-Provincial Conference be reconvened in order that we may again present our case for special consideration.

Yours sincerely,

HUGH JOHN FLEMMING.

(Translation):

OFFICE OF THE PREMIER
Province of Quebec

Quebec, January 26, 1956.

The Right Honourable Louis S. St. Laurent,
P.C., Q.C.,
Prime Minister of Canada,
Ottawa.

Dear Mr. St. Laurent:

I have noted this afternoon the contents of your letter of January 20 in reply to mine of the 18th of the same month.

Accordingly, Mr. Georges Shink, Q.C., our Comptroller of Provincial Revenue, has been informed of the change in the date of the meeting in question.

Yours sincerely,

M. L. DUPLESSIS.

(Translation):

OFFICE OF THE PRIME MINISTER
Canada

Ottawa, January 20, 1956.

Hon. Maurice L. Duplessis,
Q.C. LL.D., M.L.A.,
Premier of the Province of Quebec,
Parliament Buildings,
Quebec, Que.

Dear Mr. Duplessis:

I wish to thank you for your letter of January 18th which I received this morning. I am informing the Deputy Minister of Finance, Mr. Taylor, that a representative of the Province of Quebec will attend the meeting of the committee of officials.

I understand that those concerned were informed yesterday that the meeting will take place February 2nd rather than February 6th.

Yours sincerely,

LOUIS S. ST. LAURENT.

(Translation):

OFFICE OF THE PREMIER
Province of Quebec

Quebec, January 18, 1956.

The Rt. Hon. Louis S. St-Laurent,
P.C., Q.C.,
Prime Minister of Canada,
Ottawa, Ont.

Dear Mr. St. Laurent:

Your letter of January 6th was delivered to my office on the 9th of the same month. The considerable increase in work resulting from the Session of Parliament at Quebec and an absence of a few days have prevented me from answering before today.

You state in your letter: "It would, I think, be useful to have our committee of officials meet as early in February as possible to clarify the technical details of these proposals."

I gather that this meeting will be held in Ottawa on February 6th next, and the representative of the Province of Quebec will be pleased to attend. It seems to me very definitely that it is absolutely necessary for us to know details of the proposals which are to be clarified and defined in order to thoroughly appreciate these proposals.

May I assure you, Mr. Prime Minister, that it is our earnest desire to co-operate amicably with the federal authorities towards the settlement of federal-provincial fiscal relations within the framework of the full respect of the rights and privileges of the federal and provincial governments.

Yours sincerely,

M. L. DUPLESSIS.

(Text):

OFFICE OF THE PRIME MINISTER
Canada

OTTAWA, January 28, 1956.

The Honourable Henry D. Hicks, M.L.A.,
Premier of Nova Scotia,
Halifax, Nova Scotia.

My dear Premier:

While we did have an opportunity to discuss in my office last week your letter of January 12, which dealt with the subject of fiscal relations, nevertheless, I am confident that

you would wish to have a formal acknowledgment of your communication for your records.

Mr. Harris, of course, is considering the matters raised in your letter and, as you suggested, some of the subjects will be discussed by the officials of our two governments.

I should like to express once more my pleasure at having had the opportunity of a personal meeting with you.

Yours sincerely,

LOUIS S. ST. LAURENT.

CANADIAN NATIONAL TELEGRAPHS

OTTAWA, January 16, 1956.

Honourable Henry D. Hicks, M.L.A.,
Premier of Nova Scotia,
Halifax, Nova Scotia.

Thank you for your letter of January 12. Hope to be able to see you in my office Central Block at 12 noon Friday January 20 if that time satisfactory to you.

LOUIS S. ST. LAURENT.

CANADIAN NATIONAL TELEGRAPHS

1956 JANUARY 17 AM 8 53.

MOAO42 9-Halifax NS 17 9 16A—
Right Hon Louis St Laurent
Prime Minister of Canada Ottawa—

Twelve noon Friday January Twentieth entirely satisfactory Thank you

HENRY D. HICKS.

PROVINCE OF NOVA SCOTIA
The Premier

Halifax JANUARY 12th, 1956.

My dear Prime Minister:

I and my colleagues have considered the proposal of the Federal Government with respect to Federal-Provincial fiscal arrangements as set out in your letter of January 6th, and I should like to state briefly a few observations relating to:

(a) the objectives to be attained by such arrangements;
(b) the extent to which the tax rental agreements attained these objectives; and
(c) the extent to which the present Federal proposal may be expected to attain these objectives.

Perhaps it would not be unfair to say that the stated objectives of the Federal Government, relative to Federal-Provincial fiscal arrangements, are:

(a) to establish a more equitable system of taxation throughout Canada by reducing duplication of direct taxation and of machinery for the collection of direct taxes;
(b) to give a greater measure of stability to the revenues of the provinces in order to enable them more adequately to carry out their responsibilities;
(c) to enable Canada, with the co-operation of provincial governments, to carry out fiscal and other national policies intended to maintain high levels of employment and production, and
(d) to make it financially possible for all provinces, whatever their tax base, to perform their constitutional functions themselves and to provide a reasonable Canadian level of provincial services without an abnormal burden of taxation.

I can certainly agree, without reservation, with these statements of the objectives of the Federal Government. For this reason, therefore, I suggest that we must examine any fiscal arrangements which relate to provincial revenues with a view to ascertaining the degree to which such arrangements will attain these stated objectives, and particularly those contained in clauses (b) and (d) above.

As I stated on October 3rd of last year, the tax rental agreements, partially achieved the objectives of the Federal Government, but failed to fully achieve the objectives because of the fact that some provinces were and are able to raise from within their provinces revenues greatly in excess of the amount which can be raised in some of the less favoured provinces. I do not wish to repeat my argument, so I shall simply state that in my view a lasting solution to the problems of the provinces of Canada will only be found in an arrangement which will approach, in greater measure than at present, the provision of more equal per capita revenues from all sources, thus enabling a given province to discharge its constitutional responsibilities and furnish to its people what has been called a Canadian level of essential Government services.

The present proposal in essence does not approach this objective any more nearly than do the existing tax rental agreements. Indeed, one might observe that it differs from the tax rental agreements only in that:

(a) it substitutes the per capita yield in the two highest provinces from three fields of taxation for the gross national product; and
(b) it provides for an "equalization payment" to each province which falls

below the average, whether or not that province chooses to vacate the three tax fields.

In principle it gives no greater recognition to the fiscal needs of the provinces than did the tax rental agreements. I wish to impress upon you that the Federal proposal compensates for lack of tax potential in only three fields of taxation and leaves the less favoured provinces (as do the tax rental agreements) with a per capita rate from local sources of taxation far below the national average. Unless some greater recognition is given to the inability of some provinces to raise something approaching the national average per capita yield from sources other than the three broad fields, the avowed Federal objective of making it financially possible for all the provinces, whatever their tax base, to perform their constitutional function themselves and to provide a reasonable Canadian level of provincial services will not be attained.

In my opinion, it may even be that the Federal proposal will not result in a more equitable system of taxation throughout Canada, and it may not even reduce duplication of direct taxation or the machinery for the collection of direct taxes to as great an extent as do the present tax rental agreements. Duplication of direct taxation will be completely eliminated only if all the provinces undertake to vacate all three tax fields. It could very well be that one province would wish to retain personal income tax, another corporation tax, another succession duties and another all three fields. In those provinces which retain one or more of the tax fields, there may well be a variety of rates either above or below the rates which the Federal Government will allow as a deduction from the Federal tax.

If, therefore, your letter of January 6th finally sets forth the position of the Federal Government with respect to Federal-Provincial arrangements relating to these three tax fields, it would be my hope that in some other way consideration might still be given to the position of this and some other provinces, as urged by myself and several other provincial Premiers during the October meeting.

I am somewhat disappointed that no way was found to give a guarantee of the continuation of Federal-Provincial fiscal arrangements beyond a five-year period for, whether the arrangements finally adopted are ideally suited to a given province or not, it is still important that the Government of any province can rely on the continuation of an existing arrangement for a period greater than five years, at least insofar as minimum benefits are concerned. I do note, however, that the numbered paragraph 2 of your proposal provides for a minimum payment during the continuance of the arrangement. Insofar as it is possible for me to judge summarily, this would seem to be an improvement over the provisions in the existing agreements for guaranteed minimum payments.

There are a number of minor points relating to these arrangements which will require clarification and further discussion, and officials of the Government of Nova Scotia will be ready to go to Ottawa as early in February as your officials may wish in order to consider these details. Perhaps even before that time, however, it would be helpful to have some clarification of the significance of the numbered paragraph 5 in your letter. I confess I am unable to determine the intentions of the Federal authorities from a reading of this paragraph.

Further to all the foregoing, I find that I shall be in Ottawa on Thursday and Friday, January 19th and 20th, and if convenient to you I would appreciate very much the opportunity of calling on you during that time. Some time on Friday the 20th would be most convenient with my other commitments, but I shall take the liberty of contacting your office when I arrive in Ottawa and will be glad to accommodate my schedule to your convenience if it is possible for you to see me.

Yours sincerely,

HENRY D. HICKS.

The Right Honourable
Louis S. St. Laurent, P.C.,
Prime Minister of Canada,
Ottawa, Canada.

Ontario

OFFICE OF THE PRIME MINISTER AND
PRESIDENT OF THE COUNCIL

Toronto, Ontario,
January 10th, 1956.

Dear Mr. St. Laurent:

I wish to thank you for your letter of January 6, 1956, outlining the proposal of the Government of Canada for a Federal-Provincial fiscal arrangement for the five years from April 1, 1957 to March 31, 1962.

Please be assured that this proposal will be given our most careful consideration, and I shall be in communication with you later.

Concerning the proposed meeting of the Committee of Technical Officers to clarify details, I feel confident that the early part of February will be satisfactory.

Sincerely yours,

LESLIE M. FROST.

Rt. Hon. Louis S. St. Laurent, Q.C.,
Prime Minister of Canada,
Parliament Buildings,
Ottawa, Canada.

OFFICE OF THE PRIME MINISTER
Canada

Ottawa, January 18, 1956

The Honourable T. C. Douglas,
Premier of Saskatchewan,
Regina, Sask.

My dear Premier,

I wish to acknowledge your letter of January 11th, 1956, regarding federal-provincial fiscal arrangements.

I have carefully noted your comments on the proposal put forward by the Federal government and I will discuss them with my colleagues at the first opportunity. It seems to me too early at this stage to decide whether or not it would be desirable and useful to reconvene the Federal-Provincial Conference. Our next step should be for our Committee of officials to meet in the near future and I have noted with satisfaction that you agree with this suggestion. Mr. K. W. Taylor has already communicated with your representative on the Committee to fix a date for that meeting.

Yours sincerely,
L. S. ST. LAURENT.

PREMIER'S OFFICE

REGINA, January 11th, 1956.

Saskatchewan
The Rt. Hon. L. S. St. Laurent, Q.C.,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Prime Minister:

Further to my letter of January 9th, my colleagues and I have had an opportunity to examine the proposal regarding Federal-Provincial fiscal arrangements contained in your letter of January 6th.

While there are technical questions which may require clarifications before we can measure their full implication, it seems to us that the proposal contained in your letter is similar in almost every respect to that which you placed before the Federal-Provincial conference on October 3rd. You will recall that your Government emphasized that it was advancing a new approach to Dominion-Provincial fiscal arrangements, and that the terms and statistical data provided at the Conference were to be regarded merely as illustrative of this new approach. It was indicated that the final arrangements would be worked out in consultation with the provinces, and to that end you invited the provincial Premiers to express their views both as to the principles and the terms which you had outlined. Your letter of January 6th indicates that your Government is now advancing a concrete plan, from which it is apparent that the representations put forward by the various provinces at the Conference and in subsequent correspondence have been rejected.

I would like to draw your attention to two points in particular to which a number of provinces have made reference. First, the standard rates put forward at the Conference for illustrative purposes would not result in the urgently needed improvement of the financial position of the provinces. The offer of an additional one-half percentage point of taxable corporation income represents no perceptible step toward this necessary objective. This is particularly so in view of the fact that no fiscal need grants are to be made available. Second the illustrative rates did not place sufficient emphasis on the imputed yields from personal income taxes relative to those from corporation income taxes, and it was very strongly urged that steps should be taken to correct this situation. Instead, your Government has increased the emphasis on taxes from corporation profits.

I feel that the objection which I voiced against your illustrative proposals applies also to your present proposal, namely the weakening of the Federal Government's control over fiscal policy by providing incentives for certain provinces to remain aloof from the tax rental agreements. I find that the same guaranteed minimum is available to all provinces whether or not they enter into a tax rental agreement. Also I find that insufficient weight is being given to the principle of fiscal need which we have always considered basic to any tax rental agreement designed to give equal treatment and opportunity to all Canadians.

The Saskatchewan Government believes that the effects of this proposal are so far reaching that the Federal-Provincial Conference should be reconvened to discuss this important matter. Most of the provincial legislatures will in all probability have completed their sessions by the first week in April. I would therefore like to urge that you give consideration to the advisability of reconvening the Conference some time during the month of April. It would, of course, be useful if our technical officials could meet prior to such a conference but I am doubtful of the value of a meeting held early in February since it is unlikely that the Federal budget will have been brought down by that date.

You will appreciate the fact that your 1956 budget could have an effect upon the tax structure which might seriously alter any computations which have been made regarding the tax potential on which the tax rental agreements would be based.

I would like to suggest that the Premiers of the various provinces be approached to see if they are desirous of having the Federal-Provincial Conference reconvened in April. Insofar as the Saskatchewan Government is concerned, we would welcome such a meeting especially if it could be preceded by a meeting of our officials in order to discuss any points in your proposal which might require clarification.

Yours sincerely,

T. C. DOUGLAS.

PREMIER'S OFFICE
Regina,
JANUARY 9th, 1956.

Saskatchewan
The Rt. Hon. L. S. St. Laurent, Q.C.,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Prime Minister:

Thank you very much for your letter of January 6th in which you make a definite proposal regarding Federal-Provincial fiscal arrangements.

I shall be very glad to discuss this proposal with my colleagues and to advise you as to the stand of the Saskatchewan Government on this matter.

Yours sincerely,

T. C. DOUGLAS.

THE SENATE

Thursday, February 2, 1956

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

Prayers.

Routine proceedings.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 94 to 105, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

He said: Honourable senators, may I point out that every report of the Divorce Committee that is presented to the house is tabled, along with a copy of the evidence and the findings of the subcommittee which heard it. Thus, full information concerning each case that the committee reports upon is available to any honourable senator who may be interested.

The motion was agreed to, on division.

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill K-2, an Act for the relief of Audrey Hilda Voysey Beaudoin.

Bill L-2, an Act for the relief of Frederick Howard Blaikie.

Bill M-2, an Act for the relief of Muriel Tetreau St. George.

Bill N-2, an Act for the relief of Patricia Colleen Hewitt Nelson.

Bill O-2, an Act for the relief of Ruth Mildred Thompson McBain.

Bill P-2, an Act for the relief of Joseph Theophile Lambert.

Bill Q-2, an Act for the relief of Lillian Baron Goodman.

Bill R-2, an Act for the relief of Madeleine Erna McArthur Blais.

Bill S-2, an Act for the relief of Queenie Molly Wolfson Phillips.

Bill T-2, an Act for the relief of Annie May Elizabeth Godson Brooks.

Bill U-2, an Act for the relief of Ada June Mannard Wilmoth.

Bill V-2, an Act for the relief of Rose Florczyk Greenwood.

Bill W-2, an Act for the relief of Beryl Grace Leaper Shufelt.

Bill X-2, an Act for the relief of Ralph Patrick Dowling.

Bill Y-2, an Act for the relief of Alice Guernon Peladeau.

The bills were read the first time.

The Hon. the Speaker: When shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

PRIVATE BILL

QUEBEC NORTH SHORE AND LABRADOR RAILWAY COMPANY—FIRST READING

Hon. C. G. Power presented Bill Z-2, an Act respecting Quebec North Shore and Labrador Railway Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be placed on the Order Paper for second reading?

Hon. Mr. Power: Tuesday next.

WHEAT

INTERIM PAYMENT BY WHEAT BOARD

On the Orders of the Day:

Hon. W. Ross Macdonald: Honourable senators, today in the House of Commons the Right Honourable the Minister of Trade and Commerce made a statement with respect to an interim payment on certain grades of wheat delivered in the crop year 1954-55. As this is a subject in which all honourable senators are interested, and some particularly so, I thought the house might like me to make a similar statement at this time.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: This is the statement made by the Minister of Trade and Commerce:

The Canadian Wheat Board has recommended and the Government today decided to authorize the Board to make an interim payment in varying amounts on the higher grades of wheat delivered during the crop year 1954-55. The cheques will be mailed to producers as soon as they can be calculated and issued, probably about February 15.

The interim payment will be 10 cents per bushel on One, Two, Three and Four Northern and Number Four Special, including toughs and damps of those grades; 5 cents per bushel on Garnets; 25 cents per bushel on No. 1 to 4 Durums; 10 cents per bushel on lower grades of Durum; 10 cents per bushel on Soft White Springs; and 5 cents per bushel on certain minor grades. A full schedule of the payments will be issued by the Wheat Board in the customary way.

The total amount to be distributed to producers in this interim payment will be $22,300,000.

Returns from the sale of feeding grades of wheat do not justify an interim payment on No. 5, 6 and Feed Wheat. The minister believes, however, that it will be possible to make a final payment on these grades when the pool is closed.

A final payment on the 1954-55 wheat pool account must await approval of the legislation—which is at present before the House of Commons and will come to this house in due course—with respect to the assumption of carrying charges on excessive Wheat Board stocks as well as reduction in the size of this account to a level which would enable the balance to be transferred to the 1955-56 account.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, I move that when the house adjourns today it stand adjourned until Monday, February 6, at 8 o'clock in the evening.

The motion was agreed to.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill U, an Act for the relief of Nora Marian Tilley McBain.

Bill V, an Act for the relief of Marguerite Tremblay Nathan.

Bill W, an Act for the relief of Dolores Marion Zolov Karpman.

Bill X, an Act for the relief of Rosalie Rosetti Acason.

Bill Y, an Act for the relief of Edmund Joseph Cochrane.

Bill Z, an Act for the relief of Edna Hannah Keene Newberg.

Bill A-1, an Act for the relief of Charlotte Jean McAndrew Boyd Thompson.

Bill B-1, an Act for the relief of Wilma June Keast Noel.

Bill C-1, an Act for the relief of Patricia O'Neill Primiani.

Bill D-1, an Act for the relief of Evelyn Nellie Keemer Mein.

Bill E-1, an Act for the relief of Pierre Roger Vuille.

Bill F-1, an Act for the relief of Marie Gertrude Antoinette Hotte Ouellette.

Bill G-1, an Act for the relief of Euphrosina Kowalyk Whalley, otherwise known as Rose Kowalyk Whalley.

Bill H-1, an Act for the relief of Matilda Stoner Adams.

Bill I-1, an Act for the relief of Gertrude Bailiss Goodlin.

Bill J-1, an Act for the relief of Leokadja Laura Rozycka Haber.

Bill K-1, an Act for the relief of Teofila Kurjata Marciniak.

Bill L-1, an Act for the relief of Shirley Gelber Kaufman.

Bill M-1, an Act for the relief of Margaret Pounden Greenstien.

Bill N-1, an Act for the relief of Gaston Maille.

Bill O-1, an Act for the relief of Mary Dufresne Cosco.

Bill P-1, an Act for the relief of Julienne Marchesseault Jasmin.

Bill Q-1, an Act for the relief of Helen Mary Farrell Hickey.

Bill R-1, an Act for the relief of Hazel Mair Grant Mander.

Bill S-1, an Act for the relef of Joseph Roland Gaston Charette.

Bill T-1, an Act for the relief of Beulah Sybil Chapman Maus.

Bill U-1, an Act for the relief of John Elwood Way.

Bill V-1, an Act for the relief of Thomas Charles Desmarais.

The motion was agreed to, and the bills were read the third time, and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. Mariana B. Jodoin: Honourable senators, I will speak in my native tongue; but I trust that all my colleagues—English-speaking as well as French-speaking—will share my hopes for the improvement of the working-woman's standard of living.

(Translation):

I would like to congratulate the mover and the seconder of the address in reply to the speech from the throne, the honourable senators from De la Durantaye and Toronto-Spadina, who gave us a most interesting review of the present government's achievements and of the legislation announced in the speech from the throne, which it intends to have passed during this session.

One of the measures which attracted my particular attention—no doubt because, being a woman, I am keenly interested in social security in Canada—has to do with the well-being of women and their homes.

Statistics show that during 1955, 125,000 housing units were built under the National Housing Act. The fact that these new houses were built is proof that our government is rendering tremendous services to the Canadian people. However, I would like to draw the authorities' attention to the lot of a certain class of people who cannot own their

own homes. I mean female civil servants, widows or single women who, for reasons which are no concern of ours or through lack of sufficient income, are unable even with the help of the Central Mortgage and Housing Corporation to build themselves a home of their own, where they may live in peace, without fear of being evicted by the landlord for reasons which they are not even allowed to discuss. At the present time there are from 13,000 to 14,000 women working for the Canadian government in Ottawa. I would like our leaders to consider the possibility of allowing these civil servants to make a home for themselves. Is it not quite legitimate for every adult to look forward to the day when he may have his own home.

Hundreds of women living in rooms are in constant fear of having their rent increased or of having to vacate. Honourable senators, they should be helped to find a home where they could rest in peace and security after their day's work.

"Much happiness can be found in a few square feet" says an author. And he adds:

> The home should represent the fulfilment of a dream which each one of us, sometimes unconsciously, harbours in his mind, until conditions permit that dream to come true.

With leave, honourable senators, I would like to suggest to the Minister of Public Works some way of solving this problem, which I have discussed with a great many people who are interested in social security. It seems to me that the problem could be settled in the following manner.

1. It should be possible to build suitable 2- to 4-room housing units (co-operative style) for women civil servants who are single or who live alone; such housing units should be located, if possible, near the government buildings where they work.

2. The Government would provide the following technical assistance:

(a) Plans drawn up by any architect it chose;

(b) The necessary loans from the Central Mortgage and Housing Corporation;

(c) Construction of the building by government experts;

(d) Management of such buildings, including heating and general maintenance.

3. Such housing units would be sold to women civil servants who, in return, would agree, as owners of the apartments, to pay water tax and cost of electricity.

4. The units would be purchased by means of a down payment followed by monthly instalments until the sale price is fully paid up. The buyer of such a housing unit would become its owner for life and would be responsible for its upkeep and, moreover, could sell it if need be.

That is the plan which I would submit to the Government, the details of which, naturally, would have to be drawn up by experts: they should include such features as built-in furniture, common laundry facilities with automatic washing machines, etc. Roughly, it would be a co-operative organization, somewhat similar to the Laurentian Terrace on Sussex Street, Ottawa. But in this case, the occupant of the apartment could eventually become its owner. After consulting several women civil servants, I am convinced that such a scheme would be enthusiastically received.

It might be claimed that the Government would thereby compete with building contractors. But is not the Government this country's largest employer? Why should it not help its employees as does industry? I am quite sure that under such conditions these women, free from worries in regard to housing, would render better service. The project is necessary because rents are prohibitive throughout Canada.

The Government is anxious to improve public health and hygiene by clearing slums, which are a source of trouble. Why not replace them with housing units acceptable to civil servants?

It is the duty of any Government to see to the welfare of its employees and their families—and a happy home helps to increase efficiency. All the provinces could co-operate in such a project, but as Ottawa is the headquarters of the civil service, the federal Government could quite properly take the lead here in Ottawa.

If this suggestion were implemented, the housing units should be built near the most important government buildings, such as those of the Bureau of Statistics, the National Research Council, the Printing Bureau, the embassies, etc. What a comfort for these employees if they did not have to go to work miles away from home.

Would not such a plan also help to solve the traffic problem?

The Honourable Paul Martin, Minister of National Health and Welfare, once said:

> Co-operation is much more than a means of doing business. It is a way of life which takes into account the welfare of the individual and the welfare of the community.

It was Pope Pius XII who wrote:

> Housing is one of the vital needs of man; therefore, every human being has the right to own a home.

In 1954, Dr. Frank A. Calderone, attached to the World Health Organization, one of the United Nations' specialized agencies, invited several governments to recognize that the moral health of their employees is just as important as their physical well-being.

It would therefore seem, honourable senators, that in providing the comfort of a peaceful home to those who all day long spend their physical energy on a difficult task, we are helping to protect the whole nation's welfare. By so doing, the federal Government would be taking a concrete step towards solving the housing problem and in a much more effective way than would be open to any private enterprise.

Honourable senators, I trust the plan I have submitted to help women civil servants will meet with your approval.

(*Text*):

In conclusion, honourable senators, I wish to thank you most sincerely for your kind attention to my remarks.

Hon. Senators: Hear, hear.

Hon. Joseph A. Bradette: Honourable members of the Senate,—

Hon. Senators: Hear, hear.

Hon. Mr. Bradette: First of all, I feel that congratulations are due to the honourable senator from Sorel (Hon. Mrs. Jodoin) for the ideas she has propounded. I think her fine speech certainly deserves consideration by both houses of Parliament.

I shall say a few words in French following these preliminary remarks in English, as did my good friend the honourable senator from De la Durantaye (Hon. Mr. Pouliot), with whom I had the honour to sit in the House of Commons for 26 consecutive years. I was not surprised when in his speech he made reference to his request for a highway for vehicles on the Quebec bridge from the honourable member from Churchill (Hon. Mr. Crerar), who at the time was a minister of the Government. From my own experience every request the honourable senator has ever made to a minister has always been so logical and persistent that it has been granted. As we all know, during several years he pressed for a better railway station for Riviere du Loup, and he got it, even though a Conservative Government was in office.

Some hon. Senators: Hear, hear.

(*Translation*):

Hon. Mr. Bradette: I would like to congratclate my honourable friend, the senator from De la Durantaye (Hon. Mr. Pouliot), upon the well-deserved honour conferred upon him when he was called to the Upper House. I would also like to say how much I appreciated the excellent speech he made in moving the Address in reply to the Speech from the Throne.

I also wish to offer my sincerest congratulations to my other new colleagues in this house. I am sure that the able service they will render Canada will bring universal recognition and appreciation.

(*Text*):

I wish to offer my congratulations also to the honourable senator who seconded the motion for the Address, (Hon. Mr. Croll), whom I have had the honour to know for many years. We who live in Northern Ontario have followed him in his accomplishments very closely, first when he became Mayor of the city of Windsor, later when he went into provincial politics and held a responsible post in the Hepburn cabinet, and more recently when he served in the federal field. As a member of the House of Commons he did a great deal of committee work and made some very enlightening speeches. We all realized that we had in him a very able parliamentarian. At times some of my colleagues would say to me, "Dave Croll is almost a radical." My reply always was, "Dave Croll is a true Canadian and a man of vision; he is a Liberal—with a capital L." The senator is a great humanitarian, and is very familiar with labour problems. In his lifetime he has accomplished much for labour both in the province of Ontario and elsewhere. He has been a bona fide missionary in that great cause, and even if his views conflicted with those of some other persons, for the most part his efforts produced good results and his ideas prevailed.

I should also like to say a few words about the honourable senator from Gulf (Hon. Mr. Power), with whom I had the honour to be a deskmate in the other house. We all know and appreciate the great work he did as Minister of Defence for Air during the recent war. He was an inspiration to the Canadian people and its allied nations. The demands of his post were heavy, and although he seemed to work day and night the members of the House of Commons had access to him at all reasonable times. The honourable senator could have remained longer in the cabinet, but he chose to be true to his own ideals. When he resigned his cabinet post I am sure the vacuum which his leaving created was felt by the Opposition members as well as the Government. And when he was summoned to the Senate everyone realized that the Commons had lost a man of great talent,

energy and sincerity. I would add one further observation: the senator from Gulf is a great orator and debater; he was one of the few members of the House of Commons who could hold his own against the late Viscount Bennett when he was Prime Minister.

I take this opportunity to congratulate the Government upon the fine choices it made for the new appointees to the Senate. I can assure you that the selection of senators, like the election of members to the other house, is not a mere matter of chance or accident: in every case persons who receive these honours are eminently qualified to discharge the responsibilities placed upon them.

One frequently reads in the press that members of the Senate do not properly represent various segments of public opinion. This is not true. For instance, the farmers are well represented here: As proof, one had only to listen to the able speech made by the senator from Blaine Lake (Hon. Mr. Horner), in which he dealt with the problems of the farmer in a masterly way and as one who is intimately associated with those problems. For myself, I learned more about the wheat question from his speech than I have gathered from reading the newspapers over the past six weeks. The professions are ably represented in this house, as are the newspapers, finance and industry. In a word, this body is composed of people from all walks of life, and the accusation by the press that all segments of society are not represented is, I repeat, not true. I am sure anyone who takes time to study the background of honourable senators will concur heartily in what I have said. May I make a personal reference? After having been a member of the House of Commons for 26 years I was appointed to the Senate, and one day in the Post Office in my home town of Cochrane I heard two men who had opposed me in my elections talking about my appointment. One of them said, "Do you realize that Old Joe has been appointed to the Senate? I don't know how that happened". Let me state here that, although I am getting along in years, had I felt I was unable to fulfil the obligations that my appointment carried, I never would have accepted it. I believe that is the attitude taken by all members of the Senate.

I listened with great interest and pleasure to the speech of the honourable Leader of the Opposition (Hon. Mr. Haig) in this debate. He has a regal presence, and it has long been my view that what he has to say is worthy of close attention. He carries his years lightly and is fulfilling in a most capable way an important post in the political life of Canada. The public must of necessity be made aware of the excellent job being done by members of the Senate, and in particular by the Leader of the Opposition.

My remarks on the Speech from the Throne will be short. I would not dare to enter into a discussion about the wheat question; I leave that to the members from the west, because for an easterner it is a dangerous subject to embark on. I have some few comments to make about inflation. In this connection I should like to compliment the Government for what it has done over the past eighteen months in an attempt to curtail spending and halt inflation. I know that pensioners and other people with fixed incomes fully realize that the Canadian dollar today does not have the value it had in 1939. It is shocking to read, for instance, that in the United States some $24 billion worth of cars have been bought on credit, and that instalment buying involves a total of almost $84 billion. The dangerous effect of such credit buying on inflation is readily apparent to all.

I well recall that in my early days in the House of Commons I was seated next to Mr. Parent, then the member for Gatineau. One day he said to me "Joe, I could sign a cheque to you today for $2 million, and it would be honoured by the bank." I replied "Are you satisfied?" He said "No, I want to get $4 million." Eighteen months later, during the depression, he was wiped out through dealings on the stock exchange. The possibility of inflation leading to a depression is one of the things that it is the duty of the Government to warn against and if possible to prevent. In fact, the United States Government has foreseen the danger. No doubt everyone of us was astonished at the effect that the news of Mr. Eisenhower's recent illness had on the economic situation as reflected by stock prices in the United States—a loss of over $24 billion in the value of securities listed on various stock exchanges. That just goes to show how sensitive the economic situation is. Incidentally, no one can make me believe that anyone can become wealthy or independent solely by speculation—it has never been done, it is not being done and it will not be done tomorrow.

The subject that I want to deal with at length this afternoon is one that has been of great importance in Canada and the United States ever since the first European came to the shores of this country. The subject is immigration. I want to speak about it in an

objective and constructive way, for to my mind the subject is so important that politics should never be allowed to enter into it, and if during the course of my talk today I do make some political references they will not be made for purposes of criticism.

My section of the country, northern Ontario, is part of what is known as central Canada. We do not belong to the east nor to the west. Geographically speaking, we are in central Canada, and in our outlook on questions we always take a national viewpoint. We know the mayors of Winnipeg, Calgary, Edmonton and Vancouver, on the one hand; and those of Montreal, Ottawa, Moncton, Halifax and Saint John on the other; and we receive newspapers from those cities. So, you can readily see that we try to develop a broad view of problems affecting any of these centres. For instance, when we hear of Maritime rights we listen to what anybody has to say on that subject, and we listen not only seriously but sympathetically. We want to know what the thoughts and aspirations of the people in that part of the country are; and we support them in their grievances. And when we hear about the problems of the western provinces our reaction is similar.

We belong to a section of the country that in the years 1921 to 1931 had a greater agricultural development than any other section of Canada, and we have had thrust upon us various schemes of immigration, colonization and settlement. We belong to the northern Ontario clay belt which is very closely connected to the western provinces, although ours is a timbered country. It also is a section rich in potentialities, in all kinds of resources. When my father and our family moved there, in 1908, there were only a few fur traders' posts in that whole area, and very few places where the Indians would call, mainly on the Abitibi and the Lowbush Rivers. That part of northern Ontario lying between Fort William and North Bay contains three-quarters of a million people and the population is still growing. Sometimes newspaper articles dealing with the proposed pipe line across northern Ontario to Kapuskasing say it is to be built by the Government across this section because that is barren land. That statement is wrong.

There are great potentialities in that part of the country. I predict, however, that the population per square mile will never be a dense one. In that section of the country during the last forty years, besides the opening of the silver camp at Cobalt, which the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) knows so well, we have had the opening of the Porcupine gold district, the Kirkland Lake gold district and the Sudbury nickel and copper section and many other sections containing silver and copper.

We have also immense forest reserves in that section, but I must say again, as I said the first time I spoke in this august assembly, that our resources are not unlimited. They are limited even in northern Ontario, as they are in many parts of Canada where we have been very prodigal and very wasteful of them. And surely the time has come, and must be with us now, when we should husband our natural resources, whether they be of the forest, or mineral, or water powers, or any other kind of resources.

Since I have been in public life I have visited every section of our country—for many years as a fur-trader in the James Bay and Hudson Bay sections—and I know something about our large areas that extend up to the Arctic seas. I do not need to say that Canada is among the largest countries in the world. It comprises nearly 4 million square miles, and with a population of about 16 million that means a density of almost 4.5 people per square mile.

The argument has often been made that we should bring in immigrants to fill up our open spaces. But in dealing with most of the so-called open spaces we must be realists. We have nothing to lose by being so. There will always remain vast open spaces; one-third—yes, even two-thirds—of them will always remain that way.

I would like to see some of the proponents of schemes to colonize these open spaces try to live there for a year on their own, try to make a living there. They would soon find out that it is impossible to do so. Honourable senators, we must be realists in this, as far as immigration is concerned; and there is no really good reason for ignoring the facts. If we could slide this country of ours 1,500 miles to the south the situation would be entirely different. Not being able to do that, of course, we must accept matters as they are.

Canada has a healthy but a cold climate. That is a feature which amazes all Europeans who come to this country without having been previously informed of conditions here. But most newcomers soon grow to like the weather. In my opinion we should capitalize on our good climate; we should make people aware that it is just as healthy here in winter as in other sections of the world. I know of people who spend some time in Florida or California during the winter months and who, when they come back to Canada, have to be very careful not to contract pneumonia and colds, on account of the change in weather.

However, honourable senators, we must be realistic and frank to admit that a cold

country is never densely populated. No doubt some who are listening to me have visited the Scandinavian countries, such as Norway and Sweden, which, although prosperous, have not a dense population. I say that if prospective immigrants are fully informed about our climate before they come here they will accept it. Our climate appeals to the strong and the young.

No doubt we all are aware of what is called the Precambrian shield on which my section of northern Ontario is superimposed. Well, honourable senators, there is in that vast mass of rock a treasure that any country in the world would like to have. However, to wrest that treasure from the earth a challenge must be met. I think it is a challenge for the provincial government to meet, not alone but in co-operation with the federal Government, by giving opportunities to prospectors, promoters and others willing to make sacrifices to open up the north. Jacques Cartier, one of the first men who saw this section of Canada, which comprises over 2 million square miles, reported to the King of France, "There is not a cartload of earth in the whole of it." Most of it is barren land—one cannot get away from that fact—but a provident Nature has liberally supplied the area with great bodies of ore, not only gold and silver, but lead, iron and other metals. So, although the population will never be dense, when this section is adequately developed the population immediately to the south, including Toronto, Montreal and other industrial centres, will immediately benefit.

Canada is an immense country, larger in area than the United States. I personally believe that, when our land is fully developed —not tomorrow, not in 10 or even 50 years, but eventually—it will support a population of 100 to 150 million.

All honourable senators have heard about the iron ores of Ungava. What a challenge was there to Canadian enterprise. I personally know Mr. Jules Timmins. He is a nephew of Mr. Noah Timmins. He and other men who accumulated money were ready to risk it on what was then a gamble; and what obstacles they had to surmount! Mr. Timmins told me that at one time it seemed impossible, because of muskeg and lowland, to bring the steel to that great body of ore. It needed all the ingenuity of engineers and others versed in the problems involved to build a railway right up to the Ungava field, which is now being operated.

At the present time there are new and promising developments in Newfoundland and the Maritimes. We are all very glad to learn of the discovery of important bodies of ore, whose exploitation will help those fine provinces to retain more of their population. Similar progress is being made elsewhere. We read of new discoveries in the Northwest Territories and the Yukon, and of the great development at Kitimat, in British Columbia, which was a great challenge not only to financiers but to the inventive faculties of the human mind. It required their close co-operation to make a success of the venture. We also learned with great satisfaction that important interests in the British Isles were ready and willing to spend between 50 and 75 million dollars in preparing a magnificent site near Vancouver for future industries in British Columbia. The courageous acceptance of these challenges is bound to benefit not only those who provide the money, but the country from which they happen to come, and most certainly our own.

I am in favour of immigration, but within proper limits, because if unrestricted it can result in much hardship and suffering. I have seen this happen, for instance, when people from the British Isles were sent for colonization purposes, in the dead of winter, to the clay belt of northern Ontario. All of them were fine, rugged people. I recall in particular the case of one family. The husband was a fine type of man. The wife looked like a queen; she came from a well-to-do English family, and she brought along her jewellery and other valuables. This couple were located in a settlement 12 miles east of Cochrane, in the month of February, when the land was under several feet of snow, and for some weeks the temperature fell as low as 35 degrees below zero. They tried to make a living, but it was impossible; the handicaps were too heavy. Had they been told beforehand of the situation they would never have gone there, and certainly they should never have been allowed to go there in the winter months. Eventually, however, they moved to Cochrane, where they invested in a hotel. They are now making a good income and their children live in Ottawa and are doing well.

I mention these matters because I want to impress on the officials of the Department of Citizenship and Immigration that intending immigrants should be fully informed about the situation in the areas to which they propose to move, before they leave their own country, and be properly prepared to meet it —if necessary, with the help of the federal and provincial governments. After the last war the Government of Ontario decided to bring to that province a large number of people from the British Isles. The idea was a good one, but the federal Government was not ready to participate. The provincial authorities chartered some private planes with a view of transporting to Ontario, I believe,

between 25,000 and 50,000 people. But there was no proper or adequate housing accommodation for those who arrived; and, though at the time no serious depression existed, some of the newcomers were unable to find employment. It is impossible to deal with these matters without full knowledge and adequate preparation, because we are dealing with human beings, and though they are willing to play the game, they must be given a fair chance to play it, and not be subjected to deceptions.

The problem of Canada's population is usually discussed in terms of anywhere from 20 million to 60 million people. It is all right to talk in that way, and discussions about immigration are desirable. My own view is that the country could easily absorb under normal circumstances between 150,000 and 200,000 immigrants per year; but such a policy must be carried out in ways which are fair to our own people and to those whom we invite to come here. In this relation I will quote the figures of births in Canada—excluding the Yukon and Northwest Territories—and for the past three years:

1952	402,527
1953	416,825
1954	435,142

It may be assumed that in the next three years the birth rate in Canada will reach between 500,000 and 600,000 annually.

Hon. Mr. Macdonald: Has the honourable senator the death rate figures?

Hon. Mr. Bradette: No, I have not. But it will be readily seen that we can maintain an influx of between 150,000 and 200,000 immigrants to sustain and enlarge the economy of this country, without creating any commotion or causing hardship to anybody. Our record as regards immigration has not been a bad one. The Liberal party, during its terms of office prior to 1939, carried on a policy under which a substantial number of immigrants were admitted every year. From January 1, 1946 to September 30, 1955, 1,198,980 people came into this country. I repeat that this is not a bad record. There are those who advise us to take note of Australia, which, with a smaller population than ours, is attracting more people from abroad than we are. But it must not be forgotten that at present the problem of properly integrating one million newcomers among 9 million Australians is producing, I will not say troubles, but problems which have to be faced.

Around 40 years ago the basis of Canadian immigration was the settlement of the prairies or employment on the farms. That field is now pretty fully occupied, and, in any event, it is my experience that the average immigrant, even though admitted on an undertaking to remain at least a year or two on the land, and although he has signed on the dotted line, will not stay there more than two or three months if he can help it. It may be said that there is a crisis in Canadian agriculture at the present time. One has only to read such pronouncements as that of Dr. R. Campbell, which appeared in a *Canadian Press* dispatch of January 7:

> Prof. Dr. R. Campbell, head of the Ontario Agricultural College's economics department, said in a lecture to marketing and co-operating students that low-income farmers should be encouraged to take jobs in cities.

I am not questioning the professor's sincerity, but I do not agree with him. If the groups he has in mind were to leave the rural districts and go to the industrial areas of Ontario, such a crisis would result that even that rich province would not be able to deal with it alone.

The families of the original settlers in northern Ontario still have holdings there but the young people went to work in the newsprint mills and the mines. We endeavoured to bring some Dutch people to farm in our part of the country but we could keep only a few of them. Many of them moved to the Toronto area, where they became successful in agriculture and business. Actually we are faced with the same situation that confronted us some 30 years ago in the matter of immigration.

A short time ago, Ontario's fine Premier, Mr. Frost, appeared before the Gordon Commission and predicted that within 20 years Ontario would have a population of some 8 million. But he warned that in order to provide adequate services for the increased population Ontario would have to call on the federal Government for assistance. Some people seem to think that if Canada's population were suddenly increased to, say, 20 million, all our problems would be over with, that we would have very little income tax to pay, that our railway problem would disappear, and so on. Well, it just doesn't work that way, because increased population brings its own problems which must be met, and they are getting more and more complicated all the time.

An alarming aspect of our immigration problem is the steady flow of our citizens, both old and new, to the United States. Living as we do in close proximity to that great country, we can understand its magnetic attraction for many of our people. I could not get statistics on the number of people who have left Canada to take up residence in the United States during the past ten years, but on the basis of available figures

we do know that between 1921 and 1931 there came to be known what was called the "missing million" in our population. In other words, by 1931 there should have been a million more people in Canada. Our population, having regard to births, deaths, and immigrants, should have been over 11,234,392, but actually it was only 10,376,786. Taking into account those who had returned to Canada from the United States, something like a million people had simply vanished. They had somehow been drawn away, and this siphoning off of our people apparently continues without abatement. This is certainly true in regard to our university graduates of Ontario and Quebec—indeed, of all Canada, I believe.

It is a known fact that Canada has never kept more than a fair proportion of the immigrants coming to it. Between 1911 and 1921 the number of immigrants to Canada totalled 1,780,000, while the net increase in new Canadians born outside of Canada during the same period, as shown in the census of 1921, amounted to 368,000. In other words, in that ten-year period we lost nearly 1,300,000 immigrants, people who originally had decided to come to Canada but who either died or failed to remain here. My own deduction is that the great bulk of them must have gone to the United States, and that a few, very few, returned to the lands of their origin.

Accurate statistics are not available concerning emigration from Canada, because none of the government departments keep a record of this information. I think the Bureau of Statistics should devise a means of determining the number of Canadians who emigrate to other countries, particularly to the United States, and the number who return to Canada. These are statistics our people should have.

According to *Le Nouvelliste* of Three Rivers, Quebec, the Metropolitan Life Insurance Company, in a recent publication, has thrown some light on this subject, reporting that one person out of two who enters this country leaves it. I take it that such a reputable insurance company would not publish this information if it were not correct.

Between the end of World War II and December 31, 1953, some 980,868 immigrants entered Canada. *Le Nouvelliste* deduces from these figures that approximately 490,000 left the country, of whom 420,000 emigrated to the United States and some 70,000 went back overseas. I think it should be possible to keep annual statistics concerning Canadian emigration; they would let us know where we stand. It is impossible for any Government to prevent people from going to warmer climates or, as sometimes happens, to more comfortable living conditions and better positions. The attractions are there and the fact cannot be denied. They may appeal to the children of honourable senators just as to any other Canadians, despite the fact that we know there are great opportunities for everyone in our own country.

I want to say a word at this time about giving assistance to people who would like to immigrate to Canada. I am totally in favour of it. There are many potential immigrants in Europe who would become good Canadian citizens and an asset to our country, but they have no means whatever of getting here. It is a marvellous thing that our Government is to assist them in this respect, and it will not cost the Treasury very much.

There has been some criticism of the Government's policy on immigration because during the last few years we have not had as many immigrants as some people wanted. But there are many factors to be taken into consideration. Shortly after the war Sir Winston Churchill, in a speech broadcast over the NBC network, urged the people of England to remain in Great Britain. He said that all their energy would be required to repair the devastation caused there by the war. In some sections of Europe there have been misgivings about Canada's economic condition. This sort of thing, of course, is not favourable to immigration, because certain elements have made political capital out of Canada's so-called regression—a brief period of seasonal unemployment last year. Do honourable senators realize that Great Britain herself has conducted an energetic immigration program during the last four or five years? As a matter of fact, the increased population through immigration in London alone threatened to create a delicate situation. Everyone knows how tolerant the British people are—I doubt whether any people are more tolerant—but they quickly realized that the situation developing in London and other parts of the country could become more serious. However, Britain is thriving today and her international trade is expanding from month to month. The same is true of France. During the last 24 years, with the exception of the war period, France has brought in an average of 65,000 immigrants annually to work on farms and in industry. Therefore it is difficult for Canada to get immigrants from that country. Even Germany is enjoying an industrial boom, and her products are finding their way on the world markets.

We get some very fine people from Holland, too, but she also has a limited population, and only a few arrive here from year to year. In Italy the situation is entirely different. I think the principle of charity—I should say understanding—should be exercised toward that country, because it is greatly overpopulated. It is true that Italians prefer to

go farther south—say to Brazil, Argentina, or any of the other South American Republics; however, many came to Canada years ago to work on construction and on the railways, and they did very well and became good citizens. Last year I visited the city of Guelph, Ontario, and saw a fine settlement of Italian immigrants working there, doing wonderful work. They were good citizens, and prosperous.

With regard to Greece, I believe that when in January 1954 the Intergovernmental Committee of European Migration asked for 3,000 applicants to go to different parts of Central America some 50,000 to 60,000 applications were received. Those emigrants were very good people.

Very few people have come from Spain to Canada in the past, so I cannot say much about Spanish immigrants.

The Scandinavian countries are not densely populated, and are very prosperous. However, we have some of their people in Canada, and it is a very good thing for us; but they will never come here in great numbers.

People from over-populated countries who have come to Canada to seek opportunity have responded very well indeed. Several schemes for receiving further immigrants have been put forward, all of which are sincere and have the welfare of Canada at heart. Some years ago Sir Henry Thornton urged that people from other countries should be allowed to come to Canada at the rate of so many a year for a number of years; he believed that such a plan would bring additional revenue to the country. He contended that if freight rates were increased 5 per cent annually for a number of years it would create a revenue of $20 million a year. Fortunately, that scheme was not acceptable.

Honourable senators, it is easier to theorize on the question of immigration than it is to apply some workable policies.

On several occasions I had the pleasure of meeting Brigadier General M. L. Hornby, who in 1933 and 1934 came forward with a plan for British community settlements. He approached the Governments of Ontario, the Prairie provinces and British Columbia—I do not believe he went to Quebec on the subject. He was serious and sincere in purpose. The last time I saw him he expressed disappointment, and said, "I believe if my scheme had been put into practice 20 years ago it would have worked, but today even the agricultural west cannot begin to implement my immigration programs."

General A. D. McRae—who later became a senator—also put forward a plan, in 1928, when he was organizer of the Conservative party. I mention his association with the Conservative party, because although he was not a member of the same political party as I was, I always considered it a great honour to enjoy his personal friendship. His plan was a good one. On March 9, 1928, General McRae made a great speech in the House of Commons in which he proposed the expenditure of $300 million for the purpose of increasing immigration. He proposed to take 50 million acres of Government-owned lands in the west—scrub land—and clear 80 acres on every quarter-section at an estimated cost of $12.50 an acre. On these lands he was going to put 300,000 settlers—one to each quarter-section. The Government was to build a house, a stable and outbuildings at a cost of $500 each. This grandiose scheme was actually discussed seriously in the house by members of the Conservative party, and on May 22, 1929, General McRae repeated and emphasized his views. He then said:

> Last year, in response to the Minister's request, I made bold to submit to this house a definite colonization program, but owing to an accident, I was unable to appear before the select Standing Committee on Agriculture and Colonization.

This plan apparently did not meet with the approval of the Government, but General McRae went on to say that he still adhered to his original proposal and believed it would be a good idea for the country; in fact, he was strongly of the opinion that it would be absurd to deny broad and general plans to increase settlement. Continuing his speech, he said:

> I presume the hon. member agrees that we must increase our population. My idea of the only place it can be increased is on the land.

And later on:

> I proposed last year that the Government issue land bonds against their expenditure on such a development. I gave as the maximum required $300,000,000 for a ten-year program, as an average of $30,000,000 per year.

Dr. Manion was another emphatic advocate of immigration in this popular debate. In the House of Commons *Hansard* for May 28, 1929, at page 2892, he is quoted as saying:

> I do not see how you can possibly handle immigration without an adequate organization, and certainly I cannot endorse any such idea as that this magnificent country should put up its shutters and close its doors completely, taking the stand: "We have great resources; let us hang on to them and keep other people out." Surely we have a more encouraging conception of Canada's future greatness. I personally do not understand the attitude taken by the hon. member for Battle River and by the minister himself.

Finally, we have Mr. R. B. Bennett's own very definite attitude, as given in the House of Commons *Hansard* for June 7, 1928, at page 3923:

> And I want to place myself upon record that it is a fallacy to believe that the bringing of more people into Canada means the cheapening of labour and the lowering of the high standard of living

of those who are here. History teaches us that if you get people settled in a country you are making work. Every time you bring a new productive person into the country, whether he be productive by his hands or his brains, if you are unifying your efforts, you are already opening up new avenues of work. That has been the history of other countries, and I am sure it will be the history of this country.

Honourable senators, I have quoted that passage to show what history can do. Now, in the Bennett administration there was a very good friend of mine. the Honourable Wesley Gordon, the member for Timiskaming South, then Minister of Immigration and Colonization and Mines. Mr. Gordon knew northern Ontario and understood the problems of immigration and agricultural development. In the year 1935 I had a number of questions placed on the Order Paper to be answered, among which was this one:

What was the total number of immigrants that came into Canada from every country of the world during the year 1934?

The answer, given by the Honourable Mr. Gordon, was: 12,476. Mr. Gordon said he was satisfied with that figure at the time and he felt it would be advisable to leave all immigration in abeyance until the depression was over. I think this showed that in all such matters he was a wise man.

We had some immigration plans in northern Ontario. After World War I a fine section of the clay belt close to the present Kapuskasing Experimental Farm was picked out and we brought some 200 ex-soldiers and their families from Great Britain and Ontario—fine men and women, all of them—and gave them some money and a home reasonably close to a post office and communication facilities. But after two or three years these people became discouraged, and some chose to return to England, others settled elsewhere in Canada, and a few remained.

I ask your indulgence, honourable senators, to deal briefly with problems affecting some of the provinces. Newfoundland, for instance, despite its somewhat sparse population, is making economic progress, but it has little need for immigration. The same is true of the Maritime provinces. Prince Edward Island, Nova Scotia and New Brunswick, where the people are familiar with their own needs and are making great progress. The last two mentioned provinces have had some very good mineral discoveries.

As to my native province, Quebec, it has been said that its people are against immigration. Of Quebec as a whole that is not true. With respect to immigrants the people of French descent desire only a reasonable opportunity to maintain their position in the light of their own stated rights. They have always affirmed and maintained that under the juridical system there is nowhere—in the federal domain, at least—a French minority as such. We French Canadians constitute a minority only in the statistical sense of the word. I speak from my heart when I say that the French-speaking Canadians are equal partners with their English-speaking compatriots in our confederation. We have no quarrel whatever with our English-speaking compatriots who tend to assure in this country an English and Protestant predominance, but they should not overlook the fact that any official government policy to establish such a condition would naturally be to the detriment of French Canadians and strongly resented by them.

But one thing is certain: the solution of our demographic problems must be our primary concern. We must work on the same footing and with the same cohesion as those of another school of thought. But to be effective and constructive in our activities, we must rid ourselves of certain traditional prejudices against immigration which are apparent in some parts of Quebec.

At the end of last September, during *la Semaine Sociale*—a week devoted to discussion of social problems—at Mont Laurier, Quebec, His Eminence Cardinal Léger, of Montreal, delivered an allocution entitled "Let us not make immigration responsible for our faults". In a masterly way he analyzed and treated the immigration question in its different national aspects, emphasizing some of our obligations from not only the human but the moral point of view. He appealed to the people to receive displaced persons kindly, not to allow them to feel that they were foreigners or strangers in this country, and to recognize the great accomplishments of some of the immigrants to our shores.

May I say a word about labour's attitude toward immigration? While it is true that labour does not wish to permit a repetition of any of the errors of the past, or to allow industry to create a reserve of employable immigrant labour to be used at its wish, labour is, generally speaking, in favour of immigration into Canada provided the newcomers can find fruitful occupations.

It was said by Sir Wilfrid Laurier that the twentieth century would belong to Canada. Now, some people take that to mean that Canada must reach a population of 50 million or perhaps 100 million rapidly. Our population is not great and it never will be as great as that of the United States or India, for example, but one has only to travel outside the country to realize the respect in which the Canadian people are held. The world knows that throughout two great wars Canada served the cause of freedom, democracy and Christianity without hope of or

desire for any territorial aggrandizement. In that respect Canada stands practically alone, and her high ideals and unselfishness are widely recognized. Many of our members have attended meetings of the United Nations and have seen there the respect in which Canada is held.

Neither Great Britain nor France has ever been a heavily populated country, but each has had a great influence on the democratic world of today. And Greece, a very small country, still ranks high in our study of the classics and history. We must realize that we are already in the century which Sir Wilfrid Laurier predicted would be Canada's century, and undoubtedly our population will increase and our position in world affairs will be maintained. At the same time, there is nothing to be gained by stuffing our country with immigrants against the will of our native-born population, or without proper preparations to receive them. While we realize the necessity for a government-controlled immigration policy, we must see to it that our new citizens measure up to the character and qualifications we require. It is our duty and prerogative to make a proper selection, and no one can criticize us for doing so. The Department of Immigration has at times been criticized for the method by which it screens European immigrants coming to Canada. My chief concern in that respect is to see that not one Communist is allowed to enter Canada.

I recently read an article in that fine newspaper, the Ottawa *Journal*, which seldom goes off on a wrong tangent. In it reference was made to a young policeman in the city of Toronto who had been shot by a recent immigrant to Canada and, I believe, had lost an eye. Now, while it is true that we have an obligation to newcomers, they too must face up to the obligations our country imposes on them. This incident illustrates the need for adequate screening, because we have no law requiring that an immigrant be deported to his native country after a criminal act such as that to which I refer. But if there are many abuses on that score, we may have to pass such a law.

In conclusion, may I refer to the good quality of immigrants who have come to Canada from the British Isles but who were not told what they would have to face? I remember well meeting them in the pulpwood camps, where they were trying to make a living by cutting wood at $2.50 a cord. These rosy-cheeked, healthy people had never ground an axe or filed a saw in their lives, and the best they could do at first was cut perhaps one to three cords per week, but with a little instruction and help they were quickly able to cut as much as two and a half cords a day. Of course, such people should be told, not that Canada is an earthly paradise, but that it is a land in which there are some hardships to be borne, and also great opportunities for success. I well recall that during the first World War a cousin of mine married a very fine English girl, from a lovely home, and brought her to the Cochrane district to start a new life. He had told her that he owned a big farm, 160 acres of land, but he failed to tell her that it was in the bush and had only a log cabin on it. She had to be made of good stuff to stand up to the troubles she faced on a bush farm, out of touch with society, but she made a success of her life and that of her family. However, I emphasize that we have no right to bring people here under false pretences.

I will close by quoting remarks made by His Eminence Paul Emile Cardinal Léger at Mont Laurier last September on the occasion to which I have already referred, Quebec's *Semaine Sociale*, in which I believe he crystallized the idea and the attitude of the province of Quebec, yes, of the whole of Canada, with regard to the question of immigration. His words were:

> The fear which immigrants inspire in us could be the symptoms of an inferiority complex or the signs of a lack of Christianity and humanity. An anaemic organism cannot perform the vital act of assimilation. It throws back in its original state the matter which it had absorbed. If our country is to remain united and our church prominent, every one of us, in these days, must show a strong capacity of assimilation. The peaceful victory of a nation whose very elements must melt into the union which will respect freedom and the human person will be secured only if charity prevails.

Hon. Senators: Hear, hear.

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

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved, with leave, the second reading of the following bills:

Bill W-1, an Act for the relief of John Caldwell Scriver.

Bill X-1, an Act for the relief of Marie Therese Provost Lapointe.

Bill Y-1, an Act for the relief of Margeryann Williams Farrow Chesney.

Bill Z-1, an Act for the relief of Kathleen Birdie MacPhail Morgan.

Bill A-2, an Act for the relief of Sylvia Colato Le Pottier.

Bill B-2, an Act for the relief of Antonina Dieni Choumanchuk.

Bill C-2, an Act for the relief of Rena Amelia Duncan Chenier.

Bill D-2, an Act for the relief of Stanley Edgar Barnes.

Bill E-2, an Act for the relief of Molly Joyce LaPlante Baggott.

Bill F-2, an Act for the relief of Jean Dorothy McLean Lewis.

Bill G-2, an Act for the relief of John Walter Thoburn.

Bill H-2, an Act for the relief of Panorea Delaporta Alivizatos.

Bill I-2, an Act for the relief of William James Stoddart Edington.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until Monday, February 6, at 8 p.m.

THE SENATE

Monday, February 6, 1956

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

Prayers.

Routine proceedings.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 106 to 116, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

UNITED KINGDOM PRIME MINISTER

ADDRESS TO MEMBERS OF BOTH HOUSES

Hon. W. Ross Macdonald: Honourable senators, this afternoon we listened to an outstanding address, delivered to members of both Houses of Parliament, by the Prime Minister of the United Kingdom. I am sure that honourable members would like to have this address appear on the permanent records of this house.

Hon. Senators: Hear, hear.

Hon. W. Ross Macdonald: I therefore move, seconded by the Leader of the Opposition (Hon. Mr. Haig):

That the Address of The Right Honourable Sir Anthony Eden, Prime Minister of the United Kingdom, to members of both Houses of Parliament this day, and other addresses delivered on this occasion, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate*, and form part of the permanent records of this House.

The motion was agreed to.

See Appendix to to-day's Hansard, *page 123.*

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill A-3, an Act for the relief of Elizabeth Baird McDowall Whitlock.

Bill B-3, an Act for the relief of Adrien Patrick Dicaire.

Bill C-3, an Act for the relief of Jessie Altha MacBride Burnside.

Bill D-3, an Act for the relief of Marianne Adorjan Balogh.

Bill E-3, an Act for the relief of Helene Marguerite Peck Cooper.

Bill F-3, an Act for the relief of Una Margaret Prower Douglas Heubach.

Bill G-3, an Act for the relief of Hilary Hope-Hawkins Hardie Henders.

Bill H-3, an Act for the relief of Marie Arthemise Marguerite Denise Laperriere Mercier.

Bill I-3, an Act for the relief of Harry Hood.

Bill J-3, an Act for the relief of Delima Chalifoux Prevost.

Bill K-3, an Act for the relief of Frances Raven Sherman.

Bill L-3, an Act for the relief of Constance Louisa Kelly McKenna.

Bill M-3, an Act for the relief of Jean Mailman Greenleaf.

Bill N-3, an Act for the relief of Grace Elizabeth Davidson Alexander.

Bill O-3, an Act for the relief of Frederick Arthur Waltho.

Bill P-3, an Act for the relief of Jean Decary.

Bill Q-3, an Act for the relief of Sylvia Barbara Murphy Simon.

Bill R-3, an Act for the relief of Amy Elizabeth Torrance Fraser Walker.

Bill S-3, an Act for the relief of Margery Cooper Mason.

Bill T-3, an Act for the relief of Caroline Scortaru Ungariano, otherwise known as Caroline Scortaru Ungar.

Bill U-3, an Act for the relief of John Joseph Rahilly.

Bill V-3, an Act for the relief of William Ross Gould.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

VENTILATION OF SENATE CHAMBER

On the Orders of the Day:

Hon. John T. Haig: Honourable senators, before the Orders of the Day are proceeded with I wish to complain about the ventilation in this chamber. I object to sitting in a draft. I can feel it coming down the back of my neck, and tomorrow or the next day I shall probably have a cold. I suggest that the engineer in charge of the building be requested by the Committee on Public Buildings and Grounds to have a proper investigation made and the cause of the draft eliminated.

VITAL STATISTICS

On the Orders of the Day:

Hon. Joseph A. Bradette: Honourable senators, while taking part in the debate on the Address in reply to the Speech from the Throne last week I was asked by the honourable Leader of the Government (Hon. Mr. Macdonald), if I had certain death-rate figures for Canada over the past three years. I did not have the information at that time, but I now have it, and, with the unanimous consent of the house, I should like to read it into *Hansard*.

Hon. Senators: Agreed.

Hon. Mr. Bradette: The figures, which exclude the Yukon and the Northwest Territories, are as follows:

VITAL STATISTICS, CANADA, 1952-54

Births	
1952	402,527
1953	416,825
1954	435,142
Deaths	
1952	125,950
1953	127,381
1954	124,520
Natural increase	
1952	276,577
1953	289,444
1954	310,622
Total natural increase	876,643

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill W-1, an Act for the relief of John Caldwell Scriver.

Bill X-1, an Act for the relief of Marie Therese Provost Lapointe.

Bill Y-1, an Act for the relief of Margeryann Williams Farrow Chesney.

Bill Z-1, an Act for the relief of Kathleen Birdie MacPhail Morgan.

Bill A-2, an Act for the relief of Sylvia Colato Le Pottier.

Bill B-2, an Act for the relief of Antonina Dieni Choumanchuk.

Bill C-2, an Act for the relief of Rena Amelia Duncan Chenier.

Bill D-2, an Act for the relief of Stanley Edgar Barnes.

Bill E-2, an Act for the relief of Molly Joyce LaPlante Baggott.

Bill F-2, an Act for the relief of Jean Dorothy McLean Lewis.

Bill G-2, an Act for the relief of John Walter Thoburn.

Bill H-2, an Act for the relief of Panorea Delaporta Alivazatos.

Bill I-2, an Act for the relief of William James Stoddart Edington.

The motion was agreed to, and the bills were read the third time, and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—
DEBATE CONTINUED

The Senate resumed from Thursday, February 2, consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mr. Pouliot, seconded by Hon. Mr. Croll, for an Address in reply thereto.

Hon. William M. Wall: Honourable senators—

Hon. Senators: Hear, hear.

Hon. Mr. Wall: It is a privilege and a distinctive honour to have been appointed to this honourable and historic legislative body. This high privilege and honour I acknowledge quite candidly. It is a source of great pride for me to be a colleague of distinguished Canadians, from whom I know I shall learn a great deal about problems of common Canadian concern. I share with you the feeling of responsibility which I feel to be inherent in an appointment to this office of high public trust. The meaning of this responsibility, and the scope of the burdens involved, are becoming clearer as I orient myself to the legislative work of this chamber.

A deep feeling of gratitude prompts me to express my very sincere appreciation to the honourable senators of this house for their very warm welcome, for their encouragement, and for the many thoughtful courtesies which they have extended to me and to all the new senators, both individually and collectively. My sincere thanks to the Honourable the Speaker (Hon. Mr. Robertson) and to the Honourable the Leader of the Government (Hon. Mr. Macdonald), whose advice and guidance have been most valuable. I must pay tribute, too, to the courtesy and friendly co-operation of the members of the Senate staff. Within the brief period of four weeks I have been given a feeling of security; and this sense of belongingness, so quickly realized, is truly a minor miracle in the gentle art of friendly human relationships.

Honourable senators, I feel privileged to be able to express my appreciation to the Right Honourable the Prime Minister for recommending that I be appointed to the Senate

of Canada. I must admit that my appointment holds for me significant and special values because I have had it at the hands of this distinguished and respected democratic leader, whose high qualities of statesmanship have contributed so much to the evolutionary development of Canada's auspicious destiny.

I hope that the mover (Hon. Mr. Pouliot) and the seconder (Hon. Mr. Croll) of the Address in reply to the Speech from the Throne will be kind enough to accept my compliments and my thanks. It was a heartening and also a chastening experience to listen for the first time to experienced parliamentarians discussing Canadian problems of such importance to our citizenry. I have listened with interest and with profit to the speakers who have followed, and I have been encouraged by the sincerity of their opinions and by their preoccupation with problems of common concern.

I trust it might be thought appropriate that on this first occasion on which I address honourable senators I should pay a tribute to my distinguished predecessor, the late Senator John Caswell Davis, whom it was my privilege to know, though, unfortunately, not intimately. His extensive activities in the political and business life of Manitoba did not prevent him from rendering invaluable services to the educational, religious and cultural life of this nation. His deep spiritual nature and the abiding strength of his Christian convictions, from which flowed his great love of his fellow-man, endeared him to all who knew him. The honourable senator from Churchill (Hon. Mr. Crerar) expressed the thoughts of many when he said:

> He passed through life enjoying and holding the esteem of all those with whom he came in active contact.

Public mention has been made of the fact that I happen to be the first Ukrainian Canadian to have been appointed to the Senate. Honourable senators will understand and will respect my feelings and my motives when I say that all Ukrainian Canadians were honoured by this governmental recognition which they regard as a tribute to their contributions to Canadian nationhood.

Hon. Senators: Hear, hear.

Hon. Mr. Wall: Honourable senators, you may have noticed that during the past two or three weeks the Ukrainian Canadians have been commemorating the 38th anniversary of Ukraine's declaration of national independence and the 37th anniversary of Ukraine's political unification. I am certain that honourable senators understand the motives which prompt these anniversary celebrations and the purposes expressed by the participant speakers. Quite simply, the Ukrainian Canadian expresses his well-founded belief that the Ukrainian people in their homelands are determined to become nationally independent in a truly democratic and Christian state. He expresses the conviction that this dynamic and freedom-loving people cannot remain forever a sacrificial victim on the altar of abstract or purely academic interpretations of liberty, justice and self-determination. He expresses his belief that the Ukrainians in their homelands continue to long for the practical realization of those human rights which totalitarian spokesmen profess to believe in and profess to implement.

However, and this I must emphasize, the overshadowing and pervading theme at these gatherings is a rededication to the highest ideals of Canadian citizenship in the defence and strengthening of the democratic institutions of this country, so that Canada may remain a bastion of liberty and social justice. As a participant at some of these celebrations, I felt that I should explain to the honourable members of this house the essential nobility of these expressed aspirations and the high ideals of citizenship which purpose the organized activities of the overwhelming majority of our Ukrainian Canadian citizens.

In this context of democratic citizenship, honourable senators, I am prompted to stress the importance to Canadian unity of what has been termed the evolving philosophy of cultural pluralism. We believe, ever more strongly, in the possibility of unity within the framework of the existing diversity of ethno-religious groups. We have been witnesses of and participants in the democratic processes which have resulted in the successful integration of peoples through a policy of wise tolerance and accommodation to existing differences. We have learned that groups of people cannot be successfully integrated without the concurrent satisfaction of basic human needs. Among these we must give priority to mutual respect based on tolerance and security which comes from recognition and a feeling of belonging.

In historical perspective, we can honestly admit that some errors were made by both the majority and the minority groups as they strove to achieve mutually-satisfactory interrelationships, economicaly, politically, culturally, and socially. We have learned much from our experimentation in assimilation and isolationism. Happily, we have arrived at a workable and positive philosophy which has been termed integration through accommodation. Accommodation has been aptly defined as that process through which men and groups seek such forms of interaction which will not tend to obliterate sensible identification, while

promoting the mutual diffusion and eventual cross-fertilization of heterogeneous cultures.

Accommodation presupposes tolerance, respect for and indeed a neighbourly cherishing of the distinctive linguistic, religious and cultural heritages of the various elements that make up our Canadian population. It rejects as negative such things as separatism, fanaticism, or any form of false romanticism which may wish to perpetuate former prejudices, old biases, and bigotry. It is axiomatic that freedom to conserve what is treasured and valuable in ethnic group cultures must be complementary to the evolution of the national culture of the Canadian people. This means that cultural differentiation, valuable in itself, must be counterbalanced by and must be subservient to our adherence and our loyalty to common ideals and ends. All Canadians must labour toward a common base of social custom and democratic loyalties essential to the maintenance of our political and national integrity. The ethnic group to which I have the honour to belong shares with other Canadians this awareness of its obligations and its privileges as it works in loyal partnership with other Canadians to promote national unity within our cultural and religious diversity.

(Translation):

And now, I should like at this point to pay my respects to the senators who represent that honourable race whose pioneers discovered, settled and developed this country, so richly endowed by Divine Providence. They have always been a creative and stabilizing influence in our national life because they have excelled in their practised devotion to the noblest spiritual values in their family and public life. I am not attempting to be rhetorical when I quote this tribute:

> Here is a people that have been able to stand up before men because they have known how to kneel before God.

Their united perseverance in their struggle for religious, political and educational rights brought to us in Canada the evolutionary development of a philosophy of bi-culturalism, which in turn, has been expanded to the concept of democratic pluralism—this happy realization of Canadian unity within ethno-religious diversity.

(Text):

Before I speak briefly about the participation of the Canadian delegation at the Tenth Assembly of the United Nations, I should like to pay a humble but sincere tribute to the Honourable Lester B. Pearson for his excellent statements on Canada's foreign policy. His policy statement to the House of Commons on January 31 is marked by a realistic appraisal of the potential dangers facing the Canadian people and the onerous problems involved in our continued contributions to the cause of liberty and world peace. His words of hopeful wisdom and his challenging appeal for strength, steadiness, and unity will be understood and appreciated by all thoughtful Canadians.

Honourable senators, with your permission, I should like to share with you some of the impressions I carried away with me as a result of my experiences with the Canadian delegation to the Tenth Assembly of the United Nations. These impressions may well be neophytic and sequentially ill-defined, but they will be sincere.

First of all, I should like to point out that there was an older and much more experienced senator on the Canadian delegation, whose contributions, especially on the Fourth or Trusteeship Committee, were outstandingly meritorious. I am, of course, referring to the honourable senator from Cariboo (Hon. Mr. Turgeon), to whose friendship and guidance I should like to pay a tribute at this juncture.

In all sincerity and honesty, I should like to express to the leader of the Canadian delegation, the Honourable Paul Martin, my admiration for his forceful yet ever kindly leadership, for his assiduous and conscientious application to his arduous duties, and for his tireless preoccupation with a bewildering array of problems which had to be understood, assessed, and acted upon in harmony with formulated and agreed-upon Canadian policies. Although I know I should speak only for myself, I believe that I am speaking for each and every member of the delegation when I say that his efforts were appreciated and honoured by all.

Delegates, parliamentary observers, advisers and staff, all co-operated willingly and diligently. It was a good Canadian team, and its members attempted to safeguard and to strengthen the position of respect, good will and influence which Canadian delegations and missions do have at the United Nations. Canada's general position in the international field is characterized by a sympathetic understanding of the issues that are involved, a realistic though conciliatory attitude in attempting to resolve differences of opinion, and a devotedness to the purposes and aims of the United Nations Charter. Never was I more proud to be a Canadian than when, at the United Nations, I saw Canada's representatives play a leading role in initiating the solution of such problems as the setting up of an international agency for the development of atomic energy for peaceful uses; the setting up of an international committee of experts to study the genetic and other effects

of atomic radiation; and the inclusion within the United Nations family of what we originally hoped would be 18 new member states.

Secure in my conviction that Canadians have always shown themselves willing to look facts in the face—and, once having looked at these facts, have been courageous in accepting their implications, without excessive optimism or discouragement—I said this to a very fine audience of university graduates several months ago:

> To buy peace, to raise economic standards, to feed the hungry, to improve human health, to protect and resettle the homeless . . . we, the 60 member nations, have, in an international way and through the instrumentality of United Nations organizations, spent approximately $2 billion during the past decade and since the inception of the United Nations. To me, personally, this is not a very high price to pay for what we have collectively tried to do . . . and I am proud, indeed, that Canada's financial contributions to the United Nations programs have been willingly and generously given.

Admittedly, progress at the United Nations assemblies is slow. After all, the United Nations is a federation, an association of free sovereign states, each quite naturally concerned with its own aspirations and expectations. Multilateral, international action requires the consent and the active, purposeful co-operation of the now 76 national governments; and problems and issues must be settled through a slow reconciliation and harmonizing of multitudinous shades of opinions and expectations.

Yet I must admit that I returned to Canada with my mind seized in the vice-like grip of this conviction, namely, that in spite of problems, despite many frustrations, the United Nations continues to afford the best, indeed the only, existing near-universal forum for multilateral discussion and negotiation. The absence of any other practical alternative is admirably summarized by the Honourable Lester B. Pearson, in his introductory statement to the booklet *Canada and the United Nations*—1954:

> The fact remains, and should be restated at this time, when some international issues for special reasons have had to be faced outside the formal framework of the organization, that the United Nations remains our blueprint for building the mansion of peace, and our best hope for realizing the purposes and principles of its Charter.

If honourable senators will bear with me, I should like to deal with one more problem of major concern to all of us. On January 26, the honourable senator from Banff (Hon. Mr. Cameron) delivered a thoughtful and well-documented plea for the establishment of the Canada Council and for federal aid to education, especially in the field of national scholarships at both the graduate and undergraduate levels. We were all impressed by the sincerity of his purpose and by the challenge of his considered statements.

Whereas the honourable senator from Banff discussed the need for federal financial participation at the higher levels of learning, I should like to point out a concurrent need, which some claim to be more pressing, namely, the tremendous financial problems involved in providing adequately for elementary and secondary education.

As I do this, I am mindful of some of the discussions on this topic in this honourable house. I am mindful, too, of the arguments pro and con which have been advanced by the members of the House of Commons as they have wrestled with this question, which seems to be one of those unfinished national problem areas which will continue to challenge our wisdom and good will in the years that lie ahead. I am aware of the constitutional problems which are involved, although the force of some of the arguments advanced would appear to be tempered somewhat by the many existing precedents of federal participation in the financing of education.

It may be well to remember at this point that the important question of health insurance is also a matter which under our constitution falls squarely within provincial jurisdiction, which fact did not prevent the federal Government from expressing its willingness and determination to become a partner in a national plan for health insurance, in which the overall resources of our nation are to be harnessed, to provide technical support and financial assistance. I for one hope that the proposed federal legislation will be enacted and that subsequent mutually satisfactory arrangements can be made with interested provinces so that this important piece of social legislation will prove to be yet another milestone in the evolutionary development of our democratic social order.

I cannot shake off my belief that the considerations which prompted the federal Government to assist provincial governments in implementing health insurance plans designed, controlled, and administered by the provinces, could apply with equal justification to education, which is also a general service aimed at increasing the capital assets of the Canadian people. This is surely an area where joint efforts are required so that the national interest may be well served.

As I explain the problem as I see it, I hope that I shall not be accused of demonstrating a kind of microcosmic viewpoint because of a proprietary or vested interest in education, for I have spent more than a quarter of a century in the teaching field, whose internal problems I have studied and experienced at first hand. I must emphasize

that my remarks are motivated by a genuine concern which is shared by those who have given careful study to what has been termed a growing crisis in education.

The problem, in its stark simplicity, is that many Canadian school systems—primarily at the local or municipal, but also at the provincial levels—see no present prospect of meeting reasonably and adequately the probable educational demands of the next decade, even if we maintain a relative *status quo* in education and make no provisions for the necessary improvements in our physical plants, equipment and supplies, overcrowded classrooms, educational services, and the scarcity of well-qualified teachers. Carefully calculated forecasts of school enrolments indicate that from an overall 1954 enrolment of 2,781,492 pupils in grades 1 to 12, we shall have in 1965 over 4,000,000 pupils in these same grades. Roughly, this means an additional 38,000 classrooms, 38,000 more teachers, capital outlays of some $1 billion, and an increase in operating costs of approximately $235 million. The problem of educational costs will also be conditioned by any improvements we may wish to make, and what interpretation society will be willing to place on the term "qualified teacher". Canadian parents and ratepayers will have to decide whether they wish to continue to have many of their children educated by high school graduates with inadequate periods of professional training; or whether teaching, properly defined and evaluated, might not demand academic and professional training equal to that prescribed for engineers, accountants, and scientifically-trained farmers.

Traditionally, the financial burden for education was placed mainly on the local unit, and at this level the tax on real property is the only practicable one that can be applied and collected locally. It is estimated that approximately two-thirds of all Canadian school revenue comes from real property taxes, with the percentage in urban centers rising much higher. The continuance of real property taxes as our main source of school revenue can be justified only if ownership of such property is a valid measure of the ability to pay for education, which assumption is no longer true today when wealth exists in new forms and personal property is largely invisible and untappable by local tax authorities. Neither is the local property tax regarded as a valid instrument for adequately distributing the cost of educating our children. These considerations, together with the fact that real property taxes are narrow and inelastic to burdensome new demands, have forced local educational authorities to ask provincial governments to assume a larger share of educational costs.

The problem of increasing provincial grants to education could be regarded as an internal, autonomous, provincial problem if we could be certain that each and every province does have the available financial resources to meet these requests now and in the foreseeable future. But some provinces state, quite bluntly but sincerely, that this is not the case —that they do not have the available financial resources to carry out their constitutional responsibilities and to provide a reasonable level of provincial services, even though the proposed tax-rental payments to these provinces have been adjusted and revised upwards.

Hence the increasing insistence on the federal Government's responsibility to participate in the equalization of educational opportunities across the country, perhaps on a shared-cost or joint-financing basis—and after mutual agreement. At the Dominion-Provincial Conference held in October, the Premier of Manitoba stated the considered position of my province in these words:

> On the subject of education, it is our conviction that equal opportunities should be available to all Canadian children, regardless of the economic circumstances of individual provinces. Attainment of this objective is almost impossible without some form of federal assistance. We believe that such assistance can be given without encroachment on provincial constitutional rights. General grants could be made without restricting the manner in which the grant was to be applied by the province other than to stipulate that it must be used for educational purposes.

We understand that our taxation structures and their attendant revenue-apportioning schemes are the realistic expression of many legal, social, and historical forces, resolved at this moment in a particular financial program which is characterized by a variety of compromises. Admittedly these compromises must be made when we collect, apportion, or expend our revenue resources. However, all these compromises must be complementary to and overshadowed by an overall national purposing, leading to concerted action on a Canadian-wide basis in areas of common concern. Surely, one of these areas of common concern is our national interest in the adequate development of one of the most important national resources we have—the human resources potential of our Canadian children. The Rowell-Sirois Commission Report stressed that the quality of education, public health and welfare services was no longer a matter of purely provincial and local municipal concern. In other words, education was recognized to be a national, general, social service on a par with public health and welfare services. Education should, therefore, be looked at in the context of overall national purposing, and I submit that it is

from this point of view that we must continue to examine carefully the need for some form of federal aid to education, which need is truly becoming "more imperative and more inescapable".

Hon. Senators: Hear, hear.

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

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 94 to 105, which were presented on February 2.

Hon. Mr. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

BILLS—SECOND READINGS

Hon. Mr. Roebuck, with leave, moved the second reading of the following bills:

Bill K-2, an Act for the relief of Audrey Hilda Voysey Beaudoin.

Bill L-2, an Act for the relief of Frederick Howard Blaikie.

Bill M-2, an Act for the relief of Muriel Tetreau St. George.

Bill N-2, an Act for the relief of Patricia Colleen Hewitt Nelson.

Bill O-2, an Act for the relief of Ruth Mildred Thompson McBain.

Bill P-2, an Act for the relief of Joseph Theophile Lambert.

Bill Q-2, an Act for the relief of Lillian Baron Goodman.

Bill R-2, an Act for the relief of Madeleine Erna McArthur Blais.

Bill S-2, an Act for the relief of Queenie Molly Wolfson Phillips.

Bill T-2, an Act for the relief of Annie May Elizabeth Godson Brooks.

Bill U2, an Act for the relief of Ada June Mannard Wilmoth.

Bill V-2, an Act for the relief of Rose Florczyk Greenwood.

Bill W-2, an Act for the relief of Beryl Grace Leaper Shufelt.

Bill X-2, an Act for the relief of Ralph Patrick Dowling.

Bill Y-2, an Act for the relief of Alice Guernon Peladeau.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See page 116*):

ADDRESS
of
THE RIGHT HONOURABLE SIR ANTHONY EDEN
Prime Minister of the United Kingdom
to
MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS
AND THE GENERAL PUBLIC
in the
HOUSE OF COMMONS CHAMBER, OTTAWA
on
MONDAY, FEBRUARY 6, 1956.
2.30 P.M.

Sir Anthony Eden was welcomed by the Right Honourable Louis S. St. Laurent, Prime Minister of Canada, and thanked by the Honourable Wishart McL. Robertson, Speaker of the Senate, and the Honourable L. René Beaudoin, Speaker of the House of Commons.

Right Hon. Louis S. St. Laurent (Prime Minister of Canada): Mr. Prime Minister, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, fellow members of Parliament, it is my agreeable duty and privilege to welcome to the Canadian Parliament the Prime Minister of the United Kingdom. This I do with warm personal pleasure, and I know that all members share that pleasure and wish me to express on their behalf, as well as on my own, our most cordial greetings to our distinguished guest.

We were all delighted, sir, when we learned that it would be possible for you to spend a few days in our capital following your important discussions in Washington, and that you had graciously accepted to speak to us here this afternoon.

I should like also to say how happy we are that the foreign secretary, the Right Honourable Selwyn Lloyd, was able to accompany you on this visit. To him as well we extend a sincere and hearty welcome.

We recall, Mr. Prime Minister, that you previously addressed this Parliament some 13 years ago, when we were emerging from the darkest and most dangerous days of the war. The might of the enemy forces was still great, but the dawn of ultimate victory was beginning to appear.

Those of us who were here have vivid recollections of the inspiring message of courage and confidence you brought us from the battle-scarred but indomitable British nation.

You were then the Secretary of State for Foreign Affairs in a wartime government headed by one of the great Englishmen of historical fame, that towering figure, Sir Winston Churchill, to whom the whole free world will remain for ever indebted.

Today we welcome you as the worthy successor in office of that great man, and we do so on the morrow of your visit to Washington, where you have been strengthening Anglo-American co-operation and friendship, the essential foundation for the structure of peace which we are all striving to build.

May we be permitted to congratulate you on the success of that mission? Of course, I do not need to tell you that whenever London and Washington and Paris seek to deepen their friendly understanding, there is a feeling of very special satisfaction in Ottawa. That visit to Washington was only another instance of the energetic, skilful and constructive part which you have played in international affairs during these troubled and trying years.

Your visit to us emphasizes the close association we enjoy with the United Kingdom and the other members of our commonwealth of nations. That association, based on the freedom of its members, spans the oceans and the continents; it is playing a worthy part in the search for peace, security and constructive progress.

We are also proud of our association with the United Kingdom as allies in the North Atlantic Treaty Organization, and as fellow members of the United Nations. In these organizations, too, we appreciate the opportunities of working with you for the strengthening of the free world and the maintenance of peace.

(*Translation*):

Mr. Prime Minister, you know that there are in Canada, and in this Parliament, two official languages. And so I wish to tell you, on behalf of Canadians of French descent

like myself, how happy they are also to greet you here and to extend to you a most hearty welcome.

I am conscious of accurately expressing the feelings of my fellow Canadians from the Atlantic to the Pacific when I say that they have the very highest regard for you.

(Text):

I now invite the Right Honourable Sir Anthony Eden, Prime Minister of the United Kingdom, to address us.

Right Hon. Sir Anthony Eden (Prime Minister of the United Kingdom): Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, members of the Senate and of the House of Commons, Mr. Prime Minister, I am indeed grateful to you, sir, for your generous words, and to the Canadian Parliament for this invitation. I am deeply moved by the compliment which you have paid to me for the second time in my life. That must be a rare event. I believe that it is in fact unique in history. On neither occasion, Mr. Speaker, have I been able to catch your eye. I do trust the backbench members will not in consequence be so much aggrieved that they will move the closure on me. I was a little reassured to learn, sir, that this is an unusual custom for your Parliament.

You know that I speak sincerely when I say I am happy to be amongst you again. It is now 30 years since I first came to Canada and travelled across your country. On many occasions since then I have had opportunities to visit your vast and hospitable land. I am proud to think that I have more friends here than in any country outside my own.

(Translation):

French-speaking Canadians, I thank you cordially for your welcome. I do wish to say how much I admire and respect that culture and those traditions you so proudly preserve. You know that I am genuinely glad to be amongst you again. Thirty years have elapsed since my first visit to Canada. I have returned several times to your vast and hospitable land and, on each occasion, I have found many old friends and have made new ones.

I am deeply grateful for the high honour you have paid me in inviting me, for the second time in my life, to address the Canadian Parliament.

(Text):

Inevitably, my mind goes back this afternoon to that earlier occasion, to which you, Mr. Prime Minister, have referred, when I spoke to you during the war. Then, though the tide had turned, victory had yet to be won and the future beyond it lay all uncertain. He would be a rash man or an ill-informed man who would attempt a confident prophecy for mankind today.

Yet there is a certain balance sheet of good and evil which we can draw up, and I propose to do so, and to begin with the good, because it is more comforting that way. There is next the unshakable strength of the Anglo-American alliance in which we all join. Third, the growing unity of western Europe within the framework of NATO. Fourth, and grimmer, but still real, the deterrent power of the new weapons, including the hydrogen bomb, which restrain where they cannot reform. Fifth, the growing understanding by the west of the threat of communist penetration which it has to meet and of the new methods which we will have to employ.

And now on the debit side I would cite, first, the increasing hazards which some are prepared to take. Second, the dangers of aggression by countries which believe they can ignore the deterrent. Third, the continued existence of local disputes, whose consequences could engulf the world. Fourth, the daily communist call to abhor the west sounds sharply. In contrast, the steady effort of the west to raise the standard of life for all free people must take time. It is easier to spread hatred than to make two blades of grass grow where one grew before.

Mr. Speakers, it is with this balance of good and evil in mind that we have to prepare ourselves. Economic weapons may take the place of military ones. But always our purpose must be the same: to maintain the right that men's minds may be free and the care that their bellies be filled. Well now, to achieve this, free nations like ourselves, like free men, must draw and hold together, and it is in the spirit of those reflections that I would like to make some comments on the recent conversations which I have held in Washington with President Eisenhower.

I can best sum up my impressions of those talks by saying that there has never been so full a measure of agreement between our governments. In the whole field of European diplomacy, which a year or two back was troublesome enough, there was no difference between us. You may have noticed the attempts of the Kremlin to obscure the issues and confuse our councils. In fact, they only provided most obligingly an opportunity to underline the unity between the United States and ourselves.

Now, Mr. Speaker, much of our meeting was devoted to the difficult and critical problems of the Middle East. Here too we were in agreement that the first danger was the continuing Arab-Israel dispute. We were also in agreement as to what we should do to try to resolve it. We decided that the necessary treatment should be of three kinds. We should

continue to work without publicity—I really think diplomacy is more effective without publicity—and by every means to bring about a settlement in that area. This can only be realized if both sides are prepared to reconcile the positions they have taken up to now. That means a compromise. Some people tell me compromise is a horrible English habit; however some might learn from it to their own advantage in the world. But we can both help, and are ready to do so, for example by financial aid to help settle the tragic refugee problem and by a guarantee of the frontiers once agreed.

Meanwhile, as you know, Mr. Speaker, we, the United States and France have our responsibilities under the tripartite declaration of 1950. We arranged for discussions on the action to be taken to meet an emergency should it arise. The French Government has agreed to join us in this. Personally I am convinced that to make ready in this way is to reduce the risk of conflict. It may also be, Mr. Speaker, that a strengthening of the United Nations truce supervisory organization would assist to prevent incidents. Both the United Kingdom and the United States Governments are very ready to agree to this. But of course we should wish to be guided by General Burns, a brave Canadian soldier who is resolutely carrying out this thankless task.

As regards the dispute which we have with Saudi Arabia our position is this: we are not prepared to return to arbitration. There can be no question of that in view of our recent experiences with their bribery and corruption. On the other hand, as we made clear in Washington, we are ready to enter into direct discussions.

The United States Government has declared its solid support for the Baghdad Pact, to which we belong. This again we welcome and here again our views are alike. The pact has economic purposes and aims which fully match its military provisions and importance. We have considered the kind of help which each member country needs and we are determined to make a success of the pact.

All this does not exclude some help to other countries in that area. An example is Jordan, to whom we shall continue to make substantial payments under our treaty.

So much then for what is perhaps the most critical region at the present time. Of course, we talked of many other problems, in many parts of the world, just as I had the privilege to do with the Prime Minister and your cabinet this morning. We discussed the declaration of Washington which the President and I issued together. In this we set forth the true principles which guide the free world. Some say that these have been stated before. Maybe, but it does no harm to state them again in a manner which makes it clear that we are aware of the modern communist challenge. The declaration of Washington is, in fact, a charter to which the whole of the free world can subscribe. I am sure that here in Canada you will agree with its purpose. It is in the tradition of the work you have done so well to unite the countries on either side of the Atlantic in defence of the free world.

Mr. Speakers, I now come back to our own friendship and the work of our two peoples together. Many speakers and writers have tried to define the commonwealth. None has really succeeded, for the reason no doubt that the spirit which gives it life is indefinable.

In a few months' time I look forward to welcoming the Prime Ministers of the commonwealth to our London meeting. Foremost amongst them is your own Prime Minister, wisest of counsellors and most loyal of friends. May I here suggest that though we enjoy being the hosts to all these meetings of Prime Ministers, it would be good if from time to time the meeting place were to revolve.

Mr. Speakers, I am here this afternoon surrounded by the familiar setting of our own House of Commons. This morning, Mr. Prime Minister, you were good enough to invite me and my colleague the foreign secretary to attend the Canadian cabinet. Our systems, our modes of thought, our traditions and our ways of life are all so much alike that perhaps we ought not to take too much credit to ourselves, but Anglo-Canadian relations are a model to the world.

But there is more to it than all this. The pervading influence which the commonwealth carries into the four corners of the earth is one of understanding among friends, of tolerance and of peace.

In all this work Canada now plays a leading part. It is impossible to travel, as I had to do as Foreign Secretary until a year ago, into so many lands without constantly hearing warm praise of the judgment and kindly help you have so often extended to "less happier lands". The service that you are rendering in Indo-China is but one example of the world's debt to you. By this action alone you made possible an armistice which may yet become a peace.

Mr. Speakers, if I may conclude on a slightly more familiar note: I have from my childhood, like many of you, seen this great nation grow up into a position where its authority is among the foremost in the world. I have no doubt of what the future holds.

You will be called upon to carry ever more burdensome responsibilities, but they go with authority. That is inescapable. Yet ever so at home and over the world at large there is great comfort in that thought, for I have no doubt that the guidance and wisdom of Canada will always be thrown in the scales on the side of toleration and peace.

It is not given to many of us to look far into the future, but of this no one who observes your country from outside can doubt, a future, an almost unimaginably great future, is in your hands. I have no doubt that you will fashion it in a manner worthy of a great people.

And so, Mr. Speakers, I salute this Canada which commands the future as probably no other land in the world today. I salute you also as the standard bearer of loyalty and a herald of good will. And I wish you well.

Hon. Wishart McL. Robertson (Speaker of the Senate): On behalf of the Senate of Canada may I say to you, Mr. Prime Minister, how greatly we appreciate your visit to Canada and your courtesy in meeting with us; and, on its behalf, may I thank you for the address you have just delivered.

We will never forget the gigantic effort and sacrifice that the people of the United Kingdom made in the cause of freedom, their contribution in the rebuilding of a war-torn world and their efforts in building a better future.

The attendant circumstances of your visit, Mr. Prime Minister, are evidence of the leadership you are continuing to show in this respect. I need hardly say that in the peculiar position Canada occupies in relation in particular to the United Kingdom and the United States and, in general, to the other countries that are signatories to the North Atlantic Treaty, we welcome every effort that is made toward greater understanding and the achieving of a common viewpoint. Your very presence here and in Washington is evidence that you are keenly alive to the inestimable value of personal contacts in helping to attain these ends.

We would particularly ask you, Mr. Prime Minister, to convey our greetings to the members of the United Kingdom Parliament. We hold them in the greatest respect, but we see far too little of each other. If it were possible to develop something more of the personal relationship and understanding between the members of our respective legislatures that already exist and are being constantly developed between the executive and administrative branches of government, not only would the attendant benefit be inestimable but it is quite possible that the difficulties of those whose responsibility it is to initiate policies might be lessened accordingly.

We wish you well in your undertakings. May Divine Providence bless your endeavours.

Hon. L. René Beaudoin (Speaker of the House of Commons): Honoured guests, Mr. Prime Minister, honourable members of the Senate, honourable members of the House of Commons, ladies and gentlemen:

(Translation):

Once a well-known American writer, Nicholas Murray Butler, pointing out the multitudinous problems peculiar to the twentieth century, stressed the high ability required of the men called upon to solve those problems. Then again, another distinguished American author, Whittier, said: "Each crisis brings its words and deeds".

These words naturally come to mind at this time when it is my very great privilege to thank you, Mr. Prime Minister, for your interesting speech and your kindly presence among us. May I be allowed to add that the success of your career arouses in us the deepest admiration.

I should fear to lapse into the commonplace in repeating that Sir Anthony Eden, "the specialist in foreign affairs, the virtuoso of diplomacy", to use the words of his biographer, Campbell-Johnson, is a statesman of the highest intellectual standing who has always shown supreme ability and understanding in tackling the most difficult international problems.

At the general elections, in 1950, he summed up his political creed by referring to the theory of the three unities; first, the unity that should exist within the commonwealth; second, the unity of western Europe; and third, the unity which, across the Atlantic, binds England to the United States. Today, he has restated his political faith in those three unities and has added two others which are most important and inseparable from the first three.

We believe, as he does, in maintaining a friendly solidarity between the countries which make up the commonwealth.

For us, who are French-speaking and whose mother country was France, we cannot forget, sir, that you have always been a friend of that great nation, that you have, on many occasions, revived the principles that made a success of the Entente Cordiale. You have always believed that the solidarity of Anglo-French relations, nay of western European relations, was the very basis of relations between all western European countries, not only for the present but also for the future.

There are, of course, "other places under the sun" and, as a North American people, we rejoice at your relations with the United States. On the occasion of your visit to America in 1943, President Roosevelt was able to say that you both seemed to agree on approximately ninety-five per cent of the problems, which is a remarkable proportion. And the last few days, you and the present President of the United States have just agreed one hundred per cent on the definition of the philosophy behind our way of life, as you personally chose to call it, a definition which was incorporated in this henceforth memorable document, the Declaration of Washington.

This is consistent with the objective which is yours today and which you set yourself a long time ago when you said in the House of Commons:

I am convinced that a closer understanding between our nation and the United States constitutes the most important objective that the government of that country could propose to us.

In addition you have accomplished a *tour de force,* as it were, in bringing about an effective rapprochement with new Germany.

As I said just now, each crisis brings its words and deeds, and brings forth the indispensable men whose courage and logic carry ideals into the realm of reality.

(*Text*):

Each crisis brings its words and deeds; it brings also to the fore the men to utter those words and to do those deeds, and men with sufficient courage and consistency to translate their ideals into realities. Of such a breed is our honoured guest today.

So, in the name of the House of Commons and of the Canadian people, may I say to you, sir: Thank you and good luck!

THE SENATE

Tuesday, February 7, 1956

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

Prayers.

Routine proceedings.

DIVORCE

STATISTICS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented a number of petitions for divorce.

He said: Honourable senators, in presenting these petitions for divorce may I recall that last session the honourable senator from Ottawa West (Hon. John J. Connolly) passed the Divorce Committee a very pleasant compliment because of the fact that every now and again we report the progress we have been making. This encourages me to do so more frequently than otherwise I might have done. Perhaps honourable senators will be interested in knowing that there are now filed with the committee 327 applications, and that to date we have passed and sent down to the other place 133 cases.

REPORTS OF COMMITTEE

Hon. Mr. Roebuck presented the committee's reports Nos. 117 to 128 dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

BILLS—THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill K-2, an Act for the relief of Audrey Hilda Voysey Beaudoin.

Bill L-2, an Act for the relief of Frederick Howard Blaikie.

Bill M-2, an Act for the relief of Muriel Tetreau St. George.

Bill N-2, an Act for the relief of Patricia Colleen Hewitt Nelson.

Bill O-2, an Act for the relief of Ruth Mildred Thompson McBain.

Bill P-2, an Act for the relief of Joseph Theophile Lambert.

Bill Q-2, an Act for the relief of Lillian Baron Goodman.

Bill R-2, an Act for the relief of Madeleine Erna McArthur Blais.

Bill S-2, an Act for the relief of Queenie Molly Wolfson Phillips.

Bill T-2, an Act for the relief of Annie May Elizabeth Godson Brooks.

Bill U2, an Act for the relief of Ada June Mannard Wilmoth.

Bill V-2, an Act for the relief of Rose Florczyk Greenwood.

Bill W-2, an Act for the relief of Beryl Grace Leaper Shufelt.

Bill X-2, an Act for the relief of Ralph Patrick Dowling.

Bill Y-2, an Act for the relief of Alice Guernon Peladeau.

The motion was agreed to, and the bills were read the third time, and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. C. G. Power: Honourable senators—

Hon. Senators: Hear, hear.

Hon. Mr. Power: For some time past I have been endeavouring—purely, I assure you, for my own enlightenment and guidance—to draw a line of distinction between the functions, duties and responsibilities of members of this honourable chamber and of those of the house from whence I have recently been translated.

With respect to the House of Commons, I think it is only fair to say that the doctrine laid down by Edmund Burke in his address to the electors of Bristol in 1774 still receives the approbation of those who believe in the orthodox tradition. But Burke's doctrine has not always been taken to be that which should obtain in some democratic countries. Burke, as is well known, laid down the law—an almost immutable law—that the first consideration of the representative of a constituency need not always be the particular interests of that constituency, but should be the paramount welfare of the country as a whole.

Burke put it in these words:

> He is not a member of Bristol, he is a member of Parliament.

And he adds:

> Your representative owes you not his industry alone, but his judgment, and he betrays instead of serving if he sacrifices it to your opinion.

Hon. Mr. Roebuck: Can the honourable senator tell us what happened to Burke at the next election?

Hon. Mr. Power: I do not quite remember, but I am under the impression that Mr. Burke withdrew from his position as representative of Bristol.

Hon. Mr. Roebuck: That is right.

Hon. Mr. Power: I was about to come to that.

Notwithstanding this axiom of Mr. Burke, even the most conscientious member of Parliament has at all times found that he must give some attention to, and at times be swayed and influenced by, the sentiments and even the prejudices of his constituents. This is all the more striking in a country such as Canada, with its wide spaces and diverging interests, where a member who does not incline to the wishes of his constituency may find that his expectancy of life as a member of Parliament is all too short and perhaps inglorious.

Another limitation to the free exercise of his judgment arises from the fact that in more recent days, with the advent of more closely knit political organization within the political parties, with all the means of publicity, propaganda and finance at their disposal, the candidate for office who attaches himself to one party or another assumes at least an implied obligation to give to that party during the period whilst he is in Parliament his full and whole-hearted support. The evidence of no less a personage than the Right Honourable Hugh Gaitskell, Leader of Her Majesty's Loyal Opposition in the Parliament of the United Kingdom, in an address delivered in London on December 2, 1954, makes clear at least the views of what might be called the leading democratic party in present-day politics. He said:

> When it comes to voting in Parliament, however, the limits to the freedom of the individual party member to please himself are and must be more tightly drawn.

He continues:

> Continuing membership of a party in Parliament does call quite frequently for the subordination of one's own personal viewpoint.

And further:

> Moreover, while we all admire a man who follows the dictates of his conscience, I cannot myself agree that the man who puts his own views first and the loyalty to the group second is necessarily right, or better than the man who sacrifices his own point of view for the sake of the group.

Still speaking of the man who leaves his party, he said:

> He was also wrong in failing to understand that voting at the call of the party was an essential feature of our Parliamentary democracy.

I think it should be said here in extenuation, if that should be required, that with respect to legislative assemblies where labour party representatives are numerous, broad outlines of party policy are usually determined by party conferences outside of Parliament. This custom, though probably not entirely in accordance with traditional notions of parliamentary government, has been justified and perhaps rightly so, as a democratic check and restraint on the unlimited authority of the parliamentary executive.

There is one more and perhaps greater overriding consideration, and this seems to have developed to a higher degree on this North American continent than in any other part of the world. It lies in the prestige and popularity of the leaders of the parties. If one stopped to analyse it, one would perhaps find that it lies also in the North American habit of creating heroes at all times and in all circumstances. We have heroes for baseball games and football matches, heroes in every great calamity and catastrophe, and heroes of the screen and of the stage.

Hon. Mr. Roebuck: What about heroines?

Hon. Mr. Power: Perhaps the most striking instance of hero-worship developed by extreme propaganda is to be found in the Grey Cup final game between eastern and western Canada, an event which brings millions of people, their eyes and ears glued to television and radio, to a state of frenzy as they watch with palpitating interest the cavorting of their gridiron heroes, most of them homebrews from Alabama, Tennessee, Georgia and Texas.

In his book *Parliament and Democracy*, Gilbert Campion, now Lord Campion, for many years Clerk of the United Kingdom House of Commons says this, speaking of the member of Parliament.

> His own merits matter little compared with his label. On the other hand the position of the party leaders and particularly of the Premier is enhanced. The bulk of the electors in a large modern constituency may know little of the personality of the candidates; but they do know by reputation the rival Prime Ministers and a few of the other leaders on both sides. A general election is staged for their benefit as a sporting struggle between two rival teams for the prize of office; and the party managers and party press find it pays best to concentrate the spotlight on one or two "national figures".

Now, it is true that there is a disposition among our people to applaud certain gestures of independence, but there is a great disinclination to allow these gestures to be carried to what might be their legitimate conclusion; in other words, gentle criticism will be tolerated and even acclaimed, but persistent opposition will be severely condemned. There is little room on our Canadian political stage for the outright and consistent independent,

and this is true of all political parties. It is within our recollection that within the past three or four years there arose considerable controversy and discussion in the press of the day because a number of members of the Opposition had not followed their leader on some motion which he made in the House of Commons. We also know that there have been recantations and even excommunications in the ranks of the splinter parties. Perhaps the most striking example of the strength to which party organization can attain is to be found in my own province of Quebec. There, some 20-odd years ago, a group of men belonging to the two major political parties came together and formed themselves into what they called a "movement" to do away for ever with parties and politics in government. Now, 20 years afterwards, that group has become a party—the most ironclad, regimented and disciplined that has ever been seen in Canada. It governs with an iron hand—not, as the saying goes, "without fear or favour", but through fear and by favour.

But it is not only in political life that this tendency to centralization occurs. I doubt whether in labour unions or in large corporations the individual worker or shareholder has a great deal to say in the decisions eventually arrived at by the executive. The final result is normally that authority becomes concentrated in a few hands, and the regimented members of the organization, be they shareholders, workers, farmers, business firms or politicians, find that they have abandoned to a large extent their own independence and placed control of their actions in the hands of a select few. In politics the end result has been a vast increase in the power, prestige and authority of the executive.

It is quite possible that, as at certain times in the long history of the development of British constitutional practice, the power of the Crown has grown to a point where it became a danger to the liberties of the people, and so there are those amongst us who now feel that the power of the executive, in making decisions affecting the whole of the country, may, if it continues to increase, be detrimental to the body politic.

On the other hand, there are those of us who believe in the political party system of constitutional development and who fully recognize that there must be some limitation to freedom of expression and action on the part of individuals if the greatest good of the greatest number is to be attained. The dilemma facing people who believe in these things was well understood by the late Right Honourable William Lyon Mackenzie King. In an address to the Twentieth Century Liberal Association of Canada, on March 19, 1930, speaking on "Citizenship and Politics", he said:

> A political party is not an end in itself. It is a means, and a very necessary means to an end. It is the means by which men and women who feel and think alike on the great principles which should govern in the administration of a country's affairs, are able to make their views prevail in a practical way. Members of a government merely as such can achieve little in the realm of politics. In matters of government, more than anywhere else, co-operation among those who feel and think alike is essential.

At the meeting which he then addressed the following formula was approved:

> A Liberal is, first of all, loyal to his principles; secondly, he is loyal to his policy, and, lastly, he is loyal to his party, but only as a means to carry out his policy and amplify and enlarge his principles.

Many writers on constitutional matters who have given consideration to this trend toward overwhelming power of the executive have come to the conclusion that perhaps a second chamber, properly and resolutely functioning, may become a restraining influence.

I am too fresh from the chamber which I have long considered to be the fountainhead of democracy to suggest that it is the duty of this honourable body to obstruct or defeat the expressed will of the representatives of the people. But a cursory study of some of the functions admittedly within the authority of the Senate leads to the belief that perhaps this assembly may exercise a salutary and effective restraint on an otherwise omnipotent ministry.

I am indebted to the honourable senator from Ottawa West (Hon. Mr. Connolly) for information contained in a reprint of an address he made in 1954. Dealing with reports on and studies of the functions of second chambers, and in particular with the Bryce Report of 1918, he shows that the main functions of a second chamber are:

1. The revision of bills passed by the Commons;
2. The initiation and examination of non-contentious legislation;
3. The interposition of such delay as may be needed to secure an adequate expression of popular opinion on contentious bills;
4. Full and free discussion at any time on matters of public policy.

Taking the first of the functions herein enumerated, namely, that of revising legislation emanating from another chamber, it so happens that the majority of the members of this house as it is at present constituted are persons who have been, and largely are, supporters of the Government which initiates all

major legislation. If they perform their duty conscientiously, revising and taking a "second look" at such legislation, they may find themselves in the position of opposing that which has been strenuously supported by the executive and passed in the House of Commons by a majority of their political associates. The dilemma which faces these senators is this one: either they must look closely for defects, injustices and inconsistencies in the legislation which has been placed before them for revision, or they run the risk of being held to be obvious, well-paid sinecurists. On the other hand, by acting as militant and active critics, they will be in the uncomfortable position of meeting with the reproaches of former comrades and associates, and much will be said openly or surreptitiously of ingratitude and of biting the hand which feeds them.

All of us at one time or another have been witnesses of these circumstances; and I should like to deal quite frankly and from the standpoint of political realities, not theory, with this matter of ingratitude.

If I may be excused a personal reference, I make no secret of the notorious fact that I am a politician, and that my appointment is a political appointment. For nearly half a century I have been associated with one political party. I have taken an active part in its activities and in its organization. I am no stranger to the controversies of the hustings or even to the manipulations of smoke-filled committee rooms. The leader of my party considered that these activities should be compensated by a seat in the Senate, and I accepted. But other appointments were not so obviously political. Whatever may have been the practice in the past, the considerations which weighed with the Leader of the Government (Rt. Hon. Mr. St. Laurent) in making some recent appointments were announced as being, and in many cases were, other than those which could be attributed to a desire for the advancement of a political party.

I should perhaps say here that notwithstanding rumours and allegations which have been freely circulated over the past many years, it has never been to my knowledge that any member of this honourable body was asked for or gave any guarantee or pledge of support on his appointment.

Hon. Senators: Hear, hear.

Hon. Mr. Power: To return to recent days, the Right Honourable the Prime Minister is quoted by the press of July 29, 1955, as having said that the new appointees to this honourable house were selected, not as Liberals, but as Canadians. They had been told that they would be under no political obligation, but would be expected to take an objective view of affairs.

A number of appointments were made of men who had no particular political affiliations, and some had strong ties with a party opposing that of the present administration. Indeed, with only one instance in mind, that of my very old friend and college-mate, John Hackett, it would be inconceivable to any who know him that there would be anything even approaching the suspicion of a bargain or arrangement or even a hope of obtaining his support in return for his appointment, and I am advised that the same thing is true for a number of other honourable senators. Since such is the case, this brings me to the point: is there any argument, moral or conventional, arising out of friendship or association, which would restrain a member who has been a supporter of the Liberal party all his lifetime from having the same liberty of action, the same duty to criticize and to amend and to modify legislation, as that which is fully and freely granted to my honourable friend from Victoria (Hon. Mr. Hackett), who has consistently and conscientiously been an opponent of the present regime?

I have laboured this argument to some extent because a long and intimate knowledge of the reactions of certain types of behaviour on the partisan mind have made me familiar with the consequences of deviation from the accepted and authoritative party line.

It was pointed out by the honourable senator from Ottawa West (Hon. Mr. Connolly), in the address to which I have referred, that there may be, through the instrumentality of this chamber, a means to bring about greater expression of individual liberty and greater freedom from the exigencies of party discipline.

The Bryce Report, already mentioned, dealing with the functions of a second chamber, says:

> The second chamber should aim at ascertaining the mind and views of the nation as a whole, and should recognize its full responsibility to the people, not setting itself to oppose the people's will, but only to comprehend and give effect to that will when adequately expressed.

This recommendation, if effectively put into practice by an assembly of persons uninhibited by fear of party recrimination and unrestrained by the possibility of a reversal of the ministry, might, at the same time, supply a necessary check on the executive and serve to keep the balance between hasty, ill-considered action and the calm sober thought of the nation.

I would remind honourable members that it was the Barons and not the Commons who forced a reluctant king to sign the Magna Carta at Runnymede.

It is far from my intention as a newcomer to this house to lay down a line of conduct or even to suggest that my colleagues should do anything other than that which they have been doing. I am no crusading reformer. My words today are addressed not so much to persons in this house as to those with whom I camped, fought and bivouacked ever since I entered politics, now nearly 50 years ago.

In the earlier days, perhaps the principles underlying the great words "Liberty" and "Freedom" were better understood than they are today. We found our heroes amongst those who struggled for liberty of the people against the encroachments of the Crown. It had not been many generations since men had struggled to destroy for ever the doctrine of the Divine Right of Kings. Cherishing these traditions and honouring those proponents of a free Parliament, I cannot bring myself to believe in or to support a tenet which practice and usage may elevate into a doctrine—that of the infallibility of the cabinet. And as a continuing liberal I propose to govern my conduct in this house accordingly.

Hon. Senators: Hear, hear.

Hon. Cyrille Vaillancourt: Honourable senators, in rising to take part in this debate I wish in my first words to pay tribute to our gracious sovereign. I offer our Queen and her husband my best wishes on their present tour of Nigeria, and I pray that God may protect them on their journey.

To the Governor General, who, with such remarkable dignity and prestige, represents the authority of the crown in our country, I express my warmest greetings.

To His Honour the Speaker I extend my sincerest wishes, and I compliment him highly upon the work he did last July at the meetings of NATO parliamentarians in Paris. He was chosen to preside over those meetings, and he had the honour to be elected chairman of the continuing committee that was established.

(Translation):

Mr. Speaker, honour was bestowed upon you because you brought honour to us.

(Text):

To the Leader of the Government (Hon. Mr. Macdonald), I want to say that I hope he will long continue to direct our deliberations in this chamber. I hope, too, that the Leader of the Opposition (Hon. Mr. Haig) will continue for many years to offer constructive criticism in his spirited way.

I present my compliments to the mover (Hon. Mr. Pouliot) and seconder (Hon. Mr. Croll) of the Address in reply to the Speech from the Throne, and I want to say how pleased I am by the spirit the new members have brought into this chamber. I hope they will realize that the Senate is not a place in which to dream, but one in which to work and strive for the prosperity of our country.

(Translation):

I envy the long experience of the honourable senator who spoke before me and who, with his usual good nature, told us a few home truths which we can see for ourselves. The opportunity was given to us once again to enjoy his friendliness and the brilliant qualities which he has shown through his thirty odd years of service to his country. We highly appreciate his appointment to this chamber.

There were two points which I wished to discuss briefly in the course of my remarks, but the bill tabled in the House of Commons yesterday makes it unnecessary for me to labour the matter at any length.

I will say a word on inflation caused by excessive credit facilities. The legislation tabled yesterday should bring some relief to this situation.

Everybody fears inflation but, unfortunately, no one dares to prevent it. Similar crises have been happening all over the world for a long time, especially in France from 1706 to 1712, and have brought with them catastrophic consequenes. Then, notwithstanding Law's experience, the same mistake was made in the issue of assignates, with still more disastrous results. Inevitably, a crisis followed, which caused the French Revolution and upset the whole world and which, even to our day unfortunately, continues to disrupt it.

The constitution places the control of credit in the hands of the provincial rather than of the federal government. Ottawa would not dare to interefere with the autonomy of the provinces, not even with that of the province of Quebec. Even so, co-operation between the federal and the provincial governments can do no harm and it might be well to discuss this question when the financial problems of the nation are under consideration during a federal-provincial conference. It is a case of protecting the whole country against inflation caused by excessive credit facilities.

Unfortunately, it is the little people who pay the heaviest penalty, the very ones who cannot afford it. When I see finance corporations lending at the rate of 2 per cent per month to the people in the low income bracket, who find it hard to make both ends meet, I am truly horrified and I do congratulate the government for having proposed this bill. I would like to give an example of the dire consequences of our easy credit system.

(Text):

Many people think that the practice of saving means avarice, whereas the fact is that, besides all its other advantages, it is wise provision for the future. Saving also

promotes economic expansion. Here is proof: Buying on the instalment plan is done at a very high rate of interest, and people who use such a plan are not generally in a position to pay the high rate. Suppose a man needs $500 for the purchase of goods. If money is loaned to him at interest of 2 per cent a month, or 24 per cent per annum, he must repay $26.46 each month, and after 24 months will have repaid $635.04; that is $500 in principal and $135.04 in interest. But if the same man proceeded by way of saving to lay aside $5 each week at the *Caisse Populaire Desjardins*, for instance, he would, after 24 months, adding interest of 2½ per cent half-yearly capitalized, have an amount of $532. Suppose he then wished to purchase the same goods at the same price of $500, with ready money he could profit by a 10 per cent discount, that is $50; and this amount added to the extra $32 of savings plus interest, making a total of $82, would enable him to buy something else, which he could not do by borrowing $500. So the practice of saving has the result of increasing buying power. In other words, as I have stated, it promotes economic expansion.

But we still hear it said that saving restricts economic activity. On the contrary, saving increases economic activity, while too easy credit misused causes inflation and prevents economic stability. By borrowing $500 at the rate of 2 per cent monthy, a man reduces his buying power, but in saving money before he makes purchases he increases his buying power.

There is another advantage of saving to be considered: the man who purchases with money he has laid aside will buy useful things, not extravagant or harmful articles. Saving, then, has a beneficial effect on increasing production.

The credit situation is much the same in all parts of the world. The Government of Great Britain especially is endeavouring to reduce rates of interest. Allow me to read the following extract from *Le Messager*, a magazine which I received from Switzerland recently:

(*Translation*):

Purchases on the instalment plan appeal to the individual, in playing up to his almost childish unconcern. He is easily caught in the fatal web. He was aware of that fact, the wise father who claimed that if he could teach his son not to go into debt, but to save and purchase later, he would have ensured his future happiness.

And this is what is said in closing:

It would not be impossible to find in our own country someone like the lady from the United States, the land of the dollar, where instalment plan purchases are most popular, who, when she paid the last instalment on a baby carriage was asked by the cashier of the store how the baby was and who replied: "Very well indeed. "The dear boy is getting married next month!"

(*Text*):

Mrs. Johnson apparently required 20 years to pay off the loan!

Honourable senators, may I be allowed to mention briefly another very important problem, namely, agriculture in general in the eastern provinces? Our colleagues from the western part of the country often talk about the wheat question. Perhaps the problem of butter could be discussed more often to advantage; but in stabilizing the price of butter, and like commodities, the interest of the producer as well as that of the consumer should be taken into consideration. Butter production in summertime exceeds by 40 per cent the quantity required on the market for consumption. In wintertime it is the contrary—the consumers' market requires 40 per cent more butter than can be produced. In the past, before the Government fixed any maximum or minimum price for butter, grocers and wholesalers used to buy at rather low prices when production was at the top; then they stored the butter in a warehouse, and during the winter made profits ranging from 15 to 30 cents a pound. And who benefited? A few men benefited, while the consumers paid too high a price for their butter and the producers received too little for it. The stabilization of the butter market by the fixing of a minimum price works to the advantage of both the producer and the consumer.

Let us not forget that the dairy industry in the Maritime provinces, Ontario and Quebec is the main branch of agriculture. In those provinces active production lasts only six months out of the year, but the dairy industry stabilizes the agricultural economy of the whole nation.

In the east, the farmers whose main business is the dairy industry use the by-products of butter making, and even milk itself, for the raising of cattle, hogs, hens and so forth. This livestock consumes grains purchased from the farmers of the western provinces. Should the price of butter fall to an unprofitable level the farmers of the east would have to give up not only the dairy industry but also the raising of cattle, and the consequential consumption of grains would be reduced to a point where western farmers would be heard to complain a bit more.

By this good and right policy of economic stabilization through the fixing of a minimum price for butter, the Canadian Government has showed itself to be prudent, and has proved that it considers first the welfare and prosperity of the whole nation. When farmers cannot get enough income from their

farms, they will leave them; and if the time comes when there are no farmers left and people have to live on synthetic products, it will be interesting to see what kind of people chemical foods will produce.

I congratulate the Government on its laws to stabilize the prices of the principal products of the farmer, namely, butter, hogs, poultry and so on. This policy means prosperity and stability for producers and consumers.

Hon. Senators: Hear, hear.

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

PRIVATE BILLS

THE CANADIAN STANDARD INSURANCE COMPANY—SECOND READING

Hon. G. Peter Campbell moved the second reading of Bill J-2, an Act to incorporate The Canadian Standard Insurance Company.

He said: Honourable senators, very little explanation is necessary in connection with this bill. Its enactment would incorporate the Canadian Standard Insurance Company, an ordinary fire insurance company whose incorporation is proposed under the provisions of the Canadian and British Insurance Companies Act.

The bill provides for a capitalization of $1 million, divided into 10,000 shares worth $100 each. Before the company is authorized to commence business it must, under the provisions of the bill, have a subscribed capital of at least $500,000. The promoters of the bill propose to subscribe for this capital stock, and in addition to pay a premium of $500,000, which would be sufficient to enable the company, under the provisions of the general act, to engage in all forms of insurance business as provided for in the bill. It is proposed that the head office of the company be located in Toronto.

I may say, honourable senators, that if the bill receives second reading, I shall move that it be referred to the Standing Committee on Banking and Commerce. I should, however, draw attention to the fact that in my opinion the proposed name of the company conflicts in some ways with the names of existing companies. There is a company doing business in the United States known as The Standard Insurance Company of New York, and another known as The Standard Insurance Company Ltd. I understand that both these companies have been consulted and are willing to consent to the use of this name, The Canadian Standard Insurance Company by the proposed Canadian company. There is, however, a rather old Canadian life insurance company operating in Canada under the name of The Standard Life Assurance Company.

The Department of Insurance has taken some objection to the name of the proposed company, and the promoters of the bill have submitted alternate names. I understand the department will approve a change of name to The Canadian Equity Insurance Company.

This is a matter which I think should be considered and dealt with in committee, but I felt it should be brought to the attention of honourable senators at this time.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Campbell, the bill was referred to the Standing Committe on Banking and Commerce.

QUEBEC NORTH SHORE AND LABRADOR RAILWAY COMPANY—SECOND READING

Hon. C. G. Power moved the second reading of Bill Z-2, an Act respecting Quebec North Shore and Labrador Railway Company.

He said: Honourable senators, this bill is is in effect a request to Parliament by the Quebec North Shore and Labrador Railway Company for an extension of the time in which to complete work that is already far advanced.

In 1947 a bill passed this house and Parliament authorizing this company to:

> . . . construct and operate a railway starting at a point on the St. Lawrence River, somewhere between the Rivière Marguerite and Rivière Moisie, in the Province of Quebec; thence in a northerly direction following the valley of the Rivière Moisie or the valleys of the Rivière Moisie and Wacouno River to the southern boundary of Labrador; thence in a northerly direction to a point on the northern boundary of Labrador in the vicinity of Ruth Lake, provided that authority be obtained from Newfoundland for the construction and operation of this section of the railway; thence north-westerly to a suitable port on Ungava Bay.

The company has completed construction of a line, from Seven Islands on the St. Lawrence River in the province of Quebec to the southern boundary of Labrador, through Labrador to the town of Knob Lake or Schefferville in the province of Quebec, a distance of 355 miles, at a cost to the company of $123,353,000, and is now operating this line.

There still remains to be built a length of railway from the town of Schefferville to a point on Ungava Bay, a distance of some 300 miles.

The line of railway already built was completed without subsidies or financial assistance from any government.

During the past eight years the company has fully completed the first portion of its undertaking and now asks, in the bill before

us, to be granted a ten-year extension of its time limit in which to build the line from Schefferville to Ungava Bay.

Hon. Mr. Reid: Is the railway laid entirely in Labrador?

Hon. Mr. Power: Oh, no. Most of it is in the province of Quebec and some of it is in the province of Newfoundland. At the time the original bill was passed Newfoundland had not entered Confederation, and one of the provisions of the bill was that permission had to be obtained from Newfoundland. This has been obtained. I would say that approximately 40 to 50 miles of the line already built—I am speaking subject to correction—are located in the province of Newfoundland. The portion which remains to be built will lie partly in Newfoundland and partly in Quebec.

Hon. Mr. Davies: May I ask the honourable senator what the specific reason is for such a long extension, ten years?

Hon. Mr. Power: The reason is largely that at the present time the territory situated between the present end of steel and a site to be chosen on Ungava Bay is not settled and is being prospected for minerals. Great hopes are held that very extensive mineral deposits will be found there. Perhaps a line there would not be a very remunerative proposition at the present time, but things are moving so rapidly in that section of Canada that there is no reason why construction should not proceed rapidly. Yet, it may be that financing will be required. After all, $123 million is a large amount to have expended, and I presume that an equal if not greater amount will be required for the 300 miles still to be built.

Hon. Mr. Roebuck: May I ask if the railway that is now built is not carrying iron ore from the Ungava deposits?

Hon. Mr. Power: That was the purpose for which the line was built.

Hon. Mr. Roebuck: But is the railway not carrying out the iron ore now?

Hon. Mr. Power: Yes, the railway is actually in operation.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Power, the bill was referred to the Standing Committee on Transport and Communications.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 106 to 116, which were presented on February 6.

Hon. Mr. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

BILLS—SECOND READINGS

Hon. Mr. Roebuck, with leave, moved the second reading of the following bills:

Bill A-3, an Act for the relief of Elizabeth Baird McDowall Whitlock.

Bill B-3, an Act for the relief of Adrien Patrick Dicaire.

Bill C-3, an Act for the relief of Jessie Altha MacBride Burnside.

Bill D-3, an Act for the relief of Marianne Adorjan Balogh.

Bill E-3, an Act for the relief of Helene Marguerite Peck Cooper.

Bill F-3, an Act for the relief of Una Margaret Prower Douglas Heubach.

Bill G-3, an Act for the relief of Hilary Hope-Hawkins Hardie Henders.

Bill H-3, an Act for the relief of Marie Arthemise Marguerite Denise Laperriere Mercier.

Bill I-3, an Act for the relief of Harry Hood.

Bill J-3, an Act for the relief of Delima Chalifoux Prevost.

Bill K-3, an Act for the relief of Frances Raven Sherman.

Bill L-3, an Act for the relief of Constance Louisa Kelly McKenna.

Bill M-3, an Act for the relief of Jean Mailman Greenleaf.

Bill N-3, an Act for the relief of Grace Elizabeth Davidson Alexander.

Bill O-3, an Act for the relief of Frederick Arthur Waltho.

Bill P-3, an Act for the relief of Jean Decary.

Bill Q-3, an Act for the relief of Sylvia Barbara Murphy Simon.

Bill R-3, an Act for the relief of Amy Elizabeth Torrance Fraser Walker.

Bill S-3, an Act for the relief of Margery Cooper Mason.

Bill T-3, an Act for the relief of Caroline Scortaru Ungariano, otherwise known as Caroline Scortaru Ungar.

Bill U-3, an Act for the relief of John Joseph Rahilly.

Bill V-3, an Act for the relief of William Ross Gould.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 8, 1956

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

Prayers.

Routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill W-3, an Act for the relief of Morris Gilbert.

Bill X-3, an Act for the relief of Margaret McDonald Williamson Gebbie.

Bill Y-3, an Act for the relief of Gwytha Olwyn Lillian Pring Evans.

Bill Z-3, an Act for the relief of Georges Durand.

Bill A-4, an Act for the relief of Mary Rose Kenny Deline.

Bill B-4, an Act for the relief of Katherine Marle Saretski.

Bill C-4, an Act for the relief of Rose Juliana Evelyn Kedroskie Quincey.

Bill D-4, an Act for the relief of Jeannette Morin Parent.

Bill E-4, an Act for the relief of Mona Ruth Davis Goldberg.

Bill F-4, an Act for the relief of Ruth Goodman Silverstein.

Bill G-4, an Act for the relief of Simonne Auger Boule.

Bill H-4, an Act for the relief of Leslie Archibald Hood.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

TOURIST TRAFFIC COMMITTEE

SUBSTITUTION OF MEMBER

Hon. Mr. Beaubien, with leave of the Senate, moved:

That the name of the Honourable Senator Inman be substituted for that of the Honourable Senator Daigle on the Standing Committee on Tourist Traffic.

The motion was agreed to.

IMMIGRATION AND LABOUR COMMITTEE

ADDITION TO MEMBERS

Hon. Mr. Beaubien, with leave of the Senate, moved:

That the name of the Honourable Senator Wall be added to the list of senators serving on the Standing Committee on Immigration and Labour.

The motion was agreed to.

CANADIAN TRADE RELATIONS COMMITTEE

ADDITION TO MEMBERS

Hon. Mr. Beaubien, with leave of the Senate, moved:

That the names of the Honourable Senators Fergusson and Pratt be added to the list of senators serving on the Standing Committee on Canadian Trade Relations.

The motion was agreed to.

ADJOURNMENT

Hon. W. Ross Macdonald: Honourable senators, with leave of the Senate I move that when this house rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

The motion was agreed to.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill A-3, an Act for the relief of Elizabeth Baird McDowall Whitlock.

Bill B-3, an Act for the relief of Adrien Patrick Dicaire.

Bill C-3, an Act for the relief of Jessie Altha MacBride Burnside.

Bill D-3, an Act for the relief of Marianne Adorjan Balogh.

Bill E-3, an Act for the relief of Helene Marguerite Peck Cooper.

Bill F-3, an Act for the relief of Una Margaret Prower Douglas Heubach.

Bill G-3, an Act for the relief of Hilary Hope-Hawkins Hardie Henders.

Bill H-3, an Act for the relief of Marie Arthemise Marguerite Denise Laperriere Mercier.

Bill I-3, an Act for the relief of Harry Hood.

Bill J-3, an Act for the relief of Delima Chalifoux Prevost.

Bill K-3, an Act for the relief of Frances Raven Sherman.

Bill L-3, an Act for the relief of Constance Louisa Kelly McKenna.

Bill M-3, an Act for the relief of Jean Mailman Greenleaf.

Bill N-3, an Act for the relief of Grace Elizabeth Davidson Alexander.

Bill O-3, an Act for the relief of Frederick Arthur Waltho.

Bill P-3, an Act for the relief of Jean Decary.

Bill Q-3, an Act for the relief of Sylvia Barbara Murphy Simon.

Bill R-3, an Act for the relief of Amy Elizabeth Torrance Fraser Walker.

Bill S-3, an Act for the relief of Margery Cooper Mason.

Bill T-3, an Act for the relief of Caroline Scortaru Ungariano, otherwise known as Caroline Scortaru Ungar.

Bill U-3, an Act for the relief of John Joseph Rahilly.

Bill V-3, an Act for the relief of William Ross Gould.

The motion was agreed to, and the bills were read the third time, and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. Calvert C. Pratt: Honourable senators, in taking this opportunity of speaking in the debate on the Speech from the Throne, I would like to convey my sincere congratulations to our new colleagues who have spoken and who have made such excellent contributions to the proceedings in this chamber. I also want to extend a word of welcome and friendly greeting to all our new members. They bring in here a wide variety of interests and experience which I am sure will be of great value to the Parliament of Canada.

These are days of royal commissions. It is all to the good to have independent appraisals of public matters. The gathering up of views from all parts of the land can be of great value; of greater value is the sifting out of those views and embodying them in definite recommendations; but the practical and lasting value is in the shaping of public policy by reason of focusing attention of Government and the general public on the issues arising out of those inquiries.

The Speech from the Throne draws attention to two royal commissions of inquiry which can be of great value, but another commission is functioning of which no mention is made. However, I feel that does not indicate any lesser interest in it. I refer to the Royal Commission on Coasting Trade of Canada, which was appointed some months ago. In bringing the subject of coastal shipping before you for a few minutes, I do so because it is of particular interest to Newfoundland and because, as in so many issues of public concern, my province has conditions very dissimilar from those in other parts of Canada.

The general and overall application of Canadian shipping laws to Newfoundland immediately after union, I can say quite frankly—and I think I speak for Newfoundlanders generally when I say this—was regarded as just an abomination and a cause of needless dissension. It was one of those numerous matters that should have been ironed out in the revision of the unnegotiated terms handed to Newfoundland by the Government of Canada, on the basis of which the people of Newfoundland voted by 52 per cent to accept the principle of union.

Some of the shipping laws, and in particular those relating to inspection, masters' qualifying tickets and so forth, which were brought into effect in Canada to meet entirely different conditions of seafaring life and trading from those we have in Newfoundland, were found to be very frustrating to Newfoundland seamen. I must say, however,—and I give due credit for the consideration by department heads and others —that after prolonged negotiations there was a better realization of our local needs in this respect and a reasonable measure of adaptation of the rules and regulations was arrived at.

The general position of shipping in Newfoundland, however, is serious, and I would like to bring some of the facts to the attention of this house. There is right now a dangerous situation which touches the very core of the livelihood of our people. The population of Newfoundland, which exceeds 400,000, is spread along 6,000 miles of coastline, and the people live in 1,300 towns and settlements. Distribution of population over such an area makes a problem which is unique in Canada. Only in the last 20 or 25 years were roads regarded as essential, because the vast majority of people earned their livelihood directly from the sea and moved around by boats. The absence of a network of roads is in marked contrast to the situation in the other provinces. On a population basis the mileage of roads in Newfoundland is only about one-half of what it is in the three Maritime provinces, and finished roads of a modern standard are comparatively almost non-existent.

These facts make the present shortage of freighting schooners most alarming. Twenty

years ago there were more than 1,000 vessels of a size for freighting and offshore fishing. Today there are less than 200 in that class; in fact, we have only a quarter of that number of freighting size and most of them are running up to the maximum age limit. The cause of this is largely twofold. First, the Newfoundland fishing fleet on the Grand Banks, that is of the type which could be both fishing vessels and freighters, has largely disappeared. Second, the cost of building is out of relation to the earnings. Newfoundland's wooden shipbuilding enterprise, which was almost in the nature of homecraft work, and most excellent work at that, is practically non-existent.

I could mention a third reason also, namely, the imposition of import duties and restrictions on the purchase abroad of foreign-built ships. The logical place to look for boats is where conditions of fishing and freighting are similar to ours. When Newfoundland managed its own affairs it met this need in two ways: by providing adequate bounty for locally-built ships, and allowing duty-free importation from anywhere of suitable boats. Newfoundland's condition will be desperate if it is not more fully recognized up here that her main problems are distinct and apart from those of the other provinces of Canada. I can give scores of instances where Canadian authorities—yes, and in some cases, Canadian business people—acted as if political union had just taken the Island of Newfoundland out of the Atlantic Ocean and planted it somewhere in the middle of Canada,—of course, I don't know just where. With the gradual disappearance of Newfoundland's local freighting fleet—vessels that can freight both loose and packaged fish from one point to another in Newfoundland, and can carry coal, flour and other essential products from the mainland ports to the scattered places in the province—with that disapearance goes the fishing industry, and particularly the salt fish branch of it. If that disappearance is allowed to continue, it will result in privation which will undoubtedly depopulate a great many, perhaps hundreds, of places, on the island.

While on the subject of shipping, I think I should refer to some of the general aspects of Canadian coastal shipping as applicable to Newfoundland, seeing that a possible revision of the Canada Shipping Act is now the subject of study by a royal commission. I sincerely hope that the commission and the Government will have due regard for the particular needs of Newfoundland; if not, there will be a first-class battle for existence needlessly brought on in the province. It is natural, I suppose, when business interests present briefs on such occasions that they do so only from their own point of view. From a Newfoundlander's viewpoint some of the published accounts of the representations are absolutely breathtaking. One recommendation was that all vessels added to or replaced in Canada's coastal fleet would be built in Canadian shipyards. There is involved in this the question of the means of livelihood of a whole population—or a large section of it—as compared with the protection of a specific industry of relatively minor importance in the whole scheme of things.

Strong representations were reported as being made for a national policy whereby all goods carried by water or land and water between two Canadian ports would be carried in vessels built in Canada or on the Canadian registry. Personally, I cannot see the advisability of such a policy with regard to Canadian trade generally, because of the great dependence of Canadian economic life on export trade. The barring of ships of other countries—yes, and customer countries, at that—from the use of our Canadian ports does not make sense to me. It appears about as foolish as a shopkeeper putting up a sign saying that no customer will be allowed to bring his car within, say, 100 yards of the shop. If, however, that should be considered an advisable policy for Canada generally, I am sure it would be absolutely ruinous to Newfoundland. Everything that enters and leaves the province has to move by sea. Our pulp and paper go over the world, but we cannot load railway cars there and deliver to our customers from the same cars, as can the mills on the mainland. For economic reasons ships must be able to move freight both in and out of Newfoundland as well as between ports. The same applies to our mineral and fish products. Such a policy would certainly be a crippling blow to our fishing industry, both to the salt fish trade over half the world and our fresh and frozen fish trade to American ports. It would deny the right to land the product at points in Canada while en route to American ports on the Great Lakes. We have also the importation of fishery salt from Europe and the West Indies which must be discharged at several ports.

One could go on indefinitely giving instances of distinct loss from such a policy. We have had for generations English lines operating between England, Newfoundland and other Canadian ports and on to the United States. One is operating constantly now, giving service under considerable difficulty, and it would be bad for our province if that were jeopardized by some of the demands that have been made.

In some instances the operating cost of Canadian vessels is reputed to be 50 per cent higher than that of British boats. Why should that be added to the cost of living of a people who must bring in practically all their needs by water and send out also over the sea the products of their labour, which has to provide the means to pay for those importations? This is hard to understand. The average cost of the necessities of life in Newfoundland, by reason of transportation, is already around 10 per cent higher than at the mainland points of Canada. Are we going to add substantially to that cost just to provide some labour in shipyards and on board vessels? That does not make sense to us in Newfoundland at all.

Hon. Mr. Roebuck: Can the honourable senator tell us what the present tariff on shipping is?

Hon. Mr. Pratt: The tariff varies as it applies to ships other than those of British build and British registry. It is a very complicated matter. It takes the replacement value and depreciates it so much per year to arrive at a value for customs duty. The duty is charged either on replacement value less depreciation or on the purchase value, whichever is higher. The rate of duty, I believe, is 25 per cent.

Hon. Mr. Bradley: It is 25 per cent.

Hon. Mr. Roebuck: Is it higher than it was when Newfoundland was not part of Canada?

Hon. Mr. Pratt: Yes. At that time we allowed ships in duty free.

Hon. Mr. Lambert: Would the honourable senator permit me to ask a question? Could he give us the difference between the cost of living in Newfoundland and on the mainland of Canada at the present time and just before the union?

Hon. Mr. Pratt: I might say that one of the big issues in Newfoundland before union was the cost of living in Newfoundland as compared with that in Canada.

Hon. Mr. Lambert: Has the cost of living in Newfoundland not always been at least 5 per cent higher than on the mainland?

Hon. Mr. Pratt: After union the general public in Newfoundland came to realize that there was not nearly as much difference between the cost of living on the island and that on the mainland as had been represented in the heat of arguments. While I cannot say just what the difference on a percentage basis is now as compared with what it was then, I would say that a great many of the essentials of life which before union came into Newfoundland duty free, come in now under a Canadian tariff. For instance, before union we could bring in canned meat from the Argentine duty free at a much lower price than it could be supplied to us then by either Canadian or American factories. Some other goods of American origin, such as certain fruits and fruit juices, which came into Newfoundland duty free, are now dutiable. On the other hand, the duty on a wide range of goods was quite high, but I can assure the honourable senator there is a general feeling throughout Newfoundland that the lowering of the cost of living since the union has not been up to what was generally expected.

Returning to the matter of local shipping difficulties of Newfoundland, one is often asked about the transportation provided by the Canadian National Railways and whether it is taking up the slack brought on by the depletion of the motor vessel freighting fleet. The railway facilities, I might say, are altogether inadequate for our needs. It is only natural that such facilities have to be augmented by shipping generally. One of our difficulties is that the narrow-gauge railroad in Newfoundland prevents carloads being brought in to their ultimate destination. Cars have to be discharged at North Sydney, Nova Scotia, and the goods freighted across and loaded on smaller cars. This with the freight rates on a mileage basis—the Newfoundland railway alone is about 600 miles—runs up the cost terribly.

The terms of union made no provision for progressive advancement in transportation. The only obligation in stated terms was that the Canadian National Railways would take over the railway and the coastal steamers from the Newfoundland Government. It is true that there was an obligation to put a new ferry boat on the Cabot Strait. Perhaps at this time it is hardly worth while my discussing that much publicized ferry boat the *William Carson*. May I say, however, that Newfoundlanders have no desire whatever to be regarded as collectors of white elephants.

The great flow of one-way traffic which has resulted from union, that is, goods purchased from the other provinces and brought into Newfoundland, was never planned for and never has been adequately provided for by the Canadian National Railways. The heads of that organization anticipated at the first a demand from Newfoundlanders for what they might need, and their early announcements were largely to the effect of what the province was not to get. A nation-wide announcement, not by Government authorities but by railway heads, was made right after union came into force, to the effect that we were not to have a standard-gauge railway. That then was settled and out of the way. The numerous diesel engines and

other rolling stock additions have cost a lot of money but they have solved nothing. We are located out there in costly isolation from the other provinces; we pay for transportation on the mileage basis, and the possibilities of restriction of competition in freight and passenger carriage just make one shudder.

Adequate ocean shipping facilities to service the trade in and out of the province are of relatively greater importance to Newfoundland than to any other part of Canada. I would appeal to the authorities to give this Newfoundland problem more considerate treatment than it has been given in the past. Owing to inadequate facilities for rail shipments to St. John's, the Canadian National Railways constantly have to engage other steamers to take excess cargo from Halifax and North Sydney. On the other hand, we have seen Canadian National steamers come into St. John's to discharge motorcars, for instance, and go off to the West Indies without even inquiring if freight were available to take out.

A matter of great importance to the fish trade would be direct steamship connection through the Canadian National Railways to the West Indies. Newfoundland fish has to be shipped to Halifax for transhipment at a cost of about 75 cents per 100 pounds more than Nova Scotia shippers have to pay. As the West Indies are now the principal markets for Newfoundland salt fish, that extra cost has to come off the basic price to the fishermen. The Canadian National steamships operate as a public service, and there is no doubt that they should make St. John's a port of call, at least on their outward voyage. Recently an occasional call has been made and some fish taken, but what the trade needs is a regular service which could be depended upon so that volume by that line could be built up, as it undoubtedly would be. The importance of this can be brought out by the fact that there are now over half a million cases of fish going from Newfoundland to the Caribbean area at regular intervals throughout the year.

Hon. Mr. Howden: By water?

Hon. Mr. Pratt: Yes. And it is just absurd that practically all of that has to go by indirect routes, while a Canadian public service operates steamers directly to the West Indies and follows a route not far off the route from Newfoundland.

I cannot prolong this talk by dwelling at length on many of our needs as a province, but I hope for opportunities—as I am sure my colleagues do also—of bringing before you more information which will be helpful in providing a setting for a policy which will enable Newfoundland to fit more equitably into the Canadian system.

I shall now mention briefly another specific matter of great economic importance to Newfoundland. The Speech from the Throne refers to compensation for seasonal unemployment, but not particularly in connection with the fisheries. Now, I know that the practical application of this, in the unemployment insurance structure, bristles with difficulties, but an approach by way of insurance and fishery assistance measures combined should lead to a reasonable solution. Situated as we are in one of the best fishing areas of the world, our fishermen nevertheless are leaving the industry until their numbers are only a fraction of what they were in previous years. We have lost out a great deal by exchange difficulties in our foreign trade, which were much better met by ourselves in conjunction with the British Government in pre-Confederation days. No other emphasis needs to be placed on the fundamental difficulties of our situation than the fact that the Portuguese, Spanish and French fishing boats are now coming across the ocean —they always had done so in some measure, but not to the present extent—and are taking almost as much fish from the waters just off our coast as all the Newfoundland fishermen are catching for salting. Time is of such importance to us in meeting our present difficulties that future planning, no matter how logical and good in itself, will be useless if action in the present is deferred. Ocean fishing is different from almost anything else, because when fishermen leave the industry their skills go with them and are not replaceable. Farmers can make woodsmen, woodsmen can make miners, and so on, but only men who are bred to the sea can be fishermen. We have had very interesting and valuable information in connection with the fisheries gathered up by commissions whose business has been to plan for the future, but I am sure we can appreciate that with all thought on the future and none on the present, which sometimes is the outcome of the deliberations of commissions, our only hope then can be in the resurrection—I mean, of course, of the industry—a prospect not entirely reassuring.

One of the expectations of Newfoundland people following the consummation of union was the establishment of a national harbour in Newfoundland under the administration of the National Harbours Board. It is difficult to see why such a necessary public service as this has been so long deferred. It is true that there are varied opinions with regard to the location, but I would like to express my belief

that in the present stage of development the only logical site for it would be at St. John's. In deciding on a place in which to establish a national harbour, there are three features which all fair-minded people must accept as essential to such a project: first, service to a large population; second, an ice-free harbour throughout the year; and, third, established industry. All three requirements would seem to be met at St. John's. There has been a good deal of talk of establishing a national harbour at places where industrial development is thought to be in prospect but is not yet even planned for. For the sum of money that such an undertaking would require, surely more than mere prospects of economic use are required.

I do hope that this undertaking will not be much longer delayed. It should help to increase the industrial life of St. John's and the Avalon Peninsula, which has the only large concentration of population in the province. St. John's is, and will be for all the foreseeable future, the chief landing port for importation of goods for the east coast of Newfoundland, and it will always be, as far as one can see, the chief exporting point for fishery products. Also, it services to a considerable degree the export of paper during the winter months. In addition to that it is the principal port of entry for the requirements of the United States North-East Air Command, which is of very great importance to the economy of the province. The conversion of St. John's into a national harbour should not only increase the traffic through that port but substantially reduce the handling costs of goods, and this would be reflected in lower consumer prices.

Now, honourable senators, in closing this talk on Newfoundland and a few of its problems, I would point out that our province needs, and I hope will have in the near future, a greater understanding by Canadians generally of the implications of the new partnership. Our problems in Newfoundland naturally arise from numerous circumstances which differ, as I have stated, from those prevailing in other parts of Canada. In many ways Newfoundland has a very valuable security from the wider relationship established by union; while at the same time the other provinces have a distinct and positive value from the contribution by Newfoundland. I will mention now just one point in this connection. Our people have to buy outside the province most of the goods by which they live. Before union the importations from Canada amounted to something like $50 million, mostly of food products. The bulk of the manufactured goods came in from the United States and Europe. Today the importations from the other provinces run from three to four times that amount, and if our province still ranked as an export market of Canada we would be the third largest export customer of the dominion. The earnings of the people of Newfoundland which go to pay for these purchases come chiefly from revenue derived from our exports over the world of the products of the sea, the forest and mines, and very substantially from United States bases in the province. The trade outward is to almost everywhere except the other provinces of Canada, and the trade inward is now mostly from those provinces.

All these and countless other considerations create an urgency for more knowledge throughout the dominion of the facts of this mutual relationship. I realize it is up to Newfoundlanders to take a greater lead themselves in spreading information around about our province. While mentioning this, I would like to refer to the very excellent contribution in this respect made in recent times by the Mayor of St. John's, Mr. H. G. R. Mews, who has been travelling from coast to coast lecturing to Canadian Clubs and other organizations about our province. No one is held in greater respect in Newfoundland than he and no one is better qualified to speak on behalf of our people, and I am sure what he has done and is still doing is very valuable.

As I have been saying, I hope and expect that as time goes on we shall be better known and that many misconceptions will be cleared up. One is constantly impressed with the lack of knowledge of our province as reflected in press writings and magazine articles, and indeed in private conversation. I suppose that lack is only natural, as we have been Canadians for just seven years. One frequently hears throughout Canada expressions of impatience at the lack of knowledge of this country by the citizens of the United States. Canadian people generally seem to be impatient about that, and perhaps there is a reason. All I need say in that regard is that if the old adage, "Patience is a virtue", is true, then the people of Newfoundland should be an example of virtue for the whole of Canada.

Hon. Senators: Hear, hear.

Hon. Mr. Barbour: I would like to ask the honourable senator a question. He stated that foreign fishermen catch about as many fish in the waters around Newfoundland as local fishermen do. Why is that? Is it because the foreign fishermen use better equipment?

Hon. Mr. Pratt: I am glad to answer that question as well as I can. The foreign fishermen generally use much larger boats, which are more fully equipped than ours, at least than those that are used in the competing salt

fish trade. I would mention in particular Portuguese fishermen, who, with national assistance, have made fishing on the Grand Banks an outstanding industry. As I expect my honourable friend knows, the Portuguese have gone to the extent of providing a mother ship which acts as a hospital ship, and has in fact rendered service to our Canadian ships. The whole Portuguese organization points to a program of fisheries advancement which I think is a good object lesson to all of us in the fishing areas.

Hon. Mr. Burchill: Would my honourable friend give me the source of his information as to the extent of imports by Newfoundland from the rest of Canada? I understood him to quote some figures as to that trade before and after Newfoundland entered into Confederation, and I am curious to know where he got his figures. I may say that we in New Brunswick have been trying to get such statistics for 75 years and have been unable to get them.

Hon. Mr. Pratt: Honourable senator, I will take on that one too. You will notice that I quoted only one figure, that of about $50 million, as the value of importations from Canada in immediate pre-confederation days, and I said that at the present time it was three or four times that amount. As my honourable friend says, there are no official figures of imports by Newfoundland from the rest of Canada: no information in this connection is available from the Dominion Bureau of Statistics or the Department of Trade and Commerce. But as one who has had experience in business and who has practical knowledge of the volume and range of goods that come into Newfoundland and their source, I am very sure that the increase I have suggested is not out of line.

Hon. Muriel McQ. Fergusson: Honourable senators, as so many of those who spoke before me in this debate have done, I would like to congratulate the mover (Hon. Mr. Pouliot) and the seconder (Hon. Mr. Croll) of the Address in reply to the Speech from the Throne. Having followed their speeches in the other house, we expected that their first speeches in this house would be outstanding, and we certainly were not disappointed.

I would like to congratulate all the speakers who have preceded me in this debate, and particularly the other new members, whose first speeches have greatly enriched the records of the Senate. To the new members who have not spoken as yet I would like to repeat the personal welcome that I have already given them, and particularly to my deskmate, the honourable senator from Charlottetown (Hon. Mrs. Inman), who I am sure is going to be a highly valued addition to the women members of this house.

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: Honourable senators, last summer it was my very great privilege to be numbered among the Canadian members of Parliament who attended the meetings in Paris of parliamentarians from 15 NATO countries. After the meetings the Minister of National Defence arranged for the Canadian delegates to visit our army and air force installations in Germany and France. What we saw there as well as at the Palais de Chaillot, which is the headquarters of NATO, was a revelation. As the Speech from the Throne refers to the importance of NATO I would like to make a few remarks about our experiences while we were in Europe.

The Speaker of this honourable house (Hon. Mr. Robertson), as the President of the Canadian NATO Parliamentary Association, was the leader of our group, and he was elected Chairman of the Paris meetings. He handled the meetings with great skill and tact, and he made us feel very proud that we were part of the delegation of which he was the leader.

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: That his ability was recognized not only by Canadians but by the whole group was shown when he was elected chairman of the continuing organization that has grown out of these Paris meetings; and we know that in that position he will continue to bring honour to Canada as he did last summer.

At about the time we left Canada, honourable senators, some criticism of our proposed visit appeared in the press, and it seems to me that it was completely unwarranted. More than 40 cents of each dollar paid in taxes by Canadians goes into defence. Canada's first line of defence is the North Atlantic Treaty Organization, and since the inception of that organization Canada has contributed to it over one billion one hundred million dollars. In view of Canada's contribution in money, arms and men to NATO, it seems only reasonable that the members of Parliament who are responsible for making provision for these contributions should learn as much as possible about how NATO operates.

About 200 parliamentarians from the fifteen NATO countries were present in Paris and we got to know many of them very well. It is important, and I think of great value, that Canadian parliamentarians should have

an opportunity to know and to talk to members of Parliament from other NATO countries, so that we and they can learn to understand and appreciate one another's points of view on NATO problems. It seems to me important, too, that members of our Parliament should have a chance to see for themselves the conditions under which our service men and women and their families are living and how they are carrying on operations at Canadian NATO installations abroad.

Honourable senators, it would seem to me not an interference, but a duty—and I must tell you it was a very pleasant duty—for Canadian parliamentarians to learn at first hand about these things. At no time did the members of the group consider that they were concerned with policy making. No attempt was made or considered for the setting up of an executive body to make decisions, or the establishment of a secretariat for administrative purposes. The group had no desire and no intention to replace the functions of governments; their intention was only to complement the work of government.

The meeting of parliamentarians was held at NATO headquarters in the Palais de Chaillot, in the very shadow of the Eiffel Tower, which is so well known to anyone who has visited Paris. Lord Ismay, Secretary-General of the North Atlantic Treaty Organization, welcomed us to headquarters and impressed us by his obvious belief in the vital importance of NATO if peace is to be maintained in the world. After listening to him we understood why he feels that if an organization such as NATO had existed in the 1930's we would have been spared the horrors of the Second World War.

We received briefings from a number of chairmen of committees of the North Atlantic Council, through which we learned much of how the planning is done for the tremendous organization that NATO has grown to be. Perhaps to the Canadian group one of the most interesting briefings was a talk by Canada's permanent representative to NATO, Dana Wilgress, who is a very distinguished and very highly regarded diplomat, of whom we were very proud. Mr. Wilgress is also Chairman of the Committee on Information and Cultural Relations of the North Atlantic Treaty Council, and he talked to us on that subject. That committee no doubt is responsible for the NATO fellowships and scholarships which were established by the North Atlantic Council and announced last October by our Department of External Affairs.

Mr. Wilgress and his charming wife did everything possible to add to the comfort and pleasure of our delegation during our visit to Paris. On one occasion they opened their delightful home, which is about 18 miles outside of the city, to all the delegates at the conference.

Of course the highlight of the briefings was the one we received during the three hours we spent at SHAPE, the Supreme Headquarters of the Allied Powers in Europe. This is located on the outskirts of Paris in the Versailles area. There General Gruenther, the Supreme Commander, and a number of his top ranking officials, including General Montgomery, told us of the great work that is being done. He told us also of the need of increased support for NATO, and he spoke of the lack of knowledge about NATO amongst the very people who depend on it and on the NATO forces for their protection.

In a report that Lord Ismay made he stated that 80 per cent of the people of the United States, the United Kingdom and France had no idea what the letters NATO stand for. I think that applies, though perhaps to a lesser degree, to Canada. Both Lord Ismay and General Gruenther urged that we parliamentarians do all in our power to stimulate public interest in NATO, and bring to the people of our countries knowledge and understanding about this organization. They urged us to point out that it is entirely a defensive alliance, and that without it many of the member countries would not be able to maintain their freedom if pressure were put upon them; also that, if it is to continue, it must receive the support and approval, not only of the parliamentarians of the member countries but of the people who elect them.

Since I returned from Europe I have spoken on this subject at many meetings in New Brunswick groups and Nova Scotia groups, to several meetings of Maritime groups, and to one national group which was meeting in my home city. I have had many more requests for talks on this subject, and I intend to give as many as time will allow. Perhaps I have been able to make these addresses a little more interesting by the display of a large number of slides from views which I took on my trip, but which, of course, I cannot exhibit here.

At SHAPE, 800 professional military men from the 15 NATO countries work together in a very friendly atmosphere. We learned not only that it is possible for our countries to unite in the military field, but that such co-operation is an accomplished fact.

The great interest of the Canadian delegation and of many others was the extension of co-operation among the NATO countries into social, economic and cultural fields. When

we saw that joint efforts were operating so successfully in the military sphere, we were the more confident that the larger objective is within our reach. Article II of the North Atlantic Treaty pledges the member countries to such action. If we do not build up a free exchange with other NATO countries, it may well be that the Soviets, adopting their familiar tactics of "divide and conquer", will drop the military approach and try for success by entering into economic co-operation with some of our allies.

There was much discussion between parliamentarians at the conference as to the best ways of bringing about concerted action on levels other than military; but most of the formal sessions were taken up with organization of the group, to ensure that meetings of NATO parliamentarians will continue to take place.

The concern of the conference with Article II of the Treaty was, again, on an exploratory basis only, with no idea of dictating policy, but for the purpose of bringing to the attention of the NATO Council and our respective countries that parliamentarians regard as vital the implementation of this article of the Treaty.

The final communiqué of the December meeting of the North Atlantic Council contained a statement that the council recognizes the necessity of closer co-operation between the members as envisaged by article II of the Treaty, and has decided to instruct the permanent council to examine and implement all measures conducive to that end. It is quite possible, honourable senators, that the discussions at the conference last summer influenced the NATO Council to make this reference.

The hospitality extended by the French Republic to the delegates through receptions in its beautiful and historic palaces is something we shall always remember.

Following the conference the Canadian delegates flew to Soest, Germany, the site of the Canadian Army Installations. Here, Brigadier W. A. B. Anderson, the Officer Commanding, devoted himself to guiding us during our whole stay. He proved to be a superlatively good guide, giving us detailed information about the operations of the army installations, and concerning the section of Westphalia in which our forces are situated, and whose history he had obviously studied thoroughly. Demonstrations were given of assault-boat landing, bomb laying, the building of Bailey bridges and other activities. We were pleased to meet many local personages and gratified to experience the friendliness of the Mayor of Soest and other officials. Their attitude, we realized, must be the outcome of the excellent relations which have been established with these people by our own army.

After leaving Soest we visited the R.C.A.F. NATO Headquarters at Metz, where we were greeted and briefed by Air Vice-Marshal Hugh Campbell, Air Officer Commanding R.C.A.F. No. 1 Air Division. He, his Chief of Staff, Air Commodore William Clements and the Commanding Officers of the four fighter wings in France and Germany briefed us thoroughly on the work and responsibilities of the Air Wings.

Besides visiting Air Force Headquarters at Metz, we visited Grostenquin and Marville, in France; Zweibrucken and Baden-Soellingen, in Germany. The physical set-up and the activities carried on at these Air Wings made us realize that a great deal has been done in a short time. We were told that the Royal Canadian Air Force has received Europe's aerial post of honour, and that this assignment is a tribute to the high morale and efficiency of our pilots and the very modern equipment which has been supplied by the Canadian Government. We were also informed that our Canadian-made Orenda engines are better than anything that our allies have. We learned a great deal about the speed, efficiency and performances of the Mark V Sabre jets, which we were told were soon to be replaced with the even more efficient Mark VI Sabre jets. The air force gave us a number of demonstrations, including a fly-past and an exhibition by the Air Division Sky Lancers, which, according to European opinion, is one of the finest aerobatic teams in existence. We saw what they call rapid turn-arounds, when planes came in, were refuelled, rearmed, checked over and given new pilots and were off again in six minutes or less; demonstrations of the operation of ejection seats in jet planes, and many other air force activities too numerous to mention, but which we found extremely interesting and informative.

Here we also visited the famed Maginot Line and a number of places of local interest concerning which the commanding officer and his men were well informed. We found the air force was also on excellent terms with the people of the country, who obviously had the highest regard for Canadians.

We were happy to see the friendly relationship existing between our troops and local citizens. It is true we sometimes read that our forces abroad get into difficulties, but we were assured by very many people, including many of the local citizens themselves, that these are only minor instances distorted out of all proportion by the press in the interests of sensationalism and seldom if ever appear

in the local papers. The proof of this, and the greatest tribute to our forces on the continent, is the excellent way in which Canadians generally are received throughout Europe.

At each of the army and air force bases we were shown the chapels, hospitals and recreation buildings as well as the permanent married quarters—always referred to as the P.M.Q.'s—the trailer camps and the local villages where many of the families of officers and men had been living prior to the completion of the married quarters, and where some continue to live.

We were assured that the presence of the families of the officers and men was the largest factor in contributing to the harmony which prevailed at the bases. We were also told that the wives, many of whom for some time after their arrival had found it necessary to live on the economy of the country, had made friends with the local storekeepers and others with whom they had to deal; had quickly learned the language and had, through their friendliness and tact, contributed greatly to the warm friendly feeling and obvious admiration with which the local people regarded the Canadians. Living in trailer camps and villages with no modern conveniences was a great change for many of these young wives, but they had adapted themselves with great good humour. Before schools were built they had worked together to carry on informal classes so that their children would not get behind in their school work. We felt proud to learn of the part our women were playing, not only the wives but also our service women. The commanding officers spoke of the service women in terms of highest praise, and one at least told me he only wished he had many more of them.

We viewed the recently completed schools, which are of a very high order, as they should be, for the children of our service men.

Since we returned to Canada, the First Canadian Infantry Brigade has been returned and replaced by the Second Infantry Brigade, which I am sure will also act so as to enhance Canada's reputation and encourage the warm feeling of friendship toward us that had been fostered by the First Infantry Brigade.

Our service men and their families and our service women who are posted to these Canadian NATO installations in Europe will not only make Canada better known and better understood, but they themselves will learn much about other countries as travel is encouraged and they see and get to know the peoples of our allies.

Honourable senators, again I would remind you that NATO is Canada's first line of defence. It will be remembered that it was our Prime Minister who, in 1947, when he was Secretary of State for External Affairs, brought before the United Nations the idea of an alliance for defence within the framework of that body. This is the idea which has now developed into the North Atlantic Treaty Organization, and he is sometimes referred to as the father of NATO.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mrs. Fergusson: The great success of NATO leads us to think that "He builded better than he knew". In order that that success may continue to grow we must keep up and increase our interest and contributions, which really are an investment in peace.

Hon. Senators: Hear, hear.

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

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 117 to 128, which were presented yesterday.

Hon. Mr. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

The Senate adjourned until Tuesday, February 14, at 8 p.m.

THE SENATE

Tuesday, February 14, 1956

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

Prayers.

Routine proceedings.

JOINT COMMITTEE ON LIBRARY

COMMONS MEMBERS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved—That a message be sent to the Senate to acquaint Their Honours that this house has appointed Messrs. Bertrand, Bourque, Brown (Essex West), Carrick, Castleden, Coldwell, Dechêne, Dinsdale, Fairey, Fraser (Peterborough), Fraser (St. John's East), Gingues, Gourd (Chapleau), Habel, Hamilton (York West), Hansell, Hellyer, Henderson, Howe (Wellington-Huron), Hunter, Jones, Jutras, Kirk (Shelburne-Yarmouth-Clare), Knight, LaCroix, Leboe, Leduc (Gatineau), Legare, McCulloch (Pictou), McGregor, McWilliam, Philpott, Pickersgill, Ratelle, Reinke, Robinson (Bruce), Small, Smith (Battle River-Camrose), Smith (York North), Thibault, Tucker, Tustin, Weselak and White (Middlesex East), a committee to assist His Honour the Speaker in the direction of the Library of Parliament so far as the interests of the House of Commons are concerned, and to act on behalf of the House of Commons as members of a Joint Committee of both huoses on the Library.

SUBSTITUTION OF COMMONS MEMBER

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Ordered—That a message be sent to the Senate to acquaint Their Honours that the name of Mr. Lennard has been substituted for that of Mr. Tustin on the committee to assist His Honour the Speaker in the direction of the Library of Parliament so far as the interests of the House of Commons are concerned, and to act on behalf of this house as a member of a Joint Committee of both houses on the Library.

JOINT COMMITTEE ON PRINTING

COMMONS MEMBERS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved—That a message be sent to the Senate to acquaint Their Honours that this house will unite with them in the formation of a Joint Committee of both houses on the subject of the Printing of Parliament, and that the following members: Messrs. Ashbourne, Bertrand, Blair, Boivin, Bonnier, Brown (Brantford), Bryson, Campbell, Cardiff, Charlton, Dechêne, Dickey, Mrs. Fairclough, Messrs. Fontaine, Gauthier (Nickel Belt), Gingras, Girard, Gour (Russell), Habel, Hansell, Healy, Hodgson, Houck, Howe (Wellington-Huron), Huffman, James, Johnson (Kindersley), Kickham, Langlois (Berthier-Maskinonge-Delanaudière), Leduc (Jacques Cartier-Lasalle), Lefrançois, MacDougall, MacEachen, Maltais, Mang, McGregor, McIvor, McWilliam, Patterson, Pommer, Rea, Regier, Robinson (Bruce), Rochefort, Schneider, Simmons, Small, Smith (York North), Stanton, Stick, Thibault, Weaver, Wylie and Zaplitny, will act as members on the part of this House on the said Joint Committee on the Printing of Parliament.

JOINT COMMITTEE ON RESTAURANT

COMMONS MEMBERS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved—That a message be sent to the Senate to acquaint Their Honours that this house has appointed Miss Bennett, Messrs. Buchanan, Caron, Ferguson, Gauthier (Nickel Belt), Gingues, Gour (Russell), Hardie, Harkness, Herridge, MacNaught, Mang, Masse, McGregor, Michaud, Monette, Pommer, Richard (Ottawa East), Mrs. Shipley, Messrs. Simmons, Stewart (Winnipeg North), Stick, White (Hastings-Frontenac), and Yuill, a committee to assist His Honour the Speaker in the direction of the Parliamentary Restaurant so far as the interests of the House of Commons are concerned, and to act on behalf of this house as members of a Joint Committee of both houses on the Restaurant.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 129 to 137, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill I-4, an Act for the relief of George Hugh Wadge.

Bill J-4, an Act for the relief of Martha Bailly Maher.

Bill K-4, an Act for the relief of Helena Roy Buckland.

Bill L-4, an Act for the relief of Marion Mildred McKnight Newman.

Bill M-4, an Act for the relief of Marie Laura Francoise Lamothe Newcombe.

Bill N-4, an Act for the relief of Frances Caplan Sirota.

Bill O-4, an Act for the relief of Joyce Smith Gwinnell.

Bill P-4, an Act for the relief of Joan Sheila Rosser Roland.

Bill Q-4, an Act for the relief of Shprintza Gelber Shildkraut.

Bill R-4, an Act for the relief of Sabina Rosenzweig Rosenblum Faust.

Bill S-4, an Act for the relief of William Eugene Chabot.

Bill T-4, an Act for the relief of Joseph Charles Sylvio Demers.

Bill U-4, an Act for the relief of Florence Ethel Bigelow Hamilton.

Bill V-4, an Act for the relief of Amy Katharine Newman Cowans.

Bill W-4, an Act for the relief of Sara Martin Lesser.

Bill X-4, an Act for the relief of Annetta Smith Marchand.

Bill Y-4, an Act for the relief of Sybil Violet Godfrey Russell.

Bill Z-4, an Act for the relief of Dorothy Mary Humphreys Pepper.

Bill A-5, an Act for the relief of Roslyn Yagod Kivenko Belkin.

Bill B-5, an Act for the relief of Hilda Sarah Twyman Gagnier.

Bill C-5, an Act for the relief of Jessie MacFarlane Boyle Roberts.

Bill D-5, an Act for the relief of Donald Henry Emslie.

Bill E-5, an Act for the relief of John Wesley Hamilton.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

JOINT COMMITTEE ON RESTAURANT

ADDITION TO SENATE MEMBERS

Hon. Arthur L. Beaubien, with leave of the Senate, moved:

That the names of the Honourable Senators Hodges, Howard and McLean be added to the list of senators serving on the Joint Committee of both houses on the Restaurant of Parliament; and

That a message be sent to the House of Commons to inform that House accordingly.

The motion was agreed to.

PRIVATE BILL

WESTERN GOSPEL MISSION—
FIRST READING

Hon. Mr. Beaubien presented Bill F-5, an Act to incorporate The Western Gospel Mission.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Beaubien: Thursday next.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—
DEBATE CONTINUED

The Senate resumed from Wednesday, February 8, consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mr. Pouliot, seconded by Hon. Mr. Croll, for an Address in reply thereto.

Hon. Thomas Reid: Honourable senators, having come down here somewhat late after the opening of the session, it was not my intention to take part in the debate on the motion for an Address in reply to the Speech from the Throne. But a few days ago the honourable Leader of the Opposition (Hon. Mr. Haig), remarked to me that, coming from a wheat province, he knew all about wheat, and he said: "Some of us, including myself, would like to know the story of the fight that is going on in British Columbia in connection with power dams and salmon. I believe you should tell us about it. It is something in which not only I, but others, are interested." Let me say to him and the others that I greatly appreciate the interest shown and that, without unduly prolonging the debate, I shall endeavour before I resume my seat to present the facts as clearly as I can.

One or two other matters which were mentioned in the Speech from the Throne have been alluded to by honourable senators during this debate. With these I intend to deal very briefly.

The honourable Leader of the Opposition (Hon. Mr. Haig) and others who live in the great wheat-growing provinces are well informed on all matters relating to wheat, and will not expect that those of us who live far away from the prairies can discuss it with a different background. But as a buyer of wheat, I want to suggest to the Government and to the Wheat Board that they took a rather backward step when they inserted in the regulations a clause which prohibits a poultry raiser or turkey raiser in British Columbia from obtaining grain from his own farm outside the province. This restriction goes too far in curtailing the liberty of the subject. It precludes the owner of a wheat farm on the prairies from utilizing his own wheat to feed his chickens or turkeys elsewhere. There is a great market in British Columbia for wheat. Incidentally, as a buyer of wheat, may I say that I never could and I cannot yet understand why I and others in the same position are called upon to pay such high prices for grades 6, 7, 8 and 9. I have procured wheat for my own poultry which at times is hardly fit to be thrown to them, and when one is called upon to pay anywhere from $3 to $3.25 for 100 pounds of it, one just wonders why.

I want to deal first of all with health insurance, a subject we have been hearing a great deal about these days. Nearly everyone seems to be jumping on the band wagon

of health insurance, and a few weeks ago a federal-provincial conference on the subject was held in Ottawa. But I wonder if those who talk so much about health insurance have really tried to map out an effective program of some kind to indicate what they mean. British Columbia has a hospital scheme to which the public contributes by way of a sales tax, the rate of which was originally 2 per cent but is now 5 per cent. Last year the provincial Government collected $60 million and expects to collect some $66 million this year. I have been told on good authority that the federal Government may grant the British Columbia Government $17½ million. Well, let me tell you that this amount will be just gravy to the Social Credit Government out there, and I am willing to bet anyone in this chamber that they will not reduce their present 5 per cent sales tax. I would suggest to the federal Government, through this honourable body, that this $17½ million should be used to help people pay costs of surgical operations and lengthy illnesses, for I have found in my travels that these costs are the ones which cause the most concern. And aside from these things, I am frank to say that I can find no great burning desire on the part of the Canadian people generally to go much further in the matter of a national health scheme.

I hasten to say, of course, that the CCF party in the other place and throughout the country, as well as trade unions, are talking glibly about national health insurance, and are continually needling the dominion Government about it; and of course the Government listening to the voice of the people, and, thinking expenditures on health insurance may help to keep it in office, is ready to hand out further moneys. But who can say what we are aiming at or who will lay down a program of national health insurance?

I endorse the speech made by the honourable senator from Medicine Hat (Hon. Mr. Gershaw) in which he advised the federal Government to go slow in this matter. Since the last war many Canadians—and a number of the provincial governments—have been only too willing and anxious for the federal Government to come to their help with respect to almost every kind of service. In fact, it is my own opinion that some provinces would be willing to relinquish certain of their rights under the British North America Act, provided the federal Government took over the financial responsibilities and paid the shot. Trade unions, together with municipal and provincial governments, are making demands on the federal Government for a national health insurance plan, but they are not saying just what they mean or want.

Do they want to go as far as Great Britain has gone? I happened to pay a visit there last year and I was really not too surprised to learn that they are beginning to restrict their national health insurance scheme. The United Kingdom Government has been providing false teeth, ear trumpets and eye glasses. One doctor said he never knew there were so many people with poor eyesight and poor hearing in Great Britain. Many of them were not content with one pair of glasses, but wanted two or more pairs, each with differently coloured frames. Some people were known to have three sets of false teeth, three pairs of glasses and I don't know how many ear trumpets. The Government realized that if this thing went on, human nature being what it is, it would ruin the country. So the regulations have been changed, and now people who need false teeth or glasses or hearing aids must pay a good proportion of their cost.

I join with the honourable senator from Medicine Hat in warning our Government to be careful in this matter. I trust that the Government of British Columbia, when it is handed this sum of $17½ million, will remember the suggestion I have made about contributing toward the costs of operations and doctors' bills.

Incidentally, I am surprised that the federal Government has never taken exception to the size of the hospital in Vancouver, the costliest in the province. I have said that many times before, and I would like to enlarge on that point at some other time.

I come now to the subject of education. I listened with a great deal of interest to the two honourable senators who spoke on education earlier in this debate, and I compliment them very highly on their speeches. I think the newcomers to this chamber so far have brought a very wholesome uplift to our debates here.

Hon. Senators: Hear, hear.

Hon. Mr. Reid: Sometimes I think that those of us who have been here as members of Parliament for many years may be a little too close to the picture to get a clear view of what should be done. Some of the newly appointed members, many of whom have not formerly been in public life, are bringing a wholesome breath to the discussions in the Senate. I commend them, and trust they will keep it up. Of course, that does not mean to say that I agree with all they said in their speeches.

Some Hon. Senators: Oh, oh.

Hon. Mr. Reid: Not by any means. I realize that both honourable senators to whom I

have alluded have had a great deal of experience in the field of education. I speak as a layman, but as one who has had a lot of practical experience with human beings. I was raised with the principle of the three R's, so to speak, and seem to get along very well, but in this grand new age perhaps that is now considered old-fashioned and insufficient. However, I am wondering if the assistance that the two honourable senators are asking for from the federal Government would help to solve the problem at all. They have joined the band wagon in the cry for more money from the federal Government—but what for? For universities. Well, it cannot be said that British Columbia is poor and cannot afford a better educational system. If one can believe the published figures, British Columbia is also in the rich class, as it has reduced its debt by $65 million, and expects to reduce it further this year by $26 million. And I am especially surprised that the honourable senator from Banff (Hon. Mr. Cameron) should ask for help from the federal Government for universities, as Alberta is one of our richest provinces—indeed, the only province able to clear off its debt. That is a beautiful picture of progress if it is honestly correct. Therefore, I would say there is no great reason for asking the federal Government to assist the universities in those two provinces, at least.

In order to develop my thought a little more fully, I want to say that when I speak of British Columbia, I think the people of that province are looking at the picture wrongly; they seem to think they have to build marvellous schools, complete with showers, and every other modern convenience. All these things go under the heading of "education", and so the cost of schools is going higher and higher. I know of one school in which a classroom for children of the entering age cost $50,000, and the walls of that room were embellished with mosaic pictures of Little Bo Peep. Oh, I was called old-fashioned because I criticized that. But that is the trend today. School buildings must have gymnasiums and shower baths, rooms for all the teachers, and so on. These things make costs go up continually, and there is a cry for help to the federal Government to maintain this kind of thing.

However, honourable senators, that is not the real problem of education. I have here a newspaper article on McGill University, and as I am heartily in accord with what the writer says I would like to read some extracts:

> Dr. James said that a careful study of the records indicated that "rather less than a half of those who enter (the faculty of arts and science) as freshmen ever complete the requirements for a degree."
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> "Some losses and failures are inevitable," he said, "but there can be no doubt that first year failures (and the admission of students to McGill who do not deserve to be admitted) are primarily responsible for the fact that in engineering only 46 per cent of the entering class graduated in the normal period of study and another 11 per cent after further study and supplemental examinations."

And a little farther on:

> Discussing the vast increase in applications that the universities can expect within the next 10 years when the universities begin to feel the impact of the higher birth rate of the war years, Dr. James pointed out that if McGill were to maintain its percentage of the total Canadian university enrolment, it would have to expect an enrolment of more than 13,000 students in 1965.

The article goes on to say:

> Dr. James said that an expansion to 9,500 instead of to 13,000 would be "great enough to meet the needs of all those applicants whose ability and character are demonstrable."

In other words, Dr. James is saying that many students who are going to university should not be going.

I will quote from *Newsweek* an article under the caption "College for all?":

> Whenever two or three college presidents are gathered together, the conversation, or, if there is an audience, the speeches, are almost certain to deal with what has become the standard cliche of the time, the rising tide, sometimes for variety's sake, termed the oncoming tide, or the tidal wave.
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> Just how to cope with this "rising tide", says President Benjamin F. Wright of Smith College, should be cause for serious thought. But he is certain of one thing: "To talk of a liberal college education for all, or for half, of those from 17 to 22 is sentimental and dangerous nonsense. To advocate an education for all in accordance with their capacities and the country's needs is sober sense."

A little farther down the writer continues:

> Thomas Jefferson was one of the foremost advocates in modern history of free public education, from elementary schools through state universities . . . Jefferson repeatedly expressed his belief in the inequality of intellectual capacities and attainments. All persons should be given—or exposed to—an elementary education, what in today's jargon might be called a basic education. Not all should go on to the higher studies. Both the amount and the kind of education should depend upon capacity and purpose. And therein lies the relevance of his philosophy for the problems of the years ahead.

Honourable senators, I endorse those views. I could quote at greater length as to what is happening in the field of education. It is well known that the universities are crowded, because every father and mother wants their children to go to college, whether they are mentally qualified or not.

I do not know if one should quote from Old Country sources, because conditions there are vastly different from those in Canada; however, I made some inquiries regarding the

educational system in Britain, and I was told that at the age of 12 the boys and girls are tested, and those who pass certain examinations go on to university, while the remaining group go on to higher grades of public school. I do not think anyone could say that people coming from Britain are uneducated or unable to meet the educational standards of this country. I am simply saying that that is the information I received when I was over there last year.

One of the things I wish to draw to the attention of honourable senators is this. It is difficult for me to understand why anyone would throw at us stories about Russia and what is being done in that country today regarding education, with the implication that the United States and Canada should go along the same line. I am thinking particularly of the large groups of young men and women in Russia who are being trained as engineers and scientists. Persons in this country who paint a rosy picture of the great and efficient educational system of Russia should be challenged and asked whether they are prepared to sacrifice and to live the kind of lives the Russian people live.

Certain facts must be borne in mind: the Russians are not eating as much today as they ate in 1928; women workers constitute some 45 per cent of the employed persons in factories, institutions and on farms; there is no absenteeism; there is no coffee break. And may I pause to say that the coffee break is the finest scheme ever invented to help pass the work time; indeed, I wonder how some of us have lived to this good day without that device. Of course, I know our friend the senator from Toronto-Spadina (Hon. Mr. Croll) does not agree with what I am saying; but maybe I shall have an opportunity at another time to take him up on some such questions as these.

Further, the Russian system allows no strikes, no slow-downs, no late arrivals—and for anyone who does not conform, the penalty is prison or a slave labour camp. That is the compulsion or penalty that is mainly keeping the Russian youth on their toes and working so hard. But still Russia is unable to adequately feed her people.

Perhaps I should mention at this juncture some of the latest figures I have gathered regarding Russia's geography and population. In area it embraces some 12 million square miles, of which only one-sixth is suitable for agriculture; in other words, Russia must maintain her 215 million people on 2 million square miles. Compare that with Canada, with its area of 1,792,000 square miles of usable or agricultural land and a population of only 16 million.

What will be the final result in Russia, with the younger people being taken from the farm and put into industry? One can scarcely pick up an American magazine or newspaper without reading glowing accounts of Russia's industrial progress, but hardly a word does one read about the fact that the people are eating less than the people of this country. Are those who advocate that we follow the trend of Russian progress prepared to give up their five-day week, their absenteeism, their holidays, their cars and all their other luxuries? In my quiet moments I sometimes wonder whether the great luxuries enjoyed by the people on the North American continent, compared with the hardships of such countries as Russia—which is intent on conquering the world—may not very largely some day be our undoing. I hope and pray that they will not be our downfall. But the fact is that the people of this continent are taking all they can get and asking for more. I notice that today the United States is using 50 per cent of her output to buy cars, television sets and bobby pins for her people.

I am sorry, honourable senators, but because of my limited time tonight I am unable to develop fully the subject of education; perhaps there will be an opportunity in a later debate to say something more about it. I believe that our educational system needs more than just monetary help for the expansion of universities and the erection of school buildings. To my way of thinking, the whole educational system from the lower school up, needs to be revised. I think it was the President of the University of British Columbia who said that many of the young people who come from high schools to that institution have to be taught English all over again. Perhaps the three R's were not all they were supposed to be when I was young, but today when I go into a store and buy a couple of items I am always annoyed to see that the young clerk has to take a pencil and paper to add two small figures. Perhaps these things may not be fundamental to education, but I think we should take a good look at our system and decide whether it ought not to be revised before we rush into the building of marble schools and lavish universities for our children, and at the same time listen to the cries of some rich provinces for federal aid.

I should like now to turn to a subject with which I am more familiar—fisheries.

Hon. Mr. Cameron: First, may I interrupt the honourable senator to ask a question?

Hon. Mr. Reid: Yes.

Hon. Mr. Cameron: I wonder if the honourable senator knows that Canadian universities

have a minimum entrance requirement of 60 to 65 per cent before students are allowed into engineering, medicine or related faculties?

Hon. Mr. Reid: I did not know that. But if my friend will allow me the liberty of a suggestion, I would say that he should send that information to the head of McGill University, the source of some material I quoted a few moments ago. I think if you look generally at the other universities you will find the figures are somewhat similar; and the reason so many of the students fail is that they are not prepared to do the necessary hard work required of them.

Hon. Mr. Cameron: Most university people would agree with you . . .

The Hon. the Speaker: Order.

Hon. Mr. Reid: I should like again to thank the honourable Leader of the Opposition (Hon. Mr. Haig) for the opportunity of placing before honourable senators what we in fisheries believe to be a great menace in the province of British Columbia. Perhaps I can start off in no better way for laying the ground work for my remarks than by saying that the Fraser River is the greatest salmon stream in the known world. It has a length of close to one thousand miles and drains approximately 90,000 square miles of land. I think it was in 1853 that a sailing ship came from Great Britain, around the Cape of Good Hope, and up into the Fraser River. The captain wrote back to the ship's owners saying that the vessel, in trying to make progress up the Fraser River, was impeded by the great hordes of salmon. Indeed, it has been said of those days that one could walk across the river on the backs of the salmon, as they came there by the teeming millions.

Then in 1913, when the Canadian Northern Railway was being built from the Prairies into British Columbia, it passed through an area known as Hell's Gate Canyon, where the Fraser River forces its way through a narrow gorge in the Rocky Mountains. The contractors building the railway looked at the mountain and at the river some 100 to 150 feet deep, with the water rushing through at some 120 miles per hour, and decided that the canyon was a good place to dump the rock from the construction operation, so they dynamited thousands and thousands of tons of rock down into the canyon. Nobody paid much attention to what the contractors were doing, but that year, as the salmon were headed up the Fraser to return to the spawning beds up river from Hell's Gate, millions of them died before they reached the spawning beds.

Now, honourable senators, the sockeye salmon is different from all other fish. It has a characteristic all its own: it will not lay its eggs anywhere but in the place where it came from or was born. So these salmon in their millions that year found their way up the Fraser, but only as far as Hell's Gate. I am not exaggerating when I say that there were at least 10 million to 12 million sockeye salmon trying to fight their way through the canyon headed for the spawning beds above Hell's Gate. In that year 2·5 million cases of sockeye salmon were canned, which is equal to a catch of about 30 million fish. Added to the 9 million to 12 million going up to spawn, it made that year a total of about 40 to 45 million salmon.

As I say, honourable senators, the sockeye salmon run in 1913 found its way up the Fraser blocked. The loss was not properly assessed nor was it actually discovered until about four years later, in 1917, which was the cycle year. The sockeye is a four-year fish. Some varieties, like the Pink, are a two-year fish. That is, from the time they are born until the time they come back to spawn, two years elapse. But in the case of the sockeye salmon, from the time they come out of gravel until they come back from the sea, four years elapse, although in some cases five years have been known to elapse.

There are six varieties of salmon, namely, Sockeye, Pink, Cohoe, Chum, Spring and Steelhead—the last named and Spring being very game fish and sought by anglers.

By the year 1917, the fourth year from 1913, instead of 2·5 million cases being canned, the quantity dropped to just under 450,000 cases, and following 1917 the number of cases canned went down and down. Now, the question will be asked: why did the Canadian Government not endeavour to correct matters after the impact of the damage was discovered in 1917? True, some attempt was made by the Government. The reason why it did not do more is this: The fish are born in British Columbia waters and head out to sea 18 months or so after they are born, but on their return they come through United States waters and the Americans, generally speaking, have the first crack at them. From 1917 right up until 1930 steps were taken by the Canadian Government to come to an agreement with the United States Government. It was felt, and I think honourable senators will realize the wisdom of it, that British Columbia or Canada should not go ahead and remedy the situation and then see the Americans get the greater number of salmon on their way back to the spawning beds. I may point out that in those days the Americans were getting, without any expense to themselves, 65 to 75 per cent of all the salmon heading back to Canadian waters.

Negotiations continued and eventually a treaty was passed by the Parliament of Canada in 1930, but it was not ratified by the United States until 1937. It is true that the treaty passed the American Congress earlier, but it was not approved by the President until 1937. In that year the International Pacific Salmon Fisheries Commission was set up. Three Americans and three Canadians were appointed to the Commission, of which I was one, and I have, shall I say, the honour of being its vice-Chairman and the sole remaining original member. We were given the task under the treaty to rehabilitate and bring back once again the great runs of sockeye salmon to the Fraser River.

It was stipulated that during the first eight years of the life of the treaty we could not regulate, but had to carry out research. After that period had elapsed, starting in 1946 we commenced to regulate and have been regulating ever since. Two duties devolve upon us: we set the dates for the opening and closing of the season for both United States and Canadian fishermen; and we have to see to it that the catch is divided as equally as possible between the two countries. May I tell you it has been quite a headache for our biological staff to divide the yearly catch equally between the two countries, because a guess has to be made as to the size of the catch, and as the Americans fish first it could very easily be that they would get the greater portion. However, the fact is—and it may seem astounding—that the catch has been divided so nearly equally between the two countries that the inequality up to 1955 amounts to only about one-half of one per cent and slightly in Canada's favour. I think it is most remarkable that of the millions of sockeye salmon that find their way back to their spawning beds we are able to make this almost equal division.

As a matter of fact, honourable senators, our Commission as such is the envy of many other commissions. Let me give you a brief idea as to why we have attained such wonderful results. There are two reasons: first of all, we have had ample funds with which to engage highly skilled biologists and engineers, which other fishery groups have not had. Our allotment from the Canadian Government is now running around $153,000, and we get the same amount from the United States Government, so we have adequate funds to go into every aspect of research in regard to the sockeye salmon of the Fraser, and that has helped greatly. The second reason—and in saying this I am giving credit to all the commissioners—is that we were given the authority to tell the director of the biologists what we wanted, and to keep them to the task before us. So there has been a wonderful success, and today our Commission is the envy of most fishery research boards.

Now, what are the results? The problem of Hell's Gate has been solved. We have carried out extensive tagging experiments on the salmon at Hell's Gate and right out on the fishing grounds. We tagged 55,000 fish at Hell's Gate alone, and had a crew of men who were able to find why these fish were blocked, why they could not get through. We discovered that if the height of the water in the canyon was 120 feet, no fishway was necessary—the salmon went through on their own; but if the water rose from 120 to 145 feet, the result was as though a gate had been dropped in the water; no fish could get through. However when, as occasionally happened, the water passed the 145-foot mark, the salmon worked their way through without great difficulty. So, after a great deal of experimentation, we built right in the rock of the canyon walls fishways which did not and do not interfere with the flow of water, but which enable salmon, at water levels of between 120 and 145 feet, to pass through without being blocked. In this way the entire system is being restored. For us, 1954 was a big year: it witnessed the greatest run of salmon into the interior that has been seen by most people. In 1913, as I have said, 30 million salmon were packed, though 10 million were lost at Hell's Gate. During the four years 1950-54, the commercial catch on both sides amounted to 18 million. On the basis of the figure of 18 million fish, compared with 1909-1913 the catch for 1950-1954 represents about 56 per cent.

There is still quite a lot to be done. We believe that within a foreseeable time, at the rate we are progressing, we shall restore the runs to equal the 1913 figure, provided, of course, that no obstacles such as dams are built in the river. Time is limited, and I do not want to delay honourable senators too long, so I am avoiding detail and merely covering the salient points of the story.

Coming to the matter of the dams, the reason we are able to speak so authoritatively and so positively is that in the 16 or 17 years of our operations we have found the answers to most of our problems. This, I repeat, is due to the fact that we have had ample funds with which to carry on investigations and to employ for this purpose very competent men. One of them, Milo Bell, is in the highest class of fisheries engineers on the North American continent; another official with a continental reputation is Lloyd Royal, our Director, the man in charge of our investigations. With the aid of biologists and a scientific staff we

have found answers to many problems. But it is still very difficult to get the public outside—even so-called fishery engineers, as well as the heads of the British Columbia Electric—to understand the facts we are trying to tell them. They have the idea that salmon are salmon. To them, water is just water, though to a fish it is not. In this connection let me mention one experiment which is going on now, and which some honourable senators, even from Ontario, may not have heard about. There are very few fish in Hudson Bay. Officials of the federal Department of Fisheries in the province of Ontario asked last fall if we would hatch one million eggs of a variety of salmon called the pink salmon, as they wanted to put them in Hudson Bay. As some of you know, in the fish-hatching process the eye is the first thing that comes out on the egg. This is called the eyed-egg stage. Some 900 thousand eyed-eggs were taken up to Hudson Bay; about 4 feet of ice, I understand, was cut through, and the eggs were embedded in the gravel of the bay, in the hope that enough of them would survive to create a pink salmon fishery in Hudson Bay. Our biologists are not very hopeful of the success of this project, not because they are opposed to it—it is none of our business—but because, they believe, there is little or no fish food in the bay. Fish food is known as plankton; it is invisible, but that does not mean that biologists and other scientists, using very fine nets, cannot take it out from the water. Unless a body of water contains sufficient plankton you cannot maintain a decent fishery, and the reason there may be no fishery in Hudson Bay is, as I have said, that little or no plankton is to be found there. Temperature, too, plays its part in this matter. Fish are very susceptible to differences of temperature. If the water is too cold they may perish; if it exceeds 65 degrees they cannot survive for spawning. So it will be readily understood why those of us who are interested in this matter are alarmed at the talk which is going on about diverting the waters from the Columbia River into the Fraser. The waters of the Columbia are glacial waters and contain, so our biologists tell us, little or no plankton. So if a volume of 10 million acre-feet is tunnelled from Mica Dam, the spot where it is proposed to build a dam and carry Columbia waters into the Fraser, nobody can tell what will happen.

I am not going to dwell on the details of one battle I have been fighting out west with the "powers that be" of the British Columbia Electric Company and the University of British Columbia. I understand these people are quite annoyed because I said that B.C. Electric handed $50,000 to the University to try to find an answer to this water problem. I am not implying that the men to whom the University has entrusted this research are ignorant; I should rather say that they are inexperienced; and honestly I do not know where they can get experience as to sockeye salmon other than at the Fraser River. That is the seat of the problem as regards the sockeye salmon. I have suggested that a solution might have been found more readily had these people come to officials of the federal department as well as to our Commission, with the funds, and asked to have competent men engaged in a co-operative effort to find an answer to the problem of the proposed dam.

I am not going to enter into an argument about the wisdom or unwisdom of what has been done. But I will state, as a result of my reading and information concerning Bill No. 3 which passed through Parliament last year, that it is perhaps a good thing that General McNaughton took the stand he did against United States interests and the Social Credit group in Victoria, because had their scheme been put into effect it might well have ruined for all time full development of the Columbia River. Had the federal Government not stepped in that scheme might have materialized and, as I say, ruined for all time our great heritage on the Columbia.

The federal Government is at present spending a considerable amount of money to discover dam sites on the Fraser to find out the full effect of diverting the water from the Columbia River to the Fraser River, and it has been proposed that ten dams be built on the Fraser. We have pointed out that this scheme cannot be carried out if the fisheries are to survive. I realize that it depends on where you live in British Columbia as to what viewpoint you have on this subject. Those in the interior who visualize the development of industry and the growth of towns are willing to see the fish industry wiped out. They say "What does it amount to anyway?" Well, it is now worth $25 million annually, and we expect it to be worth $50 million before very long. In the face of critical world food shortages are we going to sit idly by and allow this fishing industry, which has been steadily developed down through the years, to be wiped out in the interests of hydro-electric power?

We have been trying by every possible means to discover how the fish can be saved, but there is apparently no way the small fingerlings can be saved on their journey to the sea. The sockeye salmon usually lay their eggs in gravel beds and banks of rivers that flow into lakes, and when the eggs are

hatched the fingerlings migrate to the lakes, where they live from 12 to 18 months. Then they head for the sea.

We realized we had to have scientific proof that dams were killing the fish so we set to work with three of our scientists to determine the mortality rate. We had the splendid co-operation of the federal Department of Fisheries in this work, as well as that of the State of Washington Fisheries, and it took us three years to complete it. Research work done at a 280 foot-high dam in the United States disclosed that there was a loss of 56 per cent in the sockeye fingerlings going over the dam—they are about 4 inches long when 16 to 18 months old—and a loss of 34 per cent going through the turbines. These figures are accurate and could be proven in any court of law. So we say to those who are going to build new dams: "What are you going to do about the fingerlings? And just how are you going to get the sockeye salmon past the dams?" Many people believe that the mortality of the fish depends on the height of the dam, but so far as the sockeye salmon in the Fraser River are concerned it is not the height of the dam but the obstruction of the dam itself that causes the damage. Every time they come to an obstruction they mill around for two or three days before attempting to surmount the obstruction. We have found through scientific research that a delay in their journey of from 10 to 12 days is fatal. It must be borne in mind that when the sockeye salmon leave the salt water for the spawning grounds they do not eat. They have only so much time to live, and some have to travel as far as 600 miles from the mouth of the river to the interior, living on their fat and sometimes even on their scales. They have a rendezvous with death, because after laying their eggs they die within two or three days, their life cycle being then completed. We have the most modern fishways available at Hell's Gate yet in 1954 the fish, because of their great numbers, were delayed getting through the fishways. Some 750,000 spawning sockeye salmon went through the fishways in one day alone. I might say that one of these fishways is 45 feet in height, 200 feet long and 20 feet wide. The one on the other bank is 460 feet long.

The people wanting to build power dams have sent engineers to fish dams on the Columbia River in the United States. By the way, at this point I might say I once put up a fight in the United States about those dams on the Columbia River, and had we been as alert and as attentive then to British Columbia as we are now we might have had more to say about the dams built in that country. In the year 1845 a treaty was signed between Great Britain and the United States which preserved the Columbia River for Canadians, as British subjects.

One of the big dams on the Columbia River is over 300 feet high, and no fish pass over it, but those who advocate the building of power dams refer to the Bonneville Dam to try to prove that the salmon fishing industry will not be destroyed on the Fraser River. I checked the figures just before coming to the Senate chamber tonight, and I read that this dam is unable to take more than 100,000 fish per day. Incidentally, the salmon do not usually move at night: they move in daylight, which is not over 14 hours, and rest at night. Bonneville Dam is 70 feet in height, and it is not sockeye salmon that go up over the fishway, but Chinook salmon, as they are known in the United States, or Spring salmon, as we call them. The highest number that can go through that fishway is 100,000 per day. From the Fraser River, at the present time, not less than 750,000 per day would have to go through the fishway. So these men who travel across the border to pick up information as to what is happening at Bonneville Dam, and say that the same thing applies to the Fraser, are quite wrong, because there is no comparison. Not only are the Chinook salmon not sockeye salmon, but in any event only a fraction are going up over that fishway as compared with what are going up over Hell's Gate. It can be well understood that if ten dams were built it would mean the wiping out of sockeye salmon. Fish have to reach their spawning grounds by a certain time, and if they are delayed they will die.

Schemes are put forward which I do not think the Government should consider at all. It has been suggested that a dam be built on the Fraser River at a place called Moran. The proposed dam would be 730 feet high, the highest and largest in the world. If the provincial Government ever gave permission for that dam to be built no salmon or fish of any kind would be left in the Fraser River. The Premier of British Columbia has said that until it can be proved that no harm would be done to the fish he will not grant a permit. I become a little alarmed when I read of statements made to the Premier like the following:

> Promoters of the project believe they have found a way of overcoming the problem presented in blocking of passage of upbound spawning salmon and sea-bound fingerlings by the huge dam.

Well, I realize the promoters have a job to do, and are receiving high salaries for doing it. I also realize that the American interests who would like to build this 730-foot dam are paying them for a favourable answer to the problem, but they are giving an answer to the Government of British Columbia which, I claim, is entirely false and misleading.

The International Pacific Salmon Fisheries Commission, of which I am Vice-Chairman, challenges anyone, scientists and others, to bring forward a scheme to solve the problem of bringing fingerlings safely over the dam. We have spent $25,000 a year for the past five years in an endeavour, by means of electrical rods in the water, to find a way to divert or guide these young fingerlings away from the dam and down a canal. It has been tried without success. We have investigated every known source, and have been in contact with every fishery board we know of, in various countries, and asked them for whatever knowledge or information they might have, but no solution has been found yet and it may never be found. Some proposed dams are only 35 feet high, while others are 50 and 100 feet high. However, it is not the height of the dam, but the fact that a series of blocks is put in the river, which will ruin the fish, for they cannot stand all these blocks. When Hell's Gate was blocked the sockeye salmon were nearly wiped out. We believe that if the dams are proceeded with the same thing will happen to the Fraser River Salmon fishery; and an industry now worth $25 million and which may some day be worth $50 million, will be ruined. This would mean disaster to the source of one of our finest foods at a time when the population of the world is increasing rapidly, as is the demand for food. We should not lightly throw away our heritage of the sockeye salmon.

I am very glad that the Minister of Fisheries has said that so far as he is concerned no permit will be given, but I am just a little fearful that the Fisheries Act does not contain all the power it should have to prevent it. And it should be remembered that while the dominion Government has the say with regard to an international river like the Columbia—where controversy has taken place between the United States Government, the provincial Government of British Columbia and the federal Government—the provincial Government could, if it saw fit, grant a licence to build dams on the Fraser River, which is under its control.

With regard to power development, we want to co-operate, but we say to the power interests: "Go to the Columbia River. You can develop there for Canada two and a half million horsepower; develop that, and give us a breathing spell for 40 or 50 years, and by that time maybe we will have the solution for bringing the sockeye salmon up and taking the fingerlings down; but do not divert the water from the Columbia into the Fraser, and do not build dams in the Fraser until you have explored the full extent of the Columbia River and examined the problem in the light of the salmon industry of the Fraser".

Honourable senators, I appreciate the kind attention you have given me. I trust I have not spoken too long: I felt I should try to give you a complete picture.

Hon. Senators: Hear, hear.

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

DIVORCE BILLS

SECOND READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved, with leave, the second reading of the following bills:

Bill W-3, an Act for the relief of Morris Gilbert.

Bill X-3, an Act for the relief of Margaret McDonald Williamson Gebbie.

Bill Y-3, an Act for the relief of Gwytha Olwyn Lillian Pring Evans.

Bill Z-3, an Act for the relief of Georges Durand.

Bill A-4, an Act for the relief of Mary Rose Kenny Deline.

Bill B-4, an Act for the relief of Katherine Marle Saretski.

Bill C-4, an Act for the relief of Rose Juliana Evelyn Kedroskie Quincey.

Bill D-4, an Act for the relief of Jeannette Morin Parent.

Bill E-4, an Act for the relief of Mona Ruth Davis Goldberg.

Bill F-4, an Act for the relief of Ruth Goodman Silverstein.

Bill G-4, an Act for the relief of Simonne Auger Boule.

Bill H-4, an Act for the relief of Leslie Archibald Hood.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 15, 1956

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

Prayers.

Routine proceedings.

PRIVATE BILLS

CHURCH OF ENGLAND IN CANADA—REPORT OF COMMITTEE

Hon. Paul H. Bouffard, Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill D.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (D), intituled: "An Act respecting The General Synod of the Church of England in Canada, The Missionary Society of the Church of England in Canada, The Woman's Auxiliary of the Church of England in Canada and the Church of England Consolidated Trust Fund", have in obedience to the order of reference of January 31, 1956, examined the said bill and now beg leave to report the same with the following amendment:

Clause 4 line 24: immediately after "1951" insert "Second Session,".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hugessen: Next sitting.

CANADIAN STANDARD INSURANCE COMPANY—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill J-2.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (J-2), intituled: "An Act to incorporate The Canadian Standard Insurance Company", have in obedience to the order of reference of February 7, 1956, examined the said bill, and now beg leave to report the same with the following amendments:

1. Page 1, line 12: Strike out the word "Standard" and substitute therefor the word "Equity".
2. In the title: Strike out the word "Standard" and substitute therefor the word "Equity".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: Tuesday next.

MERCANTILE TRUST COMPANY—REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Banking and Commerce Committee on Bill R.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill R, intituled: "An Act to incorporate Mercantile Trust Company", have in obedience to the order of reference of February 1, 1956, examined the said bill, and now beg leave to report the same with the following amendments:

1. Page 1, line 16: Strike out the word 'Mercantile" and substitute therefor the word "Interprovincial".
2. Page 1: After clause 4 insert the following as new clause 5:

"5. Notwithstanding the provisions of the Trust Companies Act in that respect the Company shall not commence business by exercising any of the powers set forth in section 63 of the Trust Companies Act until at least one million dollars of its capital stock has been bona fide subscribed and at least that amount paid thereon.

3. Page 1, line 24: Strike out line 24 and substitute therefor the following:

"6. Subject to section 5 of this Act the Company shall have all powers, privileges and".

4. In the title: Strike out the word "Mercantile" and substitute therefor the word "Interprovincial".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: Tuesday next.

PERSONAL FINANCE COMPANY OF CANADA—FIRST READING

Hon. Charles B. Howard presented Bill G-5, an Act respecting Personal Finance Company of Canada.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Howard: Tuesday next.

SIGNATURE LOAN COMPANY—FIRST READING

Hon. Mr. Howard presented Bill H-5, an Act to incorporate Signature Loan Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Howard: Tuesday next.

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

FIRST READING

Hon. W. M. Aseltine presented Bill I-5, an Act to amend the Exchequer Court Act. (Divorce Jurisdiction).

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Aseltine: Wednesday next.

ANTARCTIC SURVEY

On the notice of inquiry by Hon. Mr. Reid:

1. Is the Canadian ship *Theron*, at present operating in the Antarctic in preparation of the International Scientific Survey of that continent, beginning early in 1957, operating officially under, or on behalf of, the Canadian Government; and

2. Has any official recognition been given by the Government to Canada's participating with the other nations in the forthcoming scientific survey of the Antarctic?

Hon. Mr. Macdonald: Honourable senators, this inquiry has been on the order paper for several weeks. I would not like the house to suppose that I had forgotten all about it. The difficulty is that it is necessary to obtain information from several departments. I myself made inquiry today as to when the information is likely to come along, and I hope to have it within the next few days.

THE ESTIMATES

REFERRED TO COMMITTEE ON FINANCE

Hon. W. Ross Macdonald moved:

That the Standing Committee on Finance be authorized to examine the expenditures proposed by the estimates laid before Parliament for the fiscal year ending March 31, 1957, in advance of the bills based on the said estimates reaching the Senate; that the said committee be empowered to send for records of revenues from taxation collected by the federal, provincial and municipal governments in Canada and the incidence of this taxation in its effect upon different income groups, and records of expenditures by such governments, showing sources of income and expenditures of same under appropriate headings, together with estimates of gross national production, net national income and movement of the cost-of-living index, and their relation to such total expenditures, for the year 1939 and for the latest year for which the information is available and such other matters as may be pertinent to the examination of the estimates, and to report upon the same.

That the said committee be empowered to send for persons, papers and records.

He said: Honourable senators, this is a motion to authorize the Committee on Finance to consider and examine the expenditures proposed by the estimates laid before Parliament for the fiscal year ending March 31, 1957, in advance of the bills based on the said estimates reaching the Senate. A motion similar to this was passed last year; and honourable senators will recall that the Finance Committee did consider the estimates in accordance with the provisions of that motion. I am informed that prior to 1950 the estimates were not considered by a Senate committee before the bills based on them were presented to this house, but in the session of that year the estimates were referred to various standing committees. However, there was not sufficient accommodation to enable all the committees to meet as often as desired. Also, as a number of senators were members of several of the committees it became impossible for some committees to obtain a quorum while others were sitting, and generally that procedure was not found to be satisfactory. In 1951 the estimates were referred to the Standing Committee on Finance, and this procedure was again followed in 1952 and in 1955.

It will be recalled that in those years the honourable senator from Churchill (Hon. Mr. Crerar) served as chairman of the Finance Committee, and we have not forgotten the splendid service which he rendered to the Senate and to the country.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I know the house regrets that the honourable senator does not feel he should continue the onerous task of chairman, and on behalf of all honourable members I wish to extend our appreciation to him for the fine services he has rendered in that capacity.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: At the same time we are very fortunate in that the honourable senator from Milford-Hants (Hon. Mr. Hawkins) has agreed to take the chairmanship of this committee.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: The honourable senator, who is a man of wide business experience, has been a member of the committee for several years and has taken a very active part in its work. I am sure he will render to the Senate and to Canada the same fine type of service as was given by his predecessor.

Hon. Charles G. Hawkins: Honourable senators, in assuming the chairmanship of the Standing Committee on Finance, I am not unmindful of the high standard established by my predecessor, the honourable member from Churchill (Hon. Mr. Crerar). His singular achievement as head of the committee constitutes but one more milestone in the long and distinguished service which he has rendered to Canada. It is very comforting to me, as I know it is to all members of this house, that we shall continue to have the benefit of his wise counsel and excellent judgment in our future endeavours.

All members of the committee will have received a copy of the estimates for the fiscal year ending March 31, 1957, containing expenditures for the coming year, together with

a summary of standard objects of expenditures and special categories, as well as explanatory notes governing these expenditures.

Very shortly I plan to call the committee together, as these expenditures are very important to all members of this house, as well as to every citizen of Canada. I ask each member of the committee to give careful scrutiny to the matters I have mentioned.

I feel that this committee is especially well equipped to render valuable service to the Canadian people. I respectfully solicit the wholehearted co-operation of every member, for the report will reflect the combined effort of each individual comprising the group. I am looking forward with a great deal of interest to the task before us.

Hon. Senators: Hear, hear.

Hon. T. A. Crerar: Honourable senators, I would be ungrateful if I did not acknowledge the kind remarks of the Leader of the Government in the Senate (Hon. Mr. Macdonald), and also those of the honourable senator from Milford-Hants (Hon. Mr. Hawkins), who is now Chairman of the Finance Committee; they have been generous in their references to any part I have played as chairman in the past.

It may be of interest to the house if I give my reasons for not continuing as chairman of the committee this year. The reasons are twofold. One, personal: I have some other plans in contemplation which, if they mature, would somewhat handicap me if I had the responsibility of the chairmanship. The second reason is much more compelling, so far as I am concerned. I hold pretty strongly to the view that the chairmanships of our committees should not be fixed permanently and indefinitely upon any one individual. Perhaps I am alone in holding that view. It can indeed be said to be the practice at Washington for chairmanships of committees to be of a permanent nature, for the appointments go by seniority. As everyone knows, and as Washington itself realizes, I am sure, there have been some strange results from that rule. I think that chairmanships of committees in the Senate should rotate. I am not conceited enough to think that I am the only individual in the Senate who can successfully be Chairman of the Finance Committee; in fact, I am sure there are several honourable members who could perform the duty perhaps even more worthily than I have done in the past. That view which I hold may not find much acceptance in certain quarters, but, believing it as I do, I felt I should vacate the office and give someone else a chance to preside over the work of the committee. I am sure that our colleague the senator from Milford-Hants (Hon. Mr. Hawkins) will give his very best effort to the committee, and I shall be glad to assist in any way I can as Chairman *emeritus*.

If I may be permitted to say a few words more: there are several things which I think this committee could undertake. The resolution which we shall presently adopt is similar to if not the same as resolutions on which the committee has acted in the past. That is all to the good. I am a great believer in the principle that in a democratic society we must give the facts to the people. After all, it is the people who in the end must judge; and if they are to judge intelligently, they must have the knowledge on which to pass judgment.

The work of the committees of this house, admirable as it has been, could be extended. For instance, may I suggest that I should like to see an inquiry by one of our committees into the sale of government annuities through the Department of Labour. I hold the view very strongly, and I have said this before, that the need for the dealing by the government in annuities has long since past. The practice was originally introduced by Sir William Mulock when he was Postmaster General, as a means of enabling people to make provision for their old age. It was entirely worthwhile at that time because there was no other opportunity to buy annuities. But today annuities can be bought from practically every life insurance company in Canada, and their sale can be much more effectively managed by such companies than by a government department.

But that is not the only reason why I object. My main reason is that I think every annuity sold today will at some time result in a demand being made on the treasury to keep the fund solvent from which to pay the annuitant his claim at maturity. With all the expenditures that we have to face, there is no need today to continue this one; the need can be met outside government altogether.

I have just one parting word: the longer I live and the more I observe the practices of parliaments and governments, not only here but elsewhere, the more I am convinced that the less interference there is by government in matters of this kind the better it is for the people as a whole.

Hon. Senators: Hear, hear.

The motion was agreed to.

DIVORCE BILLS

THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill W-3, an Act for the relief of Morris Gilbert.

Bill X-3, an Act for the relief of Margaret McDonald Williamson Gebbie.

Bill Y-3, an Act for the relief of Gwytha Olwyn Lillian Pring Evans.

Bill Z-3, an Act for the relief of Georges Durand.

Bill A-4, an Act for the relief of Mary Rose Kenny Deline.

Bill B-4, an Act for the relief of Katherine Marle Saretski.

Bill C-4, an Act for the relief of Rose Juliana Evelyn Kedroskie Quincey.

Bill D-4, an Act for the relief of Jeannette Morin Parent.

Bill E-4, an Act for the relief of Mona Ruth Davis Goldberg.

Bill F-4, an Act for the relief of Ruth Goodman Silverstein.

Bill G-4, an Act for the relief of Simonne Auger Boule.

Bill H-4, an Act for the relief of Leslie Archibald Hood.

The motion was agreed to, and the bills were read the third time, and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—
DEBATE CONTINUED

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

Hon. James P. McIntyre: Honourable senators, I wish to join with those who have paid well deserved tributes to the mover (Hon. Mr. Pouliot) and seconder (Hon. Mr. Croll) of the Address in reply to the Speech from the Throne. Both honourable gentlemen made a great impression on this assembly. I have had the privilege of listening to addresses on similar occasions for upwards of 35 years, and may I say that none have been on a higher plane than those delivered by our two honourable colleagues. They did honour not only to themselves but to the provinces and constituencies which they represent.

Hon. Senators: Hear, hear.

Hon. Mr. McIntyre: I wish to congratulate the new members who have taken their seats in this chamber. Their selection brings to this house a wide variety of experience. They represent many different occupations: among them are lawyers, a former provincial premier, representatives of industry, former members of the House of Commons, a former cabinet minister, a director of an educational institution, and a Commander of the Order of the British Empire, who received his decoration at the hands of the late King George VI. There are amongst them some Conservatives, some Liberals and a few Independents. They represent a combination of experience that would be hard to duplicate.

My remarks today, honourable senators, will be chiefly about the Senate, because of the criticism of it by certain newspapers and some members of the House of Commons. To answer those criticisms requires some research into history to find out why the Senate was created, what are its functions and what it stands for.

Parliament, which includes the Senate, is an ancient institution, which at times I fear people take too much for granted. They forget the upheavals and the trials which went into making it what it is, and what it means to the preservation of liberty and the orderly conduct of public affairs. When a thing comes to be taken too much for granted, it stagnates; and so there must at all times be intelligent public interest to maintain its vitality.

So it is in matters of government. Since free men usually differ in their views, where there is intelligent interest there also will be found constructive criticism and suggestion. No scheme of government in existence today has endured so long as the British parliamentary system which, with a few modifications suited to our need, is the one under which we operate in Canada.

First, however, let me say a word about the Parliament of Canada and the place in our system of government which is occupied by the Senate. We follow the pattern of the British government structure. There, Parliament consists of the Queen, the Lords and the Commons. Here it is the Queen, the Senate and the Commons. As we all know, members of the House of Commons, sometimes called the Lower House, are elected, while the Senate consists of men and women appointed by the Crown.

The House of Commons is constituted on the principle of representation according to population, and so it is that out of today's membership of 265 in that chamber, about one-half come from the provinces of Ontario and Quebec.

The Senate is constituted on the principle of representation according to territorial divisions. For this purpose, at the time of Confederation, Canada was regarded as consisting of three separate areas: Upper Canada (Ontario), Lower Canada (Quebec) and the Maritime provinces. British Columbia and the other western provinces subsequently were constituted a fourth territorial division and given equal representation with the other three. Accordingly, our Senate now consists of 102 members, with 24 being nominated from and representing, respectively, the western provinces, Ontario, Quebec, and the Maritimes, and six from Newfoundland.

If time permitted it might be useful to make some detailed review of the historical background and the reasons for the differences in the constitution of our two Houses of Parliament, and the reason why the House of Commons, on the one hand, is elective, and the Senate, on the other hand, is nominative. I will be content with one or two brief observations regarding the reasons which prompted the Fathers of Confederation to lay out the pattern of our national Parliament as they did. I think that I can best do this by stating two simple propositions and then making a few comments on each.

The first is that if there had not been provision for a Senate, or Upper House, as it sometimes is called, there would have been no Confederation and no Dominion of Canada as we know it today. The importance attached to the constitution of the Senate by the Fathers of Confederation can be gathered from the fact that practically the whole of six days out of a total of 14 spent by them in discussing the details of the Confederation pact were devoted to this branch of our Parliament. A perusal of the Confederation Debates of 1865 makes it clear that the Maritime provinces and Quebec declined to enter the scheme of union unless there was a Senate. They anticipated the situation which, in fact, obtains today, where only two of the regions of Canada, on the basis of population, could control the deliberations of the House of Commons. As was said at the time by Sir John A. Macdonald:

> . . . In order to protect local interests and prevent sectional jealousies it was found requisite that the three great divisions into which British North America is separated should be represented in the Upper House on the principle of equality.

The provinces, and especially those which I have mentioned, in joining a union in which they were to surrender a large measure of their independence wanted to be sure that a parliamentary majority, supported in some sections of Canada but perhaps not in others, could not legislate against their interests, local or racial, without the balance-wheel of a second chamber: a sort of court of review in which the respective territorial regions of the country were to be equally represented and which would be less dependent on the passing fancies of the electors than the House of Commons. Thus, in the same speech to which I have already referred, Sir John A. Macdonald refers to the Senate as "the sober second thought in legislation". There is an important piece of evidence that the sentiment as expressed by Quebec and the Maritimes then has not changed since 1867. As recently as 1927 a Dominion-Provincial conference was asked to consider the subject of abolition or reform of the Senate. The provinces were unanimously opposed to abolition and there was no suggestion for reform of sufficient merit to warrant a conclusion of the assembly, and it was so expressed by the Prime Minister last year.

I have said that without provision for a Senate there could have been no Confederation. The second proposition which I would now state is that, without a Senate, even now, it is doubtful if Confederation could long endure.

While my first submission is easily established from the records of the past, my second may not be so obvious. It rests on the conviction that the need to safeguard the minority and sectional rights and interests of Canada is as great today as ever it was. In recent years we have seen new parties spring up, often on a local or provincial basis. Today there is one party which dominates in Alberta and enjoys little support anywhere else with the exception of British Columbia. There is another that is now powerful in Saskatchewan, with limited support elsewhere. There are at least three parties in Quebec contending for support which have no backing in the other provinces. The possibility of a House of Commons dominated by a party or combination of parties composed of members from only two of the four great regions of Canada cannot be dismissed. Absence of the guarantee of "sober thought" for legislaton by a body conscious of the interests of all parts of the country would give rise to anxiety and, possibly, in time, would result in a demand for separation. Even stipulated, in these days when legislation so often touches the personal rights and interests of the people, the demands we hear put forward on sectional grounds from time to time would assume more weight and might constitute a much greater menace were there not the Upper House.

With this brief and wholly inadequate explanation of the reasons for the creation of the Senate, and some of those bearing upon

the need for its continuance as an integral part of our parliamentary system, perhaps I might pass to some observation as to how the Senate does its work.

Today you will find amongst its membership many men with long experience in Parliament and a good number who have served in federal and provincial cabinets. Others have been leaders in various fields in private life —labour, farming, business and various professions, including the army. I can assert with confidence that today's Senate membership constitutes a very real representation of the various occupational, racial and economic characteristics of the Canadian people. Occasionally one hears the Senate referred to as an assemblage of "old fogies" or "worn-out politicians". Let me state that such a conception of the membership of the Upper House could not be further from the truth. The first impression I received on entering the Senate was of the high standard of experience and business and political intelligence of the men with whom I found myself associated. Of course, there are some senators who are in the evening of life; but, speaking as I am to an assembly of people born mostly in the twentieth century, I think you will agree with me that without the wisdom which comes of long years of experience, leadership in Canadian government might be expected to follow a rather uncertain and perilous course. In times of stress and national emergency, I would take, any day, the legislative sagacity of the wrinkled and white-thatched brow in preference to the inexperienced and sometimes reckless self-assurance of youth. Certainly, let us have more younger men in the government, but let us also retain the tempering influence of the older statesmen.

Notwithstanding that the Senate has vested in it co-extensive authority with the House of Commons regarding the initiation of legislation—excepting any bill resulting in a tax—most acts of parliament start in the Lower House and get second treatment in the Senate. In the later stages the Senate puts in a great deal of intensive work, both in full session and in committees, considering and revising a rush of legislation from the Lower House. Unhappily, the public is not really alive to the very considerable volume of work which is done by the Senate. Unlike in the House of Commons, very few bills are considered in committee of the whole house, but are referred to one or other of the special standing committees for consideration; and changes are made. Some of these changes have been important; others less so; but it is clear, even from recent experience, that there is need in our parliamentary system for a body of review. How many Canadians are aware of the fact that the Senate in the past has effected numerous and substantial savings to the taxpayer of this country by rejecting legislation which originated in the Lower House? In this connection, not long ago I found an interesting statement made by the late Senator Charles Murphy in the course of debate, referring to the work of the Senate. It was not by any means an exhaustive review of the record of the Senate, but, by mention of only some ten bills which had been rejected or amended by the Senate—bills having to do with the appropriation of moneys for public works, the construction of railways and similar undertakings—he was able to show that the taxpayers of Canada had been saved in excess of one hundred million dollars.

I might also refer to the Naval Bill of 1912, when Mr. Monk resigned from the cabinet of Sir Robert Borden and, addressing the Prime Minister, said:

> I regret that I cannot concur in the decision arrived at by the cabinet yesterday to place on behalf of Canada an emergency contribution of $35,000,000 at the disposal of the British Government for naval purposes, with the consent of Parliament but without giving the Canadian people an opportunity of expressing their approval of this important step through a plebiscite.

Mr. Monk was succeeded as Minister of Public Works by the Honourable Robert Rogers. The bill was debated in the House of Commons for a very long time, and finally passed, but in this chamber it was defeated by a vote of 51 to 27. Had it passed it might have become an annual charge over a number of years. The action of the Senate at that time saved the taxpayers not only $35 million, but probably hundreds of millions of dollars. The Senate in reviewing and revising federal legislation at its source is protecting the rights and liberties of our people, and its function in this respect can be regarded as of equal importance with the function of administering the criminal and civil laws of the land.

Now, even apart from the fact that bills usually go to the Commons first and often move slowly to the Senate, it is to be expected that the Upper House will not spend as much time in session as will the House of Commons. In this connection it is important to remember that there are only 102 senators, at the most, and there are 265 members of the House of Commons. Naturally, 265 persons are bound to do a whole lot more talking than 102. The members of the Commons, moreover, represent the people directly and are charged by their constituents with the special responsibility of airing their complaints and suggestions. Long silence on the part of a member of the House of Commons, or refusal to champion a cause close to the hearts of his electors,

may be fatal to his future aspirations. As an indication of what I have in mind in this respect, let me refer to the debate on the Address in reply to the speech from the Throne, and the debate on the budget, which are two major discussions taking place in the normal session. At these times members may discuss almost any subject under the sun. In the Commons these debates often take many weeks. In the Senate they ordinarily occupy only a few days. As I have said, speeches in the Commons to a large extent—and very properly so—are made for the purpose of expressing what members conceive to be the views and wishes of the particular constituencies which have sent them to Ottawa.

I have purposely mentioned these debating practices in the House of Commons, not because I am not in agreement with them—on the contrary, I believe them to be essential to our democratic system—but chiefly because the Senate occasionally is criticized on the ground that it does not sit as many days nor do as much speech-making as the other house. Such criticism, like a good deal based on other grounds, ignores the Senate's real function, which is essentially different from that of the House of Commons. As was once said by a former leading member of our Chamber, "the Senate should be a workshop and not a theatre".

In referring rather summarily to some of the charges levelled at the Senate, I have no desire to dismiss the question of reform. For instance, I have heard suggestions that the Senate should be elective, or that appointments to this chamber should be made on the recommendation of provincial governments or provincial legislatures. With regard to the suggestion for the election of senators, I might point out in passing that this proposal was very carefully considered by the Fathers of Confederation, who rejected the idea after having some considerable experience with an elective second chamber in the old province of Upper Canada. Whatever may be one's individual views regarding proposals for reform, constructive suggestions are both practical and legitimate subjects for discussion in a democracy which wishes to keep its institutions alive and in tune with the times.

There is no true democracy, however, in the talk of a politician who undertakes to abolish the Senate if, on achieving power in the Commons, he finds the Upper House will not do his bidding. To abolish the Senate would be to make a fundamental change in the political structure of the federated provinces of this dominion. We have only to recall the demands of the Confederation conference for the institution of the Senate, and of the Dominion-Provincial Conference in 1927 for its continuance, to realize that its abolition would remove the safeguard which it was intended to provide. Politicians who glibly talk of abolishing or changing the Senate in some arbitrary or summary fashion are proposing a course of action which would destroy one of the main pillars of our federal state. Irresponsible declarations of the kind I have just mentioned spring from an attitude of distrust of the Senate entertained by some people who have what might be called advanced or radical views. This distrust has its root in the belief that, in a given set of circumstances, the Senate might stand as a last bulwark and instrument of the vested interests; that it might attempt to stifle reforms demanded by a majority of the people. My submission is that those who would like to see the Senate act in that fashion are doomed to disappointment. Genuine reformers who carry the considered support of a majority of the people have nothing to fear from the Senate.

It is certainly possible for a bill to pass the House of Commons and be rejected by the Senate. Therefore, it is possible for a radical party, after winning an election, to propose a measure which might meet defeat in the Senate. It is well that this is so, because elections usually are not won on single issues; and if a certain party won an election it would not necessarily follow, for instance, that the people would want to nationalize all financial institutions.

Earlier I used the words "second thought". That was not to say that the Senate is merely a place where legislators give things a second thought; but rather, on important issues, it is to say that the Senate is a means of giving the people a chance to think twice. The Senate would be entirely justified in rejecting a government bill of major importance involving a vital government policy if, in its views, the bill was unsound or unjustly affected the rights of individuals or groups of individuals. The Government could then, and undoubtedly would, at the first opportunity, hold an election in which that particular bill would be the issue. If it were returned to office on that issue and should re-enact the bill, the Senate, while still legally entitled to reject it again, would, in point of fact—at least, in my opinion—have no choice but to pass it. Unsound and dangerous political doctrines must be fought by argument among the people. They cannot be checked in the Upper House. The Senate may give the people a chance to think twice but it cannot be expected to do more.

I have been a member of the Senate for thirteen years, and during that time I have had an opportunity to appraise the great

service which this branch of Parliament renders in the legislative processes of government.

Governments are composed of ministers who, generally speaking, are not themselves experts but have the time and ability to direct intelligently the employment of experts. Ministers are responsible to Parliament which, in turn, is composed of persons who are not experts. Parliament is the link between the people and the Government, and this applies especially to the House of Commons, which frequently has neither the time nor the opportunity to dig into the work of experts and pass intelligent judgment upon it.

Committee investigations at one time provided the House of Commons with an opportunity to examine into matters of administration. Under present-day conditions members cannot conduct enough individual committee hearings to cover all the subjects. If a flagrant abuse comes to the notice of Parliament it is investigated, but I suggest that public confidence could be enhanced by some parliamentary device which would provide a continuous scrutiny of the activities of the administrative side of government and furnish a forum for discussion where public views and criticism might be heard.

The investigations of which I have been speaking are more or less special and occasional. However, I suggest that there are other fields for investigation in which committees of the Senate might be found very useful.

Hon. Senators: Hear, hear.

On motion of Hon. Mrs. Inman, the debate was adjourned.

PRIVATE BILL

HYDROCARBONS PIPELINE LIMITED— SECOND READING

Hon. T. A. Crerar moved the second reading of Bill Q, an Act to incorporate Hydrocarbons Pipeline Limited.

He said: Honourable senators, this bill to incorporate Hydrocarbons Pipeline Limited follows the customary bills that have been introduced and passed from time to time in this house having to do with the transport of oil or gas by pipe line. The incorporators are residents of the city of Winnipeg, and the powers sought are the ordinary powers. The head office will be in Calgary, and when the bill is passed the company will come under the provisions of the general Pipe Lines Act in every particular; so that in all these respects the bill follows the same pattern as that of similar bills which we have frequently dealt with in the past.

It may be useful if I were to explain to the house what is proposed to be carried on after this legislation comes into effect. It will be noticed that the bill is entitled, "An Act to incorporate Hydrocarbons Pipeline Limited." I am told—and I profess great ignorance on the matter—that hydrocarbons are substances extracted by chemical processes from oil and certain types of natural gas. In the early days before chemistry had made the advances of recent years in dealing with oil and natural gas, these extra substances were separated and used up by a process called flaring, or setting fire to the gas and letting it burn out. Perhaps some honourable members of this house who are able to look back over a considerable period of years will recall when oil was first discovered in the Turner River Valley. I visited that place on one or two occasions, and here and there, where they were pumping oil, gas was coming out and was carried off and set on fire; and it flared day and night, week after week, and month after month.

As I stated a moment ago, the advances in chemistry have resulted in the knowledge of how to extract these substances for useful purposes. Two of the main hydrocarbons proposed to be dealt with by this company, when it gets fully into operation, are substances called propane and butane. I am informed that propane and butane are found not only in oil when it is taken out of the ground, but in much of the natural gas that also flows out of the ground. These substances, propane and butane, are transported to cities, or elsewhere, to heat homes, provide lighting and fuel for cooking, and so on. Until I learnt otherwise today, I was under the impression that propane was a gas at all times. Actually, it is a liquid which turns to a gaseous state when the pressure on it is reduced to a certain point and when it is exposed to the air. Propane is not only useful for domestic purposes, but is also used largely in some industries for certain types of furnaces which are required to produce certain effects. It can be bottled in containers in its liquid form, and the containers can be transported to, say, a farm, a country club, or any place where it is needed. When it is set up in a farm home, for instance, propane rapidly becomes a gas which can be utilized at the turn of a tap.

The purpose of incorporating Hydrocarbons Pipeline Limited is to enable the company to transport by pipe line from Alberta to the city of Winnipeg, or across the Prairies, these two forms of hydrocarbons, namely, propane and butane, and mainly at the beginning, I should think, propane. Butane can be utilized for certain chemical industries where they exist.

The bill also gives power to the company to carry a pipe line to Fort William, although I understand that is not contemplated at the moment by the incorporators. The present plan is to carry the line to Winnipeg and service the areas along the way, and when that is completed and propane has been chemically separated from the oil and gas it will be available for light and fuel.

Another use to which propane or butane can be put, for instance, is in providing fuel for dining cars on railway trains. No doubt honourable members are familiar with the type of container seen in the kitchen of a dining car to which the range is connected. By means of turning a tap the liquid fuel becomes gas and serves the cooking requirements.

Hon. Mr. Reid: May I ask the honourable senator a question? Once the liquid has become a gas, can the gas be converted to a liquid again?

Hon. Mr. Crerar: Yes, it can, under pressure. Again, my knowledge in these matters is very limited. If I may illustrate, the atmosphere or air we breathe is a gas, and under sufficient pressure it can be turned into a liquid. The same principle applies to all gases which come out of the ground. Propane and butane are unique because they can be used for the purposes I have stated.

Briefly, the incorporated company seeks to extract and purchase propane and butane in their liquid forms, transport them by pipe line, put them into containers, and then by the natural process they can be converted to gas in the manner I have described.

Honourable senators, I fear my explanation has not been very full. At any rate, I propose to move that the bill be sent to a committee, where experts and informed persons could give additional information. The promoters of the company also would be present, to give explanations and answer questions.

Perhaps I should add that it is expected that the pipe line from Alberta to Winnipeg will cost in the neighbourhood of $30 million. It is proposed to build a pipe line from six to eight inches in diameter, which would be sufficient to bring these substances through to the points where they would be used.

Hon. Mr. Farris: May I ask my honourable friend a question? Would it not be more practicable to bring these substances, propane and butane, through the ordinary gas pipe lines?

Hon. Mr. Crerar: No, I believe not. Again, I may demonstrate my ignorance in attempting to answer my honourable friend; but as I understand it, the processes for the separation of these substances are best carried on at the point where the oils or gases come out of the ground. At any rate, I have no doubt that the persons who I expect will be present to explain the bill when it goes to committee will be able to fully satisfy my honourable friend from Vancouver South (Hon. Mr. Farris), who has shown a laudable curiosity in this matter.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Crerar, the bill was referred to the Standing Committee on Transport and Communications.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 129 to 137, which were presented on Tuesday, February 14.

Hon. Mr. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill I-4, an Act for the relief of George Hugh Wadge.

Bill J-4, an Act for the relief of Martha Bailly Maher.

Bill K-4, an Act for the relief of Helena Roy Buckland.

Bill L-4, an Act for the relief of Marion Mildred McKnight Newman.

Bill M-4, an Act for the relief of Marie Laura Francoise Lamothe Newcombe.

Bill N-4, an Act for the relief of Frances Caplan Sirota.

Bill O-4, an Act for the relief of Joyce Smith Gwinnell.

Bill P-4, an Act for the relief of Joan Sheila Rosser Roland.

Bill Q-4, an Act for the relief of Shprintza Gelber Shildkraut.

Bill R-4, an Act for the relief of Sabina Rosenzweig Rosenblum Faust.

Bill S-4, an Act for the relief of William Eugene Chabot.

Bill T-4, an Act for the relief of Joseph Charles Sylvio Demers.

Bill U-4, an Act for the relief of Florence Ethel Bigelow Hamilton.

Bill V-4, an Act for the relief of Amy Katharine Newman Cowans.

Bill W-4, an Act for the relief of Sara Martin Lesser.

Bill X-4, an Act for the relief of Annetta Smith Marchand.

Bill Y-4, an Act for the relief of Sybil Violet Godfrey Russell.

Bill Z-4, an Act for the relief of Dorothy Mary Humphreys Pepper.

Bill A-5, an Act for the relief of Roslyn Yagod Kivenko Belkin.

Bill B-5, an Act for the relief of Hilda Sarah Twyman Gagnier.

Bill C-5, an Act for the relief of Jessie MacFarlane Boyle Roberts.

Bill D-5, an Act for the relief of Donald Henry Emslie.

Bill E-5, an Act for the relief of John Wesley Hamilton.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 16, 1956

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

Prayers.

Routine proceedings.

PRIVATE BILL

QUEBEC NORTH SHORE AND LABRADOR RAILWAY COMPANY—REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill Z-2.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (Z-2), intituled: "An Act respecting Quebec North Shore and Labrador Railway Company", have in obedience to the order of reference of February 7, 1956, examined the said bill, and now beg leave to report the same with the following amendment:

Page 1, line 12: strike out the word "Shefferville" and substitute therefor the word "Schefferville".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hugessen: Tuesday next.

DIVORCE BILLS

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill J-5, an Act for the relief of Lillian Hannah Maxwell Gallant.

Bill K-5, an Act for the relief of Gordon MacKay Butler.

Bill L-5, an Act for the relief of Eleanor Jodelis Milius.

Bill M-5, an Act for the relief of Marie Madeleine Rachel Gregoire Shank.

Bill N-5, an Act for the relief of Shirley Mildred Glazerman Wolfe.

Bill O-5, an Act for the relief of Dorothy Jean Midkiff Desnoyers.

Bill P-5, an Act for the relief of Lorinc Orvos Nagy.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

THIRD READING

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill I-4, an Act for the relief of George Hugh Wadge.

Bill J-4, an Act for the relief of Martha Bailly Maher.

Bill K-4, an Act for the relief of Helena Roy Buckland.

Bill L-4, an Act for the relief of Marion Mildred McKnight Newman.

Bill M-4, an Act for the relief of Marie Laura Francoise Lamothe Newcombe.

Bill N-4, an Act for the relief of Frances Caplan Sirota.

Bill O-4, an Act for the relief of Joyce Smith Gwinnell.

Bill P-4, an Act for the relief of Joan Sheila Rosser Roland.

Bill Q-4, an Act for the relief of Shprintza Gelber Shildkraut.

Bill R-4, an Act for the relief of Sabina Rosenzweig Rosenblum Faust.

Bill S-4, an Act for the relief of William Eugene Chabot.

Bill T-4, an Act for the relief of Joseph Charles Sylvio Demers.

Bill U-4, an Act for the relief of Florence Ethel Bigelow Hamilton.

Bill V-4, an Act for the relief of Amy Katharine Newman Cowans.

Bill W-4, an Act for the relief of Sara Martin Lesser.

Bill X-4, an Act for the relief of Annetta Smith Marchand.

Bill Y-4, an Act for the relief of Sybil Violet Godfrey Russell.

Bill Z-4, an Act for the relief of Dorothy Mary Humphreys Pepper.

Bill A-5, an Act for the relief of Roslyn Yagod Kivenko Belkin.

Bill B-5, an Act for the relief of Hilda Sarah Twyman Gagnier.

Bill C-5, an Act for the relief of Jessie MacFarlane Boyle Roberts.

Bill D-5, an Act for the relief of Donald Henry Emslie.

Bill E-5, an Act for the relief of John Wesley Hamilton.

The motion was agreed to, and the bills were read the third time, and passed, on division.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate I move that when this house rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

The motion was agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. F. Elsie Inman: Honourable senators, it is an honour for a new member to be given the privilege of speaking in this debate. I wish to thank most sincerely the Prime Minister for recommending that I be summoned to the Senate of Canada. It is an honour indeed to be the sixth woman to sit here, and, I would like to think that my appointment is further recognition of the part that women play in Canada today.

Hon. Senators: Hear, hear.

Hon. Mrs. Inman: I wish, also, to thank honourable senators for the very warm welcome accorded me when I came to join them in this chamber. I can assure them that I deeply appreciate the kind and gracious way in which I was received as a newcomer among them. I especially thank my deskmate, the honourable senator from Fredericton (Hon. Mrs. Fergusson), for her kind reference to me in her speech in this house last week.

I am deeply conscious of the responsibility that goes with this high office and will at all times endeavour to discharge my duties faithfully and justly.

I have listened with the greatest interest to the able speeches of the mover (Hon. Mr. Pouliot) and seconder (Hon. Mr. Croll) of the Address. I proposed to take advantage of the broad latitude afforded honourable members in consideration of the Address; and, mindful of one of the chief purposes of this honourable house, which is the protection of minority and provincial rights, I would like to bring to your attention some of the problems confronting my native province.

Since Prince Edward Island is the smallest, but none the less a very important province of Canada,—

Hon. Senators: Hear, hear.

Hon. Mrs. Inman: —it might be well to take a brief look at its history and geography before going on to some of the problems which face it as a small and rather isolated part of the Maritimes.

The first "Islanders" were Micmacs whose skins were red like the soil of their native land. In 1534 Jacques Cartier landed on this island and raised the standard of the King of France. Then came the French people, who worked, toiled, cleared the land, built homes and lived a more or less happy existence until 1745, when the British came and occupied the island. The French regained control three years later and maintained their position until, by the Treaty of Paris, the island became a British possession. Its name was changed to Prince Edward Island in 1798, in honour of the Duke of Kent, afterwards the father of Queen Victoria. The "Island"—and there is a precedent for saying "the Island": the Indians called it "Minegoo", meaning "the island" when they spoke of it as home—is approximately 135 miles long and from 2½ to 50 miles in width. There is a point in the town of Summerside where one can stand and look out on the Gulf of St. Lawrence on the one side and Northumberland Strait on the other.

Prince Edward Island's economic stability lies in the soil and in the sea surrounding it. Harvest from land and sea is the goose that lays the golden egg in this small province. Of its 2,184 square miles, about 85 per cent is under cultivation. We have no mineral resources—nothing is mined deeper than the depth of the seed.

In the romantic history of Canada this little island of ours played a major part. The historic Confederation Chamber in Charlottetown, where Confederation was born, is preserved today as it was then. We are proud that Canada was born in our Confederation Chamber. I may add that it was christened one year later in Quebec City. It was in this historic chamber that Sir John A. Macdonald, when he signed the visitor's book, put after his name the famous words "cabinet maker". It was here, too, that "building better than they knew", the Fathers of Confederation drafted the plans of nationhood of the Canada which is our pride and hope today.

The people of this island, numbering between 90,000 and 100,000, are famous for their self-reliance, a characteristic of people living close to the soil, and a dauntless courage developed through experience in facing the hazards and hardships of the sea. Prince Edward Island's roots are old and strong, brought over the seas from the soils of France and Great Britain. The people of

our parent stocks were rugged pioneers who carved for themselves a way of life in a new country. In doing this they learned the lessons of tolerance, co-operation and mutual aid.

National unity, as exemplified by the peaceful and happy relationship between the two great races of Canada, has been illustrated in Prince Edward Island for the past 150 years. It is now one happy people. There is no such thing as a French Islander, Scotch, English or Irish Islander—we are all just "Islanders", taking a deep pride in the fact that some of the finest pages of Canadian history were contributed by this "Gem of the Gulf".

Honourable senators, we have been hearing a great deal lately about western wheat, but seldom has there been a word about potatoes, especially Prince Edward Island potatoes—and I want to say they are the finest potatoes in the world.

Hon. Senators: Hear, hear.

Hon. Mrs. Inman: Whether this is due to the soil, method of cultivation, type of weather, or a combination of all three, I am not prepared to say. If bread is the staff of life, then the potato is the root of sustenance. Both are staple articles of diet in Canada; and, in the provinces of Prince Edward Island and New Brunswick, the potato is vital to their economy. It is said that when a nation takes to a cup of coffee, a slice of toast and a cigarette for breakfast, it is surely imperilled, but when you get back to bread and potatoes you have to work. You can't eat that and sit all day anchored to a chair.

Any discussion on potatoes must inevitably lead to the consideration of the unfair tariff regulations existing at the present time between Canada and the United States. I am speaking on this question particularly because shortly before I came here I attended a meeting of the Potato Marketing Board and heard it discussed. That made me more interested in the subject than I otherwise might have been, as I am not a farmer. To be specific, Canada permits the United States to ship potatoes into Canada without any duty whatsoever, except for a short period of six weeks from June 15 to July 31, when a duty of 37½ cents per 100 pounds is imposed.

On the other hand, potatoes shipped from Canada to the United States must pay a duty of 75 cents per 100 pounds, with two exceptions: a quota of 2,500,000 bushels of seed potatoes may be shipped at a duty of 37½ cents per 100 pounds; and a quota of one million bushels of table potatoes is permitted entry at the same rate of duty. There is a provision that should the estimate of the potato crop in the United States, made by the United States Department of Agriculture on September 1, fall below 350 million bushels, the quota on table stock would be increased by a quantity equal to the amount of the shortage.

When these tariff arrangements were negotiated, back in 1938, they were of substantial benefit to the potato producers of Canada and, more particularly, the potato producers of Prince Edward Island. It is worthy of note that my province produces more than half the seed shipped to the United States. Recently, however, these tariff arrangements, instead of working to the advantage of Canadian producers, have worked to their disadvantage, with the result that during the last two years the United States shipped more potatoes to Canada than Canada shipped to the United States. To appreciate this situation it is fundamental to remember that the state of Maine, with an annual production of 60 million bushels, produces about as many potatoes as the whole of Canada. The growers in Maine are much closer to the great table stock potato markets of Montreal and Toronto than are the Island producers; Maine producers consequently can place quantities of potatoes in Montreal and Toronto for much less than can the producers in Prince Edward Island.

In recent years a great change has taken place in production methods. These changes have resulted in a large increase per acre for American growers. The result is that today the American growers can produce potatoes just about as cheaply as they can be produced in the Maritime provinces.

A few years ago Maritime shippers could ship potatoes to American markets by water. Recently, however, with the development of truck transportation it has become profitable for farmers in the New York area to go into the production of potatoes in a big way. Fruit trucks going south for loads of fruit are anxious to get a paying load and thus are willing to truck potatoes from the New York area at low rates.

The result of these changes has been that advantages at one time enjoyed by Maritime growers have almost disappeared and today Maritime growers are facing a serious situation, which will continue to be serious, unless this disparity in tariff regulations is changed. I was much pleased therefore to learn that last week-end a meeting was held in Ottawa to review the findings of the Tariff Board on potatoes. It is to be hoped that from these deliberations changes in the regulations will result so that Canadian growers can compete on an equal basis with growers in the United States.

I do not want to be accused of advocating protection policies; all I want is reciprocal arrangements so that Canadian farmers can meet competition from the United States on an equal basis.

The fishing industry is another source of revenue and livelihood for our people, and I wish to commend the federal Department of Fisheries for its efforts in making fish a more popular food with Canadians. Important to this industry is the program of research carried on by the Department of Fisheries in methods of processing, preservation and transportation of fish so that all parts of Canada, the United States, and even countries overseas, may obtain fish as appetizing and palatable as it is when taken from the water.

The work of the fish hatcheries in Prince Edward Island in restocking lakes and streams with game fish is a great help in promoting the tourist industry, for trout fishing in Prince Edward Island is a real drawing card for tourists to make repeat visits to our province.

The biological station at Bideford for research on oysters is doing excellent work in connection with the cultivation of oyster beds. As all honourable senators know, Malpeque oysters are recognized as the best to be obtained anywhere; and this branch of our fishing industry is highly important. Lobster fishing is seasonal in our province and is considered to be the most valuable branch of the fisheries. I am going to read to honourable senators a little item that I came across and found rather interesting:

> An Atlantic fisheries research official has drawn attention to the possibility that lobster shells could be the basis of a million dollar textile industry in the Maritime provinces. A substance called "chitin" can be extracted from the shells to manufacture a rayon-like material with water repellant attributes. Probably few people have ever imagined that in throwing away lobster shells into the garbage pail they were throwing away money.

So at some time in the future we may be sitting here clothed in material made of lobster shells.

The fish processing plants established at Souris, the central storage and freezing plant at Charlottetown and the bait holding unit at Tignish are of tremendous value and a great convenience to fishermen and fish dealers.

As I mentioned before, the federal Department of Fisheries is doing much to improve the quality of fish reaching the consumer by educating fishermen and retailers to get the fish to market in good condition. In the hotel business, with which I have been directly associated, we see the value of this policy of education among the fish industry and hope it will continue to be carried on. Almost any city or town in Canada today can have good fish in its markets.

The department, conscious of the final decision made respecting fish consumption, has even gone directly to Canadian housewives. As an example: the recipe books to give housewives tested methods of cooking fish so as to get the most value from this food, and also the demonstrations by trained dietitians from this department, have greatly assisted in the consumption and preparation of the different varieties of fish.

The Fisheries Department has a policy whereby it assists in the construction of long liners or draggers by granting, through a provincial loan board, or other agency, a subsidy of $165 per gross ton on (a) vessels owned by one or more persons and measuring more than 45 feet and less than 60 feet in length, or (b) vessels owned by four or more persons and measuring not less than 60 feet and not more than 70 feet in length. Under this scheme, I believe, thirteen draggers were subsidized in Prince Edward Island last year. Undoubtedly this financial aid enables the small fisherman to pursue his occupation with greater efficiency and economy.

I would like to advocate improvement in the present facilities for travel between New Brunswick and Prince Edward Island and Nova Scotia and Prince Edward Island. We need another boat between Borden and Tormentine and two larger boats between Wood Islands and Caribou to take care of the travel and movement of freight between Prince Edward Island and the other two provinces. The wheels of progress keep turning and we must be prepared to meet the demands.

In the marshlands rehabilitation scheme Prince Edward Island was not forgotten or left out. It was remembered with $87.50, in comparison with Nova Scotia's $624,000 and New Brunswick's $477,290. Honourable senators, I will admit we have not the vast expanse of marshes that our sister provinces have, but we do have considerable acreage that might well be reclaimed and brought into cultivation. A policy such as this, if pursued, would certainly provide work for many of our people and lessen the condition of unemployment at certain periods of the year.

The tourist industry of our province has become one of its chief resources and ranks as a major industry and a leading source of income. Indeed, the development and promotion of tourism during the past few years has been such that eventually our Government may deem it advisable to establish a regular government department for its administration, as have the other provinces; for it is

an industry which benefits not only hotels, tourist homes, motels and other accommodation, but it benefits the farmer, the fisherman, the merchant and others. It is the concern of all our people, and everything possible should be done to encourage visitors to come to our shores.

Honourable senators, if you will permit a personal reference: I had occasion to attend a showing of pictures in Washington about a year and a half ago where scenes from the various provinces of Canada were shown. I was greatly disappointed in the pictures of Prince Edward Island. Certainly they did not do justice to our province, and I would suggest that the National Film Board try to procure pictures more representative of this little beauty spot.

We have much to offer the tourist in the way of scenery, excellent beaches, splendid fishing and points of historical interest. And it is felt that the National Park, which is at present within the confines of Queens county, should be extended both east and west to embrace parts of Kings and Prince counties. This would allow tourists a greater variation of landscape and activity within an area which is kept in a park-like condition by the federal Government. In this way, perhaps, trout streams could be developed which would be available for visitors, and small harbours dredged where boats could be hired for deep-sea fishing. This could be accomplished with some kind of assistance by the department concerned.

The Trans-Canada Highway is one of the largest engineering enterprises ever undertaken in our province. When finished it will be the motorist's dream come true, and of immeasurable value to our tourist industry.

Now for a word about education. Honourable senators, education in this day and age is a vital necessity. It is a hard road and demands real effort. More young people must be trained in the fields of medicine, engineering, dentistry, teaching and other professions so that Canada's resources can have well trained personnel and adequate service. Only about 4 per cent of all those starting Grade 1 ever go on to higher education in universities, principally for financial reasons. Many of our young people have the ability and desire to take university training, but for the lack of money are unable to do so. The present high cost of education is felt more particularly in those areas where students must go afiield to acquire the benefit of university or even collegiate training. Often it is impossible for them or their parents to raise the necessary money required to meet the cost of living and studying in cities.

It will be a splendid move on the part of the federal Government if it can make available more scholarships to the deserving youth of Canada who have the ambition and are qualified to proceed with higher education. It is to these young citizens that we must pin our faith and hope for Canada—this great nation which is our heritage, and which will be theirs in the years ahead. For this we stand challenged by the future.

Now, honourable senators, I am going to speak to you as a woman, and as a mother who has brought up a family and is interested in the welfare and happiness of the people of Canada. When women enter the field of politics they do so because they believe they can be of help to others and can contribute something of value to the welfare of their country. Health, welfare and education are the great loves of women because they so closely affect their homes and families; and so we keep on asking for, demanding, more financial aid from our governments for these purposes.

The history of the health and welfare program as inaugurated by the present Minister of Health and Welfare is a powerful story, the humanitarian effects of which are now sufficiently known to reveal the true purpose, scope and achievements of the measures enacted by the Liberal Government over the past few years to bring comfort and help when and where needed. Measures to improve and extend facilities to relieve human suffering because of disease and ill health; measures to provide for widows and orphans; measures to provide for dependent old age; and measures to guard against the attack of disease and give men, women and children the advantages of modern health services have been incorporated into our laws. Family allowances provide for a better standard of living and education for many children who otherwise would be undernourished and almost illiterate.

Good health and family welfare is the fundamental right of every citizen, a right that every government should guard. Over 72 years ago Disraeli said:

> The health of the people is really the foundation upon which all of their happiness and all their powers as a state depend. This is why I consider the first duty of statesmen is the care of public health.

It takes time and money to establish and strengthen health programs, but a country's prosperity and happiness is surely and inevitably dependent on the health of its people.

Honourable senators, I think I should commend the Government for its housing policy. If it were not for this policy many young couples would have to pay exorbitant rates of

interest to loan companies. This would discourage them from ever owning their own homes. One of the greatest assets a country can have is a population of whom a large number own their own homes. The greatest bulwark against communism is a married couple with children and a home of their own. The present policy is good, but I think it could be improved. Some young couples are finding it difficult to raise the money for the down payment. I urge the Government, therefore, to give earnest consideration to reducing the amount of the down payment and thus encourage more and more young couples to acquire their own homes.

On account of its limited size, our province could not possibly keep all of its people at home; there would not be room. It has been said that Prince Edward Island populated the New England states. And it is true that there is scarcely a country in the world where one could not find a man or woman whose ancestry did not begin in Prince Edward Island. "The Island" is a small province, an old province—and, I might add, a unique province—but its people are imbued with the spirit of youth and vigour. It has been said, and truly, that the greatest export of this small province of Canada is brains, for it has contributed to Canada many outstanding men and women—more than would be expected on the basis of its population. I ask that "the Island" be treated kindly by the larger and more industrialized members of this great family which is Canada.

Hon. Senators: Hear, hear.

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

PRIVATE BILLS

WESTERN GOSPEL MISSION— SECOND READING

Hon. Arthur L. Beaubien moved the second reading of Bill F-5, an Act to incorporate The Western Gospel Mission.

He said: Honourable senators, this short bill is in conformity with measures of a similar kind which have passed this house from time to time. I intend to give only a very brief explanation, and if the bill gets second reading I shall move that it be referred to the Committee on Miscellaneous Private Bills for further consideration.

The head office of the Western Gospel Mission will be at Steinbach, one of the most prosperous towns in Manitoba. In general, the object of the corporation is:

> To promote, maintain, superintend and carry on in accordance with the faith, doctrines, constitution, acts and rulings of the corporation any or all of the work of that body.

If this bill is approved, the corporation will maintain churches and missions, and erect, maintain and conduct therein churches, seminaries, schools, colleges, hospitals, dispensaries, orphanages and homes for aged people. It will promote the erection and purchase of houses of worship and parsonages, and administer its property, business and other temporal affairs. It will hold and dispose of property and carry on the regular functions of an incorporated body. It will also establish, support and maintain a publishing house for the purpose of printing and disseminating Gospel literature for the support of its doctrines and faith.

The people who are to be its directors, and who are known to me, are outstanding citizens, especially prominent in connection with this organization; and I am sure that if this measure is passed it will help to further the work of those who are connected with it, and benefit the people who support this faith.

Hon. Arthur W. Roebuck: Honourable senators, I would not have it thought for one moment that I oppose the passing of this bill or that I have anything against the society that my honourable friend wishes to be incorporated. At the same time, however, I would like to make an observation in perhaps the form of a question with regard to what we are actually being asked to incorporate.

Section 4 of the bill provides:

> The objects of the corporation shall be,
> (a) to promote, maintain, superintend and carry on in accordance with the faith, doctrines, constitution, acts and rulings of the corporation any or all of the work of that body.

The section goes on to provide that the objects of the corporation shall be "to advance and increase the diffusion of the faith of the corporation in all lawful ways; and to establish, support and maintain a publishing house for the purpose of printing and disseminating Gospel literature for the support of the doctrines and faith of the corporation;" but it does not say what these doctrines are or what the faith may be. I presume it may be taken for granted that the faith is a good one and that the objects are proper, but certainly the bill does not say so.

Section 5(g) of the bill provides:

> The corporation may from time to time make by-laws, not contrary to law, for defining and applying the principles, doctrine and religious standards of the corporation.

Apparently we are to incorporate a corporation to advance principles and faiths, and so on, that are later to be defined by the officers of that corporation. We assume, of course, that all these things are regular and

right, and I have no doubt that they are, having in mind the honourable senator who is sponsoring the bill. Is it not a fact, however, that he is asking us to incorporate a corporation for the purpose of carrying on a faith we know not what, or for purposes that are not defined but are only assumed to be religious in character? If my reading of the bill is such as I have interpreted it, I think perhaps the honourable gentleman should give us a little better idea of what we are being asked to incorporate.

Hon. Mr. Beaubien: I might say to my honourable friend that in my fifteen or sixteen years' experience in this house, whenever a bill of this nature has been introduced I have never once heard its sponsor give a confession of faith, and I do not think that such a thing should be included in one of these bills. My honourable friend himself has no doubt introduced similar bills, but I never heard him inform the Senate what religious faith was involved in any instance. It is a religious organization that is asking to be incorporated by this bill, and it is merely seeking the powers we have given to other religious organizations all over Canada many times in years gone by.

Hon. Mr. Horner: I wonder if the honourable senator could tell us if this is a branch of the so-called Mennonite Church?

Hon. Mr. Beaubien: It is really a branch of the Mennonites. The Mennonites are a religious sect, not a nationality.

Hon. Mr. Horner: But that is the name?

Hon. Mr. Beaubien: The faith referred to in the bill is the Mennonite faith.

Hon. Mr. Roebuck: We did not know that before.

Hon. John P. Howden: Honourable senators, I believe the Mennonites were Germans who migrated to southern Russia quite a few centuries back, and many of their descendants came to Canada about a hundred years ago. Deeply religious, they are well-behaved people who are intensely interested in agriculture. They have built splendid homes for themselves and are generally a credit to Canada. They are certainly well deserving of having this bill adopted by Parliament.

Hon. John T. Haig: Honourable senators, technically speaking the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) was correct. The sponsor of this bill should have stated its principles and informed the house just what was to be incorporated. He has now done this, of course.

I am well acquainted with the Mennonite people of Manitoba and I know that their church is very strong in the district in which they live. I think the honourable senator from St. Boniface (Hon. Mr. Howden) will find that the Mennonites came to Manitoba in about 1870, at which time they were given special rights under our immigration laws. They have never once abused those rights. They are fine people, honest, upright and a real credit to our province. I am sure all honourable members from Manitoba agree that the Mennonites are among our finest citizens. Since the last war they have done a tremendous job in helping to support needy people throughout the world, sending food and other vital supplies abroad through CARE and other such agencies.

I am strongly in favour of this bill, but I would suggest that it be referred to committee, where the question raised by the honourable senator from Toronto-Trinity can be cleared up. I am sure he will be satisfied that the bill is fully worthy of our approval.

Hon. W. D. Euler: Honourable senators, unlike my friend from Toronto-Trinity (Hon. Mr. Roebuck) I would not have objected to this bill in any sense, even without the explanation subsequently given by the sponsor. But once it was disclosed that the people seeking incorporation are Mennonites I was impelled to speak out in favour of the bill.

Hon. Senators: Hear, hear.

Hon. Mr. Euler: Perhaps no member in this chamber knows more about the Mennonites and has more to thank them for than I. The ancestors of the Mennonites who live in the county of Waterloo, from which I come, lived for hundreds of years in Lancaster County, Pennsylvania. Many of these people eventually emigrated to Canada and settled in the district which I had the honour to represent in the other house for some years. They are efficient farmers, and are successful in business and industry. I can sum up my appraisal of them by saying that they are as fine a group of citizens as could be found anywhere. It is all to the good that they wish to form themselves into this religious organization. One of their outstanding characteristics is their love of peace and absolute opposition to war. If anyone thought that counted against them, he would, I suppose, have to oppose the bill. For my part—and I said this once in the House of Commons many years ago—if all the people of the world had the same faith and the same peace-loving disposition as the Mennonites of Canada, there would not be any wars.

Hon. Senators: Hear, hear.

Hon. Stanley S. McKeen: Honourable senators, in British Columbia the Mennonites are

settled in the Fraser Valley and are about 3,000 in number. I agree with the honourable senator from Waterloo (Hon. Mr. Euler) that the Mennonites are a peace-loving people. There are no better citizens in Canada. They are good farmers, honest and industrious, and cause no trouble; they are a credit to the province of British Columbia.

Hon. Senators: Hear, hear.

Hon. Mr. Beaubien: Honourable senators,—

The Hon. the Speaker: May I remind the honourable senator that if he speaks now he will close the debate.

Hon. Mr. Beaubien: On second thought, I will merely answer my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) in these words: these people are Christian, and I think that statement means a great deal.

Hon. Mr. Roebuck: That is not in the bill.

Honourable senators, I must congratulate myself on starting a lively debate. When one makes a technical objection to a bill it is sometimes wrongly assumed that he is opposed to the bill itself. I reassert that a bill which gives practically no information is open to objection. I appreciate the remarks of the Leader of the Opposition (Hon. Mr. Haig), and I take it that if the bill goes to committee he, at least, will move that it be amended so as to satisfy the requirement I expressed, namely, that some indication will be given of the kind of people who comprise the Western Gospel Mission, and the nature of their faith—or Christianity, if one wants to adopt the words of my friend the sponsor (Hon. Mr. Beaubien). We do not want to feel that we are incorporating a group of people without knowing something about them.

I am in favour, therefore, of sending this bill to committee.

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

REFERRED TO COMMITTEE

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

CHURCH OF ENGLAND IN CANADA—COMMITTEE AMENDMENT CONCURRED IN

The Senate proceeded to consideration of the amendment made by the Standing Committee on Miscellaneous Private Bills to Bill D, an Act respecting The General Synod of the Church of England in Canada, The Missionary Society of the Church of England in Canada. The Woman's Auxiliary of the Church of England in Canada and the Church of England Consolidated Trust Fund.

Hon. Paul H. Bouffard, Chairman of the Committee, moved that the amendment be concurred in.

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

THIRD READING

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

Hon. Mr. Bouffard: With leave, I move the third reading now.

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

The Senate adjourned until Tuesday, February 21, at 8 p.m.

THE SENATE

Tuesday, February 21, 1956

The Senate met at 8 p.m., Hon. Arthur L. Beaubien, Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

CANADIAN NATO PARLIAMENTARY ASSOCIATION

INQUIRY AND ANSWER

Hon. Thomas Reid inquired of the Government, pursuant to notice of February 15:

1. Has the Government given any official recognition to the Parliamentary NATO Organization comprising senators and members of the House of Commons?
2. What assistance, if any, was granted members of the association to attend the meeting in Paris last year?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

1. The Canadian NATO Parliamentary Association was formed by members of both Houses of Parliament representing various political parties. The attitude of the Government was indicated by the Secretary of State for External Affairs on May 25, 1955 when, in speaking to the Standing Committee on External Affairs of the House of Commons of the proposed meeting in Paris of Members of Parliament from NATO countries, he said:

> This has been a spontaneous initiative on the part of parliamentarians and is not in that sense association with governments. So far as this Government is concerned—and I think this applies to the other governments—it is something that is to be welcomed because the more that members of Parliament can see and hear about NATO and what it stands for and what it is doing, the better it is I think for all concerned.

2. An aircraft of the R.C.A.F. was provided for the group of members of both Houses of Parliament and of various political parties who attended the meeting of members of Parliament of NATO countries from July 18 to 22, 1955, and then visited units of the Canadian Army and the Royal Canadian Air Force in France and Germany from July 24 to 31, 1955. The only other assistance provided was local transportation by car for the members of the group between their hotels and NATO headquarters in Paris.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, February 16, consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mr. Pouliot, seconded by Hon. Mr. Croll, for an Address in reply thereto.

Hon. John T. Hackett: Honourable senators, I have not been very long in this house. I feel something like the lad who, despite his twenty years and his six-feet-odd, had not much learning. When asked how he was getting on, he admitted he had not made much progress in reading, writing, or arithmetic, but that he was "getting the hang of the schoolhouse." During the short time I have been here I have endeavoured to adapt myself to an atmosphere which differs from some of the places and assemblies at which I have, with others, from time to time foregathered. I have been here long enough, however, to learn much of this assembly's appreciation and practice of courtesy, and also something of its appreciation of brevity in debate. I shall endeavour to practise the first with consistency; and as to the second I shall rely upon you, honourable senators, to restrain me if I should trespass beyond the confines that are accepted as rules in this assembly. Is it not rather strange that in the other house there are rules to restrain members from talking at undue length? This house has no such rules, yet nobody here seems to trespass upon what would be the rules elsewhere.

Honourable senators, when the Fathers of Confederation wrote the Constitution they said that senators representing Quebec should be appointed from certain areas in that province which were known as electoral divisions, under a statute which is now more than 100 years old. The electoral division of Victoria is allotted for appointment to a certain senator, and the last preceding incumbent of the seat was that most able and affable man, the late Senator William J. Hushion. Senator Hushion was a quiet, efficient man. He served in the Municipal Council of Montreal, in the Legislature of Quebec, in the House of Commons—and I see about me a number of his friends, former members of that house—and he was a respected member of the Senate, where for many years he rendered useful service. I feel that if the late Senator Hushion were here tonight he would have a word to say about Montreal, and probably I could not do better than follow his imaginary example, especially as I find in the Speech from the Throne something which seems to render it appropriate, if not necessary, that a word be said about Montreal. In the Speech from the Throne His Excellency said:

> My ministers remain convinced of the need to maintain the defences of the free nations as a deterrent to war. A strong North Atlantic Treaty Organization and adequate protection for this continent are in their view fundamental to the preservation of peace and the security of Canada.

Universal war in these days entails universal defence: both military defence and civil defence. Because I am entirely unqualified to speak about our military defences, I shall say only a word about them. I believe they are closely integrated with the military defences of our near neighbour the United States of America; and I believe that in a joint operation there has been built across the northern sector of this continent a great series of alarm systems. There is the DEW system, the Pine Tree system and the Mid-Canada system, and there are the lines which connect these trans-continental alarm systems at each end, so that the approach of any enemy will be heralded immediately to our fighting men.

Fighting men fight preferably on the territory of the enemy; they fight also to protect the homes, the factories, the agencies which produce the armaments necessary to war. All these alarm systems have been built to protect—I was going to say, Montreal, and I will take Montreal as an example, if I may, because it is a densely populated area comprising one-tenth of the population of Canada.

Let us take a brief look at Montreal. It is an island 29 miles long and 9 miles wide at its greatest breadth, with a dense population. There we find great centres of transmission, of communication. There we find vast depositories of goods, of food, huge grain elevators, oil refineries—in brief, great deposits of everything that is necessary to the life, the activity and above all the defence of a people. And more than that, there we find the skills and the crafts. Without attempting to brag, I might add that there we find also the nerve, the sinew, the imagination, the power, and a large element of the courage of a people.

This heart centre of an important part of our nation is on an island, almost isolated from the rest of Canada. There come great ships from overseas. There the railways meet. There communications by air and by wire meet. There the great hydro-electric power generated in the hills beyond, on the majestic St. Lawrence and in the northlands, is centred. There are the factories. There we find that which enables the nation to express its power. And yet it all depends—all this life, all this energy, all this vitality—on a number of bridges which connect the island with the mainland to the south and to the north. It is my submission that when we are discussing the necessity, the wisdom, of maintaining our defences we should do something more than build bridges—we should construct tunnels under the St. Lawrence, not merely for the purpose of aiding congested traffic, of facilitating the travel of those who hurry away *en masse* for the week-end and who come home in belated droves, but that there may be an artery of communication between this heart and the members beyond. And I am not thinking exclusively of the city or the surrounding territory; I am thinking, in a way, of the source of power and strength that is in the city and that would defend in no small measure this great continent. I submit that for the purpose of defending Canada, and our ally the United States, there should be tunnels under the river. Montreal might be a target; its bridges certainly would be targets. We know what the air forces did to bridges all across Europe and the countries beyond in the last war: they blew them up. If tunnels are not built under the St. Lawrence at appropriate places and before the waterway is constructed, they will certainly have to be built at a later date and at much greater cost. This is a national endeavour; it is national defence; it has been nationally neglected. And while I do not pretend to possess any engineering skill, it seems to me apparent to all who stop and think that these additional protective and defence devices are essential to defence and should be one of the first items on the program of a wise government.

I wish to refer to another matter before I sit down. The other day, when the honourable senator from Gulf (Hon. Mr. Power), an intimate friend of more than 50 years, addressed the house, he suggested that he was a politician and that he had been raised to this honourable chamber because of his services to the Liberal party. None better than I appreciates the nature and effectiveness of those services, but I do say that there are many in this house and beyond it who could find, in the character of the services he has rendered to this country, many better if not more cogent reasons for his elevation to the Senate. I cannot claim that my appointment to this body was due entirely to my association with the party that is now in power. My association with politics was generally at the other end, and discomfiture was served to me frequently and effectively by the honourable senator from Gulf and other gentlemen, many of whom I see opposite. It is just possible that one of the circumstances which brought me to my position here,—which I appreciate highly, and my promotion to which so deeply astonished me—is that our form of government rests on party. I think it must be said that the party system is vital to representative government, and that the system works best when there are two parties—not too many—so that, when a government

of one political persuasion comes into office to manage the affairs of the country, there is another group—not quite so well paid, but paid—to annoy, criticize and hold up to obloquy those who hold the reins of office. This is an entirely British device, and it works. It has never ceased to work except where there has ceased to be that kind of criticism and scrutiny which is incidental to the system.

The party which is now in power in this country—due to incidents which I shall not discuss tonight, but which I may deal with on another occasion—appoints senators. It has not had occasion to choose many who are not of one party, with the result that the Opposition—the "loyal Opposition", to use an accepted term—in this Upper House has dwindled somewhat. I do not say it is well that this is so, but it is natural. That reflection, however, opens up another chapter, which I may have an opportunity to discuss at another time. The fact is that the Opposition in this house is not numerous. But when, the other day, new senators to the number of 12 plus 1 were appointed, at least the Opposition gained one recruit. How long he will survive, only the future can tell. It may be that the diminishing size of the Opposition is one reason why I am here. Although there have always been in this chamber brave and dauntless souls who have spoken their minds when their words may not have been palatable to the party in power, of recent years the Opposition has not been as numerous as it should be in a well-balanced deliberative assembly. There are probably a good many ladies and gentlemen sitting about and with me who would concede the truth of this, provided of course that the Opposition did not become too numerous.

There is another possibility connected with my appointment which I have had to consider, and, as the honourable senator from Gulf did the other day, I ask your pardon for making a personal reference. It is conceivable that I had a friend somewhere. There is a man, prominent in government circles, with whom I have been on intimate terms since boyhood and early manhood. I have not always had the grace to share his political views nor his poltical enthusiasms, but through all the years—sixty-odd—we have remained friends. It is not often that the sweet rose of sentiment buds and blooms in the weedy patch of politics. I am not certain that it did here, but I have a suspicion, and I am confiding it to you. If I find myself in this seat tonight I doubt it is because there were not others who would have been willing to serve.

Hon. Senators: Oh, oh.

Hon. Mr. Hackett: If I find myself here I think it is because of that friendship which has remained green throughout the years. We had much in common. As I look back on the days and the nights that we spent together and think of the things we talked about, of the hopes and expectations of youth, and all that wonderland that opens before him who has not yet encountered all the trials and tribulations of life—as I look back on those enchanting days and care-free evenings I can say to my friend:

> We spent them not in toys, in lusts, or wine;
> But search of deep Philosophy,
> Wit, Eloquence, and Poetry,
> Arts which I lov'd, for they, my Friend, were Thine.

Hon. Senators: Hear, hear.

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

PRIVATE BILLS

CANADIAN STANDARD INSURANCE COMPANY—COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill J-2, an Act to incorporate The Canadian Standard Insurance Company.

Hon. Salter A. Hayden, Chairman of the Committee, moved that the amendments be concurred in.

The motion was agreed to, and the amendments were concurred in.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: With leave, I move the third reading now.

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

MERCANTILE TRUST COMPANY—COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill R, an Act to incorporate Mercantile Trust Company.

Hon. Salter A. Hayden, Chairman of the Committee, moved that the amendments be concurred in.

He said: Honourable senators, I would like to give a brief explanation of the committee's amendment requiring that at least $1 million of capital stock must be subscribed and paid up before the company can carry on business as a trust company. The committee felt that

this amendment should not be regarded as a precedent in respect of future bills seeking incorporation of trust companies.

The circumstances in this case were a little different from the ordinary. The general act governing trust companies, the Trust Companies Act, has a provision requiring a minimum paid-up capital of $100,000. The Superintendent of Insurance told the committee that in his opinion this provision was out-moded but that there was no way of getting at it in the general act at the present time. He said he had discussed with those applying for incorporation the question of the amount of capital required, and also the difficulties a trust company faces when commencing to do business, and he reported they had indicated awareness of these difficulties and had themselves proposed to pay in capital of $1 million. Having regard to the views of the Superintendent of Insurance and of the persons applying for incorporation, and appreciating all the circumstances of the case and without establishing a precedent to govern future applications, we amended the bill by adding the requirement that the company shall not commence to do business as a trust company until at least $1 million of its capital stock has been bona fide subscribed and at least that amount has been paid thereon.

Hon. Mr. Haig: The Superintendent of Insurance went further and suggested that the minimum paid-up capital in any case should be $500,000.

The motion was agreed to, and the amendments were concurred in.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: With leave, I move the third reading now.

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

PERSONAL FINANCE COMPANY OF CANADA—SECOND READING

Hon. Charles B. Howard moved the second reading of Bill G-5, an Act respecting Personal Finance Company of Canada.

He said: Honourable senators, the purpose of this bill is to change the name of Personal Finance Company of Canada to that of Beneficial Finance Co. of Canada, and to increase the capital stock of the company from $1 million to $10 million. If the bill is given second reading I will move that it be referred to the Standing Committee on Banking and Commerce.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Howard, the bill was referred to the Standing Committee on Banking and Commerce.

SIGNATURE LOAN COMPANY—SECOND READING

Hon. Charles B. Howard moved the second reading of Bill H-5, an Act to incorporate Signature Loan Company.

He said: Honourable senators, the purpose of this bill is to incorporate a new company, to be known as Signature Loan Company. Its parent is an American company, one of the strong companies in the New England states. The new company proposes to do business in the small loans field in Canada. Its capital stock is to be $500,000, divided into shares of $100 each, and the company asks for the right to increase its capital, as necessity demands, to a maximum of $1 million, divided into shares of $100 each. Of course, the bill is subject to all the provisions of the statutes regarding small loans companies' operations. If it receives second reading, I will move that it be referred to the Banking and Commerce Committee.

Hon. Mr. Lambert: May I ask where the company is to be located?

Hon. Mr. Howard: Its head office will be in Ottawa.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Howard, the bill was referred to the Standing Committee on Banking and Commerce.

QUEBEC NORTH SHORE AND LABRADOR RAILWAY COMPANY—COMMITTEE AMENDMENT CONCURRED IN

The Senate proceeded to consideration of the amendment made by the Standing Committee on Transport and Communications to Bill Z-2, an Act respecting Quebec North Shore and Labrador Railway Company.

Hon. A. K. Hugessen, Chairman of the Committee, moved that the amendment be concurred in.

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

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

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

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 22, 1956

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

Prayers.

Routine proceedings.

THE ESTIMATES

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Charles G. Hawkins, Chairman of the Standing Committee on Finance, presented the second report of the committee.

The report was read by the Clerk Assistant as follows:

> The Standing Committee on Finance beg leave to make their second report, as follows:
>
> In connection with the order of reference of February 15, 1956, directing the committee to examine the expenditures proposed by the estimates laid before Parliament for the fiscal year ending March 31, 1957, the committee recommend that they be authorized to print 800 copies in English and 200 copies in French of their day to day proceedings, and that Rule 100 be suspended in relation to the said printing.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hawkins: With leave of the Senate, I move that the report be adopted now.

Hon. Jean-François Pouliot: Honourable senators, my impression as a member of the Senate is that the Senate does not get enough credit for the excellent work that is performed in this chamber. For a long time I have been interested in the—

The Hon. the Speaker: If the honourable senator will permit, I will put the question first.

Hon. Mr. Pouliot: Yes, sir.

The Hon. the Speaker: It is moved by the Honourable Senator Hawkins, seconded by the Honourable Senator Isnor, with leave of the Senate, that the second report of the Standing Committee on Finance be now concurred in. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Pouliot: Honourable senators, I have just a few words to say about the importance of the committee. In the first place, I wish to congratulate the honourable senator from Milford-Hants (Hon. Mr. Hawkins) upon accepting the chairmanship of the committee, succeeding the honourable senator from Churchill (Hon. Mr. Crerar), who took a special interest in the committee's work. What is rather embarrassing is that there are the public accounts for last year and the estimates for the coming year, and in the meantime there is a gap for which it takes some time to get information. In 1918 the Senate appointed a special committee to determine the rights of the Senate in matters of financial legislation. The Honourable W. B. Ross, K.C., Chairman of the committee, asked for the opinions of two eminent members of the legal fraternity, Mr. Eugène Lafleur, K.C., and Mr. Aimé Geoffrion, K.C. of Montreal. They said the only material derogation to the general rule that the Senate is on exactly the same footing as the House of Commons as respects all legislation is contained in section 53 of the British North America Act, which provides that bills for appropriating any part of the public revenue or for imposing any tax or impost shall originate in the House of Commons. Then they added these words:

> The denial of the right to originate money bills does not involve the denial of the right to amend them. Nothing therefore in the text of the British North America Act takes away the latter right from the Senate.

The Minister of Finance is in a very difficult position, owing to the fact that he now is responsible for the payment of all expenditures by all departments. At first there was in each department an accountant who was responsible for the expenditures of that department, and payments were made under the authority of the minister concerned. At the present time payments are made for all departments by the Department of Finance itself.

A committee similar to the Committee on Finance in the Canadian Senate is the British Committee on National Economy. At Westminster when it was suggested that an accounting officer should be a treasury official, the suggestion was turned down for several reasons, as set out in an interim report on the position of accounting officers:

> In the first place, it offends against the cardinal principle of ministerial responsibility. A minister could not be properly responsible to Parliament for the conduct of his department if a large part of the responsibility falls actually on the servant of another department to whom he is unable to give orders.
>
> In the second place, the tendency to evade financial control alluded to above should, in our view, become more marked if the officer to be evaded were an emissary of another department. At present the Financial Officer is the servant of the same minister as the administrative officers, and is entitled to the same access to official papers and confidential information as they are; these are advantages of great value in financial control which might be lost if he became an officer of the Treasury.
>
> Thirdly, the treasury officer could not work single-handed. He would require staff. This would

presumably have to be Treasury staff, too. There would thus be an elaborate interviewing of the staff of two departments under one roof, under conditions which would almost inevitably give rise to friction and discontent.

Lastly, the report stated that the position obtaining in the British Ministry of Transport was not to be considered as a precedent.

Referring to the Audit Act of 1931, on May 16, 1932, I asked the then Minister of Finance, the Honourable Mr. Rhodes, the following questions and received these answers, as reported in the Commons *Hansard* for 1932 at page 3208:

Mr. Pouliot: I suppose the fact that all the accounting is centralized will facilitate answers to questions?

Mr. Rhodes: I think, on the whole, we have shown remarkable efficiency in answering questions and responding to returns this year.

Mr. Pouliot: Yes, especially this year.

There are other questions and answers which I will not read.

And, on March 22, 1934, when that same Audit Act was discussed in the House of Commons, the late Mr. Mackenzie King said this:

But I do think it is most important that Parliament should retain the power, which it has had for fifty years, of exercising control over public expenditures in the manner in which it formerly did. I submit that at the time the bill was introduced the house was not given to understand that the new appointment of Comptroller provided by the act meant withdrawal from the Auditor General of this particular function, which is the most important of all he formerly had, and placing it in the hands of an officer of one of the departments of Government. Had the house so understood, I am sure there would have been strong opposition to such a proposal, and that the house would never have consented thereto. I am not sure that when the Government brought in the bill its members appreciated the fact that this would be the consequence.

If honourable senators will permit me I will read a letter which I received from a former Government accountant explaining the whole set-up. It is dated February 5, 1953, and reads as follows:

I saw in the Ottawa *Citizen* of today that you suggested that the office of the Comptroller of the Treasury should be abolished and the old system of Government accounting restored. I agree with you. Some time ago I wrote to a member of Parliament showing that the old accounting system was best. I worked for years in the Accounts Branch of the Finance Department under the old system. As you say, under the present accounting system responsibility is divided between the Finance Department and each government department. This makes for inefficiency, duplication of work and staff, and interference with the proper supervision of each department.

Under the old system of accounting, each department had its own accounting staff. Letters of credit were issued from the Finance Department to each government department. These had to be signed by an officer in the Finance Department and an officer in the audit department. There was an appropriation ledger kept showing the amounts voted by Parliament for each department. A letter of credit only covered a portion of the parliamentary vote. These letters of credit were sent to the bank and against them cheques could be issued. When a letter of credit was exhausted a fresh one had to be obtained. Under this system a tight rein was kept on the expenditures of each department, but under the new system letters of credit were abolished. Lists of cheques issued had to be sent to the Finance Department each month and cheques paid by the bank were sent there also. These were marked off on the lists and then lists of outstanding cheques had to be made out. After the accounts had been balanced the paid cheques were then sent to the audit department.

The old system was very good and thorough. But Premier Bennett found fault with it. When he wanted money for some purpose he found that the money had been used up. So the new system was devised to keep a better check on expenditures. At the end of the fiscal year, the departments used to exceed the parliamentary appropriations and they still do it in spite of the new system. Then money has to be voted in the new year to cover the deficiency in the appropriations.

Also it used to be that pay cheques for the permanent staff of each department were issued by the accounts branch of their own department, and then the pay lists from each department were sent to the Finance Department. Now I believe all these pay cheques are issued from the Comptroller of the Treasury's office, which does seem ridiculous.

All I am interested in is to see that a more efficient system of government account is instituted.

Good luck to you.

On July 3, 1935, over 20 years ago, the following appears in the Commons *Hansard*:

Mr. Mackenzie King: —the comptroller of the treasury took over certain of the functions which formerly belonged to the Auditor General.

Mr. Bennett: No, several of the departmental functions in connection with disbursements.

Mr. Mackenzie King: The expenditures in that one branch are getting to be very large.

Mr. Bennett: It has control over all the disbursements of the country.

I have in my hand a chart showing the officials in the numerous divisions under the office of the Comptroller of the Treasury. In due course I shall give notice of a request that another chart be prepared showing the names of those who are at present employed in these divisions, to illustrate just how much this branch of the Finance Department has grown.

On May 21, 1941, I asked Mr. King for a statement showing a complete list of all civil servants whose names and salaries did not appear in the report of the Auditor General for the year ending March 31, 1940. Mr. King replied:

I doubt if I could promise the list for this session but I hope that in some form the list will be available for next session.

In 1942 I again insisted on having this information to show the importance of parliamentary control over expenditure and I was very glad to have the support of the Ottawa *Journal* and the Vancouver *Sun* and other

leading newspapers. The Senate is now doing this work, and doing it very well, thereby rendering a valuable service to the country.

Honourable senators, I have spoken today just to inform the readers of *Hansard* about the efficiency of the Senate. It seems that what is being done here is not publicized enough, and Canadians should know what work is being done by the Senate. I presume that the members of the committee who support the Government will give the Government the benefit of the doubt, and that the members of the committee who belong to the Opposition will give the Opposition the benefit of the doubt.

The motion was agreed to, and the report was adopted.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

LETTER FROM PRIME MINISTER TO PROVINCIAL PREMIERS TABLED

Hon. W. Ross Macdonald: Honourable senators, this afternoon in the House of Commons the Prime Minister tabled a copy in English and in French of a letter written by him to all provincial premiers on February 18, 1956, concerning federal-provincial fiscal arrangements. When other letters on this same subject were tabled in the Senate a short time ago, it was ordered that they be printed in our *Hansard* and *Minutes*. If it is the wish of the house, I would move that this letter appear as an appendix to our *Hansard* and *Minutes* of today.

Some Hon. Senators: Agreed.

Hon. Mr. Macdonald: With leave, I move, seconded by the Leader of the Opposition (Hon. Mr. Haig):

That the letter, dated February 18, 1956, forwarded by the Prime Minister to all provincial Premiers, together with the memorandum from the Minister of Finance of Canada in the matter of certain questions raised by provincial governments relative to the federal fiscal proposals of January 6, 1956, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date.

The motion was agreed to.

See appendix to today's Hansard, *p. 186.*

PRIVATE BILL

CANADIAN COUNCIL OF CHURCHES— FIRST READINGS

Hon. Cairine R. Wilson presented Bill Q-5, an Act to incorporate The Canadian Council of Churches.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be placed on the order paper for second reading?

Hon. Mrs. Wilson: Tuesday next.

INTERNAL ECONOMY COMMITTEE

SUBSTITUTION OF MEMBER

Hon. Arthur L. Beaubien, with leave of the Senate, moved:

That the name of the Honourable Senator Connolly (Ottawa West) be substituted for that of the Honourable Senator Lambert on the list of senators serving on the Standing Committee on Internal Economy and Contingent Accounts.

The motion was agreed to.

FINANCE COMMITTEE

SUBSTITUTION OF MEMBER

Hon. Mr. Beaubien, with leave of the Senate, moved:

That the name of the Honourable Senator McKeen be substituted for that of the Honourable Senator McDonald on the list of senators serving on the Standing Committee on Finance.

The motion was agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY— DEBATE CONTINUED

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

(*Translation*):

Hon. Calixte F. Savoie: Honourable senators, being an Acadian, that is a member of the oldest French group in America, I am bound to take advantage of my right to speak in my own language, the French language, a right which our great Lafontaine obtained from the Canadian Parliament more than a hundred years ago. I do so on principle and, especially, in remembrance of all the Acadians who, during two centuries, toiled and suffered for the preservation and survival of their ancestral language.

I would like, first, to express my deep appreciation to the Honourable the Speaker for the kindly welcome he extended to me as well as to the other new members of the Senate. I was particularly impressed by the brotherly atmosphere which permeates this chamber and makes us all feel at home.

I would like also to thank all the senators most cordially for their courtesy and their many kindnesses towards us. In my own case, never having taken what is called an active part in politics, it was with some misgivings and fear that I entered this chamber, deeply conscious as I was of the presence in our midst of able men, well versed in numerous questions of vital importance to the country. However, all my

worries and fears quickly vanished before such friendliness and so many kindnesses.

On July 28, 1955, the Right Honourable the Prime Minister announced the appointment of thirteen new senators. It is generally recognized that in making these appointments Mr. St. Laurent took into consideration several factors which are vital to the unity of the Canadian nation, which is of a rather complicated nature. It was the statesman, rather than the political leader, who, in selecting men to fill some of the Senate vacancies, kept in mind the racial origin, the political opinions, the sex, the social group and the religious affiliations of the appointees. Some of them are politicians, which is quite understandable, but others never took any active part in politics. He was mindful, in particular, not to overlook minority groups and he appointed some senators to represent them in the Upper House of Canada. This is worthy of a great and true Canadian.

As a faithful spokesman for all Acadians, I would like to express their happiness and gratitude to the Right Honourable the Prime Minister who saw fit to recognize the great merits of Acadians in appointing one of them to the Senate on the occasion of the solemn festivities which marked the second centenary of the deportation of the Acadians. Such a gesture is significant and, to my mind, deserves special attention. The fact that he placed my people's merits above any political consideration is further proof of the greatness of Canada's leader who has so admirably served his country. The Acadians are most grateful to him.

It is not so much his having appointed an Acadian to the Senate that prompts me to speak in this way, for we were entitled to that. It is rather that he should have appointed a man free from any political ties. It was the Acadian people that the Prime Minister sought to honour and not my humble person. I am only the recipient of that honour, which I deeply appreciate and rightly so. If I was chosen among so many others who were just as deserving as I, if not more so, it may be because of my close association, for more than thirty years, with Acadian endeavours and more especially with the organization which has played a leading part in the restoration and re-establishment of Acadians and which has managed to rally under its banner nearly 80,000 of Acadia's children scattered to the four winds by the tragic events of 1755. I mean *La Société mutuelle l'Assomption*, the national and friendly society of Acadians of which I have the honour to be general president and general manager.

(*Text*):

Before the year 1885 the Acadians had no representative in the Senate. It was another great Canadian, Sir John A. Macdonald, who gave the Acadians their first senator in the person of the Honourable Pascal Poirier, who was then a Civil Service employee here in Ottawa. The Prime Minister at the time saw in him a man endowed with the qualities of a real leader, and he was right. A graduate of St. Joseph University, he was named to the Senate at the age of 33. He represented the Acadians in this house for nearly half a century—48 years to be exact—and he did it in a masterly way. He was designated the Senator from Acadie. All through his long and active career he championed the cause of the Acadians most capably and with devotion. He accomplished a lot for his people, to whom he was intimately attached. On this special occasion, which is one of the great moments of my life, in my own name and in the name of the other honourable Acadian senators here present, I wish to pay a very high tribute of respect and admiration to our great predecessor in this Senate whose memory I revere and who will be a source of inspiration for me during my years in the Senate.

It was in Acadia that the first colony was founded in North America. After crossing the ocean in the spring of 1604, Demonts and Champlain chose as a haven in which to pass the winter a small island in the St. Croix River, a few miles above St. Andrews-by-the-Sea in New Brunswick. "To this island which is now known on the maps as Doucett's Island, he gave the name of St. Croix. This island probably contains about ten acres of land. At one of its extremities, Demonts placed his cannons; at the other end, he built a little fort. Temporary buildings were erected, a watermill for grinding corn was started and plans were laid out for a garden in the following spring."

Hardly had they finished their preliminary work when winter came upon them with its severity and fury. To add to their misfortunes, a disease known as scurvy attacked them and claimed its victims. Out of 79 colonists, 35 died. When spring returned, Demonts removed his colony to Port Royal, about six miles from the present town of Annapolis. So Port Royal was founded, and that was in 1605.

The colony progressed and flourished for half a century. In 1654 it was captured by the English, but in 1670 Acadia was surrendered to France. It changed hands again 40 years later, in 1710, when it was taken by the English. It was finally ceded to the British by the Treaty of Utrecht in 1713. At this

time, the population was made up chiefly of French Acadians and by 1749 they had increased to about 15,000.

Then during the wars that afterwards were waged between England and France came the sad event of 1755, the exile or expulsion of the Acadians from their homes and their land. All their lands, tenements, and cattle were forfeited to the Crown and they themselves were to be conveyed to other British colonies. About 8,000 were thus forcibly removed; the rest fled to the woods with their wives and families, where numbers perished by cold and hunger and others managed to escape to neighbouring French settlements.

The poet Longfellow has based his story of Evangeline upon the exile of the Acadians. I quote:

Where is the thatch-roofed village, the home of Acadian farmers,
Men whose lives glide on like rivers that water the woodlands,
Darkened by shadows of earth, but reflecting an image of heaven?
Waste are those pleasant farms and the farmers for ever departed!
Scattered like dust and leaves, when the mighty blasts of October,
Seize them, and whirl them aloft, and sprinkle them far o'er the ocean.
Nought but tradition remains of the beautiful village of Grand Pré.

Those are the fortunes of war or, perhaps better said, the misfortunes of wars. The exiled Acadians roamed from one end of the continent to the other. Some went as far as Louisiana, which was at that time a colony of France. Others, thrown on shores of the New England states, returned on foot through Massachusetts and Maine to the land of their birth. Others settled in Lower Canada, now the Province of Quebec. The bonds of family love were ruptured. That ethnical group was disrupted and scattered to the four winds of the earth. The Acadian people as such were doomed to destruction. But where there is life and faith, there is hope. Calmly, peacefully, patiently, heroically they accepted their fate; they waited—and waited. Let me quote Longfellow again:

And the soul of the maiden, between the stars and fire-flies,
Wandered alone and she cried, "O Gabriel! O my beloved!
Art thou so near unto me and yet I cannot behold thee?
Art thou so near unto me and yet thy voice does not reach me?
Ah! how often thy feet have trod this path to the prairie!
Ah! how often thine eyes have looked on the woodlands around me!
Ah! how often beneath this oak, returning from labor,
Thou hast lain down to rest, and to dream of me in thy slumbers!
When shall these eyes behold these arms be folded about thee?"
Loud and sudden and near the note of a whip-poorwill sounded
Like a flute in the woods; and anon, through the neighbouring thickets
Farther and farther away it floated and dropped into silence.
"Patience!" whispered the oaks from oracular caverns of darkness.
And, from the moonlit meadow, a sigh responded "Tomorrow".

My honourable friend from St. John's West (Hon. Mr. Pratt) at the closing of his excellent address said that his province, Newfoundland, could be an example to all the other provinces of Canada in the practice of the great virtue of patience. I am sure that my honourable friend will not take objection if I claim for the Acadian people the same honour, only to a higher degree. I shall add that if the patience of the people of Newfoundland is rewarded in the same measure as that of the Acadians, it is worth their while to be patient and to wait, because great is the reward.

Time does not permit me to go into details. Much could be said about the resurrection of the Acadian people, its rapid development during the last half century and the enviable place it now occupies in this great country of ours. The year 1955 marked the fiftieth anniversary of the entrance into Confederation of two great provinces, Saskatchewan and Alberta. The year 1955 also marked the 200th anniversary of the exile of the Acadians and the 350th anniversary of the founding of the first colony in America, Port Royal. The Acadians, through the National Assumption Society, in 1953 appointed a central committee in the Moncton area to organize the celebrations of 1955. For two years the committee with its numerous subcommittees worked feverishly and relentlessly to make of the festivities some really outstanding celebrations, and they really were outstanding.

The bicentenary year opened on August 15, 1954, and ended with the magnificent celebrations held at Moncton, Memramcook, Grand Pré and Port Royal. They were intended to be a major event in the life of the Acadian people, and they were. The year 1955 contained a remarkable chain of centennials, highlighting four great phases of Acadian history. Colorful events at those unique manifestations, impressive religious ceremonies, historical pageants, float parades, folklore festivals, concerts and plays and other events provided a full week of unparalleled enjoyment. The highest personalities of different countries were invited to attend our celebrations. There were, for instance, the Prime Minister of Canada, the Prime Minister of Great Britain, the President of France, the President of the United States, the Apostolic Delegates, Cardinals, the governors of those states of the Union where Acadians are

located, premiers of all the Canadian provinces and many other personalities. Many of those were present and others delegated representatives. Acadians from all over North America attended the celebrations.

For the first time in the 350 years of their history the Acadians were able to throw open the gates of their ancient homeland and say to all their friends and fellow citizens: "Come, be our guests in the land of our fathers and rejoice with us that all is well."

At the very beginning of our festivities a message was sent to Her Majesty the Queen praying her to accept the homage of her Acadian people, which they tendered in loyalty, and their affection, which they offered with great respect.

We came to that day with joy and pride and with serenity in our hearts. Our object was a very positive and most deserving one: a collective act of thanksgiving to Almighty God for having favoured the Acadians with his protection; our everlasting gratitude to the Queen of Heaven, our Patron Saint, for having guided and enlightened us; a proud tribute paid to the virtues of our ancestors which enabled them to conquer adversity and to remain steadfast in the midst of tribulations; a grateful remembrance of the heroic deeds of those who were the first to attempt to establish a permanent colony in Canada.

And the Acadians have emerged from that state of forgetfulness, weakness and indigence. They have courageously and unflinchingly, with toil and perseverance, established themselves firmly wherever they have elected to choose a permanent place of habitation. The Acadian people had been so shattered by the expulsion that only in the last half century have they been in a position to comprehend fully the possibility of their survival and to hope to become one day an adult people. But they have discovered their potentiality and the dimensions of their *survivance* and are determined to use it fully in the interest of our great Canadian nation.

At the time of the expulsion in 1755, the Acadian population numbered about 18,000. Last year, an Acadian population of one million and a quarter from Louisiana to the Gaspé peninsula, from eastern Canada and the New England states, proclaimed their survival by a gigantic Bicentenary celebration which ended so brilliantly at Port Royal on August 16 last. The Acadian population of the Maritime provinces is about 300,000, of which more than 200,000 are in the province of New Brunswick, or about 40 per cent of the total population of that province.

The rapid development of the Acadian people during the last 50 years is astounding, to say the least. Many factors have contributed largely to the impetus that set the machine in full motion. One of those factors, and perhaps the outstanding one, is *La Société Mutuelle l'Assomption*—The Mutual Assumption Society—of which, as I have said in my remarks in French, I am the President and General Manager. It is perhaps on account of my long connection with that society, and also because of the fact that I was the President of the Central Committee of the celebrations of 1955, that I was honoured with an appointment to this Upper House.

Since *La Société Mutuelle l'Assomption* has played such a vital part in the social, economic, national, educational and religious life of the Acadians during the last half century, it is proper that I should say a few words about it. In the last decade of the past century and the first decades of the present century, they emigrated by the thousands from all parts of the Maritime provinces to the New England states. These people, though scattered in the different manufacturing centres of Massachusetts, Maine, Connecticut, Rhode Island and New Hampshire, were united by bonds of faith, nationality and history. By virtue of the social instinct of man, which is at the base of all societies, they felt the need to meet and discuss matters of common interest to them and in particular to the group. The fraternal societies existing in the New England states did not exactly answer the needs and requirements of the Acadian immigrants. It was on September 3, 1903, that a group of Acadians met at Waltham, Massachusetts, to lay the foundation of an Acadian fraternal society, which they named *La Société l'Assomption.*

Now these men knew very little of the science of life insurance. The founders of the society, with their generous ideas for the future, their faith in the potentiality of brotherly love and co-operation, were looked upon as dreamers by many a wistful but sceptical compatriot. The thought that these men were laying the corner-stone of an institution destined to play a mighty economic as well as social role in the life of the Acadian people was indeed very remote from practical realistic minds. In fact, the founders themselves probably never envisioned such a future.

At that time the Acadians were still living in poverty and consequently did not have the means of providing advanced education for their children. The founders of the Assumption Society knew that and, fully conscious of the need of secondary education, conceived a wonderful idea by the creation of a fund called the Scholarship Fund for the education of the children of the members. To attain that aim, they added as a special loading to the net premium a *per*

capita contribution of 10 cents per month for educational purposes; the scholarship fund was created.

The first 20 years or so of the existence of *La Société l'Assomption* is a story of hardships and occasional drawbacks, of hard work with discouragingly meagre results. In fact, 25 years ago, that is twenty-some years after its foundation, the society's assets amounted only to $400,000; its membership was less than 11,000, and the total insurance in force was about $4 million. Today, the society's assets exceed $13 million; the insurance in force has reached the high figure of $88 million, and its membership has hit the 77,000 mark. It has paid out benefits under various forms in an amount exceeding $7 million. The society has loaned to church organizations, school districts, educational institutions etc., over $25 million. But the outstanding feature that I want to specially emphasize is its scholarship fund. I have just said that a special loading of 10 cents per month was added to the net premium for educational purposes. Immediately after its foundation, the ten cent pieces started rolling in, slowly at first but with increasing velocity as years rolled on. During the 52 years of its existence over six million dimes rolled into that fund, which represents a sum exceeding $600,000. Over 800 boys and girls have received a college education through that fund. During the last school year, 185 boys and girls attended college on scholarships totalling over $45,000. All these wonderful achievements constitute a record for our Acadian Society that deserves to be extolled not only by the Acadian people but by all those who believe in those institutions that excel in humanitarian services.

Here in Canada is a land of many great opportunities where people of more than one tongue, more than one creed, more than one party, more than one aspiration, all together serve the nation, each according to his own beliefs. Canada is favoured with a dual culture that makes it a country different from many others, a country perhaps unique in its kind with great potentiality, a country that can achieve real greatness, provided each element serves the nation to the full measure of its talent. The Acadians, with their staunch religious convictions, their dual culture, their determination to live their high ideals and their true loyalty, are contributing their good share for the advancement and glory of Canada, land of liberty.

(*Translation*):

The 1955 Bicentenary festivities were no re-enactment of the terrible tragedy of 1755, but rather a celebration of the Acadian people's marvelous survival and growth. They commemorated a capital event in Acadian history, an event of such radical consequences that it not only dislocated the physical course of the Acadians' life, but also left, deep in the soul of each one of them, an imprint which several centuries have not erased.

At the end of the 19th century we were, in all fields, in a state of weakness bordering upon helplessness. We were losing ground everywhere. We had no bishops and very few priests. Two or three colleges had been founded, but they were far from progressive. Our schools were poor and operating under pitiful conditions. We had no voice either in finance, trade or in any of the material endeavours of human activity. Harried on all sides, we were in the position of a poor and unwanted neighbour.

But times have changed. In the last fifty years, we have covered an incredible distance. I have already given you statistics on Acadian population in the Maritimes as well as elsewhere. Today we have an Acadian episcopate comprising one archbishop at Moncton and three bishops in the dioceses of Bathurst and Edmundston, in New Brunswick, and of Yarmouth, in Nova Scotia. Some fifteen religious communities of both sexes are now at work in our schools, hospitals, charitable institutions and orphanages.

In the field of education, a tremendous task has been accomplished. First we have our higher educational institutions: St. Joseph University at Memramcook and the University of Moncton; Sacred Heart University, at Bathurst, St. Louis University, at Edmundston, Madawaska county, the University of St. Anne, at Pointe de l'Eglise, in Nova Scotia. At Moncton we have the marvelous Notre Dame College of Acadia, where 500 of our young girls can acquire a good education. I would also mention the Maillet Girls' College at St. Basile of Madawaska, and the Assumption College of Moncton, under the direction of the diocesan secular clergy. And the Fathers of the Holy Cross, the Eudists, the Salesians, as well as the Sisters of Notre Dame du Sacré-Coeur, the Filles de l'Assomption and the Filles de Jésus continue to spread among us the benefit of their teaching.

Local organizations play an important part in their respective areas: La Société Saint-Thomas d'Aquin, in Prince Edward Island, has already looked after the education of more than 200 young Acadian girls and boys, and la Société Saint-Pierre has done as much in Cape Breton. Our teachers' and parent-teachers' organizations are also actively contributing to the development of Acadian and French activities.

Acadians also have professionals to represent them in all spheres of activity. In the field of politics they have 16 members of parliament, two ministers, three senators, three judges in New Brunswick; two members of parliament, a senator and a judge in Nova Scotia; and one judge and two members of parliament in Prince Edward Island.

In 1956, Acadians also have their own newspapers: the *Evangeline*, our only daily, the *Madawaska*, which mainly serves the Madawaska area, the *Petit Courrier* of Baie St. Marie in Nova Scotia and the *Fermier Acadien*, which speaks for the Acadian farmers in the Maritime provinces. They also have several radio stations: CHNC of New Carlisle; CJEM of Edmundston and CBAF of Moncton, New Brunswick.

Economically speaking, although we have made great headway, we are still relatively weak. I mentioned the Société de l'Assomption with its assets of $13 million. Our credit unions are developing remarkably well and already have assets of the order of $6 million. Our co-operatives are very promising. All in all, our Acadian group is on its way to economic emancipation. That is what we were yesterday and what we have become today. As to what tomorrow or the next century have in store for us, judging by the accomplishments of the last hundred years, there is good reason to hope for the best. On the whole, as Mr. Robert Rumilly so aptly says in concluding his excellent *History of the Acadians*:

> An impartial judgment calls neither for complacency nor for systematic pessimism. But is an impartial judgment called for in this case? In the ordinary course of events, the Acadian people should have disappeared two hundred years ago. But its strength of character saved it and will continue to do so. Every page of the history of Acadians, the virtues generally ascribed to them, their self-established institutions and the steady pace of their progress in several fields all point to one conclusion: HOPE.

(*Text*):

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

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 180)

Letter from the Prime Minister to all Provincial Premiers, with Memorandum from the Minister of Finance in the Matter of Certain Questions Raised by Provincial Governments Relative to the Federal Fiscal Proposals of January 6, 1956.

(Similar letters sent to the Premiers of all the Provinces. The letter to the Premier of Quebec was in the French language.)

OFFICE OF THE PRIME MINISTER
CANADA

OTTAWA, February 18, 1956.

The Honourable Leslie M. Frost,
Premier of Ontario,
Toronto, Ontario.

My dear Premier:

Since the Federal-Provincial Conference adjourned in October, the federal government has made the fiscal proposals outlined in my letters of January 6th and explained them in some detail early this month to provincial treasury officials. It has also made contingent commitments to recommend to Parliament financial participation on a large scale in provincially-administered hospital insurance plans. It has received written comments on the proposals from the Premiers of three provinces, which have been studied along with comments and questions received in conversation.

I am enclosing a memorandum from the Minister of Finance giving answers to a number of questions that have been raised by provincial representatives. Some of these answers involve some modest development in the details of the proposals advanced by the federal government in January. In particular the government has decided that it would be in accord with the spirit of the present arrangements and with the special nature of the federal tax on insurance premiums to treat provincial taxes on insurance premiums as not being special corporation taxes within the scope of paragraphs three and five of my letter of January. This will improve the arrangements from the point of view of all provinces.

In view of the suggestion that we should meet again in committee to discuss these fiscal arrangements, I feel it would not be fair to the provincial governments if I failed to indicate at this time that the federal government believes its own fiscal situation in the next few years would not justify adding any substantial further financial commitments beyond those already proposed.

In the replies I have received to my letters of January 6th, the Premiers of Nova Scotia and New Brunswick have expressed regret that the federal government was not able to accept suggestions such as they made for a wider application of the fiscal need principle, and the Premier of Saskatchewan has also indicated that in his view fiscal need has not been given sufficient weight. My colleagues and I feel there is a very substantial recognition of fiscal need involved in the equalization payments we have proposed and also in the high level of returns in these tax fields which we are prepared to guarantee to provincial governments. These are, of course, in addition to the existing statutory subsidies which already make special provision for the fiscal need of the Atlantic provinces. We believe we should all have some experience in the practical operation of these proposals before going on to consider other concepts of fiscal need.

I note that only two of the Premiers have suggested a resumption of the Conference for the purpose of considering the fiscal proposals. Since our federal responsibilities and commitments are now so heavy that we would not be warranted in making any increases in the basic offer we made in January, it may be that the provincial governments generally would not feel there would be any advantage to be derived from another meeting to discuss fiscal relations.

If a further meeting in committee is generally desired, we would suggest it be held either on March 2nd or March 9th in order that final decisions can be reached before the Minister of Finance completes the preparation of his budget. If, on the other hand, most of the provincial governments see no substantial advantage in a general meeting, Mr. Harris and I would be happy to confer at any time between now and the early part of March with the Premier or Treasurer of any province wishing individual discussions of particular aspects of the proposals.

I should be grateful to have your views at your earliest convenience.

Yours sincerely,
L. S. St. Laurent.

Memorandum from the Minister of Finance of Canada in the matter of certain questions raised by provincial governments relative to the Federal fiscal proposals of January 6, 1956.

In the course of discussions on the fiscal arrangements between Canada and the provinces advanced by letter of the Prime Minister

dated January 6, 1956, certain questions were asked and clarifications requested. The Federal Government's position relative to these matters is set out in this memorandum.

1. *Royalties and the taxation of income from certain natural resource industries.*

Under present fiscal arrangements, the provinces have not been restricted in the imposition of royalties on natural resources. No specific suggestions have been made for changes in the methods employed and none would seem warranted.

Present procedure gives the provinces a substantial concession in the taxation of the income from mining operations and the income from logging operations. It is proposed that this general position be maintained. The Federal Government would be willing to undertake, should any province wish, further studies in an endeavour to determine if better formulae for the allocation of profits between the primary and secondary phases of the industries can be devised.

The extension of this special treatment to the petroleum and natural gas industry is not warranted, in our opinion.

2. *Tax on insurance premiums.*

Under present arrangements, a full offset against the Federal tax is given in a non-renting province for the insurance premium tax charged by that province. In a renting province, the province has been paid for relinquishment of the corporation tax field and the insurance premium tax is included in that category.

In order to put all provinces on an equal basis in this field and at the same time provide to them a substantial additional source of revenue, the Federal Government is prepared to allow any province an offset for a tax on insurance premiums. Accordingly provincial taxes of this nature would not be considered corporation taxes for purposes of paragraphs 3 and 5 of the Prime Minister's letter of January 6.

3. *Definition of Corporation tax.*

The definition of corporation tax included in the present tax rental agreement would not seem to require any changes in substance. There are however two exceptions to it where provinces have requested some liberalization of the terms. These are in relation to the limits on licence fees now set at $250 per annum for each corporation, and the gross receipts or gross revenue tax on certain public utility companies now set at 4 per cent in the case of telephone companies and 3 per cent in the case of all others.

The Federal Government will be prepared to increase the allowable limit on licence fees to $400 from $250 as now authorized.

As to the rate of tax on gross receipts or gross revenue of certain public utility companies, we will be prepared to study this in an effort to determine if some increase in the present rates is justified.

4. *Base year for purposes of equalization.*

In the proposals the base year on which calculations are made for purposes of equalization is that taxation year preceding the fiscal year for which payments are to be made. The calculation of payments under the current rental agreements has always been on this principle. In view however of the desirability of placing these payments on as current a basis as possible, the Federal Government is prepared to calculate these equalization payments on the basis of the current taxation year as is provided for in calculation of proposed tax rental payments. This decision accepts the fact that all payments in a fiscal year will be on the basis of estimates and that some substantial if indeterminate financial cost to Canada is involved in this change.

5. *Fire marshal tax.*

The Federal Government is willing to consider a more flexible policy in this matter providing that the principle of the tax being used for costs of operation is maintained.

6. *Tax on income of non-residents.*

The Federal Government will regard tax revenue from income of non-residents of Canada as being subject to allocation under the proposals.

7. *Withholding tax.*

The Federal position is that taxes shared with the provinces should be confined to those of a nature normally employed by them. Withholding tax does not come in this category and therefore cannot be included for purposes of provincial sharing.

8. *Sharing of income tax from companies whose main business is the generating or distributing of electrical energy, gas or steam to the public.*

The Federal Government is prepared to continue these payments for the time being but will not incorporate the provision in any formal agreement entered into.

9. *Deduction of certain corporation income tax revenue losses from the payment due a province.*

The Federal Government will not require the inclusion of this provision in any future arrangements.

10. *Collection agreements.*

The Federal Government will undertake to enter into a suitable agreement to make its

facilities available to any province for collection of provincial taxes on personal or corporation income providing that the terms of the provincial statutes do not differ from those of the Federal statute and that the rates imposed are at the standard rates of tax as contained in the proposals.

Any agreement would be on an agency fee basis subject to cancellation on adequate notice by either party.

11. *Formula for allocation of corporate profits between provinces.*

The current Federal procedures in this will be followed.

12. *Special provision for raising revenue for a provincial health program.*

The exceptions contained in the definitions of individual income tax in the present agreements will be carried forward into any new agreement.

13. *Old age security tax.*

The Federal Government's position is as stated in the Prime Minister's letter of January 6, 1956.

The Old Age Security Tax is not part of the Federal income tax structure proper, and will be excluded from calculations of the provincial share of tax fields and from abatement of federal tax.

14. *Adjustment for changes in definition of income, etc.*

Under the proposals it is provided that adjustments will be made for changes in rates and personal exemptions in personal income tax and succession duties. Miscellaneous changes in income definitions, allowances, etc., are most difficult to assess and it is therefore necessary that the adjustments be limited to those as originally set out in the proposals.

15. *Tax Credits after expiry of agreement.*

It is not considered necessary or desirable that the Federal Government should limit itself to any specific tax policy beyond the period of any agreement entered into. For the purposes of any province entering into a new tax rental agreement, Canada will be prepared to undertake that at the conclusion of the agreement a renting province will not be placed in a less favourable position than a non-renting province relative to Federal tax abatements or credits.

16. *Termination.*

It is proposed that the same conditions apply as under the present tax rental agreements.

Minister of Finance.

Ottawa,
February 18, 1956.

THE SENATE

Thursday, February 23, 1956

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

Prayers.

Routine proceedings.

DIVORCE

STATISTICS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented a number of petitions for divorce.

He said: Honourable senators, the time for filing divorce petitions expired on Monday last, the 20th of February. It has been the practice of the committee to make reports of progress from time to time until all pending petitions are heard, or, if the time for filing has been extended, until that time has expired. However, I assure the house that there is very little likelihood of an extension of time this session, and therefore I should now like to place a few figures on *Hansard.*

The following table shows the work done by the committee last session and the progress to date this session:

1955		
Petitions presented		473
Petitions heard		414
1956		
Petitions presented	435	
Petitions withdrawn		3
Petitions heard and recommended		155
Petitions heard and rejected		2
Petitions heard and pending a decision of the committee		3
Petitions pending a hearing		272
Total		435

Honourable senators will observe that the committee this year is faced with about the some volume of work that it had last year. I may say by way of passing interest that some 60 new applications were received over the past week-end.

PRIVATE BILL

HYDROCARBONS PIPELINE LIMITED—
REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill Q.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (Q) intituled: "An Act to incorporate Hydrocarbons Pipeline Limited", have in obedience to the order of reference of February 15, 1956, examined the said bill and now beg leave to report the same with the following amendment:

Page 2, lines 31 and 32: strike out the words "for the transmission of gaseous hydrocarbons".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hugessen: Next sitting.

DIVORCE

REPORTS OF COMMITTEE

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 138 to 141, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate I move that when the house rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

The motion was agreed to.

PRESIDENT OF ITALY

MR. GIOVANNI GRONCHI TO ADDRESS
MEMBERS OF BOTH HOUSES

Hon. W. Ross MacDonald: Honourable senators, I feel sure you have been pleased to learn that His Excellency Giovanni Gronchi has accepted an invitation extended by the Government to visit Canada during his North American tour. Mr. Gronchi will be arriving in Ottawa on Saturday, March 3, and will remain until Monday, March 5. Mr. Gronchi will be accompanied by his Minister of Foreign Affairs, Mr. Gaetano Martino.

His Excellency the Govenor General has invited the President and Madame Gronchi, and the Minister of Foreign Affairs and Madame Martino to be his guests at Government House during their visit.

Honourable members will also be pleased to learn that Mr. Gronchi has consented to address both Houses of Parliament in the chamber of the House of Commons on Monday, March 5, at 2.30 p.m.

SALES TAX

INQUIRY

On the Orders of the Day:

Hon. W. D. Euler: Honourable senators, I should like to address a question to the Leader of the Government in the Senate (Hon. Mr. Macdonald). In view of a press report

of a few days ago that the Minister of Agriculture stated that margarine is being sold in the province of Quebec, I should like to ask whether the Government is collecting sales tax on such sales.

Hon. Mr. Macdonald: I did not read the dispatch to which the honourable senator has referred. I will take note of his question, and try to obtain an answer as soon as possible.

SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

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

Hon. Gray Turgeon: Honourable senators, I intend first of all to give myself the pleasure, which I share with all others who have addressed this chamber on this subject, of paying a compliment to the mover and seconder of the Address in reply to the speech from the Throne, and at the same time—because the two matters are linked together—to express, as a somewhat senior member of this body, a welcome to those who have come into the Senate during the present session. I think we all agree that every one of these new senators has given a very good exhibition indeed both of knowledge and of quality.

Hon. Senators: Hear, hear.

Hon. Mr. Turgeon: I intend to say a few words about the international situation, not only because it is developing into even greater importance than it was a short while ago, but because note of that particular fact was made in the speech from the Throne. It states:

> Since you last met there have been significant international developments. Some of them have been welcome as releasing tensions in certain parts of the world while others unfortunately have had the contrary effect. My ministers remain convinced of the need to maintain the defences of the free nations as a deterrent to war. A strong North Atlantic Treaty Organization and adequate protection for this continent are in their view fundamental to the preservation of peace and the security of Canada.
>
> Security, however, cannot rest on arms alone. The Government, therefore, is continuing its constant efforts, through diplomacy and negotiation and through the United Nations and other international agencies, to bring about better understanding between nations.

I am sure all honourable senators have read extracts from the various speeches made by high-ranking Russian officials to people in eastern Asian countries in recent months. I am thinking particularly of Premier Nikolai Bulganin, head of the Russian state, and Nikita Khrushchev, the Communist party secretary. I was going to refer to him as secretary of the Communist party in Russia, but apparently he is secretary of the Communist party throughout the world. I am not too critical of everything the secretary said during his recent tour, because some of it may prove helpful to the West in the long run, but I wish to comment on one statement he made in India:

> It irritates some people that most friendly relations develop now between us and the people of India, Burma and other countries. Not to mention our great friend and brother—the People's Republic of China—with whom we are now bound for ever by ties of the most solid and most cordial and unselfish fraternal friendship.
>
> Yes, some people dislike the fact that we are supporting the countries which have thrown off the colonial yoke and are now advancing each along its own road. We have always supported the striving of the peoples of these countries for their national liberation. And we are sincerely happy that they have not only achieved political freedom, but are also advancing along a new path, although it annoys some gentlemen in Britain, France and the United States.

I would point out that this speech was made in a country which is a member of the Commonwealth of Nations, and which recognizes Queen Elizabeth as head of the Commonwealth. Having his statement in mind, I shall read a list of the countries that are now members of the United Nations and which, when war broke out in 1939, were under the administration of other countries:

Country	Under administration of
Burma	United Kingdom
Iceland	Denmark
India	United Kingdom
Indonesia	Netherlands
Israel	United Kingdom
Lebanon	France
Pakistan	United Kingdom
Philippines	United States
Syria	France

Then there were four other countries which in 1939 were colonies and which became members of the United Nations during the last session of the General Assembly, having been included in the so-called "package deal" introduced by the acting head of the Canadian delegation, the Honourable Paul Martin, who took the place of the Honourable Mr. Pearson at the 1955 session. These are Ceylon which had been under the administration of the United Kingdom; Libya, under Italy; Cambodia, under France; and Laos, also under France. However, the colonial situation is extremely acute, and was a subject of serious discussion at the last session of the United Nations. I was the Canadian delegate attached to the trusteeship committee, which deals with all colonial affairs, and I can say that sometimes conditions were strained. I have placed upon the record the number of

countries which formerly were colonies or dependent territories and are now members of the United Nations. Incidentally, as honourable senators know, Pakistan and Ceylon were part of India before they received liberation. I mention the achieving of the status of membership in the United Nations, so soon after being freed from colonialism, in order to have on the record some words about the fundamental strength of the peoples of these 13 countries.

Reference to that general situation naturally makes one think of expansionism. But before I speak on that subject, I am going to digress for a moment. I take great exception to a frequently-used expression, "the conflict between the East and the West." It is not a conflict between the East and the West, it is a conflict between a number of so-called western countries and the Soviet Union. It is true that the Soviet Union since the war has acquired control of certain other countries; but it is the Soviet Union that is waging the conflict. In the year 1948 I placed upon the record here a statement to the effect that the main cause of the quarrel between Stalin and Trotsky was that Trotsky wanted to communize Europe; but Stalin said: "No, we cannot communize Europe until we have first created a proper socialistic communistic foundation in Russia and until we have taken control of Asia and communized the Far East; and we cannot accomplish that until we have got control of China." And he went on to say, "In order to get control of China we must right away get control of Sinkiang, and also of Inner Mongolia, Outer Mongolia and Manchuria." Stalin immediately took steps to acquire, and succeeded in getting, a good deal of that territory. I am mentioning this to show that the dispute is not between East and West, because the Soviet Union is making the same effort today as it made in those earlier days of Stalin and Lenin to get complete control of Asia and the so-called Far East. It is up to us to see that it does not succeed, and I am certain that it can and will be stopped.

I return now to the point from which I digressed. Mention of colonies and colonialism naturally makes one think of expansionism. Hitler and the Czars of Russia were the strongest and most active expansionists that the world ever had; there is no question of that. One recalls that the term "spheres of influence" was used frequently in the days of the Czars and the days of Hitler. The USSR is carrying out a program of expansionism with the same zeal and a greater measure of success than czarist Russia ever did. One need only glance at a map of the world as it was at the beginning of World War II, and compare it with an up-to-date map, to see what has happened to various countries which formerly were independent. Many which lost their independence have become subjected, directly or indirectly, to the Soviet Union, while many other countries were gaining independence which they did not have before. That expansionism has been going on, and is going on now, in Europe, as well as in the Far East. With this in mind, the General Assembly of the United Nations, at its sixth session, passed a resolution saying that the General Assembly:

> Having considered the complaint submitted to it by the delegation of the Federal People's Republic of Yugoslavia concerning the activities of the Government of the Union of Soviet Socialist Republics and the Governments of Bulgaria, Hungary, Romania and Albania, as well as the Governments of Czechoslovakia and Poland, against Yugoslavia,
>
> Viewing with serious concern the tension between Yugosalvia on the one side, and the other above-mentioned countries on the other side, . . .
>
> Recommends that the Governments concerned:
>
> (a) Conduct their relations and settle their disputes in accordance with the spirit of the United Nations Charter;
>
> (b) Conform in their diplomatic intercourse with the rules and practices which are customary in international relations;
>
> (c) Settle frontier disputes by means of mixed frontier commissions or other peaceful means of their choice.

That is dated December 14, 1951.

Now we come back to our Soviet friend, Mr. Khrushchev, who has made two general statements lately. One: that the world cannot resist communism; and, two, that the Soviet Union is going to see that communism is imposed upon the world at large. That is not a quotation word for word, but a general interpretation of his statement. I say that the Kremlin wants more than communism—although, God knows, that is enough—it wants absolute control.

The resolution passed by the General Assembly of the United Nations that I have just read was based upon a complaint of Yugoslavia against the Soviet Union. Yugoslavia is a communist country, and was communist when this complaint was made. I have before me a copy of a speech delivered in 1950 before the General Assembly by the chief delegate from Yugoslavia. I do not intend to read the entire text, but rather to call the attention of this honourable house to a few remarks of the speaker. First, he quoted a statement made by the USSR delegate as follows:

> As regards foreign relations, the Soviet Union has stood and stands for the strengthening of friendly relations and co-operation with all nations that pursue the same end.

The Yugoslavian delegate had this to say:

> However, the attitude of the Government of the Soviet Union with regard to Yugoslavia shows clearly that these words do not, for the time being,

correspond to actual facts, that they are not, for the time being sincere and that they are, for the time being, nothing but—words. The Soviet Government, and the governments under its influence, are pursuing against the FPRY—

That is Yugoslavia—

—whose Government has always expressed its readiness to co-operate peacefully with all countries including the Soviet Union, an aggressive policy of which the whole world is cognizant and which nothing can conceal. This policy is at present developing in accordance with the words of the former Bulgarian foreign minister Poptomov who, in his capacity of official representative of the Bulgarian Government, wrote on January 8, 1950, in the newspaper *Rabotnichesko Delo*, that the struggle against Yugoslavia "must be stepped up and waged with ever-increasing energy".

Later he said this:

Yugoslav national minorities in Hungary, Rumania and Bulgaria are being displaced. Hatred among the Balkan peoples and war psychosis in the Balkans are being fomented and fanned. The economic blockade of Yugoslavia has been carried to such lengths that Rumania for instance has, in violation of all international obligations, severed all rail and postal traffic between Yugoslavia and Rumania.

And further:

When Mr. Vishinsky therefore demands that war-mongering propaganda be prohibited in all countries—a request with which we are in complete agreement—he ought, in the first place, achieve this in his own country.

And still further:

It is, however, evident that this policy towards Yugoslavia and its methods can in no way be considered in isolation from the general trend of the present day Soviet foreign policy.

There is no doubt that the aggressive anti-Yugoslav campaign is not an isolated phenomenon, but only a drafted manifestation of the general trend of this policy.

That was the statement of Yugoslavia with respect to the general attitude of Russia toward that country. Russia not only enforced the communist form of government on Yugoslavia, but made an absolute demand for dictatorial control and ownership.

I have before me a booklet issued by the Soviet Union entitled *The Results of the Geneva Four-Power Conference*. Its concluding chapter, under the heading, "Decision of the USSR Supreme Soviet on the Report of N. A. Bulganin", reads in part as follows:

The USSR Supreme Soviet notes that as a result of the fruitful activity of the Soviet Union and other peace-loving states there has been of late a certain lessening in the international tension that arose between the states after the second world war.

I call honourable senators' particular attention to the following portion of the quotation:

This lessening of tension was facilitated primarily by the end of the war in Korea and also by the end of the hostilities in Indo-China; by the conclusion of the Austrian State Treaty; by the normalization of relations between the USSR and Yugoslavia, which paved the way for the development of friendship and co-operation between the two countries.

Stopping there, may I ask honourable senators who is responsible for the tension, the lessening of which the Supreme Soviet says has taken place? I have just referred to the position of Yukoslavia; and it is of course unnecessary to make reference to the causes which resulted in the Korean War. While there may be some differences of opinion with respect to the position of Indo-China, we all know that Russia did little or nothing to lessen the tension there.

These observations, honourable senators, bring me to my concluding remarks.

There is no doubt that the world today faces a very difficult situation. Those of us who from time to time have attended international gatherings are well aware of the details of what is taking place on the international front. We know that in order to lessen world tension today one of the things we must do is to pay greater attention to Asia. I stated a few moments ago what Russia was doing in an effort to get control of Asia: possibly much the same as she has done with respect to Yugoslavia. What is our answer to the problem?

The world at large is afraid of war, and particularly of the use of modern weapons such as atomic and hydrogen bombs. But amongst those who greatly fear war are the people of Russia itself. I do not have to remind honourable senators of the terrible invasions that country has suffered over the past hundred years or more; the invasion by Hitler may have been the worst, but many earlier ones also caused great damage. I repeat: the people of Russia are afraid of war.

The constitution of the Soviet Union makes war-mongering a crime, and provides a severe penalty for it. But the government of Russia goes far towards establishing its own guilt as a war-monger when it creates in the minds of its people a fear that countries such as the United States, Great Britain and France are planning to go to war against them.

I would conclude my remarks with a statement about atomic bombs. We all know of President Eisenhower's suggestion that aerial photography be used as a means of learning what other countries are doing. This involved the photographing of his own country as well as that of the man to whom he was writing, Premier Bulganin. I feel that Canada and the other countries of the western world would readily agree to the President's suggestion, provided it was adopted by the communist countries. Mr. Bulganin's reply is contained in a letter he wrote to President Eisenhower on September 21, 1955. Since then the Soviet Union has changed its stand,

but I think it could be brought back to the original suggestion. The letter, in part, reads:

> The system of control proposed by us, namely the creation of control posts in large ports, at railroad junctions, on automobile highways and at airfields, is designed to prevent dangerous concentration of troops and combat equipment on large scale and thereby remove the possibility of sudden attack by one country against another. Establishment of such posts would be an important step towards relaxation of international tension and the establishment of trust among states.

Now, honourable senators, that was meant to be accepted in connection and together with President Eisenhower's suggestion for aerial photographic surveys. I think that these suggestions could be accepted. There should be no objection at all to having included in any aerial survey the airfields controlled by the United States outside its own boundaries. That is to say, these outside airfields and posts would be included in the terms of any agreement for the aerial survey of the United States and of Russia.

Hon. Mr. Euler: What reply did President Eisenhower make to that suggestion?

Hon. Mr. Turgeon: I think it was one of general acceptance in principle, without going into detail, and I also think that the Secretary of State has gone further in connection with the question of military posts held by the United States in other countries of the Atlantic Union—I mean NATO; I was thinking of my honourable friend when I said Atlantic Union.

Hon. Mr. Euler: Thank you.

Hon. Mr. Turgeon: I think NATO could be brought into the general scheme as well as the United States proper and the Soviet Union proper.

Those who have been representing us at the deliberations of the United Nations have displayed great leadership; the Honourable Mr. Martin and the Honourable Mr. Pearson have done a marvellous work, and Canada is highly regarded all over the world. That has been true for several years, but is particularly true now. Other delegates too have done good work, and among them I have in mind Krishna Menon of India. He did not agree to everything that Canada suggested, but all in all he did good work. Within the last week newspaper dispatches from India have described what the communists are trying to do in that country to hamper the efforts of the Government to find a solution to the trouble caused by the creation of provinces, and so forth. Whether one agrees with the Government's action or not is immaterial—it is a purely domestic matter—but our communist friends are interfering and fomenting strikes in order to create absolute rebellion in that country.

Now, honourable senators, there is no question that the people of India, and I might say particularly Mr. Nehru and Mr. Krishna Menon are intensely afraid of atomic bombs—they do not want war of any kind—and I think we could induce them to make a statement similar to that in which they urged the cessation of nuclear tests. That cannot be brought about at the moment. First there must be control of some nature, and what I am suggesting is not that we renew an effort at the moment to bring about control but that we endeavour, through the heads of the Indian Government, if we can, to have the Soviet Union leaders and our leaders agree to get together for the purpose of studying a system of control that is possible and practicable; and if a system of control were agreed upon we could then take steps tending to bring about disarmament to a certain degree. To my mind it is utterly impossible to bring about the second thing first.

We talk about treaties: Hitler did not stop at invading Russia, though he had made an agreement with Stalin not to do so. Treaties are necessary, but they do not prevent action being taken in contradiction of their provisions.

Hon. Mr. Euler: I do not like to interrupt my friend, but may I ask him a question? He referred to a suggestion by President Eisenhower for aerial observations of different military posts in all countries. Am I right in that?

Hon. Mr. Turgeon: Well, it was really confined to the United States and Russia.

Hon. Mr. Euler: Then Premier Bulganin replied, making certain other suggestions, and I asked my friend what President Eisenhower's reply was to that communication. I think my friend said that the President agreed to it in general.

Hon. Mr. Turgeon: He was friendly to it.

Hon. Mr. Euler: My impression has been that the United States was not favourable to those proposals. Am I right in that?

Hon. Mr. Turgeon: I do not think you are right, but it could be that you are. My opinion is no. A couple of weeks ago Premier Bulganin wrote another letter which puts a different aspect on the whole proposal. I think they are getting away from the suggestion of President Eisenhower for aerial inspection.

There is a suggestion that I hope the leaders of India will make, as the Soviet Union would have to pay attention to what was said by India, and the world would feel India was sincere in making the suggestion. Let Russia realize how friendly we are—and by

"we" I mean Canada, Great Britain and all the countries of the Commonwealth—to India and how friendly the United States is to her also, in spite of what is sometimes declared from the Kremlin. Here is the suggestion that I hope India will make: Since India cannot bring about what she has already asked for, the immediate stopping of all construction and tests of atomic weapons, let her try to get a control system so she can make certain that atomic bombs will not be used.

Now, honourable senators, I want to say a word about provision (2) of the NATO agreement which, as we all know very well in this chamber, provides for economic understanding and relationships between all the member countries of NATO. I am sure that all those countries would like that provision to be applied to the world at large. I am in favour of increasing trade with the world at large, including, wherever possible—barring strategic elements—the U.S.S.R. I think our whole relationship with that country could be changed. The Russians have a right to their opinion so long as what they advocate is not meant to be imposed upon other countries, including satellite countries. The Russian people have the right to be socialists or communists—whatever the term is—just as we have the right to be what we are. I would like to see further consideration of the possibility of inaugurating general trade relations with the Soviet Republic, such as we now have with Japan, under which the provisions of the Atlantic Charter would be put into effect.

Hon. Senators: Hear, hear.

The motion was agreed to, and the Address was adopted.

The Hon. the Speaker: Ordered that the said Address be presented to His Excellency the Governor General by such members of this house as are members of the Honourable the Privy Council.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Gershaw, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill J-5, an Act for the relief of Lillian Hannah Maxwell Gallant.

Bill K-5, an Act for the relief of Gordon MacKay Butler.

Bill L-5, an Act for the relief of Eleanor Jodelis Milius.

Bill M-5, an Act for the relief of Marie Madeleine Rachel Gregoire Shank.

Bill N-5, an Act for the relief of Shirley Mildred Glazerman Wolfe.

Bill O-5, an Act for the relief of Dorothy Jean Midkiff Desnoyers.

Bill P-5, an Act for the relief of Lorinc Orvos Nagy.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Gershaw: Next sitting.

The Senate adjourned until Tuesday, February 28, at 8 p.m.

THE SENATE

Tuesday, February 28, 1956

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

Prayers.

Routine proceedings.

PRAIRIE GRAIN PRODUCERS INTERIM FINANCING BILL

FIRST READING

A message was received from the House of Commons with Bill 82, an Act to provide for short-term credit to grain producers in the Prairie provinces to meet temporary financial difficulties arising from inability to deliver all their grain.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be placed on the Order Paper for second reading?

Hon. Mr. Macdonald: With leave of the Senate, tomorrow.

TEMPORARY WHEAT RESERVES BILL

FIRST READING

A message was received from the House of Commons with Bill 83, an Act respecting the payment of carrying costs of temporary wheat reserves owned by the Canadian Wheat Board.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be placed on the Order Paper for second reading?

Hon. Mr. Macdonald: With leave of the Senate, tomorrow.

Hon. Mr. Crerar: May I ask the honourable leader if there is any particular urgency for these bills to be read tomorrow?

Hon. Mr. Macdonald: Honourable senators, there is some urgency with respect to the first bill in that loans have been made since November 15th of last year.

Hon. Mr. Roebuck: If the money is paid out there is no urgency.

An Hon. Senator: There was no urgency in the other House.

Hon. Mr. Macdonald: I think it is advisable that the legislation should be on the statute books.

Hon. Mr. Horner: The money won't be taken away from the farmers.

The Hon. the Speaker: If it is not the unanimous decision of the house that the bills be placed on the Order Paper for second reading tomorrow, they will have to go over until Thursday. Does the house give unanimous approval that the bills be placed on the Order Paper for second reading tomorrow?

Hon. Senators: Agreed.

The Hon. the Speaker: Ordered: That these bills be placed on the Order Paper for second reading tomorrow.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 142 to 162 dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

SALES TAX

ANSWER TO INQUIRY

Hon. W. Ross Macdonald: Honourable senators, on Thursday last the honourable senator from Waterloo (Hon. Mr. Euler) asked the following question:

In view of a press report of a few days ago that the Minister of Agriculture stated that margarine is being sold in the province of Quebec, I should like to ask whether the Government is collecting sales tax on such sales.

At that time I told the honourable senator that I would take notice of his question and obtain an answer as soon as possible. The house has not sat since Thursday, so I have brought an answer as soon as possible.

The answer is that margarine is not on the list of foods exempted from sales tax. Since the tax is paid by the manufacturer on his sales, details as to immediate or ultimate markets or destinations are not required and therefore no such records are available.

ANTARCTIC SURVEY

INQUIRY AND ANSWER

Hon. Mr. Reid inquired of the Government, pursuant to notice of January 31:

1. Is the Canadian ship *Theron*, at present operating in the Antarctic in preparation of the International Scientific Survey of that continent, beginning early in 1957, operating officially under, or on behalf of, the Canadian Government; and

2. Has any official recognition been given by the Government to Canada's participating with the other nations in the forthcoming scientific survey of the Antarctic?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

1. So far as the Department of Transport is concerned, the Canadian registered ship *Theron* is not operating officially under, or on behalf of, the Canadian Government.

2. Canada is very much interested in scientific observations in the Antarctic and takes advantage of any opportunity of doing any work there. In 1954-55 the National Research Council, in co-operation with the United States, provided a scientist and supplied Canadian-developed equipment to make continuous observations on the intensity of cosmic rays on a cruise of a United States naval vessel to the Antarctic.

Scientific observations in the Antarctic are an integral part of the program for the International Geophysical Year in which Canada is fully participating, although for geographical reasons Canada's contribution will be mainly observations made in Canada with particular emphasis on the northern areas.

NEW BRUNSWICK POTATO MARKETING BOARD

On the notice of inquiry by Hon. Mr. Pirie:

1. Has the Audit and Investigation concerning the operations of the New Brunswick Potato Marketing Board, under agreement with Her Majesty The Queen, represented by the Minister of Agriculture, dated December 21, 1953, been completed?
2. If so, when may the tabling of the report be expected?

Hon. Mr. Pirie: May I ask the honourable Leader of the Government (Hon. Mr. Macdonald) if he can give any indication as to when I might expect an answer to my inquiry?

Hon. Mr. Macdonald: As I said with respect to the question asked by the honourable senator from Waterloo (Hon. Mr. Euler), I shall try to get the information as soon as possible. I have already made inquiries and I hope to have an answer within the next few days, although I cannot guarantee it.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

CORRESPONDENCE BETWEEN PRIME MINISTER AND PROVINCIAL PREMIERS TABLED

On the Orders of the Day:

Hon. Mr. Macdonald: Honourable senators, before the Orders of the Day are proceeded with I would inform the house that this afternoon the Prime Minister tabled in the House of Commons telegrams and letters received by him from all the provincial Premiers in reply to his letter dated February 18 concerning federal-provincial fiscal arrangements. Honourable senators will recall that I tabled a copy of that letter. I now table copies of the replies sent by the provincial Premiers, together with a telegram dated February 27 sent by the Prime Minister. If it is the wish of the house I would move that the telegrams and letters appear as an appendix to our *Hansard* and *Minutes* of today.

Hon. Senators: Agreed.

Hon. Mr. Macdonald: With leave, I move, seconded by the Leader of the Opposition (Hon. Mr. Haig):

That copies of telegrams and letters received by the Prime Minister in reply to his letter of February 18, 1956, to all provincial Premiers relative to federal fiscal proposals and of a telegram, dated February 27, 1956, forwarded by the Prime Minister to all provincial Premiers, relating to resumption of the conference on fiscal arrangements and proposing the date, March 9, 1956, for such meeting, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date.

Hon. Mr. Reid: How many replies have been received by the Prime Minister?

Hon. Mr. Macdonald: I believe replies have been received from the Premiers of all the provinces. In any event, I shall table copies of all the replies.

The motion was agreed to.

See appendix to today's Hansard, *p. 206.*

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill J-5, an Act for the relief of Lillian Hannah Maxwell Gallant.

Bill K-5, an Act for the relief of Gordon MacKay Butler.

Bill L-5, an Act for the relief of Eleanor Jodelis Milius.

Bill M-5, an Act for the relief of Marie Madeleine Rachel Gregoire Shank.

Bill N-5, an Act for the relief of Shirley Mildred Glazerman Wolfe.

Bill O-5, an Act for the relief of Dorothy Jean Midkiff Desnoyers.

Bill P-5, an Act for the relief of Lorinc Orvos Nagy.

The motion was agreed to, and the bills were read the third time, and passed, on division.

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. W. M. Aseltine moved the second reading of Bill I-5, an Act to amend the Exchequer Court Act (Divorce Jurisdiction).

He said: Honourable senators, I thank you for the very kind reception you have given me, and I hope it will be reflected in the decision that is reached when this debate has been completed.

Hon. Mr. Farris: This is the second prize.

Hon. Mr. Aseltine: Honourable senators are aware of the fact that this subject is not new to me. Before I ever came to Ottawa as a member of the Senate I practised law in the divorce courts of the province of Saskatchewan for some twenty years. The first morning I arrived here the late Senator Gerald White, who was then Government Whip in this chamber, met me in the hallway and said, "I want you to be a member of the Standing Committee on Divorce." I don't know whether I made a mistake or not, but I agreed to accept, and I have never been able to get off the committee since. I have, therefore, been a member of that committee for some twenty years. I was much interested in this question of divorce before I came to Ottawa, and I have been intensely interested in it since, particularly in parliamentary divorce.

I find that I made my first speech on the history of divorce in the session of 1936, and if honourable senators would like to read some good literature they might look up that speech, which is reported in the Senate *Hansard* for that year, beginning at page 265. Since then I have made a speech of one kind or another on divorce, mostly on parliamentary divorce, at virtually every session. I am not trying to qualify as an expert, but during the time I have been a member of the Committee on Divorce, and particularly during the ten years I was chairman of the committee, I have been instrumental in hearing and helping to decide several thousands of petitions. The work was so onerous at times that we were obliged to sit six days a week, from Monday to Saturday. The committee now divides itself into three or four subcommittees, and therefore the work is less onerous for individual members than at the time I was chairman. In those days, while my friends from Ontario and Quebec were spending their week-ends in Montreal and Toronto we were working very hard at disposing of numerous cases. I never objected; in fact, I rather enjoyed the work. However, I always felt that this was not a task that Parliament should be dealing with at all. It seemed to me that my time was being more or less wasted and that I could have applied myself better to more important national matters. I always believed, too, that that was the opinion of the people of Canada as a whole, that they did not think we should be spending our time on matrimonial squabbles between husband and wife, but would prefer to have us handling matters of more importance to the country at large.

Honourable senators, I want to make it clear that this is not intended to be a general debate on divorce. Bill I-5 deals with parliamentary divorce only; it does not propose to change the grounds for divorce, and it has nothing whatever to do with the question whether divorce should or should not be permitted. It is merely a proposal to change the present practice under which persons from two provinces of Canada have to come to Parliament to seek a divorce. The bill deals with nothing else, and I hope that honourable senators who participate in the debate on it will try to confine themselves to the issue.

This bill is couched in very simple language, but in my opinion it is a most important measure, in that its passage would do away with a procedure which has been followed for almost ninety years, that of petitioning Parliament for divorce. As I have previously stated, I have made many speeches on this topic, but within the twenty-odd years I have been in this house there has not been a serious debate on parliamentary divorce. The bill now before the house was very carefully prepared for me by our newly appointed Law Clerk and Parliamentary Counsel, Mr. Russell Hopkins. During his preparations of the bill—he actually prepared three bills before it appeared satisfactory—he read virtually everything that had been said on parliamentary divorce. We sometimes overlook the good work done by officials and clerks of our house. In this instance I wish specifically to pay tribute to Mr. Hopkins for his efforts in preparing this bill, and to say that I consider him a worthy successor to the position formerly held by our good friend Mr. John MacNeill.

Honourable senators, I may be prejudiced—I hope I am not—but I believe the work done by the Senate's Standing Committee on Divorce is equal to that done by any court in our land. While the committee is not a court as such, it functions as a court, abides by the laws of evidence and hands down its decisions in a judicial fashion. I wonder how many honourable senators take the trouble to visit the three or four rooms in the basement where the committee meets and watch it functioning from day to day. Those who do so—and I have seen a few take the trouble—find that about the only apparent difference between the committee's procedure and that of a court of law is that neither the Chairman of the committee nor any member wears a gown.

Hon. Mr. Roebuck: Or a wig.

Hon. Mr. Aseltine: But the lawyers who appear before the committee are dressed in

the same fashion as they would be if they were appearing in a court of law in any province.

The work of the Divorce Committee is in my opinion done in a very careful manner. Despite the criticism which from time to time emanates from the other place and from the press, I am still of the opinion that no court of competent jurisdiction does a better job or gives more careful consideration to every case coming before it. The point I am endeavouring to make is that although this committee is not a court, it functions as efficiently as any court in the land.

On one occasion during my term as Chairman of the Divorce Committee, several members visited the sittings of the Supreme Court of Ontario in Ottawa to observe how divorce cases were dealt with by that court. After listening to seven or eight cases these members reported back to me that they were not too much impressed with the way the cases were handled; indeed, they thought our committee was a little more strict in the evidence it required to prove each case.

In 1953 I had the privilege of spending two days in the law courts of London, England, and each day I visited different courts that were hearing divorce cases. In my opinion our committee is doing as thorough and efficient a job as any of those courts do. I noted that the average undefended divorce case before the English judge took about eight to ten minutes; but our committee seldom completes the hearing of such a case in less than fifteen to twenty-five minutes. I brought back with me a list of cases for a day in the English courts, amounting to some twenty-five or thirty cases; I should have liked to show it to honourable senators, but unfortunately I misplaced it. I was told that such a list was an ordinary day's work for a single judge.

May I emphasize that the bringing in of this bill is not an attempt on my part to get out of doing some work. During my term as Chairman of the committee I never complained, no matter how many cases we had to deal with. The purpose of the bill is not to reduce our work, but to remove from Parliament a work that we should not be doing here. It is work of a disagreeable nature, but that is not the main objection. I fail to see why some 25 senators should spend the greater part of their time dealing with matrimonial difficulties between husbands and wives, for in my opinion these senators could be more profitably employed in dealing with national problems. I will give you an example of the time-consuming nature of the Divorce Committee.

A week ago Friday the present Chairman, the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), said the committee had a lengthy case for that day and asked me if I would relieve him. As he had taken over the chairmanship of the committee on the understanding that I would help him out when he was in difficulties, I was quite willing to relieve him. I must say that he has been a very faithful chairman, and has rarely called on me. On this occasion we heard a lengthy case, involving some ten or twelve witnesses, and the sitting continued until 6.15 in the evening. I later learned that some new evidence has come to light, so we will be obliged to reconvene and call all these people back again and take perhaps another half day to finish the case.

I do not think honourable senators should be required to do work of that nature. I am willing to do my share if we are obliged to do it, but I hope the time is coming when Parliament will take adequate steps to transfer this work to some judicial body.

Honourable senators, I consider parliamentary divorce to be the most antiquated divorce system in the world. Is there any other country at present that grants divorces by act of Parliament? If there is, I do not know of it. We pride ourselves on being up-to-date, but in some matters such as this I think we are hopelessly behind the times.

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: When the Fathers of Confederation were framing the British North America Act they discussed this matter of divorce quite fully, I am told, and came to the conclusion that the exclusive legislative authority in marriage and divorce should rest with the federal Parliament. Just why they reached that decision I do not know, but I am also informed that the reason for giving the Parliament of Canada this exclusive jurisdiction was so that each province would not have a different divorce law. In the United States each state has a different divorce law, and that is very confusing. To avoid that kind of thing in Canada the framers of the British North America Act gave exclusive jurisdiction to Parliament to make laws in divorce matters. Section 91 of that act provides:

> . . . it is hereby declared that (notwithstanding anything in this Act) the exclusive Legislative Authority of the Parliament of Canada extends to all Matters coming within the Classes of Subjects next herein after enumerated; that is to say,—

Then follows a list of matters or heads, and head 26 reads:

> (26) Marriage and divorce.

Now, what has the Parliament of Canada done in the way of passing legislation under this power which was given to it by the

British North America Act? I find that four statutes have been passed since Confederation, and I will give the substance of each of them.

The first one was the act of 1925. It was known as chapter 41 of the statutes of that year, and it was passed for a special reason. Up to that time the husband could obtain a divorce on the grounds of his wife's adultery, but the poor wife could not obtain a divorce on the grounds of her husband's adultery only: she had to prove either extreme cruelty such as would endanger her health or her life, or desertion for two years. The purpose of passing that act in 1925 was to place the wife on the same basis as the husband in so far as divorce is concerned.

The next statute, called the Divorce Act (Ontario), is chapter 14 of the Statutes of 1930. The purpose of that act was to give Ontario courts jurisdiction in divorce matters according to the law of England as it existed on the 15th day of July 1870. Now, the reason for that was that prior to 1930 all divorce cases from Ontario came to Parliament. That province had no divorce law and Parliament had to dispose of the petitions under the same system that we have for the two provinces which still have no courts of their own. It might be interesting for honourable senators to know that four bills similar to the bill of 1930 giving Ontario courts jurisdiction had been passed in the Senate before 1930, but for one reason or another none of them had ever been dealt with in the other place. I think the first such bill was passed here in 1920, and the other three were between that year and 1928 or 1929. By then the situation had become so serious that something had to be done, and when a bill was brought into the other house in 1930 there was a free vote on it, and it passed. Since that time the Senate has not had to bother with hearing divorce petitions from Ontario. And if this Bill I-5 becomes law, Parliament will not have to deal with divorce petitions from any province, except in some very exceptional cases.

The third act that was passed was the Divorce Jurisdiction Act. It also was passed in 1930, and is chapter 15 of the statutes of that year. The reason for passing that act was to take care of a case like this: say that a husband and wife lived in Saskatchewan and the husband deserted his wife and went to live elsewhere, perhaps in Ontario or the United States. If she wanted to obtain a divorce she had to sue him in the domicile where he lived. Well, the object of this act was to remedy that situation by enabling the wife to sue in the original domicile of the husband at the time he left her, provided she had been deserted by him for two years.

These were simple statutes, but very important.

The fourth was a statute called the British Columbia Divorce Appeals Act. It was found that the appeal provisions in British Columbia were not suitable and the Court of Appeal of that province was given jurisdiction to hear and determine appeals from any order, judgment or decree of a court of the province or a judge thereof having jurisdiction in divorce and matrimonial causes.

Hon. Mr. Euler: I do not like to interrupt but may I ask my friend a question? I think he stated that the reason why jurisdiction with regard to divorce was placed in the hands of the federal Parliament was that there should be a uniform divorce law all over Canada. It would be interesting to know, then, why it is that in Nova Scotia, and possibly in other provinces, the grounds for divorce are wider than in the rest of Canada.

Hon. Mr. Aseltine: I did not want to go into that. I know that there are three grounds for divorce in Nova Scotia, and the grounds in Prince Edward Island and New Brunswick also are just a little different from those in other provinces. I could go into this in some detail, if desired. The differences could hardly be avoided, because under section 129 of the British North America Act the law as it stood was still the law in those provinces.

Hon. Mr. Haig: That is how the law stood at Confederation.

Hon. Mr. Aseltine: If it had been left to the provinces, not only would every province have had a different divorce law, but probably people in the two provinces which now have no divorce courts or divorce law of any kind would not have been able to get a divorce on any ground anywhere.

Eight of the ten provinces now have courts exercising jurisdiction in divorce. Nova Scotia has had this right since 1751; New Brunswick, since 1791; Prince Edward Island, since 1835; British Columbia, since 1858; Manitoba, since 1870; Saskatchewan and Alberta, since 1905, when they became provinces; Ontario since 1930. Quebec and Newfoundland have no divorce law, so that husbands or wives from those provinces who seek divorce are obliged to ask relief from Parliament by way of a private bill.

I have already given some reasons, honourable senators, why divorce should not be administered by Parliament; but there are others. The first I would mention is that the number of petitions has been increasing almost annually, until there are now between 400 and 500 every year. This situation is

similar to that which had arisen when Ontario was given jurisdiction. I think the time is coming when Parliament will have to make some decision which will relieve it from dealing with between 400 and 500 cases every year.

Further, the procedure here is cumbersome and costly. To show how cumbersome it is, perhaps I may be allowed to outline briefly, for those who are not familiar with the matter, the procedure which must be taken in order to get a parliamentary divorce.

First, there is the petition. That petition must be served. Then the solicitor for the petitioner must hire or appoint an Ottawa agent who is also a solicitor. Next, notice of the petition or application has to be published in a French and an English newspaper and also in *The Canada Gazette*. It has come to our notice, in several cases wherein applications have been made for remission of fees, that the cost of advertising amounted to between $100 and $125. This is ridiculous. Also, when the case is ready for hearing, and before it is set down on the list for a fixed date, the petitioner must pay $210, the fee required in respect of a private bill. Counsel and all witnesses must come to Ottawa, and the case is heard here just as it would be in court, but by the chairman and the members of the standing committee. Having listened to the evidence, they decide whether it is strong enough to warrant the granting of a divorce.

Hon. Mr. Reid: How is the $210 arrived at?

Hon. Mr. Aseltine: That is the fee demanded not merely for divorce bills, but for any private bill before it can be introduced.

If the committee decides to recommend that a divorce be granted, it makes a report. Attached to the report is a copy of all the evidence, the petition, the affidavits of service and all other relevant documents. These are brought in by the chairman, with the committee's report, which is usually adopted. It is then necessary to have a bill, known as a bill of divorce, drawn. That bill is read a first time, a second time and a third time. This having been done, everything —including the evidence, the report of the committee and the affidavits of service and other papers—is sent with the bill to the other house, where a similar procedure is followed; that is, the bill is read the first and second times, and referred to a committee, which reports in due course; it then comes back for third reading, after which all the papers are sent back to this house; and by and by the Governor General comes in, assents to the bill, and the parties are divorced.

That is a costly procedure.

Hon. Mr. Ross: And the evidence is printed.

Hon. Mr. Aseltine: The evidence has to be printed and translated. That is, the printing is in English and also in French; and copies of the evidence are sent to all members of both houses.

I said that the procedure was cumbersome, and I think I have proved it. I think I can also prove that it is costly. When I first came to Ottawa I checked into the outlay for an ordinary undefended parliamentary divorce, and found that it was about $550. At the present time an ordinary undefended divorce action entails an expenditure of something in the neighbourhood of a thousand dollars. I should, of course, advise my honourable friend from Blaine Lake (Hon. Mr. Horner) that frequently lawyers charge more than a thousand dollars. Contrast this with the average cost of a divorce action in, say, the province of Saskatchewan, where it very seldom exceeds $400. What I am getting at is this, that only wealthy people can obtain a divorce from Parliament; the poorer classes have practically no remedy. I believe that if this bill were adopted the cost of divorce to petitioners from Quebec and Newfoundland would be cut in half.

Another point I wish to make is that when the Fathers of Confederation conferred exclusive jurisdiction in respect to divorce on the Parliament of Canada they had no intention that Parliament should be turned into a divorce court. Of that I am quite satisfied.

Another argument in favour of the change I propose is that if this bill were passed there would be less publicity in divorce cases from Quebec and Newfoundland, because, for one thing, no advertising would be necessary. I assume that when other honourable senators join in the debate they will bring forward reasons which I have not mentioned.

Probably honourable senators do not remember that in July 1947, when the then Standing Committee on Divorce made its annual report, it presented the following resolution for the consideration of the Senate:

> In view of the fact that the number of applications for divorce has been increasing by leaps and bounds, this year reached an all-time high, and may continue to increase, your committee recommends that Parliament should immediately seek a solution of the problem of dealing with divorce in the province of Quebec by other than parliamentary action.

I believe I am the one responsible for that appearing in my report, but it was with the

approval of the committee. Upon receipt of that report on July 9, 1947, the Senate passed the following resolution:

That the subject matter of the final report of the Standing Committee on Divorce be referred to the Parliamentary Counsel of the Senate for consideration and report immediately following the opening of the next session of Parliament.

The Law Clerk and Parliamentary Counsel for the Senate at that time was Mr. John F. MacNeill, our present Clerk. His report, dated December 9, 1947, appearing at page 419 of the *Journals* of the Senate, 1948, contained certain suggestions, and I wish to place four of them on record now. The first was as follows:

Various proposals have been made as to what court, if any, should be given jurisdiction to deal with divorce applications in the province of Quebec. The one which commends itself to some is that the Quebec Superior Court be given jurisdiction in divorce, thus treating Quebec in this regard the same as the other provinces and providing that the law to be administered be the same as that in force in Ontario. There are many reasons why, if Quebec is to have a divorce law at all, this court should be clothed with jurisdiction to administer it. It is the court which deals with other civil rights of persons domiciled in Quebec.

That, of course, would be the best solution of all. If that could be done it would take divorce out of Parliament entirely, just the same as was done in the case of Ontario.

The second suggestion was this:

It has been suggested that jurisdiction in divorce be conferred on the Exchequer Court of Canada and that the law of England as to the dissolution of marriage as of 1870 be made applicable to Quebec, thereby making the law relating to the dissolution of marriage in Quebec the same as that in force in Ontario.

The bill I am now presenting is different from that proposal in that it makes no reference to the law of England as it stood in 1870; and the bill provides that the Exchequer Court, normally a travelling tribunal authorized to hold sittings all over the country, be not given the right to hear divorce cases in the provinces of Quebec and Newfoundland. All applications for divorce from those provinces would have to be heard by the Exchequer Court in Ottawa.

The third suggestion was a novel one:

A third suggestion is that the Exchequer Court of Canada be given jurisdiction throughout Canada, where either of the parties is domiciled in Canada, and that the Superior Court of each province be given jurisdiction within the province where either of the parties is domiciled in the province, but that an exception be made in the case of the Superior Court of Quebec. The effect of this proposal would be to give the Exchequer Court exclusive jurisdiction in divorce in the province of Quebec and concurrent jurisdiction with the provincial courts in the other provinces.

I presume Mr. MacNeill meant that all judges of Superior Courts in Canada, except those in the province of Quebec, would be considered judges of the Exchequer Court of Canada for the purpose of dealing with matters of divorce and would have jurisdiction to hear divorce cases in their own provinces. Divorce cases emanating from the two provinces which have no divorce laws would be heard at Ottawa.

The fourth suggestion was as follows:

Another proposal which has been urged by some writers is the establishment of a new divorce court for the dominion having exclusive jurisdiction in matters of marriage and divorce.

Honourable senator, I would point out that no action was taken on these proposals, but if any one of them was adopted it would, in my opinion, completely take care of the trouble that we are now in. It would do away with parliamentary divorce. However, I should also like to deal with certain other suggestions that have been made with regard to the handling of divorce applications from the provinces of Quebec and Newfoundland. A few years ago the honourable senator from Calgary (Hon. Mr. Ross) made a suggestion that might appeal to some. It was to the effect that domicile be made dominion wide. At the present time domicile is more or less a provincial matter. In fact, in some provinces the applicant must start the action in the jurisdictional district or the county in which the husband has his domicile; otherwise the applicant is "out of court". If domicile for the purposes of divorce causes was made dominion wide, then any case from any province could be heard in any other province. That would mean that cases from the two provinces which have no divorce court could be heard, say, in Ontario, New Brunswick, Prince Edward Island or any other province. I realize that this practice might place too big a burden on the provinces contiguous to Quebec and Newfoundland, but it is one of the suggestions that have been made and I think it is worthy of consideration.

Another suggestion for curing this evil, if it can be called that, is that the British North America Act be amended and divorce jurisdiction placed in the hands of the provinces. My honourable friend from De la Durantaye (Hon. Mr. Pouliot) has sent me a copy of *Hansard* of the other house of recent date, which contains a speech claiming that the only thing we need do to solve this whole problem is to amend the British North America Act and turn divorce over to the provinces. Well, of course that would not solve the problem in the two provinces not having divorce laws; they would still have no divorce court. So I think the idea of amending the British North America Act in that fashion is out of the question.

There are two other half-measures that I would like to refer to. Somebody told me that in August, 1946, I made a speech in the Senate dealing with a suggestion that had been made by the Minister of Justice at that time. I looked up what I said, and I quote from page 609 of the *Debates of the Senate*, 1946. I made the following remarks when I was giving the annual report on the work of the divorce committee for that year:

> A short time ago the Minister of Justice is reported to have suggested in another place a remedy which he thought might, if adopted, relieve Parliament from the drudgery of hearing the evidence in petitions for divorce coming from the province of Quebec. His suggestion, as I understand it, was that the husband or the wife desiring the divorce should first take action in the Superior Court of Quebec or a judicial separation, and if the court granted the separation on the ground of adultery, a certificate to that effect could be obtained; upon presentation of this certificate to parliament, along with the petition for divorce, the bill of divorce would go through as a matter of course. If this could be done it would certainly relieve Parliament and the Senate Divorce Committee of a great deal of unpleasant work.

When I first read of the minister's suggestion I thought it might at least be a partial solution of the problem. Then I sent to the province of Quebec for a copy of article 187 of the Civil Code of Lower Canada, which reads as follows:

> A husband may demand the separation on the ground of his wife's adultery.

I understand that article 187 is still in force in Quebec. In other words, if the husband got a certificate he could bring it to Parliament, and the Divorce Committee would put the bill through and the divorce would eventually be granted. It would still be a very cumbersome way of doing things. But I was startled when I read article 188—

Hon. Mr. Bouffard: Article 188 has since been amended, and both parties are now on the same footing.

Hon. Mr. Aseltine: My objection at the time was that they were not. I am glad to learn that article 188 has since been amended.

Hon. Mr. Bouffard: The same rights are now given to both husband and wife.

Hon. Mr. Farris: What does article 188 say?

Hon. Mr. Aseltine: At that time article 188 read as follows:

> A wife may demand the separation on the ground of her husband's adultery, if he keep his concubine in their common habitation.

However, the honourable senator from Grandville (Hon. Mr. Bouffard) advises me that article 188 has since been amended.

There is still another objection. Even if a certificate were obtained, how could the Committee on Divorce find out if there were collusion, connivance, condonation, or anything else? As I have stated, the suggestion would provide only a partial solution. It is true that it would do away with the taking of evidence by the Divorce Committee, but the committee would be placed in the position of having to rubber stamp recommendations for bills of divorce on the strength of certificates from a Quebec court, without having read the evidence or heard witnesses; and bills would go to the House of Commons, where the same criticism of our procedure would be made as has been made for many years, before the bills were passed and sent back to the Senate for Royal Assent.

I have quoted the four methods suggested by the Law Clerk of the Senate and referred to other suggestions, including that of a former Minister of Justice. There is still another suggestion, for which I believe I myself am responsible, for I remember making a speech on the subject years ago when the number of divorce petitions started to go up and up. The suggestion was to the effect that some officer, perhaps a lawyer or a judge, be appointed by Parliament to try all these cases, that is, to hear the witnesses, take the evidence, and report back to the Divorce Committee; the committee would then act as a court of appeal, and if it decided that a divorce should be granted, it would bring in a bill, which would receive three readings here, and three readings in the House of Commons, and so on. By that means Parliament would be relieved of all the drudgery of taking the evidence. Although I believe I was responsible for that suggestion, I gave it up as being only a half-measure. It also had some of the objection to be found in the suggestion made by the Minister of Justice, and it was a somewhat similar solution to the problem.

Hon. Mr. Isnor: May I ask who the Minister of Justice was in 1946?

Hon. Mr. Aseltine: The Minister of Justice in 1946 was the present Prime Minister. The suggestion I offered might be feasible. I do not know whether an act could be passed to give someone the authority to hear the cases and take the evidence or not, but even if it could be done that way the committee would really be rubber-stamping the decision of someone else, without having heard the evidence and considering the case, and the House of Commons would be in the same position. I have come to the conclusion that the only solution—at any rate, the only one I can think of at present—is that proposed in Bill I-5. The bill would not create any new court. We already have a federal court called the Exchequer Court, which under section 18 of the Exchequer Court Act has

wide powers in many federal matters. I will read subsection (1) of that section:

The Exchequer Court also has exclusive original jurisdiction to hear and determine the following matters:

Then there are set out (a), (b), (c), (d), (e), (f), (g), (h), (i) and (j). Bill I-5 would add a new paragraph (k), reading as follows:

Every application for a divorce *a vinculo matrimonii*, from a person domiciled in any province of Canada not having courts possessing jurisdiction to grant such divorces, on the ground that the defendant has since the celebration of his or her marriage been guilty of adultery.

Now, Parliament would not be divesting itself of its jurisdiction; that could only be done by an amendment to the B.N.A. Act; but I believe that with respect to Quebec and Newfoundland there would be a result similar to that which followed the giving of divorce jurisdiction to Ontario courts in 1930, namely, that no divorce applications have come from that province since then. However, there might be an odd case that would have to be dealt with by Parliament. I recall a case not long ago when a woman, in New Brunswick I think, was deserted by her husband. He went to Nova Scotia and took a job there. His wife sued him in Nova Scotia for divorce, and the courts in Nova Scotia held that the husband was domiciled in New Brunswick, and therefore they dismissed the action. She then brought her action in the courts of New Brunswick, but there it was held she had no jurisdiction because her husband was domiciled in Nova Scotia. The case finally came before the Senate committee, and was dealt with on the ground that only Canadian domicile is necessary, in accordance with the divorce rules of the Senate. It may be necessary in the future for Parliament to hear cases similar to that one, but generally speaking I believe that passage of this measure would have the same results as those which followed the giving of divorce jurisdiction to the province of Ontario in 1930.

The bill before us would add subsections 4, 5 and 6 to section 18 of the Exchequer Court Act. Subsection 4 is necessary to give the wife the same right as the husband; in other words, if it were not there, it would be found that the act applied only to the provinces having divorce jurisdiction.

Subsection 5 is necessary for the purpose of giving a married woman the domicile of her husband in the case of desertion.

Hon. Mr. Vien: Would the honourable senator allow me a question? Subsection 4 uses language that is permissive rather than mandatory. For instance, it uses these words, "In an application for divorce . . . the court may give judgment . . ." But at the top of page 2 of the bill there is a proviso: "Provided always that the court shall not be bound to give judgment if it finds . . ." Does that not imply that the court would be bound to give judgment if certain prescribed conditions were not present?

Hon. Mr. Aseltine: Those are defences, and when such defences are raised it becomes a matter for the court to decide in its discretion whether the evidence warrants the granting of a divorce.

Hon. Mr. Vien: But does the honourable senator not think that the language to which I referred could be improved?

Hon. Mr. Aseltine: I do not pretend for a moment that the language is perfect. We worked on the bill for some three weeks and the result is the best we could do in that time.

Subsection 6 provides that divorce cases must be heard by the Exchequer Court in the city of Ottawa.

Section 4 of the bill would amend section 82 of the Exchequer Court Act, because the present appeal provisions contained in the act are not applicable to divorce matters.

It might be argued, honourable senators, that the Exchequer Court has not enough judges to handle the divorce work from the two provinces concerned. I am reminded of what I saw in England, where a judge was handling as many as 25 cases in a day, which evidently was the common practice there. Under the circumstances, I think if one Exchequer Court judge were assigned to divorce work he would have no difficulty handling as many cases as are now dealt with by Parliament.

I hope that a good number of senators will take part in this debate. As I said earlier, I cannot recall a full dress debate on parliamentary divorce having taken place in the Senate during my time here. I would also like to see a Gallup poll taken on this question. It seems to me that the Canadian people as a whole feel that the divorce matters which senators and members of Parliament are called upon to deal with from day to day and year to year should be removed entirely from Parliament.

I trust that when this matter comes to a vote, honourable senators will have a free vote and that we will all take a stand on the subject. I thank honourable senators for their courtesy in listening to this somewhat lengthy speech.

Hon. Senators: Hear, hear.

On motion of Hon. Mrs. Hodges, the debate was adjourned.

PRIVATE BILLS

CANADIAN COUNCIL OF CHURCHES—SECOND READING

Hon. Cairine R. Wilson moved the second reading of Bill Q-5, an Act to incorporate The Canadian Council of Churches.

She said: Honourable senators, the explanatory notes to the bill give the reasons for the move to incorporate The Canadian Council of Churches, but I might add a few historical references.

From the preamble to the bill it will be noted that the present unincorporated Council represents the larger denominations of the Protestant faith, as well as the National Council of the Young Men's Christian Association, the Young Women's Christian Association of Canada, and the Student Christian Movement. The Canadian Council of Churches was organized in 1944 and was the result of a flowing together of two movements, which had become increasingly important in the life and work of the churches of this country: first, the movement for inter-church co-operation within Canada; and, second, the Ecumenical Movement from abroad.

Co-operation among the churches in Canada has been growing over a period of many years; gradually, we have developed a series of co-operative organizations. In the Christian Social Council of Canada representatives of the social service boards of the churches have worked together for Christian social action. The Religious Education Council of Canada served in the same manner for undertakings in religious education. The Secretaries of Foreign Missions Boards had a conference which developed into the Canadian Overseas Missions Council. There have been other co-operative bodies which have promoted useful and fruitful projects in their several fields.

Each of the earlier co-operative organizations was departmental in its scope and somewhat remote from the churches represented; they were associations of church boards rather than of the churches themselves.

Many of those engaged in the various organizations came to feel that a Council of the Churches was needed to integrate the co-operative organizations and make available an inclusive agency for any co-operative enterprise which the churches might wish to undertake.

At the same time the impact of the Ecumenical Movement was beginning to be felt by the churches in Canada. The Utrecht conference, in 1938, devised the proposed constitution for the World Council of Churches. Prior to this conference a Committee of Selection had met to name the Canadian representatives, and this became later the Canadian Committee for the World Council of Churches.

A proposal was made in the United States to combine several inter-church bodies in a North American Council of Churches, but study of this plan led to the conclusion that it would be wiser to have a National Council in each country. A special committee was next called together, composed of representatives of the Canadian Committee for the World Council of Churches; the Christian Social Council of Canada, the Religious Education Council of Canada and the Conference of Mission Board Secretaries. This committee devised a constitution for a Canadian Council of Churches, submitted it to the parent body, and they in turn submitted it to their constituent Communions. The Canadian Council of Churches was thus formally organized in September, 1944. Since then the Canadian Council of Churches has held ten annual meetings. I was privileged to attend two, one in Ottawa and one in Toronto. In 1952 it was decided that in future the meetings would take place every second year instead of annually.

The members of the Canadian Council of Churches are today: The Anglican Church of Canada, The Baptist Federation of Canada, The Churches of Christ (Disciples), The Evangelical United Brethren Church, The Greek Orthodox Archdiocese of North and South America, The Russian Orthodox Greek Catholic Church of North America, The Presbyterian Church in Canada, The Reformed Episcopal Church, The Salvation Army, The Society of Friends and The United Church of Canada.

The National Council of Young Men's Christian Associations of Canada, The Young Women's Christian Association of Canada and The Student Christian Movement of Canada are affiliated members. The United Lutheran Church of America is in friendly association with the council and co-operates in the Department of Ecumenical Affairs.

The Canadian Council of Churches serves as a national council of Canada, and carries forward undertakings of the Canadian churches both in this country and in other parts of the world, but each Communion retains its separate identity and is practically autonomous. It is still a very youthful organization, but its prayer is that it may be used for the Christian good of Canada and as a more effective Christian witness throughout the world.

Through the World Council of Churches our Canadian Council of Churches has been active in caring for refugees and for churches destroyed through war, and in undertaking

missionary operations. I can say that we feel the Canadian Council has a great future before it.

Hon. Senators: Hear, hear.

The motion was agreed to.

REFERRED TO COMMITTEE

On motion of Hon. Mrs. Wilson, the bill was referred to the Standing Committee on Miscellaneous Private Bills.

HYDROCARBONS PIPELINE LIMITED—
COMMITTEE AMENDMENT
CONCURRED IN

The Senate proceeded to consideration of the amendment made by the Standing Committee on Transport and Communications to Bill Q, an act to incorporate Hydrocarbons Pipeline Limited.

Hon. A. K. Hugessen, Chairman of the Committee, moved that the amendment be concurred in.

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

MOTION FOR THIRD READING

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

Hon. Mr. Hugessen: With leave, I move the third reading now.

Hon. Gordon B. Isnor: Honourable senators, the amendment made to this bill was a slight one. On general principle I am against any bill receiving third reading the same day it is reported from committee with an amendment; however, being a member of the committee, I remember that the amendment was just a matter of striking out a few words.

Hon. Mr. Hugessen: Honourable senators, I think I should apologize to the house for not mentioning that. The amendment made to this bill was a very trifling one, and I should have so advised the house before moving third reading. Perhaps I might suggest that third reading be taken tomorrow.

Hon. Mr. Isnor: I think amendments should be explained.

Hon. Mr. Hugessen: I fully agree with the honourable senator. On principle, he is quite right.

The Hon. the Speaker: Third reading next sitting.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 138 to 141, which were presented on February 23.

Hon. Mr. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to on division.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 196)

Copies of telegrams and letters received by the Prime Minister in reply to his letter of February 18, 1956, to all provincial Premiers relative to federal fiscal proposals, and of a telegram dated February 27, 1956, from the Prime Minister to provincial Premiers.

CANADIAN NATIONAL TELEGRAPHS

Ottawa, February 27, 1956

Hon. W. A. C. Bennett,
Premier of British Columbia,
Victoria, B.C.

Hon. E. C. Manning,
Premier of Alberta,
Edmonton, Alberta.

Hon. D. L. Campbell,
Premier of Manitoba,
Winnipeg, Manitoba.

Hon. H. J. Flemming,
Premier of New Brunswick,
Fredericton, N.B.

Hon. J. R. Smallwood,
Premier of Newfoundland,
St. John's, Newfoundland.

Hon. H. D. Hicks,
Premier of Nova Scotia,
Halifax, Nova Scotia.

Hon. L. M. Frost,
Premier of Ontario,
Toronto, Ontario.

Hon. A. W. Matheson,
Premier of Prince Edward Island,
Charlottetown, P.E.I.

Hon. T. C. Douglas,
Premier of Saskatchewan,
Regina, Saskatchewan.

As it now appears that a number of provincial governments desire to resume the conference on fiscal arrangements early in March and others are willing to attend, I am proposing that we meet in committee at ten o'clock March 9th in the Railway Committee Room.

LOUIS S. ST-LAURENT.

(Translation):

CANADIAN NATIONAL TELEGRAPHS

Prime Minister's Office
Ottawa, February 27, 1956

Honourable Maurice L. Duplessis,
Premier of the Province of Quebec,
Parliament Buildings,
Quebec, Que.,

As it now appears that a number of provincial governments desire to resume the conference on fiscal arrangements early in March and others are willing to attend, I am proposing that we meet in committee at ten o'clock March 9th in the Railway Committee Room.

LOUIS S. ST. LAURENT.

(Text):

CANADIAN NATIONAL TELEGRAPHS

RXMOA272 78—St Johns Nfld 27 448P—

1956 Feb 27 PM 3 34

Rt. Hon Louis St Laurent QC MP
Prime Minister of CDA Ottawa

In reply to your letter of February eighteenth I have to say that in our view no particular purpose is likely to be served by the holding of a conference Stop We feel that any questions in which we are interested can be taken up with you or the Minister of Finance Stop We are not however opposed to the holding of the conference and if you call one we will endeavour to be there Stop Kindest regards

J. R. SMALLWOOD

PREMIER'S OFFICE
Prince Edward Island

February 24, 1956.

Rt. Hon. Louis S. St. Laurent, P.C., Q.C.,
Prime Minister of Canada,
Ottawa, Canada

My dear Prime Minister:

I acknowledge receipt of your letter of February 18th, with the enclosures therein.

If it is decided to hold another conference to discuss Federal-Provincial fiscal relations, I would be prepared to attend on either March 2nd or March 9th if I received a few days notice of which date would be more satisfactory.

Yours sincerely,
A. W. MATHESON.

CANADIAN NATIONAL TELEGRAM

1956 Feb 24 PM 2 25

MOA234 32— Halifax NS 24 305P

The Right Honourable Louis St Laurent
Prime Minister of Canada Ottawa

Nova Scotia favours resumption of federal provincial conference Stop Prefer March ninth but if necessary can arrange March second Stop Would attend myself with provincial treasurer and one or two officials only

HENRY D. HICKS
Premier of Nova Scotia

THE PREMIER
Halifax

February 21, 1956.

Dear Mr. Prime Minister:

This will acknowledge receipt of your letter of February 18th. After the proposals therein contained have been studied by our officials I shall reply further.

The only comment I might make at the present time would relate to the last paragraph of page two of your letter wherein you suggested that only two premiers had requested a resumption of the conference. Perhaps I was not specific enough at our meeting in Ottawa, or did not state our views with sufficient formality, but I did intend to convey the impression at that time that Nova Scotia favored a resumption of the conference. However, in view of your recent letter, this is perhaps not so important as we shall again consider our position to see whether, in view of certain other paragraphs in this letter, we still think it would be worth while to reconvene the conference.

Yours very truly,
HENRY D. HICKS.

The Right Honourable Louis S. St. Laurent, P.C.,
Prime Minister of Canada,
Ottawa,
Canada.

The Government of the
Province of New Brunswick

THE PREMIER
Fredericton

February 27th, 1956

Right Hon. Louis S. St. Laurent,
Prime Minister of Canada,
House of Commons,
Ottawa, Canada.

Dear Mr. Prime Minister:

This will confirm my telegram to you of February 24th last as follows:

"Further to your letter of February 18th we would greatly appreciate reconvening of Conference preferably on March 9th".

This is in further answer to yours of February 18th which has already been acknowledged.

Thanking you for your usual attention and courtesy.

Yours sincerely,
HUGH JOHN FLEMMING

A CANADIAN PACIFIC TELEGRAM

AA484 19/18 NL
R

Feb 24 6 41 PM '56
Fredericton NB 24

The Rt Hon Louis St Laurent PC
Prime Minister of Canada Ottawa Ont

Further to your letter of 18 February we would greatly appreciate reconvening of conference preferably on 9 March.

HUGH JOHN FLEMMING
Premier of New Brunswick

THE PREMIER
Fredericton
New Brunswick

February 20th, 1956

Right Honourable Louis S. St. Laurent,
Prime Minister of Canada,
Ottawa, Canada.

My dear Prime Minister:

I have before me your letter of February 18th regarding federal-provincial arrangements.

The object of this reply is just to acknowledge your letter, and you will be hearing from me again within a few days.

Yours sincerely,
HUGH JOHN FLEMMING

(*Translation*):

CANADIAN PACIFIC TELEGRAM

February 22, 3:40 p.m., 1956

RAA343 106/103
UQQ Quebec Que 22 326P
Right Hon. Louis St. St. Laurent PC QC
Prime Minister of Canada,
Ottawa

We are in the most active period of our parliamentary session which adds a great deal of work to the already very extensive duties created by the administration of our vast province in full development Stop It was possible for me to read today your letter of February 18 and your telegram of the 21st of the same month Stop With all possible despatch in these circumstances and without delay I shall study with my colleagues of the provincial executive council the important problems mentioned in your letter of February 18 and I shall communicate with you again shortly Stop Sincere greetings.

MAURICE DUPLESSIS.

(*Text*):

ONTARIO
Office of
The Prime Minister & President of the Council
Toronto, Ontario,
February 22nd, 1956.

Dear Mr. Prime Minister:

This will acknowledge receipt of your letter of February 20th, 1956 on the proposed fiscal

arrangements and the attached memorandum of answers of the Minister of Finance for Canada to the questions raised by the Provinces.

Certain features of the proposal referred to in your letter and in the memorandum of the Minister of Finance are improvements over the present fiscal arrangements, but it appears to us that the basic formula which uses the weighted average of the per capita tax yields of only Ontario and British Columbia—to all intents and purposes this means Ontario—does not recognize the heavy financial burdens that are imposed on this Province and its municipalities in servicing a rapidly growing population and industry which produce such a large proportion of the Federal Government's revenue. In view of the enormous obligations and commitments that we face, we feel strongly that a formula that provides a special payment to all the provinces except Ontario fails to meet the special needs of this Province. As a first step in this approach, we believe that the equalization payments should be calculated on the basis of the four provinces having the highest per capita tax yields.

We shall be glad to meet with you, your colleagues and representatives of the other provinces in a resumption of the Conference preferably on March 9th.

Yours very sincerely,
LESLIE M. FROST

The Rt. Hon. Louis S. St. Laurent, Q.C.,
Prime Minister of Canada,
House of Commons,
Ottawa, Canada.

CANADIAN PACIFIC TELEGRAM

Feb. 27, 12:21PM. '56

WNA22 8
Fd Winnipeg, Man. 27 1107A

The Right Honourable Louis S. St. Laurent,
Prime Minister, Ottawa

Will attend meeting March ninth if decided upon

DOUGLAS L. CAMPBELL,
Premier Manitoba

PREMIER'S OFFICE

Saskatchewan Regina, February 22nd, 1956.

The Rt. Hon. L. S. St. Laurent, Q.C.,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Prime Minister:—

Thank you for your letter of February 18th and for the attached memorandum from the Minister of Finance.

I note you are desirous of ascertaining whether or not the provinces favour meeting again in committee to discuss the proposals which you advanced in your letter of January 6th. In spite of the fact that the Federal Government feels it would not be warranted in making any increases in its basic offer, the Government of Saskatchewan would favour a Federal-Provincial meeting for the reasons which I outlined in my letter of January 11th. We would be prepared to attend on either of the dates which you have suggested although March 9th would probably be preferable.

There are still a number of matters which were discussed at the Federal-Provincial Conference in October regarding which the Saskatchewan government feels there should be some further discussions. This is particularly true of resource development and also assistance to the municipalities by making operative the Municipalities Improvements Assistance Act. If the majority of the provinces indicate their desire for a meeting again in committee we shall be very happy to attend. If, however, there is no widespread request for such a meeting either Mr. Fines or I will be glad to avail ourselves of your kind invitation to discuss with you or Mr. Harris those aspects of the Federal Government's proposal about which we are particularly concerned.

Should it be decided to re-convene the committee we would appreciate hearing from you at the earliest possible date.

Yours sincerely,
T. C. DOUGLAS.

CANADIAN PACIFIC TELEGRAM

WN.K. 79. RX.

FD. Edmonton, Alta. Feb. 23. 242P.M.

Right Hon. L. S. St. Laurent,
Prime Minister of Canada,
Ottawa, Ont. (care TC urgent)

Re your letter February eighteenth Alberta government believes fundamental changes are necessary in federal government proposals to fulfil adequately their intended purpose stop Unless federal government prepared to consider such changes can see little value in further conference but will concur if majority desire meeting stop If conference convened would urge date be deferred until early April as March most inconvenient for provincial treasurers engaged in piloting budgets through respective legislatures stop If deferment impossible would prefer March ninth.

ERNEST C. MANNING,
Premier of Alberta.

518PM.

OFFICE OF THE PREMIER
BRITISH COLUMBIA

Victoria
February 21st, 1956

The Right Hon. Louis S. St. Laurent,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Prime Minister:

Your letter of February 2, 1956 and the memorandum from your Minister of Finance giving answers to a number of questions raised by Treasury officials are acknowledged.

If a further meeting in committee is found generally desirable, I shall be glad to attend it. If, however, no general meeting is to take place, then I must press for a conference between our respective governments, further to discuss the terms of the proposed agreement, insofar as they apply to a Province like British Columbia which is not dependent upon fiscal subsidies; is experiencing an unprecedented economic growth; and requires a greater allocation from the cultivation of income tax fields to keep pace with a development which, apart from its provincial worth, will yield vast returns to the Nation.

Your letter indicates that discussions with the individual provinces will be conducted by yourself and Mr. Harris on behalf of the Federal Government. Mr. Bonner, our Attorney General and I will represent British Columbia, and on the assumption that technical staff will be present, I propose taking with me Messrs. Fisher and Gunderson, and possibly Mr. Veitch.

Our current session of the Legislature will not terminate its labours until the second week in March. I would, therefore, urge that our meeting do not take place before March 9th, 1956.

The memorandum from Mr. Harris is being studied and comments thereon will be made either before or at the meeting suggested.

Yours faithfully,
W. A. C. BENNETT,
Premier.

THE SENATE

Wednesday, February 29, 1956

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

Prayers.

Routine proceedings.

TRADE AGREEMENT WITH RUSSIA

STATEMENT IN COMMONS BY MINISTER OF TRADE AND COMMERCE—DOCUMENTS TABLED

Hon. W. Ross Macdonald: Honourable senators, with leave of the house may I be permitted to make a statement at this time?

This afternoon in the House of Commons the Minister of Trade and Commerce tabled copy of a trade agreement concluded with the Union of Soviet Socialist Republics. The minister also made a statement at that time. I have received a copy of his statement and if honourable senators so desire I could read it at this time.

Hon. Senators: Hear, hear.

The Speaker: Agreed.

Hon. Mr. Macdonald: The minister's statement is as follows:

Mr. Speaker: I am happy to announce the conclusion of a trade agreement with the Union of Soviet Socialist Republics. The text of this agreement is being tabled for the information of honourable members. If the house agrees, I suggest that the text be printed as an appendix to *Votes and Proceedings.*

My colleague the Secretary of State for External Affairs opened the way for this agreement during his visit to the U.S.S.R. last October. At that time it was agreed in exploratory talks that negotiations should take place in Ottawa. A delegation from the U.S.S.R. arrived here four weeks ago and the negotiations have been in progress since then.

The agreement which has been reached is set forth in five documents.

The first of these documents makes provision for the exchange of most-favoured-nation treatment along lines similar to existing agreements with various other countries. It includes other provisions having to do with the conduct of trade between the two countries. It recognizes that either Government may apply prohibitions or restrictions of any kind for the protection of its essential security interests. Our strategic export controls are therefore not affected. This agreement provides, in addition, on a reciprocal basis for the non-discriminatory treatment of merchant ships while in port. On the Canadian side, the effect of this latter provision is simply to confirm the treatment which in fact has been available all along to ships of U.S.S.R. registry.

This agreement is to continue in force for a period of three years; agreement of both countries is required for any extension. It was signed on February 29 by accredited representatives of both Governments and is now in force provisionally. By its terms, it is subject to ratification within 90 days from the date of signature and within this time opportunity will be provided for a debate in Parliament. A resolution of approval will be introduced for this purpose.

The second document is a letter from the Canadian Government reserving the right to establish values for ordinary and special import duty on any Russian product that might enter Canada in such increased quantities as to cause serious injury to domestic producers. In determining such values, the prices of similar goods imported into Canada from third countries are to be taken into account. This procedure is intended to deal with situations which might be created if Russian goods were to be sold in Canada at very low prices, even if they are not proven to be lower than their domestic values in the U.S.S.R.

The third document is a letter from the Government of the U.S.S.R., acknowledging the Canadian letter on customs valuation.

The fourth of the five documents forming the agreement is a letter by which the Government of the U.S.S.R. guarantees to purchase and take delivery from Canada, during the three years of the agreement, a total between 1,200,000 and 1,500,000 tons of wheat, in annual lots of between 400,000 and 500,000 tons. The exact amounts to be purchased in the second and third years, within these annual amounts, will be determined by the Government of the U.S.S.R., taking into account the volume of Soviet goods sold to Canada. The total over the three years, however, will amount to not less than 1,200,000 tons and the amount in any individual year to not less than 400,000 tons. The Russian purchases of wheat are to be made at the prices and on the terms at which the Canadian Wheat Board is making sales to its major customers at such times as the Soviet purchases take place.

The fifth document is a letter from the Canadian Government, acknowledging the letter from the Government of the U.S.S.R. on wheat.

Honourable senators, that completes the statement made in the House of Commons by the Minister of Trade and Commerce.

Hon. Mr. Reid: Is the U.S.S.R. buying the long ton or short ton?

Hon. Mr. Macdonald: This document does not disclose whether it is the long ton or the short ton. That information will no doubt be available when the agreement is presented to this house for consideration. It will be recalled that in his statement the minister said that the agreement will be submitted to Parliament.

I therefore table the documents referred to in the statement which I have just read. The agreement is in English and in French, while the other documents are in English only. If it is the wish of the house I would move that these documents appear as an appendix to our *Hansard* and *Minutes* of today.

Hon. Senators: Agreed.

Hon. Mr. Macdonald: With leave, I move, seconded by the Leader of the Opposition (Hon. Mr. Haig):

That the text of the statement made by the Right Honourable C. D. Howe, Minister of Trade and Commerce, in the House of Commons, on

February 29, 1956, on the subject of the Trade Agreement entered into between Canada and the Union of Soviet Socialist Republics and copy of the said Trade Agreement, done at Ottawa on the 29th day of February, 1956, in duplicate, in the English and the Russian languages, both equally authentic, together with copies of an exchange of correspondence between the Honourable L. B. Pearson, Secretary of State for External Affairs, and Mr. S. A. Borisov, First Deputy Minister for Foreign Trade of the Union of Soviet Socialist Republics, be printed as an Appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date.

The motion was agreed to.

See appendix to today's Hansard, *p. 227.*

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 163 to 170, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill R-5, an Act for the relief of Mona Margaret McCastlin Adams.

Bill S-5, an Act for the relief of Regis Edouard Gosselin.

Bill T-5, an Act for the relief of William Boychuck.

Bill U-5, an Act for the relief of Edna Betty Berendt Payment.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

CORRECTION OF STATEMENT

On the Orders of the Day:

Hon. W. M. Aseltine: Honourable senators, before the Orders of the Day are proceeded with, I wish to make a slight correction of a statement I made in this house last night. It will no doubt be remembered that the honourable senator from Calgary (Hon. Mr. Ross) pointed out that the evidence taken by our Divorce Committee is printed. I then stated hurriedly, and without thinking, that the evidence has to be printed and translated, that the printing is done in English and French, and that copies of the evidence are distributed to members of both houses. That is not correct. The evidence is not translated and is not printed in French, except upon special request.

PRIVATE BILL

HYDROCARBONS PIPELINE LIMITED—THIRD READING

Hon. T. A. Crerar moved the third reading of Bill Q, an Act to incorporate Hydrocarbons Pipeline Limited.

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

PRAIRIE GRAIN PRODUCERS INTERIM FINANCING BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. W. Ross Macdonald moved the second reading of Bill 82, an Act to provide for short-term credit to grain producers in the Prairie provinces to meet temporary financial difficulties arising from inability to deliver all their grain.

He said: Honourable senators, the purpose of this bill is to provide a partial guarantee of loans made by chartered banks to the producers against grain on farms, and to reinforce the security that would ordinarily be available under the Bank Act.

Honourable senators will recall that comparable legislation was introduced and passed in 1951, under the title of the Prairie Grain Producers' Interim Financing Act, 1951. The conditions which required the passage of that act differ from the circumstances which prompt the introduction of the present bill. In the fall of 1951 winter set in and the snow came early, making it impossible for the farmer to cut his grain, and much of his crop had to be left standing in the field. Loans were advanced to the farmer on the security of standing crops.

This year, as honourable senators know, conditions are quite different: there is a superabundant production of grain, and for the most part it has been harvested. Indeed, production this past year is much higher than it has ever been. I think it would be of interest to honourable senators if I gave production figures for the four years preceding 1951, the year in which similar legislation to this was passed by Parliament. They were as follows:

1947	320	million bushels
1948	356	" "
1949	341	" "
1950	427	" "
An average of	361	" "

With an average yield of 361 million bushels the farmers experienced no marketing

problem. And had the average yield during the four crop years preceding 1955 been normal there would have been no marketing difficulties; but the crops in those years also were above average, and besides there was a very good crop in 1955. I will list the production figures for the four years preceding 1955:

1951	529	million bushels
1952	664	" "
1953	584	" "
1954	282	" "

The average over those four years was 515 million bushels, compared with the average of 361 million bushels for the previous four years. So this legislation is needed simply because of the tremendous crops which the wheat growers have been obtaining since 1951.

Now, some people may say, "Oh, no, that is not the reason; the reason is that there has been no sale". Well, I can assure honourable senators that that is not correct. There has been no failure on the part of the Wheat Board to sell grain. I have the figures of export sales from 1948 to 1955. I will quote these figures, dividing them into the two periods, 1947 to 1951, and 1951 onward.

Crop year		
1947-48	195	million bushels
1948-49	232	" "
1949-50	225	" "
1950-51	241	" "

The average export sale of wheat during those four years was 223 million bushels. Now, let us see what the average was for the four following years:

Crop year		
1951-52	355	million bushels
1952-53	385	" "
1953-54	255	" "
1954-55	252	" "

There was an average export of 312 million bushels a year during those four years as against an average of 223 million bushels in the previous four years. These figures show that the poorest year for exports in the last four years was better than the best year of the previous four years.

Hon. Mr. Reid: Has the honourable leader any figures to show what the financial returns were in those years?

Hon. Mr. Macdonald: No, I have not any figures giving that information.

Hon. Mr. Reid: It would be interesting to have them.

Hon. Mr. Macdonald: The honourable member is a much better arithmetician than I am. He would only have to obtain the price per bushel and multiply the figures I have given by that price.

Hon. Mr. Haig: May I ask what the sale was from the 1st of August 1954 to the 31st of July 1955? My honourable friend gave the figure a minute ago.

Hon. Mr. Macdonald: 252 million bushels. Although I cannot give the value in dollars and cents, I can say that there has been an all-time high both in production and exportation during the past four years.

May I also remind honourable senators that the 1952 crop of 664 million bushels was the greatest wheat crop in Canada's history, and the 1953 crop of 584 million bushels was the second greatest.

All wheat produced prior to the present crop year was delivered by the farmers to the elevators, with the exception of about 100 million bushels. In the five crop years prior to this year prairie farmers have marketed 2,076 million bushels of wheat plus 1,203 million bushels of other grains. This is another all-time high record. So in the last five years Canada has had three all-time records: one in the production of wheat, one in the farmers' marketing of wheat, and one in the export sales of wheat.

Prior to this year's crop there was space available in the elevators to receive the wheat, but this year at the opening of the crop year elevators were filled to capacity. That is why this legislation is necessary. Probably I should repeat that. Prior to this year's crop there was space available in the elevators to receive wheat, but this year, at the opening of the crop year, elevators were filled to capacity. Of course, farmers can only market their wheat as space becomes available, and it becomes available because of export or domestic sales. The condition which prevails at present makes it necessary to provide temporary financial assistance for some farmers. I would not want honourable senators to think we have not got markets. We have markets, and the sale of wheat at the present time is very good. The problem arises not because of lack of sales, but because of lack of transportation. At this season of the year it is difficult to transport wheat from the country elevators to the space at the lakehead, but as the weather improves it will be easier to make shipments. Railway cars were scarce earlier in the year. They still are not too plentiful, but they are becoming more readily available now than they were some time ago, and of course when navigation opens there will be plenty of space in the terminal elevators.

Proposals other than those set forth in the bill were made to assist the farmers. They were only proposals, but I will mention some of them. It was suggested that the Wheat Board should lend money direct. Well,

in the first place this would put the board into the money lending business, and its constitution and by-laws are not such as would make that easily possible. The banks can now make loans and take security on farm-stored grain, under section 88 of the Bank Act. In 1951 they could not take advantage of this provision because, as honourable senators will recall, it was restricted to threshed grain and most of the wheat at that time had not been threshed. If the Wheat Board were to make these loans it could not do so pursuant to section 88. I need not enlarge upon this situation; it may be sufficient to point out that, by a special provision in the Bank Act, a bank can accept as security threshed grain located on farms.

Also, the Government felt that the Wheat Board should not be turned into a collecting agency. Obviously, if the board were to make loans and some borrowers were dilatory in making payments, it would be necessary for the board to try to collect. It has been represented that were the Wheat Board empowered to make loans it could afford to fix a lower interest rate. I do not think that would be possible. The board would have to borrow money from the banks. At the present time the rate charged for similar borrowings is 3 per cent; an additional 2 per cent would be absorbed in administration and collection charges, so that the rate would not be less than 5 per cent—the figure set in this bill.

I notice that the honourable senator from Blaine Lake (Hon. Mr. Horner) signifies disagreement with this statement, but I can merely repeat that the board would have to pay the banks 3 per cent for the money and that administration and collection costs would amount to another 2 per cent. As for using the proceeds of wheat sales to make loans, this would mean that certain producers would get money which belonged to other producers. I do not suppose that the farmers to whom this money belonged would stand for that sort of thing. Further, one must anticipate costs and some losses and by whom would these be borne?

I should like briefly to compare this bill with the act of 1951. Honourable senators will be interested to know that in that year, under the legislation then passed, the Government paid losses up to 25 per cent of the loans made by any one chartered bank. Under the present bill, and as a result of experience, the guarantee will be much smaller, because the security of threshed grain is better than that of standing grain. It was also felt that the Government need not guarantee so large a percentage of the loss to the banks. By the present bill, as against the 1951 guarantee of 25 per cent, the guarantee amounts to 15 per cent of the first $100,000 of loss by any one bank, and 10 per cent of anything over $100,000. The individual limit under the 1951 legislation was $1,000; by the present bill the amount is increased to $1,500. Under the 1951 law the interest rate was 5½ per cent,—which, I might mention, is the same rate as that in effect under the Farm Improvement Loans Act. The total amount made available for the purposes of the 1951 act was $20 million; under this bill it is to be $50 million. The security is somewhat different from that provided by the 1951 legislation. Then, the only security was the proceeds of all deliveries. Under this measure there is the security of section 88 of the Bank Act, plus the assignment by the borrower of one half the proceeds of future deliveries.

Hon. Mr. Isnor: May I inquire what loss, if any, was sustained under the 1951 legislation?

Hon. Mr. Macdonald: It was very small. At the moment I have not the exact figures.

Hon. Mr. Horner: So far, I think, the total loss is about $13,000.

Hon. Mr. Macdonald: I know that it is quite small. I can give the honourable member this information, that up to the end of December last year some 8,000 loans were made, totalling $6½ million.

There is not much more to be said. I think I have sufficiently explained the purpose of the bill, in the light of the present situation of the farmers. If the elevators remain congested at the opening of the next crop year the guarantee can be extended to loans made under the same conditions between October 1, 1956 and June 1, 1957. At the present time the wheat picture—if I may so call it—for Canada is very bright, and I am confident that it will not be long before all farmers have delivered a substantial portion of their last wheat crop.

Hon. John T. Haig: Honourable members, I am going to assume, perhaps wrongly, that honourable senators other than those from the three Prairie provinces may not be very familiar with the subject we are considering, though they may have a general knowledge of the situation.

The problem is a little more difficult than the honourable Leader of the Government (Hon. Mr. Macdonald) has suggested. If he lived, as I do at the centre of one of the wheat growing provinces, where we grow wheat and sell it, or try to sell it, or if, like the honourable senator from Rosetown (Hon. Mr. Aseltine) or the honourable senator from Blaine Lake (Hon. Mr. Horner), he farmed in the province of Saskatchewan, he would be somewhat better informed of the difficulties

which the farmers in the provinces of western Canada have to face in connection with wheat.

The problem, of course, is not peculiar to Canada. Conditions are very much worse in the United States; and before I finish my speech I shall tell you why, in my judgment, that is so.

Let me say, to begin with, that I have no intention of challenging the Wheat Board or criticizing what it is doing. A large majority of the farmers of western Canada are in favour of the wheat pool system of marketing wheat, and as long as they are in favour of it I feel it is my duty as a senator from Manitoba to support that policy. The issue here is simply this. The elevators are so filled with grain that in many parts of the three Prairie provinces it is impossible for more grain to be accepted by the elevators. That is the problem, for until the farmer delivers wheat to the elevator he cannot get any money for it. I think the present quota is four bushels to the acre.

Hon. Mr. Horner: Three bushels in some places.

Hon. Mr. Aseltine: Mostly one.

Hon. Mr. Haig: Let us say the quota is three bushels of wheat to the acre. For 200 acres that would be 600 bushels. The farmer would get paid for this at the rate of $1.40, or about $1.20 net, per bushel.

Hon. Mr. Aseltine: That is for No. 1.

Hon. Mr. Haig: I am talking about No. 1 wheat. You can take any grade you wish. Let me give you an illustration of what has happened. A farmer from the Rosewood district of Manitoba went into a small bank and told the manager that he had delivered 300 bushels of wheat for which he had been paid at the rate of, I think, $1.15 or $1.10 per bushel. The proceeds came to about $330. The manager told him that under the regulations he could borrow from the bank the difference between that amount and $1,500, namely, $1,170, but that he could only use it to pay his taxes and oil bill. The farmer asked, "What about the mortgage I owe on the land?" The manager replied, "Oh, let it go." The farmer came to see me, because I acted for the mortgagee, and he said, "Senator Haig, I can't pay on the mortgage". I told him: "That is all right; we will simply take the land. It will take two months to get it, but at the end of that time my client will own the land." He complained because he could not borrow money to pay on his mortgage, and he said, "Senator Haig, there is no use in my borrowing from the bank at 5½ per cent interest to pay my taxes and oil bill when my grocery bill is left unpaid." Pointing out that he would have no money with which to buy anything for his family for the rest of the winter, he said, "I can't face that kind of music." That is the situation he was in, and that is the situation in which hundreds of our western farmers find themselves. It may be asked, "What do they do with their money?" The honourable Leader of the Government told us about the amount of grain farmers have sold. I admit that some have done all right. My honourable friend on my left (Hon. Mr. Aseltine) has 65,000 bushels out in his backyard right now.

Hon. Mr. Macdonald: He is a lucky man.

Hon. Mr. Haig: He cannot get any of it into the elevators. There is simply no space for it. He has part of his crops for the years 1951, 1952, 1953, 1954 and 1955.

Hon. Mr. Macdonald: Are there many in the same position?

Hon. Mr. Haig: There are dozens with as much as from 600 to 10,000 bushels. It is just piled up unprotected on their land. The regulations provide that all grain must be sold to the Wheat Board, except that a producer can sell to somebody else in his own province. He cannot sell outside his own province.

Hon. Mr. Beaubien: He can with a permit.

Hon. Mr. Haig: Only through the Canadian Wheat Board. It is said that the Wheat Board is not the Government. Well negotiations are now taking place in Geneva for a new International Wheat Agreement, and our delegation is comprised of representatives of the Canadian Government. The advisers are the heads of the wheat pools in Manitoba, Saskatchewan and Alberta, but this does not mean they represent the wheat pools. They are chosen by the Government to advise its officials. The effect is that the Government itself is responsible for what the Wheat Board does, no matter how you look at it. In every election campaign since the Wheat Board came into existence these people have always taken credit for the big prices the western farmers have been able to get for wheat.

I just want to go back a little in history. After the First World War the Right Honourable Arthur Meighen, then Prime Minister of Canada, set up a Wheat Board system.

Hon. Mr. Horner: It was during the war.

Hon. Mr. Haig: Well, toward the end of the war. At any rate, there were no compulsory features about it. A farmer did not have to sell to the Wheat Board if he did not want to do so. That system was very successful. Why? For the same reason that our Wheat Board was successful about the time of the

last war. I have a report here from the United States. For the first four or five years after the Second World War they were very successful over there, paying $2.50 a bushel for wheat, when we sold to Great Britain for less than we should have. The members of this house were so convinced that the terms of the first British Wheat Agreement were unsatisfactory that they voted to pay $65 million to western farmers as a slight indication of the regret the rest of Canada felt about the deal the farmers got under that agreement. Then we entered into the International Wheat Agreement, and at the start we were able to sell our wheat, but as soon as production in the rest of the world caught up with demand, what happened? My honourable friend opposite (Hon. Mr. Macdonald) did not tell us how much wheat is stored in the various terminals in Canada. He could have done so, but he did not.

Hon. Mr. Wood: About 900 million bushels.

Hon. Mr. Haig: And that is unsold wheat. I think the Leader told us that one year our farmers sold as much as 252 million bushels. Well, even at that rate, it would take almost four years to get rid of that wheat alone, to say nothing of any new wheat.

In Manitoba we have been trying as hard as possible—and I presume similar efforts have been made in other provinces—to get the farmers to cut down their wheat acreage. The total acreage has been reduced to some extent, and I think this year there were 22 million acres in wheat.

Hon. Mr. Macdonald: Twenty million.

Hon. Mr. Haig: Three or four years ago there were 24 million.

Hon. Mr. Gershaw: Twenty-seven million, in some years.

Hon. Mr. Haig: In some years, but there were 24 million three years ago. Furthermore, with modern machinery a farmer is able to sow grain in the spring at exactly the right time. I recall that when I was a boy on the farm it took my father six weeks to get his grain sown in the spring. He used three horses on a drill, and he would plant and plant and plant. With modern machinery, the same amount of seeding can be done now in about a week. We used to take six weeks to summer-fallow with a sulky plow and three horses. Now it is done in two weeks. The same thing is true with respect to threshing. The threshing gangs, which moved all around the country, threshed at our place from the 1st of September right up until Christmas. Now this work is completed before the 1st of October. They just cut the grain in the field, thresh it and draw it to the elevator. Also nowadays thousands of farmers use chemical fertilizers. When I was a boy on the farm I never heard of chemical fertilizer, but plenty of it has been used since; tons and tons of it are produced by a manufacturing plant in British Columbia. The fertilizer enables the land to produce a considerably higher yield of wheat, but that only adds to the surplus, and the problem is how to dispose of the surplus. The United States is using the best brains in the country in an attempt to solve the problem. It has cut its wheat acreage from 81 million acres to 50 million acres, yet the yield is as high as before.

The people of Manitoba, Saskatchewan and Alberta say to the Government: "You have been dabbling in wheat for ten years. What is your solution? The only suggestion you make is that we pay the banks interest at 5½ per cent on our own money, our own assets. We own the wheat, you agreed to buy it, and now you cannot take it. We want the money, and the people of Canada should put up the money, not the other grain growers." That was the conclusion that all the Opposition parties in the House of Commons came to. Honourable senators, do you think for one moment that the honourable members of the Social Credit party, the CCF party and the Progressive-Conservative party from the three Prairie provinces would have voted as solidly as they did against the Government on this bill if it had not been as clear as daylight to them that the farmers were dissatisfied with the present policy of handling grain?

I must admit that I do not know what the solution is. My honourable friend the Leader of the Government (Hon. Mr. Macdonald) might say, "Well, Senator Haig, if you were sitting in my place and I in yours, what solution would you offer?" Frankly, I do not know, but I do know that a solution must be found. The United States Secretary of Agriculture, Ezra T. Benson, is working desperately to find a solution. We in Canada have got to tell our people that our grain can be sold in the markets of the world at the world price. We cannot put our hands to the throat of the Englishman, or the Frenchman, or the Italian, or of anybody else who buys grain, and say, "You have to pay us $2 a bushel." He simply won't do it. About a year ago I was riding home on the train to Winnipeg, and I got into conversation with a passenger, who, I discovered later, was in politics. He said to me, "Are you a politician?" I replied, "I don't accept that accusation—I am just an ordinary senator." He said "Well, you are not quite as bad as a politician." "No," I agreed, "not nearly as bad." Then he told me,

"I went to the secretary of the wheat pool in Saskatchewan, because farmers were complaining to me that they were not selling their grain, and therefore not getting any money, and the secretary said, 'We will make the Englishman pay the price for the wheat.' Now, I am an Englishman, and I have never known anybody who could make an Englishman do anything; he will pay his own price." Britain refused to participate in the International Wheat Agreement, although there was a difference of only 5 cents a bushel between the price she was willing to pay and the price insisted upon by the United States.

That is the sort of thing that is upsetting the equilibrium of the Canadian farmer. Our western farmers are not all goats; most of them are pretty level-headed fellows who have been through high school and who read and understand what is going on; they feel very uneasy about the situation of the farming community which grows grain and wants to sell it.

If it is thought for one moment that I am exaggerating and making out too desperate a case for the farmers, I would invite you to come to my office in Winnipeg and be present when some young farmer, most likely with his wife, comes in to make a payment on his mortgage. On such an occasion I greet them, tell them I am glad to see them, and say, "Did you get my notice about your payment?". Perhaps the man will say: "I owe $275 interest, and I am behind two years in my taxes. What are you going to do about it?" Usually it is the wife who speaks up and says something like this: "Mr. Haig, we can't pay you anything. Your client will have to wait, because my children come first. I am going to see that they get food and some warm clothing this winter. You can put us off the farm if you like, but I am going to protect my children". Well, of course I give in—I am licked completely. What is one to say in such a case? That is the sort of situation that is setting the Opposition in the other place on fire. It is not the speeches that bother them, it is that awful kind of experience. May I say that I am not worrying about the honourable senator from Rosetown (Hon. Mr. Aseltine), for I think he will get through, but I am worrying about the fellow who in the last three or four years has started to farm for himself—perhaps a young man who has been married only a few years, and started out by renting a farm and later commenced to buy one. It looked impossible to get started at first, and now he has run into this hopeless position. I could say more about the grain question, but when the honourable leader says the most that was ever sold in one year was 252 million bushels, how are we going to dispose of the surplus in storage?

Hon. Mr. Macdonald: No; the average export from 1951 to 1955 was 312 million bushels.

Hon. Mr. Haig: That is what was sold?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Haig: All right, let us take that. It would take more than three years to sell it all.

Hon. Mr. Macdonald: I do not like to interrupt my friend, but the Montreal *Gazette*, which I happen to have in front of me, gives the amount of wheat on hand in Canada at present as 740 million bushels.

Hon. Mr. Haig: But that does not include all that is on individual farms. There is far more wheat in the country than is estimated. For instance, how can that newspaper estimate how much grain my friend from Rosetown (Hon. Mr. Aseltine) has on his farm? The reporter did not come around and ask him, and so he does not know that my friend has 65,000 bushels there.

Hon. Mr. Aseltine: Who told you that?

Hon. Mr. Haig: My friend asks who told me that. I know him very well, and I just happen to be aware of the quantity he has on his farm.

Hon. Mr. Euler: Perhaps the newspaper made an over-estimate.

Hon. Mr. Haig: The honourable member from Rosetown, if he estimates at all, may under-estimate. I am inclined to think he has 75,000 bushels on his farm. He has to keep the figure down, because he has to pay income tax when he sells it.

To put it briefly, I do not see how anybody can vote for legislation that in effect says to a farmer who can only sell grain under control, "In return for a loan at an interest rate of 5½ per cent you must give an undertaking to sell your wheat, even though the people who are supposed to buy it won't take it". The United States is not doing that. On the contrary, it is giving the farmers money. The United States is going to sell the grain if possible; otherwise it will give it away. How are we going to sell our grain in those circumstances?

We have to tell our people the facts. Those of you from Ontario, Quebec and British Columbia may say you won't feel the effects if the western farmers fail to get some help. Let me tell you, if they do not get help they will not be able to buy the products of the other provinces. Why did the Ford Motor Car Company decide to stop manufacturing

cars for the next two weeks? The reason given was that the snow was too deep in Manitoba, Saskatchewan and Alberta, but I say the real reason was that the farmers do not have money to buy cars. I am familiar with the situation in the west, and I know that in almost every community the farmers are a year, and in some cases two years, behind in their payments of interest. The cause of the present trouble is the improper handling of the 1954 crop. Let me remind the house that that year's grain was graded No. 5 and No. 6. It could never be used for milling purposes, because the poorest quality the mills will take is No. 3. Therefore, it was suitable only to be sold as feed. The Government should have taken note of the situation and sold as much of it as it could to Ontario, Quebec and the Maritimes, and disposed of the rest of it to the world at large on as favourable terms as possible. Had that been done, there would have been room in our elevators for this year's crop.

The honourable Leader of the Government (Hon. Mr. Macdonald) chooses to accept the words of the Minister of Trade and Commerce, who is always optimistic about selling our surplus wheat.

Hon. Mr. Macdonald: He is selling it now.

Hon. Mr. Haig: But he has to sell 350 million bushels a year for the next three years to catch up.

Hon. Mr. Macdonald: He has done well in the past; I have every confidence in him.

Hon. Mr. Haig: But why did we get into such a jam, if he did so well?

Hon. Mr. Euler: Are we not in a jam because we have had such large crops?

Hon. Mr. Haig: No, no.

Hon. Mr. Euler: If we had had average crops we would not have had this tremendous carryover.

Hon. Mr. Hayden: And my friend would not be making his speech.

Hon. Mr. Euler: Would not the farmers be in a similar predicament if they had had poor crops?

Hon. Mr. Haig: There were good crops in the United States, Sweden, and France; and just two years ago Sweden came into the world wheat market for the first time.

Hon. Mr. Euler: But is not the source of the trouble an over-abundance of production?

Hon. Mr. Haig: No. The source of the trouble was the decision by European countries to subsidize the growing of wheat by their own farmers because the consumers in those countries could not afford to pay out the currency to purchase Canadian or American wheat. That is what has happened in such countries as Great Britain, Sweden, Holland, Belgium, France and Italy, and the reports put out by the United States indicate the extent to which these countries are subsidizing the growers.

We must meet that situation. What is the use of sitting as it were in our tents and shutting our eyes to the true picture? The Leader of the Government says he is confident that Mr. Howe will sell our wheat, but I say conditions have changed and under existing conditions he cannot sell it. The British people would have gladly joined in the wheat agreement if they thought they could benefit by it. But they chose not to join because they knew they could buy the stuff cheaper without an agreement. We must admit they are shrewd buyers.

Hon. Mr. Reid: What would be the result if we sold on a free market?

Hon. Mr. Haig: Under present conditions, I do not think it would mean much.

Hon. Mr. Euler: Would my friend dissolve the Wheat Board? Is that his answer?

Hon. Mr. Haig: I said at the outset that I was not raising any criticism of the Wheat Board; it is simply an agent of the Government, and people who know anything about it are well aware that it is the Government which makes the decisions on all the major issues that come before the board.

Hon. Mr. Farris: I would like to ask my honourable friend what the Government has done wrong in this respect.

Hon. Mr. Haig: It has not sold the wheat. I can remember that in the period 1930-35 my honourable friend and others like him went up and down this country complaining that R. B. Bennett had a pool and had held wheat until it went down to 50 cents a bushel. Now, not only can we not get 50 cents a bushel for it, but we cannot sell it at any price.

Hon. Mr. Macdonald: No, no.

Hon. Mr. Haig: That is true, because the surplus is increasing every year. My friend says the reason is the good crops; I say, we will always have good crops.

Hon. Mr. Farris: I am trying to get information rather than offering criticism. What could the Government have done in order to sell wheat?

Hon. Mr. Haig: Well, Great Britain told it what it could have done; that country would

have come into the wheat agreement at a proper price. Further, the Government could have sold all the cheap grain to livestock producers in Ontario, Quebec and the Maritime provinces, and disposed of the rest of it as best it could. We are told that the Government is selling grain to Poland on some such deal as 10 or 15 per cent cash and the balance on time, with our own Government's backing. We are offering somewhat the same deal to Czechoslovakia. But that is not good business—it is rotten business. I say the farmers of Ontario, Quebec, British Columbia and the Maritimes should have had an opportunity to buy the cheap grain, and thus leave the elevators free to take care of the current crop. But the Government did not choose to do that, and now it is stuck with the surplus.

Hon. Mr. Farris: But would the farmers have been satisfied if the Government had done as you suggest?

Hon. Mr. Haig: The Government was running the show, and if it had faced up to the true situation the farmers would have decided that they had to make the best deal possible and take the losses.

Hon. Mr. Bouffard: Are you in favour of continuing the Wheat Board as a marketing agency?

Hon. Mr. Haig: As I have said, the Wheat Board exists only as a Government agency. The question involved in any such organization is what policy the Government chooses to adopt. If the Government is going to take credit for what the board has done in the past, it must be prepared to suffer the losses facing it today, and it is going to have to take tremendous losses before the present surplus is disposed of.

Hon. Mr. Macdonald: We have not taken any losses yet.

Hon. Mr. Haig: You have not taken the losses because you let the grain pile up when you could not sell it.

The Hon. Mr. Speaker: Order, order.

Hon. Mr. Macdonald: My friend did not listen very carefully to the figures I gave. Is the selling of 312 million bushels a year letting it pile up?

Hon. Mr. Haig: Yes, it is still piling up, because the country produced about 550 million bushels.

Hon. Mr. Macdonald: No.

Hon. Mr. Haig: In 1954 our production was only 282 million bushels, but in 1953 it was 584 million, and in 1952, 664 million.

Hon. Mr. Euler: It is an embarrassment of riches.

The Hon. the Speaker: Honourable senators, the Leader of the Opposition (Hon. Mr. Haig) has the floor, and he should not be interrupted except to be asked questions, with his consent.

Hon Mr. Euler: I am sorry.

Hon. Mr. Haig: My answer to the question of my friend from Grandville (Hon. Mr. Bouffard) is that the Wheat Board is a crown corporation and the Government must take responsibility for what it does. I would point out that when the last wheat agreement was made in Washington Great Britain said if the price was $2 it would come in.

Hon. Mr. Horner: That was a ceiling of $2.

Hon. Mr. Haig: Yes, a maximum. The Government of Canada refused to meet that suggestion, and so Britain did not come in. Perhaps if a price of $2 had been offered Britain would still not have come in, but it was the duty of our Government to make the offer.

There is no question about the 1954 crop. Anybody who understands grain and is familiar with the problem of stock feeding in Canada knows that ultimately we are going to have to do the thing that I have suggested. It does not matter how we may dodge the issue by giving our wheat away to Poland and to Czechoslovakia.

Hon. Mr. Macdonald: We have not given any away yet.

Hon. Mr. Haig: You have given credits to these nations and it is doubtful if the money will ever be paid.

Hon. Mr. Macdonald: We will get the money.

Hon. Mr. Haig: I am not so sure about that. We were told we were going to be paid for those vessels sold to the Chinese some years ago. Well, the Chinese have the vessels but our Government is paying off the $50 million; as far as I know we never got any payment at all.

In conclusion, honourable senators, I may say that other members of the Conservative party can vote as they please on this bill, but I propose to vote against it because I think it only condones the way in which the grain problem has been handled by the Government. I say it is not fair to prohibit our farmers from selling their own grain wherever they wish, and to require them to sell their grain to the Government, when if things go wrong the farmer takes the loss but if things go right, the Government takes all the glory.

Hon. Senators: Hear, hear.

Hon. T. A. Crerar: Honourable senators, it is almost certain to me that you would be somewhat disappointed if I did not have something to say on the question of wheat.

Hon. Senators: Hear, hear.

Hon. Mr. Crerar: I have listened with much interest to the speech of the honourable Leader of the Opposition (Hon. Mr. Haig) and it does seem to me that he was discussing the wrong question in his remarks. If he intended under this bill to launch a general criticism of the present method of marketing wheat I think he has chosen the wrong legislation, but under the right legislation I would agree very largely with what he said.

This bill, after all, is comparatively simple. It is worthwhile, however, to keep in mind that the Wheat Board is a crown company. It is one of the brood of 23 crown companies which we have in existence today. The Wheat Board, therefore, is an agent of the Crown, and it is so specifically stated in the Wheat Board Act.

Now, what measure of responsibility attaches to the Government to come to the rescue of the farmer who cannot sell his wheat may be somewhat difficult to say, but in response to a very general demand—I was almost going to say clamour—in response to a demand that was thought to be general, that is a better way to put it, last October the Government decided that it would initiate a form of cash advances to farmers whose grain was stored on their farms because, as the honourable Leader of the Opposition said, the elevators were filled with grain, the farmers could not market their wheat, and consequently they were deprived of the cash needed to pay their fuel bills and other accounts that come due in that season of the year. So this plan was inaugurated.

There was one point of criticism that might be made although I may say I do not particularly hold it against the Government, but I mention it because it does seem to me that from time to time we are lapsing into rather easy-going methods in allowing governments to do certain acts. The Government made this arrangement with the banks last October. Now, the arrangement the Government made with the banks cannot be carried through to the end without the approval of Parliament. In other words the arrangement is made first and Parliament is asked to approve later. In the circumstances the Government no doubt felt warranted in doing what it did. I merely mention it because this is an extraordinary and exceedingly objectionable principle on which to have Government business conducted.

When we come down to this bill, what does it do? All that it does is to ratify the agreement with the banks. And what was the agreement with the banks? It was to this effect, that a farmer who had grain stored on his farm could go to a bank, get an advance on that grain up to $1,500; then section 88 of the Bank Act was brought into play, and he gave security on the appropriate form to the bank for the advance that he received. If it turns out in the end that the banks incur some losses on these loans the Government, as the Leader of the house (Hon. Mr. Macdonald) said, will reimburse any particular bank up to the extent of 15 per cent on the first $100,000 of loss, and to the extent of 10 per cent on losses above that. There is a proviso for a maximum, which will never be reached, of the total advances that may be made.

Hon. Mr. Haig: May I ask the honourable gentleman a question? Are you correct in that statement? Is the reimbursement not 15 per cent of any $100,000 lost?

Hon. Mr. Crerar: As I understand it, it is 15 per cent of the first $100,000 of loss that arises, and if the loss exceeds that it is 10 per cent. I think that is correct, without looking immediately at the legislation.

Hon. Mr. Macdonald: The loss by any one bank.

Hon. Mr. Crerar: By any one bank, yes; I stated that.

Now, that is all that this legislation does. There has been criticism, and very strong criticism, of this method of meeting the situation. There has been criticism outside of Parliament —I will not refer to what has happened in Parliament. There has been criticism of the fact that the Wheat Board is not making cash advances. Well, the Wheat Board is not equipped to make these advances. If the board made the advances it would have to employ the elevator agents of the various elevator companies, and the agents are not qualified to form a judgment as to whether any particular farmer is entitled to credit. The banks are the people who do this sort of business and as a matter of fact it would have proven impossible in operation if the Wheat Board had been charged with the responsibility of directly making advances to the farmers.

The next criticism is that these loans are not interest free. I cannot agree with that. What is free interest? Someone has suggested, and I recall seeing it somewhere, that the Bank of Canada might operate the printing presses and turn out a certain amount of money, and make it available to the Wheat Board so it could make interest free loans.

I do not think any person would consider that for a second as being desirable. The Wheat Board would have to get the money from somewhere. If the loans were interest-free to borrowers, the interest charges would have to be paid by the Government and, in turn, by the whole tax-paying population. Or if the Wheat Board deducted the interest from its total receipts, the farmer who did not get any loan would be paying part of the interest for the farmer who got a loan; and that, of course, would not be equitable.

Having all these factors in mind, I think that, assuming the need exists, the Government has hit upon and is applying the best method of making these advances. My belief is that when all this business is cleaned up the total amount of losses under this bill, or for that matter any other whereby the farmer is required to pay interest, will be astonishingly small. It is a mistaken idea that the farmers of western Canada are near bankruptcy. We have had some information about the wheat holdings of the honourable senator from Rosetown (Hon. Mr. Aseltine). He may be short of cash—though I have never discovered that he was—but his asset position is certainly good; and I think that this condition is pretty general among farmers. I should not say anything about Saskatchewan and Alberta, but I can speak with some knowledge of the situation in Manitoba. Under our municipal law, penalties on unpaid taxes begin to run at the 1st of October each year; therefore everyone desires to get his taxes paid before that date. If payment is made a few months earlier the taxpayer gets a slight discount; if payment is not made by October 1, a penalty of half of 1 per cent per month accrues. So the manner in which taxes are paid in the rural districts and small villages is a sort of measuring-rod for conditions in the country. On the 1st of October last year tax payments from the rural municipalities and villages of Manitoba were 10 per cent greater than at the corresponding period of the previous year. I gather from this situation that not very many Manitoba farmers will take advantage of the present legislation. It is true that in Manitoba, which is largely a mixed farming province, many producers supplement their grain cheques with receipts from cream and milk. The same can be said of important areas of Saskatchewan and Alberta.

So far as I am concerned, honourable senators, the conclusion of the matter is that this legislation is upon the soundest basis on which such advances could be made to meet the needs of those who are short of cash and have wheat to market. The protection is ample; and the lending will be done through bank managers, that is by people accustomed to making loans. They know the situation in their communities. When a farmer goes into a bank, the manager knows him. If he is a worthless, thriftless fellow whose word is no good, the bank manager will probably refuse him a loan. To approved borrowers the manager will say, "Yes, we will give you a loan, and here is a document to sign", a document which gives the bank protection under section 88 of the Bank Act. The whole margin of security is increased, and the chances of loss, with the criticisms which might follow, are pretty well eliminated.

Hon. Mr. Kinley: May I ask the honourable gentleman a question for my own information? I take it that the elevators are full. Who owns the wheat in the elevators?

Hon. Mr. Haig: The Government.

Hon. Mr. Crerar: The Wheat Board owns the wheat in the elevators.

Hon. Mr. Kinley: Has it paid for it?

Hon. Mr. Crerar: Oh, surely.

Hon. Mr. Kinley: The farmers are fully paid for their wheat in the elevators.

Hon. Mr. Crerar: No. I may say that in many cases the farmer has been paid only the initial payment for 2 bushels or 4 bushels or whatever his quota may be. That was the result of the congestion in both country and terminal elevators during the whole of last fall. In that respect the remarks of the honourable Leader of the Opposition (Hon. Mr. Haig) are entirely correct and apropos.

Hon. Mr. Macdonald: I understand that the question of the honourable senator from Queens-Lunenburg (Hon. Mr. Kinley) was whether or not the farmer had been paid for the wheat he had delivered.

Hon. Mr. Crerar: Of course he has.

Hon. Mr. Haig: Not altogether.

Hon. Mr. Kinley: All that he has delivered?

Hon. Mr. Crerar: Suppose his quota is 3 bushels of wheat,—

Hon. Mr. Kinley: No, my question is, was he paid for all he has delivered. If the elevators in the west are full, and he has been paid for all the wheat he has delivered, he must have received a lot of money last year.

Hon. Mr. Crerar: You mean, over the years?

Hon. Mr. Kinley: Yes.

Hon. Mr. Crerar: But even on the 1954 crop the farmers have not been able to deliver all their grain. They were limited by a quota restriction.

Hon. Mr. Aseltine: The elevators were full in 1952, and they are still full.

Hon. Mr. Crerar: Yes: That is why the honourable senator from Rosetown (Hon. Mr. Aseltine) has so much wheat on his farm which he cannot deliver.

Hon. Mr. Beaubien: He grows too much!

Hon. Mr. Kinley: It would seem that the first thing to be done before the farmers grow any more grain is to see that they have sufficient storage.

Hon. Mr. Crerar: We will discuss that at some other time.

Hon. Mr. Horner: Honourable senators, may I move the adjournment of the debate?

Hon. Mr. Golding: Before the debate is adjourned I should like to ask one question, so as to get an idea of the total consumption of wheat. The honourable Leader of the Government (Hon. Mr. Macdonald) has said that the average export sale for the four years he mentioned was 312 million bushels. What has been the home consumption in the same period of time?

Hon. Mr. Macdonald: I would have to get those figures. I have not got them available here.

Hon. Mr. Horner: It is reckoned at 160 million bushels.

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

TEMPORARY WHEAT RESERVES BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 83, an Act respecting the payment of carrying costs of temporary wheat reserves owned by The Canadian Wheat Board.

He said: Honourable senators, this is a simple bill but a very important one. The purpose of this legislation is to enable the Government to pay the carrying charges on wheat stocks owned by the Wheat Board in excess of 178 million bushels as of August 1, 1955, and to continue that obligation until the Wheat Board's stocks drop below 178 million bushels at the end of any crop year. At that time the legislation will immediately lapse.

Payment of these charges will relieve the Wheat Board, and through the board the wheat producer, from the burden of storage and interest costs on the abnormally large crops which have accumulated in the hands of the board in recent years. These large crops, as has been said earlier today, are not attributable to increased acreage. They are due entirely to the very favourable weather which has prevailed throughout western Canada during the last few years, and for which we should thank Providence. In fact, the acreage last year in wheat was less than it was fifteen years ago. Figures were quoted earlier today to the effect that in 1940 there were 27¾ million acres under wheat. In 1955 there were approximately 20 million acres under wheat. So this is conclusive proof that the huge increase in production is not due to an increase in acreage, nor is it due in any way to subsidies of wheat in any form whatsoever. Wheat growers in Canada get paid the world market price less storage and other expenses of handling and of marketing. I hope we have all been convinced by argument in a previous debate today that the large accumulation of wheat on hand is not due to poor sales. I shall not repeat the figures given earlier, but if honourable senators will take the trouble to read them in *Hansard* they will be convinced that the large quantity of wheat which we have on hand today is not attributable to poor sales; on the contrary, we have had excellent sales.

Hon. Mr. Crerar: Could the honourable Leader provide us with information, which I think is available, as to the total sales of wheat made from August 1, 1955, to date, a period of seven months?

Hon. Mr. Macdonald: I am afraid I could not get that information. I understand it is the practice of the board not to provide it, as it would be divulging very valuable information to those carrying on business in wheat in other countries. I think it would be inadvisable to give that information to our competitors.

Hon. Mr. Crerar: As a matter of fact, the trade knows that information pretty well today. We certainly are hearing a good deal of talk about the enormous sales that have been made and it would be a matter of interest if we knew just how much they amounted to.

Hon. Mr. Macdonald: I understand the practice of the board is not to give out that information.

Hon. Mr. Haig: It was given in the other house.

Hon. Mr. Macdonald: Was it?

Hon. Mr. Kinley: No. It was said in the other house that they did not want to give it.

Hon. Mr. Haig: I think it was given in the other house.

Hon. Mr. Macdonald: I had not thought so. I shall make inquiries, and if I get the information I shall be glad to give it to honourable

senators. Our elevators were filled to capacity last August 1st, the beginning of the current crop year. At that time the Canadian Wheat Board owned 395 million bushels of wheat. I agree with what was said by the Leader of the Opposition (Hon. Mr. Haig) in the earlier debate today, that it is likely Canada will continue to have large stocks of wheat for years to come. However, I maintain that during the same time we shall continue to have very large sales. The impact of increasing carrying charges first affected the Wheat Board operations in the 1953-54 account. This pool was under administration from August 1, 1953, to April 29, 1955, at which time the old pool was closed out. The carrying charges for that period came to 15·67 cents per bushel on 398 million bushels of wheat delivered to the pool by producers. In 1952-53 the pool charges were 7·57 cents on 533 million bushels, and it is estimated that the carrying charges on the 1954-55 pool will amount to somewhere close to 20 cents a bushel.

Honourable senators, I have not got much more to say about this bill. It is designed to facilitate the orderly marketing of wheat and prevent the panic selling of wheat that took place in the 1930's. I would point out that the bill does not subsidize the western producer. It avoids the subsidizing of exports and is not a camouflaged form of give-away, nor is it a device to guarantee a minimum price considered higher than the present initial prices. These proposals were made to the Government and rejected by it.

Probably the basic cause of trouble in the world wheat markets today is the subsidizing which is done by many countries of wheat production and exports. I am sure we do not want to be included in the countries which are causing trouble in that respect.

In conclusion, I would say that through the provisions of this bill we are making an essential contribution to the stability of the wheat economy of the Prairie provinces and thereby we are making an indirect contribution to the stability of the whole Canadian economy.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: Honourable senators, I think the honourable Leader ought seriously to consider giving us information as to the grain sold from the 1st of August of this year until, say, the 1st of February or the 1st of March. I do not think he needs to be afraid of others knowing that information. In these days the world market is not so much controlled by operators; it is controlled by governments practically everywhere. It is pretty easy to get that information now.

Hon. Mr. Barbour: May I ask the honourable Leader if he suggests this plan is a cure-all for the wheat growers? He stated that over-production today is not caused by lack of sales and that we have a lot of wheat on hand. To my mind, the plan is a kind of annual subsidy on 178 million bushels of wheat, intended to further increase the sale of wheat.

Hon. Mr. Macdonald: The purpose is not to produce further sales of wheat. An unusual condition in Canada has been caused by an unusually large production of wheat, and there is a surplus in the markets of the world; just how long that will continue I do not know, but at the present time farmers have been required to store their wheat longer than usually. The purpose of this bill is to endeavour to give some stability to the wheat market—the wheat economy—and the Government feels that through such stability the economy of the wheat producers will benefit as well as the economy of Canada as a whole.

Hon. Mr. Hugessen: Would the honourable Leader give us the reason for the fixing of this exact figure of 178 million bushels, the excess over which will entail storage?

Hon. Mr. Haig: That is the normal carry-over.

Hon. Mr. Macdonald: The normal carryover is 178 million, and that is the basis on which the storage rate is fixed.

Hon. Mr. Hugessen: For what year?

Hon. Mr. Macdonald: Over a period of years.

Hon. Mr. Crerar: The average over a period of years.

Hon. Mr. Macdonald: The average over a period of years is 178 million bushels.

Hon. Mr. Horner: Could the honourable Leader say for how many years this may continue, and what it may amount to eventually?

Hon. Mr. Macdonald: Well, when the carry-over becomes less than 178 million, this legislation automatically lapses.

Hon. Mr. Ross: Could the Minister give us a breakdown of the figure of 20 cents a bushel for storage? As I understand it, 15 cents is for storage itself, and then there are handling charges and interest. I would like to know how the 20 cents is made up.

Hon. Mr. Macdonald: I have not that information here, but I shall be pleased to endeavour to get it.

Hon. T. A. Crerar: Honourable senators, I had retained my seat in the expectation that

the Leader of the Opposition (Hon. Mr. Haig) or his deskmate (Hon. Mr. Aseltine)—

Hon. Mr. Aseltine: I never look a gift horse in the mouth.

Hon. Mr. Crerar: —would have a contribution to make to the debate on this bill. This is a much more important measure than the one we were considering a short time ago.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Crerar: I propose very briefly to give you my reasons for saying so. In the first place, it might be well if I attempted to give a brief explanation of how this question arose. The Wheat Board is an agent of the Crown; in other words, it is a crown corporation. The law under which the board operates is one of the most drastic on our statute books.

Hon. Mr. Reid: You can say that again.

Hon. Mr. Crerar: I can illustrate that by saying that a farmer cannot market a bushel of wheat, oats or barley beyond the boundary of his province until he gets a permit from the Government authorities. As the honourable senator from New Westminster (Hon. Mr. Reid) stated in a previous debate, if a farmer in Saskatchewan has a chicken ranch in the Fraser Valley he cannot move wheat from his farm in Saskatchewan to the Fraser Valley to feed his chickens without a permit from the board to market the wheat; and then he has to deliver it to the Wheat Board and buy it back before it gets out to his farm near Vancouver.

Hon. Mr. Reid: And try and get it!

Hon. Mr. Crerar: Of course, there are heavy penalties for violations of this law. The Wheat Board is an agent of the Crown, and therefore the Crown has a responsibility. This bill proposes to pay $30 million odd in storage charges over the next year; and, as I see it, for one of two reasons: either the Wheat Board in its operations for the present crop year will be in deficit, or the Government out of the generosity of its heart is saying to the farmers of western Canada, "Well, we are going to give you a present of this amount—we are going to pay your storage for you."

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Reid: Another gift!

Hon. Mr. Crerar: That introduces a very interesting principle. If that principle is to be applied to grain, is it also going to be applied to other commodities, and if so, will other commodities be brought under the supervision of boards? For instance, the apple growers of Canada might want a board set up to market their apples; and the livestock producers might say, "Well, we are going to let the Government take control of the livestock markets, and if we feel we are not making ends meet or that the industry requires assistance, the Government will come in and support by subsidies." That is a bad principle, and I make no bones about saying so. I suspect that the Wheat Board is in deficit on its 1955-56 operations.

Hon. Mr. Aseltine: Have you any facts to substantiate that statement?

Hon. Mr. Crerar: The honourable senator from Toronto-Spadina (Hon. Mr. Croll) shakes his head. Well, I will give him some information in a moment which may convince him that I have some warrant for what I have said.

We should understand clearly what is meant by the pool. The Wheat Board, having control of all the wheat, starts at the beginning of the crop year, which is August 1, and markets throughout the ensuing twelve months to July 31. Quite obviously, in recent years when August 1 came around the Wheat Board has had a large surplus carried over from the previous crop year; so, the practice has been to transfer the wheat from that pool year into the next pool year, after a certain lapse of time during which an effort is made to reduce the carryover by sales.

Last year on April 29 the surplus from the 1953-54 pool was transferred to the 1954-55 pool year, which begins, let me repeat, at August 1. The surplus transferred at April 29 was a little in excess of 164 million bushels, and of that some 7 million or 8 million bushels was other than milling grade.

The 1954-55 crop in western Canada was a peculiar crop, in that it suffered considerable damage, as my honourable friend from Blaine Lake (Hon. Mr. Horner) knows, from both rust and frost. As a result, substantially more than 100 million bushels of the crop of that year belonged to the feeding grades. The Wheat Board, in its initial payment for the 1954-55 crop, fixed No. 1 Northern at $1.40 per bushel at Fort William. Recently there was an addition of 10 cents a bushel to the three upper grades. So the farmer who delivered wheat in that pool year has received $1.50 for No. 1 Northern. But the Wheat Board made no interim payment on lower or feed grades. The reason, which I think is perfectly obvious, was the very large quantity of feed grain to be disposed of. Taking No. 5 wheat as an illustration, the spread between that and No. 1 Northern at $1.40 brought it down to $1.12. That was the price fixed by the Wheat Board as the initial payment on No. 5 wheat at the beginning of the crop year in 1954. The honourable

Leader of the Government (Hon. Mr. Macdonald) mentioned that the storage accumulations had been of the order of 18 or 20 cents a bushel, and I think he had an estimate of 20 cents a bushel for the current year. Now, if you add 20 cents a bushel to $1.12, which is the cost of the wheat when it was marketed, you get a gross of $1.32.

Hon. Mr. Macdonald: I said it was estimated at 20 cents for the current year.

Hon. Mr. Crerar: You mean from August 1, 1955?

Hon. Mr. Macdonald: Yes, that is the estimate. I have the figures for each year, if my honourable friend is interested.

Hon. Mr. Crerar: What are the figures for the other years?

Hon. Mr. Macdonald: The carrying charges for the 1952-53 pool were 7·57 cents, for the 1953-54 pool 15·67 cents, and for the 1954-55 pool they are estimated as high as 20 cents.

Hon. Mr. Crerar: That is the year we are discussing.

Hon. Mr. Macdonald: That figure is necessarily an approximation.

Hon. Mr. Crerar: If that assumption is right, then the cost to the Wheat Board has been $1.32. Now, let us look at what the board has been selling wheat at. A glance at the newspapers for the past three months will indicate, I think, that No. 5 wheat has been selling at $1.21 to $1.25 per bushel at Fort William, and I think it is $1.25 today. That spread in price applies as well to other lower grades, and they are quite substantial in quantity. Therefore, I strongly suspect that the Wheat Board is in deficit on these lower grades.

It is quite true that the Wheat Board is a Government agency, and if it fails to make ends meet the obligation is on the Treasury to make good the deficiency. We have met deficits in the past with respect to the Canadian National Railways and the Canadian National Steamship Lines and other Government agencies. However, I submit that we should have more information than we have at present before we agree to meet this deficit, if deficit it is.

I asked the honourable Leader of the Government if he could give us information as to the total sales of wheat by the Wheat Board from August 1 to say yesterday, a period of seven months. He said, and I believe he is quite correct, that the board does not wish to divulge that information. Nevertheless, this house is being asked to vote the sum of $32 million to cover this period of operation.

A further question arises. The carryover of wheat is fixed at 178 million bushels, which is an arbitrary figure arrived at by taking the average over several years. It has been stated that that is an emergency reserve, and that as such the Government should pay storage on it. Where is the emergency?

Hon. Mr. Hayden: The excess over normal.

Hon. Mr. Crerar: Yes. Quite frankly, I do not like this bill, and I know I will be criticized in the Prairie country for what I have said. But where is this practice going to end? If wheat growers are entitled to compassionate pay or alternatively to have the deficit, if any, of the Wheat Board made up, then should not the same or similar treatment be available to everybody? In other words, on what principle are we operating in this connection? I fail to find a definite principle, and that is one of the criticisms I have to make of the legislation. May I say that we seem to be getting into easy methods of dealing with matters of this kind. I am just old-fashioned enough and perhaps I have lived too long—

Hon. Mr. Croll: No, no.

Hon. Mr. Crerar: —I am old-fashioned enough to believe that there are certain basic, fundamental principles which should apply to public policy, and if we violate those principles for the sake of expediency we shall run into trouble sooner or later.

Hon. Senators: Hear, hear.

Hon. Mr. Crerar: It is for that reason that I object to this bill. I have no doubt that it will be passed by the house, but I predict that it is a type of legislation that we may well have with us next year and maybe for years to come.

There is some optimistic talk about selling our surplus wheat, and I hope it is true. But the sale of wheat to Russia, which we had announced to us today, is not a very big item in the total volume we have for sale. I have been long enough associated with the grain business to suspect some of these matters. If we can believe some of the newspaper accounts, the crops in Europe have been destroyed by the recent bad weather; but I know from private inquiry of a reasonably reliable source that indications are that possibly only the south of France has suffered serious wheat crop damage. The view of the British is that the snow covering they have had is protecting their winter wheat and that no damage has been done to it. Italy's crop may be damaged, but it is too early to say. We hear stories about dust storms in the United States. Well, the private advices that I get, and I think my sources are reliable, are

that in the southwest of the United States, which is a big crop-producing area, their winter crops are in pretty good condition. With the snow covering we have on the prairies we may run again into a bumper crop; and if we do, what is to be our policy in connection with it?

Before I sit down may I say one word about the American situation. The United States Government has followed, in my judgment, a very unsound policy. As a matter of fact both political parties today would like to get away from it but are afraid of antagonizing a large section of what they call the farm vote. Now, the principle they follow is a guarantee of parity, and parity is 90 per cent. They follow a curious formula which can be stated in a moment: They took the prices in the years from 1910 to 1914 and made an index of the cost of the things the farmer bought in that particular period. They made another index, taking the average of the prices the farmer received for his products over that period, and they applied that formula to the current years. They pay 90 per cent of parity; that is, the price the farmer receives now is supposed to be, in that index, 90 per cent of the price he pays on the index of prices for the things he buys. That, of course, has put the price of wheat away up, so farmers grow it. The Leader of the house (Hon. Mr. Macdonald) stated that we are producing more wheat off 20 million acres today than we did 15 years ago off 27 million acres, and he is right. Why? Better farm practice has improved the average yield, fertilizers have been improved and are being used, good land is being put into wheat and inferior land is being put into something else.

Hon. Mr. Macdonald: And there have been succeeding years of good weather.

Hon. Mr. Crerar: Yes, we have had succeeding years of good weather, although the 1954 crop was very badly damaged over more than half of the wheat producing area. These are all signs of improvement which we should welcome.

I will give it as my own opinion—and some may think it not worth very much—that surpluses of wheat are the logical result of prices at the levels they have been at since the end of the war, maintained there largely by the endeavour of the United States to carry on its parity program. For, notwithstanding that, the United States has piled up surpluses which the Commodity Credit Corporation has on hand today—of wheat mainly, and cotton, representing a total investment of $9 billion. The efforts of producers in that country to sell at these prices, plus similar efforts in Canada and elsewhere, can have only one effect—to stimulate production of wheat in every country of the world. The result is that a number of countries which otherwise would not be growing wheat are growing it. It becomes an economic question and in the end the age-old law of supply and demand is going to govern the final disposition of this matter.

Hon. Mr. Hackett: May I ask the honourable senator a question? Are storage charges the same on all grades of wheat?

Hon. Mr. Crerar: Yes.

Hon. Mr. Euler: May I ask my friend a question? He disapproves of establishing the principle of paying this $32 million of storage charges, as proposed by this bill. Does he not think that principle was already established when we paid out $65 million a year or two ago?

Hon. Mr. Crerar: I am sure that my honourable friend's memory is as good as I think it is, and he will recall that I voted against that measure at the time.

Hon. Mr. Kinley: Will the honourable senator from Churchill (Hon. Mr. Crerar) say whether he approves of the suggestion made by the Leader of the Opposition (Hon. Mr. Haig) that inferior grades of wheat should be dumped on the domestic market as feed? That seems to me to be a suggestion that might have merit. The idea, as I see it, is that the eastern farmers would get the feed grades at a fair price, and this would have the effect of relieving the situation in the storage elevators.

Hon. Mr. Crerar: I do not know that I would approve of that. It would enable feeders in Quebec, Ontario and the Maritime provinces to get cheap feed, and the taxpayers at large would be helping to pay for it.

Hon. Mr. Kinley: The western farmer, though, would receive his price.

Hon. Mr. Bouffard: We are helping to pay for it at the present time anyway.

The Hon. the Speaker: Order.

Hon. Mr. Crerar: The price is fixed by the Wheat Board. Once the price is fixed at, say, $1.12 a bushel, as it was last August for No. 5 wheat, that price cannot be varied. If the board decided three months later to cut that price by 7 cents to $1.05, or by 12 cents to make it an even dollar, what would you have? You would have certain farmers who received $1.12 a bushel while others would get only $1, and with the Wheat Board right in the middle of the political stage you can easily imagine what that would create.

Hon. Mr. Kinley: Would it not be much cheaper to dispose of the low grade wheat on the domestic market than to sacrifice the good grades to foreign markets, as is now being done?

Hon. Mr. Crerar: I would not say the board is sacrificing it.

Hon. Mr. Kinley: Well, the Leader of the Opposition says it is.

Hon. Mr. Crerar: As a matter of fact it is selling No. 5 grade at $1.25, the quoted price.

Hon. Mr. Stambaugh: Did I understand the honourable senator to say that a farmer could not sell a single bushel of wheat without a permit from the Wheat Board?

Hon. Mr. Haig: Outside of the farmer's own province.

The Hon. the Speaker: Honourable senators, the question is on the motion for the second reading of Bill 83, intituled an Act respecting the payment of carrying costs of temporary wheat reserves owned by The Canadian Wheat Board. Is it your pleasure to adopt the motion?

Hon. Mr. Reid: On division.

The motion was agreed to, and the bill was read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Macdonald: Next sitting.

Hon. Mr. Reid: Six months from now.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 142 to 162, which were presented on February 28.

Hon. Mr. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 210)

Trade Agreement between Canada and Union of Soviet Socialist Republics, done at Ottawa on February 29, 1956, together with correspondence between the Honourable L. B. Pearson, Secretary of State for External Affairs, and Mr. S. A. Borisov, First Deputy Minister for Foreign Trade of the Union of Soviet Socialist Republics.

TRADE AGREEMENT BETWEEN CANADA AND THE UNION OF SOVIET SOCIALIST REPUBLICS

The Government of Canada and the Government of the Union of Soviet Socialist Republics

Desiring to develop trade relations between the two countries on the basis of equality and reciprocal advantages,

Have resolved to conclude an Agreement which will regulate the commercial relations between Canada and the Union of Soviet Socialist Republics,

Have accordingly appointed their respective representatives for this purpose who have agreed as follows:

Article 1

Each Contracting Party shall accord to the other Contracting Party unconditional most-favoured-nation treatment in all matters with respect to customs duties and charges of any kind imposed on or in connection with importation or exportation and with respect to the method of levying such duties and charges, with respect to the rules and formalities connected with importation or exportation, and with respect to all internal taxes or internal charges of any kind, and with respect to all laws, regulations and requirements affecting internal sale, offering for sale, purchase, distribution or use of imported goods within the territory of such Contracting Party.

Accordingly, products of each Contracting Party imported into the territory of the other Contracting Party shall not be subject, in regard to the matters referred to in the first paragraph of this Article, to any duties, taxes or charges other or higher, or to any rules or formalities more burdensome, than those to which like products of any third country are or may hereafter be subject.

Similarly, products exported from the territory of a Contracting Party and consigned to the territory of the other Contracting Party shall not be subject, in regard to matters referred to in the first paragraph of this Article, to any duties, taxes or charges other or higher, or to any rules or formalities more burdensome, than those to which like products when consigned to the territory of any third country are or may hereafter be subject.

Any advantage, favour, privilege or immunity which has been or may hereafter be granted by either Contracting Party, in regard to the matters referred to in the first paragraph of this Article, to any product of any third country shall be accorded immediately and without compensation to like products originating in the territory of the other Contracting Party, and irrespective of the nationality of the carrier.

Each Contracting Party shall accord to the other Contracting Party most-favoured-nation treatment with respect to sales or purchases involving exports or imports.

Article 2

Each Contracting Party shall accord to the products of the other Contracting Party, which have been in transit through the territory of any third country receiving most-favoured-nation treatment from the importing country, treatment no less favourable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going through the territory of such third country. Each Contracting Party shall, however, be free to maintain its requirements of direct consignment existing on the date of signature of the present Agreement in respect of any goods in regard to which such direct consignment has relation to that Contracting Party's prescribed method of valuation for duty purposes.

Article 3

No prohibitions or restrictions shall be applied by either Contracting Party on the importation or exportation of any product from or to the territory of the other Contracting Party which are not similarly applied to the importation or exportation of the like product from or to the territories of all third countries except for import or exchange restrictions applicable to all countries in like circumstances for the purpose of safeguarding the external financial position and balance of payments.

The provisions of the present Agreement shall not limit the right of either Contracting Party to apply prohibitions or restrictions of any kind directed to the protection of its essential security interests.

Article 4

The merchant vessels of each Contracting Party and the cargoes of such vessels shall

upon arrival at and departure from the seaports of the other Contracting Party and during the time spent in such seaports enjoy the treatment accorded to the most-favoured-nation.

The provisions of this Article shall not apply to the performance of harbour services including pilotage and towing, nor to coastal shipping.

Article 5

Canadian citizens and other natural persons domiciled and carrying on business in Canada and juridical persons constituted in accordance with the laws in force in Canada shall, when engaged in business activity in the territory of the Union of Soviet Socialist Republics personally or through their appointed representatives under conditions prescribed by the laws in force in the USSR, enjoy in respect of their persons and their property treatment according to law no less favourable than that accorded to the natural and juridical persons of any other state.

Soviet citizens and Soviet business organizations and other juridical persons constituted in accordance with the laws in force in the USSR shall, when engaged in business activity in the territory of Canada personally or through their appointed representatives under conditions prescribed by the laws in force in Canada, enjoy in respect of their persons and their property treatment according to law no less favourable than that accorded to the natural and juridical persons of any other state.

The natural and juridical persons specified in this Article shall enjoy access to the courts of the other Contracting Party on the same basis as natural and juridical persons of any other state.

Article 6

Canadian citizens and other natural persons domiciled and carrying on business in Canada and juridical persons constituted in accordance with the laws in force in Canada, on the one hand, and Soviet citizens and Soviet business organizations and other juridical persons constituted in accordance with the laws in force in the USSR, on the other hand, may agree that disputes arising out of commercial transactions shall be settled by arbitration.

Article 7

The provisions of the present Agreement relating to most-favoured-nation treatment shall not apply to exclusive advantages accorded by Canada to members of the British Commonwealth of Nations, including their dependent territories, and to the Republic of Ireland.

Article 8

The Government of each Contracting Party shall give sympathetic consideration to any representations which the Government of the other Contracting Party may make in respect of the implementation of the present Agreement.

Article 9

The present Agreement shall be ratified by both Contracting Parties and shall enter into force definitely on the date of the exchange of the instruments of ratification. The exchange of the instruments of ratification shall take place in Moscow within ninety days of the date of signature.

The present Agreement shall however enter into force provisionally on the date of its signature.

The present Agreement shall remain in force for a period of three years from the date of signature. It may be extended for a further period if both Contracting Parties agree thereto not less than three months prior to the expiration of the aforesaid period of three years.

DONE at Ottawa this 29th day of February, 1956, in duplicate, in the English and Russian languages, both equally authentic.

By authority of the
Government of Canada
C. D. HOWE,
L. B. PEARSON.

By authority of the
Government of the Union
of Soviet Socialist
Republics
S. A. BORISOV.

Ottawa, February 29, 1956

Sir,

On the occasion of signing the Trade Agreement between Canada and the Union of Soviet Socialist Republics, I have the honour to inform you that the Government of Canada reserves the right to fix under the Canadian Customs Act values of goods for ordinary and special duty in the following terms:

(a) If, as a result of the obligations incurred by Canada under the aforesaid Agreement, any product is being imported or is likely to be imported into Canada in such quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive products, the Government of Canada shall be free, in respect of such product and to the extent and for such time as may

be necessary to prevent or remedy such injury, to fix values for ordinary and special duty purposes;

(b) In determining whether values should be established in respect of any product pursuant to paragraph (a) and in determining the level at which such values should be fixed, the Government of Canada will take into account the prices of like or directly competitive products, if any, being imported at that time from other countries, in order to maintain the most-favoured-nation treatment stipulated in Article 1 of the above mentioned Trade Agreement between Canada and the U.S.S.R.

(c) Before the Government of Canada takes action pursuant to paragraph (a) it will give notice in writing to the Government of the USSR as far in advance as may be practicable and will afford the latter an opportunity to consult with it in respect of the proposed action. In critical circumstances where delay would cause damage which it would be difficult to repair, action under paragraph (a) may be taken provisionally without prior consultation, on the condition that consultation shall take place immediately after taking such action.

Accept, Sir, the assurances of my highest consideration.

L. B. PEARSON

S. A. Borisov, Esquire,
First Deputy Minister for Foreign Trade,
of the Union of Soviet Socialist Republics,
Ottawa.

(*Translation*)

Ottawa, February 29, 1956.

Sir,

I have the honour to acknowledge receipt of your letter of this date which reads as follows:

"On the occasion of signing the Trade Agreement between Canada and the Union of Soviet Socialist Republics, I have the honour to inform you that the Government of Canada reserves the right to fix under the Canadian Customs Act values of goods for ordinary and special duty in the following terms:

(a) If, as a result of the obligations incurred by Canada under the aforesaid Agreement, any product is being imported or is likely to be imported into Canada in such quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive products, the Government of Canada shall be free, in respect of such product and to the extent and for such time as may be necessary to prevent or remedy such injury, to fix values for ordinary and special duty purposes;

(b) In determining whether values should be established in respect of any product pursuant to paragraph (a) and in determining the level at which such values should be fixed, the Government of Canada will take into account the prices of like or directly competitive products, if any, being imported at that time from other countries, in order to maintain the most-favoured-nation treatment stipulated in Article 1 of the above mentioned Trade Agreement between Canada and the USSR.

(c) Before the Government of Canada takes action pursuant to paragraph (a) it will give notice in writing to the Government of the USSR as far in advance as may be practicable and will afford the latter an opportunity to consult with it in respect of the proposed action. In critical circumstances where delay would cause damage which it would be difficult to repair, action under paragraph (a) may be taken provisionally without prior consultation, on the condition that consultation shall take place immediately after taking such action."

I have the honour to inform you that the contents of the above mentioned letter have been duly noted.

Accept, Sir, the assurances of my highest consideration.

S. A. BORISOV

The Honourable L. B. Pearson,
Secretary of State for External Affairs,
Ottawa.

(*Translation*)

Ottawa, February 29, 1956.

Sir,

On the occasion of signing the Trade Agreement between the Government of the Union of Soviet Socialist Republics and the Government of Canada, I have the honour to confirm the agreement reached to the effect that the Soviet foreign trade organizations will buy from Canada, during the three years dating from the signature of this Agreement, between 1,200,000 and 1,500,000 metric tons of wheat in annual amounts of between 400,000 and 500,000 tons. The quantity of wheat between 400,000 and 500,000 tons purchased by the Soviet Union during each of the second and third years of the validity of the Agreement shall be finally determined with due account being taken of the volume of sales of Soviet goods in Canada and Canadian purchases thereof.

It is agreed that the purchases of wheat shall be made at the prices and on the terms

at which the Canadian Wheat Board is making sales to its major customers at such times as the Soviet purchases take place.

Accept, Sir, the assurances of my highest consideration.

S. A. BORISOV

The Honourable L. B. Pearson,
Secretary of State for External Affairs,
Ottawa.

Ottawa, February 29, 1956.

Sir,

On the occasion of signing the Trade Agreement between the Government of Canada and the Government of the Union of Soviet Socialist Republics, I have the honour to confirm the agreement reached to the effect that the Soviet foreign trade organizations will buy from Canada, during the three years dating from the signature of this Agreement, between 1,200,000 and 1,500,000 metric tons of wheat in annual amounts of between 400,000 and 500,000 tons. The quantity of wheat between 400,000 and 500,000 tons purchased by the Soviet Union during each of the second and third years of the validity of the Agreement shall be finally determined with due account being taken of the volume of sales of Soviet goods in Canada and Canadian purchases thereof.

It is agreed that the purchases of wheat shall be made at the prices and on the terms at which the Canadian Wheat Board is making sales to its major customers at such times as the Soviet purchases take place.

Accept, Sir, the assurances of my highest consideration,

L. B. PEARSON.

S. A. Borisov, Esquire,
First Deputy Minister for Foreign Trade of the Union of Soviet Socialist Republics,
Ottawa.

THE SENATE

Thursday, March 1, 1956

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

Prayers.

Routine proceedings.

PRIVATE BILLS

SIGNATURE LOAN COMPANY—
REPORT OF COMMITTEE

Hon. Mr. Hugessen, for Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill H-5.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the bill H-5, intituled: "An Act to incorporate Signature Loan Company", have in obedience to the order of reference of February 21, 1956, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 1, line 15: Immediately after the word "Loan" insert the words "and Finance".
2. In the title: Immediately after the word "Loan" insert the words "and Finance".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hugessen: Next sitting.

PRIVATE BILLS

PERSONAL FINANCE COMPANY OF CANADA—
REPORT OF COMMITTEE

Hon. Mr. Beaubien, for Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill G-5.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (G-5) intituled: "An Act respecting Personal Finance Company of Canada", have in obedience to the order of reference of February 21, 1956, examined the said bill, and now beg leave to report the same without any amendment.

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

Hon. Mr. Beaubien: Next sitting.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate I move that when this house rises today it stand adjourned until Monday next at 8 o'clock in the evening.

The motion was agreed to.

CANADIAN EMBASSY IN MOSCOW

INQUIRY AND ANSWER

Hon. Mr. Reid inquired of the Government, pursuant to notice of February 21:

1. Are the Canadian Embassy representatives in Russia allowed in Moscow to send by mail literature and pamphlets dealing with the life and events of the Canadian people, to Russian Government representatives, and others, similar to the reading material and propaganda sent out from the Russian Embassy here in Ottawa to senators and members of the House of Commons?
2. If the answer is "yes" that Canadian Embassy representatives in Russia are allowed the same privileges as Russian representatives here in Ottawa, has the Canadian Government given any consideration to the distribution, and circulation, by them of Canadian literature, with the view of the people in Russia being made better acquainted with Canada and the life of the Canadian people generally?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

1. A small amount of material about Canada, in English, is now being sent to certain Soviet libraries and universities. The Canadian Embassy in Moscow would, however, have to obtain permission from the Soviet Government to send publications in the Russian language dealing with life and developments in Canada through the mail to Soviet officials or private citizens. Although permission might be given there would not necessarily be any guarantee that the Embassy would be able to distribute such material very widely.

2. The Canadian Government has, from time to time, given consideration to the distribution of Canadian information material in the Soviet Union. In view of the high cost of reproducing information material in the Russian language and the shortage of trained personnel for such work, the Government has been reluctant to undertake it so long as there is no guarantee that it will reach a wide audience in the Soviet Union.

SENATORS—APPOINTMENTS AND RESIGNATIONS

INQUIRY AND ANSWER

Hon. Jean-Francois Pouliot inquired of the Government, pursuant to notice of February 28:

1. How many senators have been appointed to the Senate since Confederation?
2. During the same period how many senators have resigned their seats in the Senate?
3. Who were they? And when did they resign?

Hon. Mr. Macdonald: Honourable senators, the answers to the honourable gentleman's inquiry are as follows:

1. 547.
2. 61.

3. The Honourable Senators: Joseph N. Bosse, 1867; Sir Narcisse F. Belleau, 1867; Walter McCrea, 1870; Jonathan McCully, 1870; John W. Ritchie, 1870; Antoine J. Duchesnay, 1871; Peter Mitchell, 1872; Joseph E. Cauchon, 1872; Louis A. Olivier, 1873; Ulric Joseph Tessier, 1873; Louis Panet, 1874; P. J. O. Chaveau, 1874; Charles E. Panet, 1875; Asa B. Foster, 1876; Luc LeTellier de St. Just, 1876; Alexandre R. C. deLery, 1876; A. E. Botsford, 1878; Thomas H. Haviland, 1879; Robert D. Wilmot, 1880; George W. Howlan, 1880; James Skead, 1881; A. W. McLelan, 1881; C. F. Cornwall, 1881; Hector Fabre, 1882; Eugène Chinic, 1883; Louis R. Masson, 1884; J. B. Snowball, 1884; Louis Robitaille, 1885; A. R. Angers, 1885; Hugh Nelson, 1887; John Schultz, 1888; J. S. Carvell, 1889; George W. Howlan, 1891; Alexandre Lacoste, 1891; John Boyd, 1893; George W. Howlan, 1894; Jean B. Guèvremont, 1896; A. R. McClelan, 1896; Charles Burpee, 1900; David Reesor, 1901; Alexander W. Ogilvie, 1901; David Mills, 1901; James W. Carmichael, 1903; Sir Charles A. Pelletier, 1904; James D. McGregor, 1910; Philippe Roy, 1911; Josiah Wood, 1912; David McKeen, 1915; A. A. C. LaRivière, 1917; P. A. Choquette, 1919; A. C. Macdonell, 1921; M. J. O'Brien, 1925; Louis Lavergne, 1930; W. L. McDougald, 1932; A. E. Planta, 1935; John McLean, 1936; Rt. Hon. Arthur Meighen, 1942; G. H. Barnard, 1945; E. D. Smith, 1946; H. A. Mullins, 1950; C. E. Ferland, 1951.

TEMPORARY WHEAT RESERVES BILL

THIRD READING

Hon. W. Ross Macdonald moved the third reading of Bill 83, an Act respecting the payment of carrying costs of temporary wheat reserves owned by The Canadian Wheat Board.

The Hon. the Speaker: Honourable senators, it has been moved by the Honourable Senator Macdonald and seconded by the Honourable Senator Fergusson that Bill 83, an Act respecting the payment of carrying costs of temporary wheat reserves owned by The Canadian Wheat Board, be now read a third time. Is it your pleasure to adopt the motion?

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the third time, and passed, on division.

PRAIRIE GRAIN PRODUCERS INTERIM FINANCING BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Macdonald for the second reading of Bill 82, an Act to provide for short-term credit to grain producers in the Prairie provinces to meet temporary financial difficulties arising from inability to deliver all their grain.

Hon. R. B. Horner: Honourable senators,—

Hon. Senators: Hear, hear.

Hon. Mr. Horner: Coming as I do from the great wheat producing province of Saskatchewan, perhaps the greatest wheat producing area in the world, and being a practical and practising farmer up to the present day, I feel it to be my duty to speak in this debate. Had the Leader of the Government (Hon. Mr. Macdonald) introduced the bill in this house and offered no observations on it, I think I would have refrained from commenting on it. But in view of the remarks made by him and some other honourable senators, I feel it my duty to attempt to put the record straight.

First, may I say that this bill would have more appropriately been called "An act for the profitable business of the banks in western Canada". Certainly, it is of no great benefit to the farming community of the west. As a matter of fact, I fail to see the urgency of the measure, for in the great areas that were on a one-bushel quota the amount that could be borrowed was reduced by the quantity of wheat sold. The Minister of Trade and Commerce announced that the average loan was only $800.

Under the circumstances I suggest that the average farmer would not consider going through the ritual of applying to a bank for financial benefits under this legislation unless a creditor, knowing there would be a guarantee of the loan by the Government, was pressing him to make such an application. But the average farmer has no need for such a loan at this time. Those who borrowed earlier under this arrangement have already repaid their loans because they were a first charge on their sale of wheat. In the northern part of my province the farmers are under the three-bushel quota. It would be impossible for any farmer under that quota to get a loan, and it is unlikely that he would have need of it.

I take exception to the statement made yesterday by the honourable senator from Churchill (Hon. Mr. Crerar) that bank managers, being accustomed to making loans, are the people best fitted to look after the loans to farmers under this measure. May I suggest to the house, and I am sure my honourable friend from Churchill will agree, that the men most wide awake to the farmers' needs are the elevator agents located throughout western Canada. They are men of exceptional ability. The large pool elevators in the three western provinces are in keen competition,

so the line elevators have to secure the very best men they can as elevator agents.

Had this bill provided for loans on security in the form of bonds or other paper, I would have agreed that the banks were well qualified to handle them. Perhaps many honourable senators from eastern Canada are not fully aware of the wheat marketing procedure in the west. Each farmer secures a permit book with respect to his quota, in which several lines are provided for entries as to different kinds of grain, quotas, the quarter-section of land on which the grain is grown, what portion of it is seeded and what is summer-fallowed, and so on. When an elevator man is handling a farmer's grain he likes to keep the permit book right at his elevator. It acts as a drawing card to get the business of that farmer, because he cannot take his grain to another elevator without at least picking up his permit book. An elevator agent is one man who knows exactly the position of each farmer and what farmers can be depended upon. I say that if the money was advanced by the elevator companies the cost of administration and collection would be far below the rate of 2 per cent which the Government Leader (Hon. Mr. Macdonald) suggested would have to be charged if the loans were made by the Wheat Board. Elevator agents are hired by the year. Now, honourable senators, we have heard a lot about the elevators being filled with grain. That being the case, what do you think that the elevator men are doing? Don't you think they have plenty of time on their hands to do the little bit of bookkeeping necessary to keep track of any loans that might be made? Of course they could do this, and at practically no cost whatever. And since the Wheat Board is a Government body, for the life of me I cannot understand why any financing could not be done through the facilities of the central bank.

Hon. Mr. Crerar: May I ask the honourable senator a question? If his plan were followed and elevator agents made advances to the farmers, who would bear the losses which almost inevitably would accrue?

Hon. Mr. Horner: Well, who will bear the losses under the plan set up by this bill? I maintain that if these cash advances were to be left to the judgment of the elevator agents there would not be one solitary dollar of a loss.

Hon. Mr. Crerar: Would the Wheat Board or the elevator companies bear whatever loss there was?

Hon. Mr. Aseltine: The Government.

Hon. Mr. Crerar: The Government would bear the loss.

Hon. Mr. Horner: Only a percentage of it. But, as I said before, I maintain there would not be any loss.

At one time in the early years I operated a farm at a distance down on the Arcola line, in a beautiful prairie section. A very progressive elevator agent there, who had some banking experience installed a large safe in the office of the elevator company and lent money from his own resources, charging a small rate of interest and he was quite successful in that little operation. He told me it was a secret—but he has passed on, so I can reveal it now—and he was using it as a means of making some extra money because his wages were small. He also supplemented his wages by running a grinding business, and let me tell you that in a short while he made $9,000. There was a regular bank located in the town and it had to close its doors because the elevator agent, who knew every farmer in the community, had picked up all the good risks.

Honourable senators, if this were a matter of lending money against bonds and securities, what the banks call liquid assets, it would be all right to leave it to the banks, but the security here is wheat in storage on the farms. Why, the banker does not know anything about it. Furthermore, many of the farmers who would need this money do not know the local banker at all; perhaps they never met him, never were inside the door of the bank, never made a deposit. As against that, right on the site you have the elevator agent who is thoroughly acquainted with all details of the situation. A farmer cannot deliver his wheat to anyone else than the elevator agent, and if the elevator agent is worth his salt he drives around the country, visits the farms and is perfectly familiar with the type of granary that every farmer's grain is stored in. Logically, he is the man to handle this business, and there is no need at all to bring in the banks. But this is profitable business for the banks, and it is handed to them, so I repeat that the bill would more properly be called "An Act for the profitable business of the banks in western Canada".

Let me say in passing, honourable senators, that some of the land in the northern part of the province was originally purchased for $1 an acre, but costs of municipal services, schools, buses and so on have caused taxes to increase so that now in many cases the yearly tax on an acre of land is $1.

Honourable senators will appreciate that, coming as I do from Saskatchewan, the last thing I want is anything which will make it

more difficult for the Wheat Board to sell our wheat. For this reason, too, I do not think that too much should be said about our surpluses. In looking up reports of one or two speeches of mine in this chamber, I found some remarks which, I think, would bear repetition. I spoke of the years of drought when, because the grain was too short, instead of using combines we harvested largely with mowing machines, one man being on the mower and another man walking behind. A couple of mowers could be worn out in covering 300 acres, and the operator would come home at night looking as though he had been lying in a sand pile. In threshing this grain, the separator became blocked with sand, and the net result was no more than 3 bushels to the acre. Whatever may be said about the prosperity of the western farmer, let me assure honourable senators that it takes several good crops to compensate for the losses in these drought years, to pay taxes and interest and to meet other accumulated debts.

A great deal of land has been forced out of the production of any kind of grain. Because of the growth of Canada thistle and quack grass, and in spite of the use of weed spray, several townships in eastern Saskatchewan and southwest Manitoba have become unfit for the production of grain. It is estimated that to reclaim these districts from quack grass will cost between $100 and $150 an acre. New methods of treating quack grass are being tried out, but at best the land is out of production for three years.

Mention was made yesterday of the value of fertilizer, and wonders can be done with it on irrigated land, but the case is different in dry farming areas. I tried fertilizer, and I got more straw but less wheat. That has been the experience of not a few farmers. Some argue that the use of fertilizer brings the grain on quickly and helps to choke small weeds, but it also promotes the growth of straw, and more moisture is taken from the soil.

Reference has been made to grades and prices. Those who rely on the quotations at Fort William may think the farmers are getting quite a lot of money. But the Saskatchewan producer, because of additional freight costs, receives at least 10 cents less than his Manitoba neighbour. In fact, a Fort William price of $1.35 per bushel represents only about $1 in central and western Saskatchewan.

The honourable senator from Churchill (Hon. Mr. Crerar) talked about the law of supply and demand. Well, consider the situation as regards flax. A year ago last summer only 12 million bushels of flax were harvested, and as flax is sold on the open market the law of supply and demand presumably should govern. But last year, with a production of 21 millions, the price fell as low as $2.60. Knowing that sales are made on the open market, where the law of supply and demand was assumed to be operating, producers expected to sell their product at around $3. There was a nice crop, but some sold for futures, and others gambled that the price would go lower. As a matter of fact, it fell to around $2.50. But yesterday the market quotation was $4.35. That kind of thing makes one less enthusiastic about this law of supply and demand. Barley, rye and oats are traded on the open market. I understand that the grain exchange people are making more money than they ever did, and the elevator companies are doing very well too. To my mind the storage charges are excessive. I understand that they are based on receipts over, at most, six months in the year; but the charges for current receipts would repay the whole cost of an elevator inside a short time, because in fact storage is being used over the full 12 months. These exactions amount to another indirect tax which the farmer must pay. No doubt the Government will draw quite a nice bit of money in income tax from the elevators and storage companies, but it is the farmer, who bears the burden of these deductions in the price he receives for his wheat, who indirectly pays that income tax.

For over 35 years I have advocated that farmers should build their own storage. I pointed out that otherwise they would have to pay for storage which they did not own. In this connection a personal experience may be mentioned. A house on a hill belonging to a farm which I had bought was vacant, and I noticed that the cement basement, whenever I visited it, was always quite dry. So I said to the boys, "Let us fill the basement with wheat", so we filled it to the roof with good wheat. This occurred in 1952, and last year, when we took it out, not a kernel was damaged. I believe that the right solution is to construct your storage on high dry ground. The walls need no support, and the place is exempt from mites and the heat which results from the sun striking one side of a granary. I suggest this as the answer to the problem of cheap and efficient storage; all one needs is a supply of cement, and a roof. Formerly, when shovels were necessary, it was difficult to remove the grain from basement storage, but with the augers now in use the grain can be handled cheaply and quickly.

We have heard a lot about wheat grading. In western Canada now No. 5 wheat makes fairly good flour, although it takes more of

it to produce, say, 100 pounds of flour. I am not speaking, of course, about wheat that has been graded No. 5 due to frost damage. Our No. 4 is a fairly good milling wheat. I am certain that wheat which formerly was graded No. 1 is now being graded No. 2. Our farmers are not complaining about this, for they realize it gives the Wheat Board an advantage in selling their wheat abroad. Naturally wheat farmers are anxious that their wheat be accepted in their specified grades on foreign markets.

It is beyond my understanding why a greater effort was not made to have Great Britain come under the last International Wheat Agreement. The honourable senator from Gulf (Hon. Mr. Power) recently referred to the widespread habit of hero worship, but I want to say that seldom is this habit more abused than when a man becomes head of a farmers' co-operative or pool association. He holds that position pretty well for life, and if you dare offer a word of criticism you are accused of criticizing the pool, and so on. When negotiations were going on in New York for that International Wheat Agreement, Great Britain would not consent to a ceiling price of more than $2, while Canada and the United States held out for $2.05. During those negotiations I met the head of the Saskatchewan Wheat Pool, one of the largest pool organizations in existence, operating some 1,200 elevators and terminals. During a chat in the Chateau Laurier I asked him if he was going to accept a ceiling of $2 and he replied he would hold out for $2.05. I said: "You are not going to get it. Britain won't give in". I was afraid Britain would use the price as an excuse for not participating in the agreement, and I said it was important she did participate. I referred to those negotiations in a speech in the Senate on December 1, 1953, and I now quote my remarks at page 73 of *Hansard* for 1953-54:

> I asked the Government not to let the opportunity to include Britain pass, for we in western Canada—and I thought I was speaking for the majority of the western farmers—would like to see her brought in even at $2 a bushel. But, no; the Minister of Trade and Commerce announced in the other place that the wheat of the world was held in strong hands, and there would be no difficulty.

Well, there has been difficulty. I maintain that had Britain been included in that agreement we would be in a much better position today. Incidentally, just prior to the present Geneva negotiations the Minister of Trade and Commerce again made statements that I consider will not be helpful in finding a solution to our problem.

What about wheat sales? Our farmers are offering their wheat for sale. For instance, I have in my hand an advertisement from a small newspaper in Hanna, Alberta, offering No. 5 grade wheat for sale at 65 cents a bushel. A lot of people in eastern Canada would be glad to get this wheat as feed grain, but there is a problem involved in shipping it east. A large amount of it is being used as feed in the west right now, and I wouldn't be surprised if 100 million bushels were used up. I have heard farmers offering No. 1 and No. 2 for 80 cents a bushel. The feeders around Saskatoon—and I suppose the same is true in Calgary and Edmonton—are feeding large amounts of this wheat to their livestock. So our carryover is not too serious when you consider what we require for our own consumption as a nation of some 16 million people, what we use for livestock, and what demands other nations might make on our supply.

Honourable senators, I have taken up more time than I intended, but I felt it was necessary to make these remarks. I am most anxious to do what I can to help dispose of this surplus stock, which is still the finest of wheat. Thank you for your kind attention.

Hon. Senators: Hear, hear.

Hon. W. M. Aseltine: Honourable senators, I should like to congratulate my honourable colleague from Blaine Lake (Hon. Mr. Horner) upon his very interesting and instructive speech. He is actually a farmer who lives on the land and does farm work himself, whereas I more or less belong to that class which might be called agriculturists. I believe I said once before in this chamber that a farmer is a man who makes his money on the farm and spends it in town, but that an agriculturist is a man who makes his money in town and spends it on the farm.

Hon. Senators: Oh, oh.

Hon. Mr. Aseltine: Honourable senators, I do not rise particularly because I am interested in the growing of wheat but because of the fact that some reference to me was bandied about yesterday and I would not want anyone here or anywhere else to get the idea that I am more or less a wheat mining capitalist. It is true that I am interested in wheat, but that wheat has been grown on land in which I am interested. Other people are interested in that same wheat. But most of it is stored safely. On the land that I am interested in we may have 10,000 or 15,000 bushels out on the ground; a great deal of it was blown away by last winter's storms, but we hope to salvage most of it.

Another reason for my rising to speak today is this: I was appointed to the Senate in 1933 to represent the wheat farmers of

the province of Saskatchewan, and I do not think a session has gone by since without my saying something about wheat. The other day I was talking, at the hotel where I stay when in Ottawa, to a man who was once a farmer in western Canada. I was startled when he told me that he did not know that the wheat pools of the Prairie provinces had nothing whatever to do with the Canadian Wheat Board. My associates and I explained to him that in about 1924 the farmers of the Prairie provinces banded together and formed wheat pools, and for a time the pools bought and sold grain in the markets of the world, but after getting into difficulties in about 1930 they gradually worked out of that kind of thing and at present are principally engaged in running country elevators and storing grain; they no longer buy any grain, except for the Wheat Board. The board, of course, has nothing whatever to do with the western wheat pools. No doubt the confusion arises owing to the fact that the board puts the wheat into what it calls a pool, and each farmer gets his share of the proceeds of the pool when the grain is finally disposed of, according to the number of bushels he has marketed. I make that explanation because of what the senator from Queens-Lunenburg (Hon. Mr. Kinley) said yesterday, for I was under the impression that perhaps he did not know that the Saskatchewan, Manitoba and Alberta wheat pools had nothing whatever to do with the Canadian Wheat Board.

Honourable senators may not know that the district I represent in Saskatchewan is probably the greatest wheat growing district in Canada. The land around Rosetown is particularly adapted to the growing of wheat because the top soil is very deep; in some places the top soil is fifty feet deep. Surrounding that town there are a million acres of land under cultivation, and naturally we grow a lot of wheat. That is one of the places where congestion exists. It may be difficult for honourable senators to understand why a great many farmers in our area have still on hand wheat grown in 1952, 1953, 1954 and 1955.

Hon. Mr. Haig: You haven't any of that.

Hon. Mr. Aseltine: The reason for the quantity of wheat on hand is as follows. In 1951 the crop was snowed under. As has already been said, when that wheat was threshed in the spring it was in good condition; it was a big crop, practically all of it was sound, none of it was spoiled, and it all went into the elevator. The 1952 crop was the largest that Canada ever grew. When we came to market that crop we found that the elevators were already almost full and we could not get rid of very much more. Then a quota system was inaugurated by the Wheat Board and we were allowed first to deliver 5 bushels, then another bushel, until we reached a quota of 8 bushels per acre. However, in the case of a farmer having 320 acres of land, with 200 acres in wheat, which had yielded 30 bushels to the acre—which was not unusual in 1952; in fact, most of the land yielded 40 bushels to the acre—his quota would be about 2,400 bushels, and after he sold that quantity there were still 2,500 or 3,000 bushels left that he had to carry over.

Now, the 1953 crop was almost as large. The farmer followed the same procedure as in 1952; he got out his 8 bushel quota, but had 2,500 or 3,000 bushels left, which went into the granary, and he would have wheat left over from 1952 and 1953. In 1954 there was another 8 bushel quota. Not so much grain accumulated in that year, because in our area the crop suffered from rust and was not so good as in previous years. However, in 1955 there was a big crop, and although we had a 3 bushel quota in our area in some elevators, when I left there to come to Ottawa for this session the ordinary quota was 1 bushel or 2 bushels per acre—there was room in the elevators for that much and no more.

Honourable senators will realize, therefore, how it came about that we had wheat left over from each of those years. It has piled up to such an extent that in our area, at any rate, I would say two full crops have been left over and not marketed, and the elevators are full. That is the position the farmers find themselves in, and it is a very serious one.

Hon. Mr. Macdonald: Does that mean that the 1954 and 1955 crops are left over?

Hon. Mr. Aseltine: No; part of the 1952 crop, part of 1953, part of 1954, and nearly all of 1955. When you add them together they make up, I should think, about two full crops not marketed.

Hon. Mr. Euler: Does the wheat of the earlier years, 1951 and 1952, deteriorate while being held?

Hon. Mr. Aseltine: Wheat that has been properly kept in dry storage and turned over does not deteriorate. If grain has been stored in a place for over two or three years it is generally turned over yearly to let the air into it, and if that is done it will keep almost indefinitely. The only trouble we have is with grain that has been left outside all winter and is not marketed during the next summer; some of it becomes spoiled by rainfall, and that sort of thing.

Hon. Mr. Macdonald: Do I understand the honourable senator to say that the wheat which was left standing in 1951 throughout the winter did not deteriorate?

Hon. Mr. Aseltine: Oh, well, there was very little wheat left standing; it was all swathed with big swathers, and it was left lying on the ground with the heads up; then the snow came and covered it before the big combines could pick it up, with the result that the wheat lay under the snow all winter; but we had a most wonderful spring—the snow went away in a few days, the ground dried up, and the combines picked up the crop, and we lost only about one grade. However, when the spring came there was not much left of any grain that stood up uncut, because the winds had blown it away. Very little was lost of the 1951 crop, and for that reason very little loss was incurred from the loans which were made at that time.

Honourable senators, these remarks have been more or less introductory and I have made them so that many honourable members present might have a better idea of the situation with regard to wheat.

I remember the bill that was passed here in 1951, under the same title as that of the bill now before us. I made a speech on the Address that year and I advocated the passage of that type of legislation. When the Government introduced the measure I complimented it, and I was pleased to see it pass. But when I returned to Rosetown I learned that practically no farmers had taken advantage of its benefits, and the banks had made no loans. The reason was that the farmers did not like to borrow money on their grain that was under the snow; they were afraid they would not be able to pay it back. The merchants were prepared to carry the farmers over the winter months, and in the spring the crop was saved. Under those circumstances there were little or no losses on the loans made by the banks at that time.

May I say that I have not yet heard a satisfactory explanation in this house as to what the farmers in my part of the country have asked for. They are not asking that the Wheat Board borrow money and advance it to farmers interest free. As the honourable senator from Churchill (Hon. Mr. Crerar) asked yesterday, if that were done, where would it place the farmers who did not borrow or obtain advances? It must be remembered that in western Canada there are some 200,000 farmers, and I understand that only about 8,000 have borrowed under this arrangement. If the Wheat Board borrowed the money and paid interest on it, that expense would be shared by all farmers, whether they benefited or not, when the board distributed to the farmers the proceeds from the sale of grain.

My understanding of what the farmers of western Canada are asking is that the federal Government make an interest-free loan to the Wheat Board for distribution among the farmers who need it. In that way the farmer who did not or could not take advantage of a loan would not have to bear the cost of borrowing, because it would be borne by the Government.

Hon. Mr. Macdonald: Indirectly you would have to pay your share of the interest, whether you borrowed or not.

Hon. Mr. Aseltine: I would not mind doing that.

Hon. Mr. Euler: In effect, every taxpayer would pay a share of the cost.

Mr. Aseltine: I have some figures here to show the cost of giving effect to the suggestion by the farmers that the Government make an interest-free advance on a four-bushel quota. That, I may say, is half of what is expected will be delivered during the crop year.

Some 63 million acres would qualify, after taking out the acreage devoted to flax and Durum wheat.

Hon. Mr. Horner: Not 63 million acres.

Hon. Mr. Macdonald: There was a total of only 20 million acres.

Hon. Mr. Aseltine: But this quota is on the whole farm.

Hon. Mr. Macdonald: Yes, you are quite right.

Hon. Mr. Aseltine: Perhaps I should explain that a farmer with a 320 acre farm, on an eight-bushel quota would be allowed to market, say, 2,400 bushels. Now, 63 million acres at a four-bushel quota would mean 252 million bushels. About 100 million bushels have already been delivered, leaving 152 million, worth say $1 per bushel, on which the Government could advance money. The cost to the Government for $152 million at 3¼ per cent for a period of four months—that is the time within which the average loan is repaid— would amount to only $1,600,000, and that would not be much of a burden for the Government. Beyond that there would be only the administration and collection costs. Briefly, the Government would advance the money interest free to the Wheat Board and, as the honourable Leader of the Government has reminded us, the interest cost would be spread over all the Canadian people.

This measure was fully debated in the other house and I do not wish to discuss it at undue length. But may I just say that I am at a loss to know why the Government did not make some compromise in the arrangement it is offering to the farmers, perhaps by way of making the money available to the Wheat Board and letting the farmer borrow it at say 3¼ or 3½ per cent. In view of the amount of wheat on the farms, I cannot see how there could be any losses at all.

Hon. Mr. Macdonald: Would the honourable senator permit a question for clarification of his suggestion?

Hon. Mr. Aseltine: Yes.

Hon. Mr. Macdonald: I understand that 8,000 loans have been made under this arrangement up to the present time.

Hon. Mr. Aseltine: Up to the end of December last.

Hon. Mr. Croll: There have been 4,000 more since then.

Hon. Mr. Macdonald: The latest figure I have is 8,000. Therefore, if each farmer gets $1,500 it would amount to a great deal more than the sum my honourable friend suggested.

Hon. Mr. Aseltine: But a good many of those loans have already been paid back. For instance, in the case of a farmer on the three-bushel quota, the elevator man takes half the value of every delivery he makes and sends it to the bank. In that way a number of the loans would already have been taken care of. Indeed, I should think that in four months practically all of them would have been paid off. You see, as box cars become available the grain moves out, the Wheat Board raises the quotas at the different points across the country and the farmer is able to deliver more grain; hence, if the farmer has a loan at the bank under this system, half the return on the grain he delivers is sent to the bank and he receives the other half.

At any rate, this is a temporary measure, and it may relieve the situation with respect to the small farmer; but, as the honourable senator from Blaine Lake has said, it will not help the farmer who has a substantial acreage of wheat. What he could get by way of such a loan would not be enough to pay this taxes. The fact is that before I left Saskatchewan for Ottawa in January many farmers in my area had not been able to sell enough wheat to pay their taxes.

The question of what policy should be adopted is all important. The honourable Leader of the Opposition (Hon. Mr. Haig) said yesterday that he did not know how the whole problem could be solved. I would remind the house that in 1942 a system was adopted for curtailing acreage by means of a summer-fallow bonus, which seemed to take care of the problem at that time pretty well. At present most farmers summer-fallow one-third of their land and crop the remaining two-thirds. On much of my own land I summer-fallow half of it each year. I believe that if by some arrangement one-half of the farm land in the wheat producing provinces could be summer-fallowed every year it would cut down the production of wheat, and also of coarse grains, of which there is a surplus at present. Outside of advocating reduction of the acreage sown in wheat and in other grains in that manner, I have nothing further to suggest.

Hon. Senators: Hear, hear.

Hon. Mr. Burchill: Honourable senators, I would like to ask a question of the honourable gentleman who has just taken his seat. We easterners have sat here listening to this discussion, and I would like to know if in his opinion the wheat farmer of the west would not be better off if he marketed his grain as was done before the war, in the way that we poor agriculturists or farmers in the east have to market our products, in accordance with the old law of supply and demand.

Hon. Mr. Aseltine: It was not marketed in that way prior to the war. There was a wheat pool and the Wheat Board.

Hon. Mr. Burchill: But the Government was not in it.

Hon. Mr. Aseltine: Yes. The Wheat Board came into operation in 1935. It was a voluntary organization, in that you could sell either to the board or through the other avenues open at that time, and some people took advantage of both. I remember I sold some of my wheat one way and some the other way, and I do not know which way produced the most money. Is my honourable friend referring back beyond that?

Hon. Mr. Burchill: Yes.

Hon. Mr. Aseltine: Well, I am not going to commit myself on that. I am a member of the Saskatchewan Wheat Pool and I would say that the majority of the farmers belong to it, and that 90 per cent of them are in favour of the Wheat Board, as I am.

Hon. Mr. Horner: I would ask the honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill): Do you not have a Potato Board?

Hon. Mr. Burchill: Yes, we do, but we cannot get any Government assistance, I am sorry to say.

Hon. J. Wesley Stambaugh: Honourable senators, I live in a district that is considerably different from that of the honourable senator from Rosetown (Hon. Mr. Aseltine). Up in my part of the country, which includes practically all of northern Alberta and part of central Alberta, there are no large wheat farmers. We grow as much barley as wheat, and as much oats as wheat, and in a great many cases we grow more coarse grain than wheat. Therefore, we are not quite as much interested in the wheat surplus as some other people are; it does not disturb us as much as it does large farmers like the honourable senator from Rosetown (Hon. Mr. Aseltine).

Furthermore, farmers having 25,000 or 30,000 bushels of grain, in my opinion, do not need much sympathy. The farmers that I know, farmers who put in a big acreage and have a large amount of wheat on their farms, have actually sold as much wheat in the last five years as they did in any other five years, or more, because they have had larger crops.

Now, it has already been mentioned that this quota is on the whole farm. It is on the cultivated acreage, and in that part of the country where these large farms are they average about one-half summer-fallow and the other half grain. Half is summer-fallowed each year. So if a farmer has 1,000 cultivated acres, 500 acres would be in summer-fallow and 500 acres in wheat, but his quota will be on 1,000 acres. Therefore, when a quota of 8 bushels is set he can actually sell 16 bushels for each acre he has in crop. It is a very good average. I do not think that farmers down in that part of the country who have had good crops over the past five years are entitled to much sympathy. Of course, seeing that I live in a district where we do not have such large farms I may be a bit prejudiced.

Honourable senators, one matter that disturbs me somewhat is the agitation for interest-free loans to farmers. Now, I do not believe that a farmer is entitled to an interest-free loan any more than any other person is. I am a farmer and have borrowed money all my life, but have never been able to borrow any interest-free money. Of course, again I may be prejudiced along that line because, as you all know, a few years ago a party came into power in Alberta that was going to give us interest-free loans and we got all worked up about it; and even yet a great many people are still looking for it—and probably will look a while longer. I cannot see any reason why a farmer should not pay interest on money he borrows.

Coming back to my own part of the country again; the average farmer in my district owns about half a section, some own a three-quarter section and some a quarter section, but I think the average is about a half section. As we grow oats and barley, we have sold the most of our crop in the past years. There have been times up in our district when we got a larger quota for oats; the Wheat Board was able to sell oats when it could not sell wheat.

Last year, in my town the quota for oats was thrown wide open, so any farmer could sell all the oats he had; and the quota for barley was open to a considerable extent. So in my town the average sale of grain, including wheat, oats and barley was 14 bushels to the acre, and nearly all the oats were sold.

Now, the average farmer in my district does not get into debt during the season for any more than $1,500, so this loan of $1,500 will pretty well tide him over.

There is also one thing, honourable senators, that has not been mentioned. Besides the quota, at the opening of the season every farmer is allowed 100 units. The discussion here has been in connection with the quota. Every farmer, whether he owns a quarter section or ten sections, gets 100 units, and with those 100 units he can sell 300 bushels of wheat, or 500 bushels of barley or 800 bushels of oats.

Hon. Mr. Haig: But he cannot sell them all.

Hon. Mr. Stambaugh: He cannot sell them all, but we can sell either one or he can combine them to make up the units. Then, when the quota is given to the farmer it is based on his entire acreage; that is, on the acreage he has under cultivation on his farm.

I think that for the average farmer, the farmer who lives on his land, who owns his own home and is raising a family, the loan is fairly adequate. A little more would not hurt, possibly, but I think most farmers are getting by reasonably well.

In addition, over and above the quota and the units, if a farmer feels that he has not got the proper kind of seed grain he is permitted to sell 400 additional bushels of wheat in order to buy seed grain. The seed grain may be bought at any place where it can be found, at the seed house or the elevator, or from his neighbours. That gives him a little leeway to obtain seed.

Some of our farmers have gone down into the Hanna district, of which the honourable senator from Blaine Lake (Hon. Mr. Horner) spoke, and bought some No. 5 wheat and used it for feed. I know of one farmer in my district who has over 1,000 head of cattle and who bought 5,000 bushels of this No. 5

wheat, paying 60 cents a bushel for it, although the honourable member from Blaine Lake referred to an advertisement offering it at 65 cents a bushel. Certainly No. 5 wheat is excellent feed if its low grade is due to drought rather than frost. Frosted wheat, whether graded 4, 5 or 6, is not as good as dried-out wheat. But in my district more wheat was graded 5 and 6 through frost than from drought.

It has been frequently said that the increased crops are due to the use of fertilizer and various kinds of machinery and new methods of working land. I agree that this is true to some extent, but at least 75 per cent of the increase is due to the weather. Like the honourable senator from Blaine Lake, I have had some experience with fertilizer; if the weather is dry, the weeds will get more benefit from the fertilizer than the crop will. Sometimes one loses money by applying advanced methods; but improved machinery has revolutionized farming and enabled us to raise grain cheaper than we could do by using horses and oxen.

Yesterday the question was asked, who owns the grain in the elevators? The answer, as I remember, was that the Wheat Board does. It is my opinion, and I got the information from the board, that grain in an elevator is owned by the company which owns the elevator, and does not pass to the ownership of the board until the board takes it over—which may be when it goes into the terminals or when it is loaded on the boat.

Hon. Mr. Aseltine: It is the same thing.

Hon. Mr. Stambaugh: The farmer can get his cash ticket, but the elevator company pays for the grain and owns it.

Hon. Mr. Howden: It is the Government that pays for it.

Hon. Mr. Stambaugh: Finally, yes, but it does not pay for it until it is taken over by the Wheat Board, and the Wheat Board takes it over on the grade fixed by the Government inspector.

Hon. Mr. Aseltine: Who advances the money in the meantime?

Hon. Mr. Stambaugh: The elevator companies, using their own money, or borrowing from the banks.

Hon. Mr. Aseltine: The honourable senator means they fill the elevators full of wheat, borrow the money, and pay the farmers for that wheat?

Hon. Mr. Stambaugh: Yes.

Hon. Mr. Aseltine: Then they do not receive any money from the Wheat Board?

Hon. Mr. Stambaugh: Not until the board gets the wheat.

Hon. Mr. Aseltine: Until the Wheat Board gets the wheat?

Hon. Mr. Stambaugh: I understand so.

Hon. Mr. Haig: Who pays interim storage on the wheat in the meantime?

Hon. Mr. Stambaugh: All costs are borne by the elevators until the wheat is delivered to the board. In 1954 the cost of storage and interest was 14·8 cents a bushel.

Hon. Mr. Horner: Interest on the money advanced by the elevators?

Hon. Mr. Stambaugh: They paid everything. I am not saying that the Wheat Board does not pay any interest; I say it does not pay anything until it takes possession of the grain; it is not the board's grain, and it is not responsible for grade and condition until the grain is delivered to it. The 14·8 cents pays for all those items.

Hon. Mr. Kinley: I should like to draw the honourable senator's attention to some statements which were made yesterday. I quote from *Hansard*:

> Hon. Mr. Kinley: May I ask the honourable gentleman a question for my own information? I take it that the elevators are full. Who owns the wheat in the elevators?
>
> Hon. Mr. Haig: The Government.
>
> Hon. Mr. Crerar: The Wheat Board owns the wheat in the elevators.
>
> Hon. Mr. Kinley: Has it paid for it?
>
> Hon. Mr. Crerar: Oh, surely.
>
> Hon. Mr. Kinley: The farmers are fully paid for their wheat in the elevators.
>
> Hon. Mr. Crerar: No, I may say that in many cases the farmer has been paid only the initial payment for 2 bushels or 4 bushels or whatever his quota may be. That was the result of the congestion in both country and terminal elevators during the whole of last fall. In that respect the remarks of the honourable Leader of the Opposition (Hon. Mr. Haig) are entirely correct and apropos.

So there are two authorities. What the honourable senator from Bruce (Hon. Mr. Stambaugh) says is different.

Hon. Mr. Haig: May I take a moment to give the answer?

Hon. Mr. Stambaugh: Certainly.

Hon. Mr. Haig: On a question of privilege; I did not say what is attributed to me. When a man delivers grain to an elevator he gets an initial payment. From this are deducted the freight costs and clearing charges. When the grain is finally sold to somebody in Europe, or wherever it is, and the proceeds are received, the owner gets his proportion. But the Wheat Board pays interest and storage and insurance and every sort of related expense as soon as the grain enters the door

of the elevator. The only question which then arises is the matter of grading, and the trouble in that connection is this: the grain merchant at the elevator grades the grain, let us say, No. 3, but when he ships it out it goes as No. 2, and he gets a profit. Although those concerned try as far as they can to hold to one grade, these discrepancies have always been a source of trouble in the elevator business.

The Hon. the Speaker: Order. The honourable senator from Bruce (Hon. Mr. Stambaugh) has the floor.

Hon. Mr. Stambaugh: As I have already said, I would be glad to answer questions. I understood from grain men with whom I was talking not long ago that the elevator companies advance the money to the farmer until his grain is taken over by the Wheat Board, and that they do not get any refund until the board has taken delivery.

Hon. Mr. Aseltine: I do not see what all this has to do with the principle of the bill.

The Hon. the Speaker: Order.

Hon. Mr. Stambaugh: Yesterday it was stated that storage charges may amount this year to as much as 20 cents, for the reason that some grain has been left over for years, and storage and interest charges have accumulated against it. These charges are paid to the elevators at a fixed rate per day for the number of days the grain is in their keeping.

I do not think there is anything I wish to add, although, as I have said, I shall be glad to answer any questions if I have not made myself clear.

Hon. Arthur L. Beaubien: Honourable senators, it is not my intention to take part in the discussion of this measure, and I shall be brief.

May I remark in the first place that the wheat problem in Canada will always be a Saskatchewan problem, because the people of that province are more or less miners of wheat instead of farmers. Modern machinery makes it easy to work the land. The farmer takes a tractor and four or five plows, goes a mile in one direction and then a mile in another. It is the easiest thing now to produce and cultivate grain in the flat lands of Saskatchewan.

Hon. Mr. Aseltine: We cannot grow peas in Saskatchewan.

Hon. Mr. Beaubien: I would suggest to my honourable friend from Rosetown (Hon. Mr. Aseltine) that instead of remaining as an agriculturist he should become a farmer. Then he would know what farming is.

Hon. Senators: Oh, oh.

Hon. Mr. Beaubien: My father left Quebec in 1882 and bought the farm on which I now live. It is not very large, being comprised of only 500 acres. We diversify our farming, and in my district this year, according to the bank's figures, we sold $300,000 worth of field peas. Many of our farmers grow beets and are producing an average of 8 tons per acre. The beets have a high sugar content and should bring about $14.50 a ton this year. Our farmers also raise hogs and dairy cows and they always have a steer or two to sell. When I left home on January 7 I asked my banker how many applications he had received for loans under the measure we are now discussing, and he told me he did not have one application.

The Saskatchewan farmers are great for propaganda. Their advocacy of loans being made free of interest by the Wheat Board is nothing but straight propaganda, and a good deal of it boils down to political propaganda.

Hon. Mr. Horner: Oh, surely not.

Hon. Mr. Beaubien: Why should a farmer or anybody else be entitled to borrow money free of interest? Somebody has got to pay for it. The farmer of the type we have heard about this afternoon does not need a loan, especially one free of interest. He can go to the bank and borrow all the money he wants, because his granaries are full and his credit is good.

Coming back to delivery quotas: in our district we delivered a thousand bushels of oats at the opening of the crop year. Since that time we have had two 1-bushel quotas for the total acreage and we have delivered another thousand bushels of oats to the elevators because the Wheat Board said there was a large demand for that kind of grain.

Honourable senators, this is about all I have to say. I know the majority of western farmers want to retain the Wheat Board, but there would be no better way of destroying it than by putting it in the lending business, especially the business of lending money without interest.

Hon. Senators: Hear, hear.

Hon. W. Ross Macdonald: Honourable senators,—

The Hon. the Speaker: I would point out that if the honourable Leader of the Government (Hon. Mr. Macdonald) speaks now he will close the debate.

Hon. Mr. Macdonald: Honourable senators, when I entered the chamber this afternoon I intended to speak at some length in closing the debate, but the arguments that have been advanced against the bill have been so well answered that there remains little for me to

say. I do want to let honourable senators know, however, that I cannot qualify as a farmer. I know certain lawyer-senators who often describe themselves as farmers. The honourable Leader Opposite (Hon. Mr. Haig) is a lawyer. I do not know whether he describes himself as a farmer.

Hon. Mr. Haig: I never have.

Hon. Mr. Macdonald: Probably he owns some wheat land.

Hon. Mr. Haig: I do not.

Hon. Mr. Macdonald: Then he and I are in the same position. But the honourable senator from Rosetown (Hon. Mr. Aseltine) is a lawyer, and he has the advantage over his Leader and myself in that he not only owns wheat land but he has quite a supply of good wheat on hand.

Although I am not a farmer I am not entirely ignorant of farming, for as a young man I worked on farms in Ontario and Alberta, both during the sowing and harvesting seasons. In addition, I sat for eighteen years in the House of Commons, and anyone who is there for that length of time should acquire a good knowledge of the exportation and marketing of wheat.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: So I do know something about this subject. I enjoyed the debate yesterday and today. It has been very enlightening. We realize more than ever that the great surplus of wheat is probably a blessing, even though it has presented a problem. However, I think this problem is being well handled by the Government, notwithstanding anything that has been said here during the last two days. Wheat is being sold in very large quantities, and I am satisfied that before long all the farmers of western Canada will have delivered a substantial quantity of their wheat to elevators and will have received their payment.

Yesterday some honourable senators asked certain questions, which I am now able to answer. The honourable senator from New Westminster (Hon. Mr. Reid), referring to the trade agreement with Russia, inquired whether the USSR is buying the long ton or the short ton. The answer is:

The unit here is a metric ton: 2,204 pounds. There are four quantities mentioned in the agreement, as follows:

1,200,000	tons	equals	44·1	million	bushels
1,500,000	"	"	55·1	"	"
400,000	"	"	14·7	"	"
500,000	"	"	18·4	"	"

During the debate on this bill the honourable senator from Huron-Perth (Hon. Mr. Golding) referred to my statement that the average export sale of wheat for four years was 312 million bushels and inquired what the home consumption has been in the same period of time.

The answer to that question is: Domestic consumption, which includes milling, flour, seeds, feed, reaches a pretty steady figure of about 150 million bushels per annum. There may be a slight tolerance either way, but this is a pretty constant figure.

Hon. Mr. Horner: May I ask a question in connection with the sale of wheat to Russia. Is that conditioned entirely on our purchase from Russia?

Hon. Mr. Macdonald: No, it is not conditioned entirely on our purchase from Russia. If I remember the terms of the agreement correctly, Russia can review the situation from time to time; but, as I say, the sale of wheat is not conditioned entirely upon our purchase from Russia.

In the debate on the Temporary Wheat Reserves Bill the honourable senator from Churchill (Hon. Mr. Crerar) asked yesterday for information on the total sales of wheat from August 1, 1955 to date, a period of approximately seven months. A discussion also arose at that time as to whether or not that information had been disclosed in the other house. I have made inquiries on these matters, and the answer is as follows:

The sales position is not given out during the current crop years because it is desirable that our competitors should not know our sales position. The information was not given in the other house. The Right Honourable Mr. Howe has always been adamant on this point. Export figures are given freely because export figures always run several months behind sales.

Also in the debate on that bill the honourable senator from Calgary (Hon. Mr. Ross) asked this question:

Could the Minister give us a breakdown of the figure of 20 cents a bushel for storage? As I understand it, 15 cents is for storage itself, and then there are handling charges and interest. I would like to know how the 20 cents is made up.

The answer is as follows:

In the House of Commons the Minister of Trade and Commerce indicated that the carrying charges of the wheat in the 1954-55 pool would average about 20 cents per bushel. It is not possible as yet to be absolutely specific because the 1954-55 pool is still open and the final calculation will not be made until the pool is closed.

In section 2(b) of the bill it is to be noted that the carrying charge is defined as "the amount per bushel per day paid by the board for storage and interest to managers of country elevators in respect of wheat that has been purchased and received for the

board". That rate negotiated between the board and the elevator companies was ·04057 cents per bushel per day, which included storage charges and interest. This works out to 14·8 cents per bushel per year.

The point of the honourable senator's question was why the per bushel charge in the pool will be about 20 cents. The answer is quite simple. It is that much of the wheat in the 1954-55 pool has been under administration considerably more than 12 months. I think the honourable senator from Blaine Lake (Hon. Mr. Horner) made that point this afternoon. The distinction between 14·8 cents and, say, 20 cents is, therefore, the difference between the mathematical calculation of what it costs to carry a bushel of wheat for a year as opposed to the actual cost received to carry wheat through the life of a pool.

May I add that the 14·8 cents or 15 cents per bushel and the consequent $32 million figure—that is the amount mentioned in the bill—is based on the ·0405 cents per bushel per day, which is not likely to vary. It is the interest charges on carrying it for more than one year, as the honourable senator from Blaine Lake said, which might cause it to run up to 20 cents.

Honourable senators, I think I have answered all the questions which were submitted to me, and I trust the bill will receive the unanimous approval of this house.

The Hon. the Speaker: The question, honourable senators, is on the motion for the second reading of Bill 82, an Act to provide for short-term credit to grain producers in the Prairie provinces to meet temporary financial difficulties arising from inability to deliver all their grain. Is it your pleasure to adopt the motion?

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the second time, on division.

THIRD READING

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

Hon. Mr. Macdonald: With leave I move the third reading now.

The Hon. the Speaker: Honourable senators, it has been moved, with leave of the Senate, that this bill be read the third time. Is it your pleasure to adopt the motion?

Hon. Mr. Haig: Honourable senators, I want to deal with a point raised by my friend from Queens-Lunenburg (Hon. Mr. Kinley). I did not take any part in the discussion on the matter to which he referred.

Hon. Mr. Kinley: I was only quoting from *Hansard*.

Hon. Mr. Haig: Well, there was a mistake. The point is this. The Wheat Board fixed an initial payment of $1.40 for No. 1 Northern, and $1.12 for No. 5. The farmer, therefore, receives either $1.40 or $1.12, according to grade, less freight, storage and carrying charges. The wheat goes into the elevators, comes under the control of the Wheat Board and is paid for by the Wheat Board. From then on it is delivered to the board. The board pays the elevator company the price of the wheat, that is, either $1.40 or $1.12, plus interest, insurance, carrying charges, etc. Now, grain produced in 1954 that was not sold by July 31, 1955—which my honourable friend from Churchill (Hon. Mr. Crerar) said was 164 million bushels—was transferred from the 1954 pool to the 1955 pool. Every time they clean up that pool—once or twice a year, if they have quite a profit—they finally distribute whatever they have, the proceeds of either $1.40 or $1.12 wheat, among the farmers in that pool.

Hon. Mr. Kinley: I was just reading from *Hansard*. I don't dispute what you say.

Hon. Mr. Haig: Well, there must have been a misunderstanding.

Let me add this, that every time a distribution is made our newspapers announce exactly how many bushels are involved; they state how many bushels were sold from the previous year, at how much it was charged, and how much each person gets per bushel; they also show how much is left over. That is my answer to the question.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the third time, and passed, on division.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce, Nos. 163 to 170, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill R-5, an Act for the relief of Mona Margaret McCastlin Adams.

Bill S-5, an Act for the relief of Regis Edouard Gosselin.

Bill T-5, an Act for the relief of William Boychuck.

Bill U-5, an Act for the relief of Edna Betty Berendt Payment.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until Monday, March 5, at 8 p.m.

THE SENATE

Monday, March 5, 1956

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

Prayers.

Routine proceedings.

PRIVATE BILLS

CANADIAN PACIFIC RAILWAY COMPANY—FIRST READING

Hon. Paul H. Bouffard presented Bill V-5, an Act respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Bouffard: Wednesday next.

LA PAIX GENERAL INSURANCE COMPANY OF CANADA—FIRST READING

Hon. Mr. Bouffard presented Bill W-5, an Act respecting La Paix General Insurance Company of Canada.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Bouffard: Wednesday next.

PRESIDENT OF ITALY

ADDRESS TO MEMBERS OF BOTH HOUSES

Hon. W. Ross Macdonald: Honourable senators, this afternoon members of this house attended at the chamber of the House of Commons, when we heard an address delivered by the President of Italy to members of both Houses of Parliament. I am sure honourable senators would like his address, and the other addresses which were delivered on this occasion, to appear in the Senate records. I have not yet received a copy of the President's address, it occurs to me that if it does not arrive in time for printing today it could appear in tomorrow's *Hansard*. With leave of honourable senators, I move as follows:

That the address of His Excellency Giovanni Gronchi, President of the Italian Republic, to members of both Houses of Parliament this day, and other addresses delivered on this occasion, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate*, and form part of the permanent records of this house.

The motion was agreed to.

See Appendix to tomorrow's Hansard *pp. 264-8.*

PENAL REFORM

DISCUSSION

Hon David A. Croll arose in accordance with the following notice:

That he will call to the attention of the Senate the present position with respect to penal institutions in Canada and in particular will discuss the need for further reforms in the Canadian penal system.

He said: Honourable senators, I have high hopes that this motion will bring about an all-out debate which will give Canadians some idea of the problems involved in prison reform and increase public interest in prisoners. Furthermore, my hope is that our discussion will stimulate and create interest which will result in activating elected officials in responsible positions to take remedial steps. I intend to deal with the problem of reform in a general fashion and more particularly with probation and parole. Probation is a matter of giving a man another chance. It is a little more than that. It gives society a second chance to understand, prevent and correct. Parole, or what is more commonly called ticket of leave, is the release of a person after serving a portion of his sentence.

Some honourable senators have already indicated that they will participate in the debate: the honourable senator from Fredericton (Hon. Mrs. Fergusson), the honourable senator from Victoria (Hon. Mrs. Hodges), the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), and the honourable senator from New Westminster (Hon. Mr. Reid). I think the honourable senator from Banff (Hon. Mr. Cameron) will also participate, and I hope that others will make their contributions.

Prison reform has been a neglected subject in this country. And there are good reasons for it, I suppose. Perhaps I should say, not that there are good reasons, but that there are reasons.

Prisoners have no alumni association, no boosters, no lobby groups and no fan clubs, and because they have not these things it devolves upon us particularly, as a real duty and a responsibility, to give consideration to such matters as I will raise here tonight. My purpose is not to blame the Government or to be unduly critical of it. I hope that as a result of what I have to say and as a result of the debate we shall take some lethargy out of Canadians.

Inmates of Canada's prisons, reformatories and penitentiaries, are in the main a huge floating population of forgotten men and women. They are people who, whatever their intrinsic worth, have been lifted out of our Canadian society and for the time being immobilized. They are very much like the

mythical creatures that are supposed to inhabit the Caribbean seas—neither dead nor alive, but existing in a kind of half-life until the day of their liberation.

Now, I am not for a moment disputing the principle that wrongdoing must be punished. That canon is at least as old as the Book of Genesis. I am not, as I have said, disputing the principle of punishment, but what we must always concern ourselves with is the nature of the punishment and what is to happen to these people after their punishment is over.

These are considerations which no Canadian —be he legislator, teacher, clergyman, or private citizen—can afford to ignore. We must be for ever and ever reviewing and overhauling our penal system just as we do our educational system because, in its own way, the penal system also is important.

The past history of crime and punishment in this and other so-called civilized countries is so shocking that I think few people today could read it through without abhorrence. Most of that is gone now. Our criminal laws and their enforcement are infinitely more humanitarian than they ever were before. No one can deny that.

And yet, old habits of thought die hard. We have still not altogether rid ourselves of the old belief that a person who has committed a crime is an outcast or an outlaw, and that he has forfeited all his rights, particularly the right to be considered and treated as a human being. What has been called the Bastille complex has not died. The only remedy some people can conceive of for wrongdoing is punishment and more punishment. If a man offends against our laws, they say, then lock him up—put him away. But they often overlook the question of what we are going to do with him while he is locked up. They are suddenly vague when it comes to matters like prison therapy, rehabilitation, probation and the like.

To my mind, punishment without cure is worthless. It is one thing to take people out of society when they break the law. But it is equally our duty to put them back into society. We have got to do more than simply open the prison door and turn them loose.

One thing is very clear. We are not doing the job as it should be done, and as it is being done elsewhere. We may be punishing, but we are doing little to cure. The problem of penal reform is a vital problem, and a continuing one. Let no one think that the Archambault Report is a dead letter today or that all's well in the prison world.

I don't want to get bogged down in statistics, but here are a few which are so striking that I must take a moment to discuss them. For they give the lie completely to any complacency or feeling of satisfaction which may exist on the subject of prisons and prisoners. The comparison is between Canada and Great Britain—always a favourite and, I think, a fair basis of comparison.

In the penal field a comparison between the two countries is so astounding that the conscience of Canada should be shocked to the core.

Let me give you a brief idea of what I mean. In Great Britain in 1907 they sent 185,000 persons to jail. Forty-four years later, in 1951, the number of persons sentenced to jail had fallen to 30,000—a reduction of 85 per cent—in spite of the fact that the population of Britain had greatly increased over the same period.

That's one side of the coin. Now let's look at the other side.

In Ontario alone, in 1941, some 20,000 persons were sentenced to jail. In 1951, ten years later, the number had risen to 40,000, an increase of 100 per cent. In 1955 the number was 46,899.

Canada, with a population of 15 million, sent some 100,000 people to jail last year. Great Britain, with a population of 43 million, almost three times as large, sent 33,000 to jail last year, or one-third the number. I wish to emphasize this: Britain's population is three times ours, yet we send three times as many people to jail. Why, Ontario alone is sending more to jail than are England and Wales.

Is there anyone who is still not convinced that Canada's penal system is lacking something? Then let him turn to consider these figures. In Great Britain, 15 per cent of the prison population are repeaters. In Canada, 60 per cent are repeaters. Here are some Canadian statistics on recidivism:

Penitentiary Reports Recidivism		Per Cent	General Recidivism		Per Cent
1948	—	45·45			
....	—	.....	1950	—	77·1
....	—	.....	1951	—	76·3
1952	—	40·20	1952	—	77·1
1953	—	40·45	1953	—	78·1
1954	—	38·08	1954	—	77·
1955	—	42·5	1955	—	77·6

These figures tell me—and I hope that they tell the same story to you—that we are still sending out into the world men filled with bitterness, resentment and hatred of society.

Honourable senators, I do not believe, nor does anyone pretend, that the people of Canada are more vicious, more depraved or more inclined to crime than the people of Great Britain. I would not make the invidious comparison that we are better, but surely

to heaven we are not worse, and not that much worse. I cannot believe that there is so much difference between us. Yet what is the explanation? How can there be such an enormous difference between our two countries? Well, if we pursue our comparison a little farther, we begin to see daylight.

It is generally agreed that a sane program of probation is a vital part of any penal system. For experience has shown that the people whom you don't send to prison are more important than the people you do send to prison. Does anyone doubt this? Then let me tell you that 75 per cent of all first offenders placed on probation in Ontario never again get into trouble. That is the record. On the other hand, only 25 to 35 per cent of those who do time in Ontario reformatories, and 21 per cent of those in Canadian penitentiaries, stay out of trouble. The rest end up in the prisoners' dock again. In other words, probation is almost three times as successful in rehabilitating men as prison is. So I think even the most cautious of us might safely conclude that putting a man on probation is better penal therapy than putting a man in jail—three times better, in fact.

Yet in the whole of this great Dominion of Canada, where last year we sentenced 100,000 people to prison, we have exactly 101 probation officers. Speaking of probation officers—if a young Canadian wishes to become a penologist he must study in either the United States or Great Britain. No Canadian university teaches penology. It is about time that our universities took notice of this great need. I said that there were 101 probation officers. If we apply American or British standards we should have at least 700. And you haven't heard the worst yet. Five provinces have none at all.

Here is the latest box score I have been able to find on probation officers in Canada:

Ontario	85
British Columbia	12
Alberta	2
Newfoundland	1
Nova Scotia	1

The other provinces—they will remain nameless—have no probation officers at all.

Now I have demonstrated the value of probation by showing that it is three times more successful in rehabilitating wrongdoers than a term in prison. Need I also demonstrate that probation is cheaper? It is a lot cheaper.

Do you know the cost of keeping a man in prison in Canada? Well, it varies, but the average cost is a little in excess of $4 a day, or approximately $1,800 to $2,000 a year. That does not include the cost of looking after their families, which was $84,000 in Ontario last year. On the other hand, it costs less than one-tenth as much, or $100 a year, to keep a man on probation. So if one wants to look at the saving in money only, it is exactly 90 per cent. Can anyone put a value on the saving in human beings?

Well, now, since probation costs less than one-tenth the price of prison, and since probation is three times as successful in rehabilitating men as prison is, then one would expect to see a high level of probation under our penal system. If so, one would be sadly disappointed. The comparison with Britain in this context is even more striking than before. Here are the figures for 1952, showing the case for probation:

	England & Wales	Canada
Population	43,000,000	15,000,000
Convictions	688,650	1,215,376
Prison	32,000	90,000
Probation	40,000	3,000

Honourable senators, these are frightening figures. If they were brought up to date they would tell about the same story. In 1952 Great Britain put 32,000 persons in prison and allowed 40,000 offenders to go free on probation. Canada during the same year committed 90,000 persons to prison and placed exactly 3,000 on probation. In other words, we in Canada put 30 times as many people in prison as we placed on probation. Britain, on the other hand, actually placed more people on probation than she sent to prison. Is it any wonder that Britain's prison population has been steadily declining for almost 50 years since probation was first introduced, while Canada's prison population has been just steadily increasing?

I have dwelt on this question of probation, not because it is the only factor to be considered in penal reform but because it shows up our thinking on penology for what it is—at least 50 years out of date. By and large, we in Canada are still back in the days of the Victorian lock-up. Our biggest fear seems to be that we may be accused of "coddling and pampering prisoners"—surely one of the stupidest phrases that ever dogged the steps of penal reform! It was last used, I recall, at the time of the Kingston riots in 1954.

I am not saying that we have done nothing to improve our penal methods. Great improvements have come in since the famous Archambault Commission convicted our system of making prisoners into criminals instead of reforming them. But an enormous amount yet remains to be done. To judge from the record, we have only barely heard of the probation system. It is apparent that we have never heard of the open prison system. Yet neither of these is exactly a radical innovation. They have been tried and proven in Britain and elsewhere.

Our prison population continues to grow. Here are the figures:

1947	3,752
1948	3,851
1949	4,225
1950	4,720
1951	4,817
1952	4,686
1953	4,934
1954	5,120
1955	5,507

Is that increase due to our growing population, or to multiplicity of laws and the increasing ineffectiveness of their enforcement? If not to what is it due?

But honourable senators have not heard the whole story yet. The following table shows the number of young inmates, under 21, in penitentiaries:

1950	551
1951	520
1952	485
1953	564
1954	639
1955	694

Honourable senators, remember that these figures apply to inmates under 21 years of age. It is a matter of serious concern, because it is time it struck the conscience of the Canadian people. Here are youths of this tender age committed to federal penitentiaries, where it is inevitable that they will come into contact with hardened offenders. It must be a matter not only of concern, it must be a matter of great alarm. Something is seriously wrong somewhere. It is about time we started to examine our homes and our communities. On the face of it, there seems to be a lack of guidance and discipline in our homes. These youngsters are marked for life; many doors of opportunity are closed to them for ever and a day. There is a responsibility upon us to do something about these matters.

What I would indict more than our penal system is the thinking of the Canadian public on penology. Prisons are always at the bottom of the list when the tax dollar is divided. It is an axiom of history that a country gets the kind of institutions it deserves, and that applies to penal institutions as well as to any others. It seems plain that the people of Canada simply don't care, because if it were otherwise, this state of affairs would not be permitted to continue.

My own province of Ontario is quite secure in the belief that it is a peaceable, law-abiding province; and yet, if we compare our record of criminal convictions with that of Great Britain, we will certainly find no food for smugness. If you take a look at our famous Don jail in Toronto, you will see part of the reason why. They stack the prisoners up like cordwood. Most of our provincial jails are a disgrace to the nation. To enter them is punishment in itself.

I think the time has come for the people of this country to be shocked into an awareness of what is happening, because in very large measure they must share the responsibility for our failure to reduce the incidence of crime. For years—indeed for generations—the problems of penology have been buried behind the thick stone walls of our penitentiaries. It is more than time that we pulled them out into the sunlight and had a good look at them.

Today the emphasis in penology has completely shifted from repression to rehabilitation. Building more jails is not the solution to the problem of crime. The real answer lies in reforming convicted men and not in teaching them worse patterns of crime. The solution to the alarming increase in crime lies in many things: it starts in our homes, our churches and our communities. But from our point of view it is probation, parole, rehabilitation and after-care. Our criminal statistics prove beyond the shadow of a doubt that the lock-up and the strap will not work. The British example demonstrates just as conclusively that the Borstal system, the open prison and wide use of probation will work.

We need, first of all, a tremendous expansion of probation facilities. We need ten times as many probation officers, and we need them in every judicial division throughout the country. We need a Dominion Parole Board to deal with the whole complicated problem of the remission of prison sentences. We need to overhaul our constitutional responsibilities on prisons and reformatories. It is amazing how these constitutional problems evaporate when the dominion Government is prepared to pay a very considerable portion of the cost—as it should. The safety of society cannot be assured by putting all our trust in the maximum security of prisons.

Not so long ago, one practically needed a jail delivery to get a man out of prison. Today, the system, although somewhat improved, still needs a major overhaul. The following figures indicate some improvement in ticket of leave operations in the past four years:

Year	Released
1952	398
1953	410
1954	420
1955	515

But the surface has not yet been scratched. What has been done does not reach the root of the problem.

It is one thing to sentence a man to prison for breaking the law; it is another, and to date a very neglected thing, to consider and review

from time to time the propriety and usefulness of a man's sentence. We need a better system of getting a man ready to return home after a prison sentence. We need to give more thought to reintegrating a man into the community from which he has been absent.

Parole has been in use since 1899. Our present parole system was legalized under the Ticket of Leave Act, 1927. During the 50-odd years of ticket of leave operations about 5 per cent of the persons released have relapsed into crime and been returned to prison. Parole has proved its worth from a humanitarian as well as an economic aspect. The total number of releases made on ticket of leave from the inception of the act, roughly 30 years ago, is about 40,000, which is nearly the same as the number on ticket of leave in Britain this year.

Our remission service consists of:

Parole Officers	Location
1	Vancouver
1	Montreal
8	Ottawa

The cardinal principle on which the service operates is no interference until the prisoner has served one-half his term, or two-thirds his term in the case of a crime of violence. We need a Dominion Parole Board or a Rehabilitation Board, composed of qualified men and women from outside government service who can add the citizens' viewpoint to that of the official view, which is the only one we have at the present time.

The present Solicitor General is considerate, co-operative and kindness itself, but he is tied by traditions and worn-out methods. We should have an automatic parole system so that a prisoner's case could be considered whether he applied for parole or not. Under the present system his case is not considered unless he or his friends apply and reapply to have it considered.

A genuine system of rehabilitation is society's best protection against the convicted offender; otherwise, we keep paying the piper.

I have some suggestions to make: First, I think, consideration should be given to instituting home leave, under which well-behaved prisoners would be granted leave at regular intervals, in the interest of marital relations, family life and discipline. Second, I think we should give consideration to instituting a system of rehabilitation leave, to be granted to deserving prisoners whose release is not too far in the future, and to be progressively increased as the time for release becomes imminent. The purpose of the leave would be to accustom the prisoner to normal home surroundings and to the community, and permit him to make necessary arrangements for earning a livelihood upon his final release.

Heretofore, a criminal has been a dead man as far as his worth to the country was concerned. The task ahead is to bring him back to life, to restore him to his full status in the community. The only alternative is to drive him deeper and still deeper into crime.

Honourable senators, the choice is ours to make. We can go on piling up the mistakes of the past and doubling our prison population every 10 years, as we have done in Ontario. We can go on spending nearly $2,000 a year per head to keep men in prison. If we were to tear down all of the jails and rebuild new ones it would not make much difference. It's the minds we need to change, and the choice is ours.

The difficulty is that back in our minds are catch phrases which we have learned in song and lore—such as, "Make the punishment fit the crime", when as a matter of fact in this day and age it is far more practical to "make the punishment fit the criminal". Prisoners are people not much different from you and me. No one is born a criminal. Some have just taken the wrong turn.

I think the time is overdue for a second volume of the Archambault Report. The first was a landmark in the penal history of our country. Crime and the incidence of crime is one of the most pressing problems on the horizon. We urgently need a Royal Commission on our penal system or, short of that, I think it would be an excellent thing for this Senate to undertake a thorough study of the penal system by a small committee who would devote themselves to that work. It might well take a year or more, but in the end they could face the Canadian public with a study that would give them an understanding of what is going on, so that they could take the proper remedial action.

Hon. Senators: Hear, hear.

Hon. Mr. Turgeon: Honourable senators, may I ask the honourable gentleman a question? Does he place the blame for the various conditions he has mentioned upon the laws of Canada or upon the practices of the various courts, from magistrates' courts up?

Hon. Mr. Croll: I have my views on that, but I would prefer to hear from some other honourable members before expressing them. May I say that there is enough blame for a little of it to be applied to a number of places, and there would still be some left over.

Hon. Mr. Barbour: I would like to ask the honourable senator if he has any figures on

the number of prisoners in Great Britain placed on probation at the time they were sentenced, as well as the number that were committed to prison for a term and after a period liberated on probation.

Hon. Mr. Croll: I have not the figures with me at the moment, but I am sure that one of the honourable senators who follow me will look after that question.

On motion of Hon. Mrs. Fergusson, the debate was adjourned.

PRIVATE BILLS

PERSONAL FINANCE COMPANY OF CANADA—THIRD READING

Hon. Salter A. Hayden moved the third reading of Bill G-5, an Act respecting Personal Finance Company of Canada.

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

DIVORCE BILLS

THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill R-5, an Act for the relief of Mona Margaret McCastlin Adams.

Bill S-5, an Act for the relief of Regis Edouard Gosselin.

Bill T-5, an Act for the relief of William Boychuck.

Bill U-5, an Act for the relief of Edna Betty Berendt Payment.

The motion was agreed to, the bills were read the third time, and passed, on division.

PRIVATE BILLS

SIGNATURE LOAN COMPANY—COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill H-5, an Act to incorporate Signature Loan Company.

Hon. A. K. Hugessen, Chairman of the committee, moved that the amendments be concurred in.

He said: Honourable senators, perhaps I should explain that the one change the committee made in this bill was to alter the proposed name of the company from Signature Loan Company to Signature Loan and Finance Company. This is a company being organized for the purpose of making small loans and for some reason or other the almost invariable custom is that companies which make small loans are known as finance companies. On the other hand, the designation "loan company" is connected in the public mind very largely with organizations which lend and borrow money on mortgages. It was represented to us by the Superintendent of Insurance that it would make for clarity and avoidance of confusion if we changed the name of this company from Signature Loan Company, which was what the promoters proposed, to Signature Loan and Finance Company.

The motion was agreed to, and the amendments were concurred in.

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

Hon. Mr. Hugessen: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, March 6, 1956

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

Prayers.

Routine proceedings.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 171 to 175, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill X-5, an Act for the relief of Leona Jennie Impey Mella.

Bill Y-5, an Act for the relief of Joseph Elie Felix Leduc, otherwise known as Jean Leduc.

Bill Z-5, an Act for the relief of Florence Mintz Etinson.

Bill A-6, an Act for the relief of Jeanne Yvonne Gaouyat Leroy.

Bill B-6, an Act for the relief of Adrienne Rozenbaum Melzak.

Bill C-6, an Act for the relief of Joan Louise Squires Connolly.

Bill D-6, an Act for the relief of Carol May Burch Squires.

Bill E-6, an Act for the relief of Irene Raab Agoston.

Bill F-6, an Act for the relief of Joan Marshall Bougie.

Bill G-6, an Act for the relief of Heather Thornton Williamson.

Bill H-6, an Act for the relief of Helen Louise Hancox Fray.

Bill I-6, an Act for the relief of John Wallace Herbert.

Bill J-6, an Act for the relief of Angeline Sperdakos Trakas.

Bill K-6, an Act for the relief of Sheelagh Duffin Bennett.

Bill L-6, an Act for the relief of Ruth Alister Creighton Jones.

Bill M-6, an Act for the relief of Doris Lillian Doughty Dick.

Bill N-6, an Act for the relief of Joan Etta Young Campbell.

Bill O-6, an Act for the relief of Doris Evelyn Hirsch Stephen.

Bill P-6, an Act for the relief of Luvina Mallet Lambert.

Bill Q-6, an Act for the relief of Lois Margaret Clouston Willar.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

PRIVATE BILL

SIGNATURE LOAN COMPANY—MOTION FOR THIRD READING POSTPONED

On the Order:

Third reading of Bill (H-5) intituled: "An Act to incorporate Signature Loan Company"—(Hon. Senator Howard).

Hon. Mr. Hugessen: Honourable senators, may I ask that this order be transferred to the bottom of the Order Paper for this afternoon

Hon. Senators: Agreed.

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, February 28, the adjourned debate on the motion of Hon. Mr. Aseltine, seconded by Hon. Mrs. Hodges, for the second reading of Bill I-5, an Act to amend the Exchequer Court Act.

Hon. Nancy Hodges: Honourable senators, in rising to second the motion for the second reading of Bill I-5, sponsored by the honourable senator from Rosetown (Hon. Mr. Aseltine), I wish to congratulate him on his excellent preparation and his lucid explanation, and also to echo his hope that we shall have an extended debate on this subject which will be so convincing that the majority of honourable senators will support the bill. The honourable senator from Rosetown explained the principles of the bill in such detail, and covered its ramifications, legal and otherwise, with such thoroughness that I have very little to add to his arguments, and shall, in consequence, be brief in my remarks.

I support the bill wholeheartedly because I think the time has come to focus attention again upon some of the anomalies—as they appear to a member of the Senate Divorce Committee—of the present method of handling divorces. As a member of that committee

ever since my appointment to the Senate, in 1953, I have rarely missed a sitting, because while I dislike having to listen to the unsavoury serial of mismated matrimonial ventures, I feel that, having been appointed to the committee, it is my duty to accept the responsibilities which membership entails. But that does not make me appreciate the task any the more, or lessen the reluctance with which I listen to these sorry recitals of alleged marital infidelities.

Nor do I relish, honourable senators, the strictures which are often passed upon the Divorce Committee by critics who sit in their ivory towers and, without any personal knowledge of the proceedings or the *"dramatis personae"*, castigate us for the way in which we function. Every now and again we hear echoes of an explosive criticism from the other place as to the validity of the decisions reached by the Senate Committee on Divorce; yet, when the bills, plus the evidence, are sent over there for consideration they are usually passed *en masse* without being read—except for an occasional "second look" if the bulkiness of the printed book of evidence suggests that the case is, shall I say, a little out of the ordinary.

To prove that point I quote from a news item which appeared in an Ottawa newspaper early last year respecting a debate on divorce in the Private Bills Committee of the House of Commons. I will not give any names, but one member is quoted as saying:

> Of 161 cases before us we see one and if we don't do some probing we are not fulfilling our duty.

Another member made the observation that it was:

> a public scandal the way Parliament rushed through divorce legislation.

Well, honourable senators, the press and the public read such pronouncements. Is it to be wondered at if they condemn, not only the Senate but the whole parliamentary institution for what is made to appear a flagrant laxity in handling divorce petitions that come to us from Quebec and Newfoundland? I maintain that this situation tends to bring our parliamentary processes into disrepute and to cast unwarranted reflections upon the integrity of the Senate and its Divorce Committee. As the honourable senator from Rosetown pointed out, the Divorce Committee gives far more time to the hearings of divorce petitions than any court of law does, and I suggest that some of the honourable senators and members of the other place who are not in accord with these views might find it very worth their time to sit in occasionally on the committee's hearings, and thus learn at first hand how it operates.

I mentioned the press, its castigations and its criticisms. I want to read part of an editorial which appeared in one of my home town newspapers, the Victoria *Daily Colonist*, in November 1954. As a matter of fact, it was complimenting the Senate on the admission of women as senators, and particularly of two women senators who are members of the Divorce Committee. Modesty forbids my reciting that part of it; I will just read this portion:

> . . . the system under which Parliament's upper house has to listen to all the sordid details of broken marriages in Quebec and Newfoundland is as wrong as wrong can be . . . Because these two provinces have no divorce courts and the marriage ties of their citizens can be severed only by act of Parliament, the Senate each year has to deal with hundreds of petitions for divorce, hear and examine all the evidence and pass upon a separate act of dissolution in each case—euphemistically entitled "an act for the relief of" the petitioner. Cynics may say that this gives the occupants of a moribund upper chamber something to do to earn their indemnities. Be that as it may, the loading of divorce petitions on to the Senate is an indignity to the senior legislative body of the nation and an imposition on the taxpayers of the eight provinces which maintain their own divorce courts.

That is all of this editorial that I am going to read, but I may say that it is representative of editorial opinion in a great many places in Canada.

The situation which I have just outlined for you is one of the reasons why I am supporting this bill, which seeks to take the whole machinery dealing with divorce petitions from Quebec and Newfoundland out of Parliament into the Exchequer Court at Ottawa. I want to reiterate, with all the force at my command, what the honourable senator from Rosetown has said, that this bill has nothing to do with the causes of divorce. It does not attempt in any way to broaden the basis on which divorces are granted, or to touch in any way that particular phase of the whole question.

Another reason why I am supporting Bill I-5 is that it offers a less expensive process for those who are seeking legal rescue from marriages which have already foundered on the rocks of imcompatibility.

May I digress for one moment to take issue with one comment made by the honourable senator from Rosetown? I think the fact that I criticize him in this one respect may make all the more valid my remarks in support of the bill. I quote from his speech as reported in *Hansard*, at page 200:

> I said that the procedure was cumbersome, and I think I have proved it. I think I can also prove that it is costly. When I first came to

Ottawa I checked into the outlay for an ordinary undefended parliamentary divorce, and found that it was about $550. At the present time an ordinary undefended divorce action entails an expenditure of something in the neighbourhood of a thousand dollars . . . Contrast this with the average cost of a divorce action in, say, the province of Saskatchewan, where it very seldom exceeds $400.

What I am getting at is this,—

And this is what I want to emphasize, honourable senators.

. . . that only the wealthy people can obtain a divorce from Parliament; the poorer classes have practically no remedy. I believe that if this bill were adopted the cost of divorce to petitioners from Quebec and Newfoundland would be cut in half.

As any member of the Senate Divorce Committee knows, the majority of those plaintiffs who appear before us are anything but wealthy. They include seamstresses, working housekeepers, waitresses, labourers, clerks and others of similar vocations. That is why so many of them have to wait so long before taking steps to end their misfit marriages. The other day in the committee on which I served we had a poor woman, a seamstress, who waited twenty-odd years after her worthless husband left her for another woman, because she wanted to bring up her children to an age when they would not be hurt by such proceedings, and because it took her that long to save the necessary money.

Only this morning in the committee on which I was serving we had a woman petitioner who lives in Newfoundland. A charwoman who earns only $18 a week, she came all the way to Ottawa to have her divorce case heard because there is no opportunity for having it heard in her own province. Her husband deserted her in 1940, leaving her with one child to bring up. Paragraph 9 of her divorce petition reads as follows:

That any delay occasioned in bringing this petition for divorce was due solely to financial reasons and your petitioner's inability to defray the costs of said divorce proceedings since your petitioner has had to provide for the maintenance and education of her son.

Honourable senators, I think that will disprove what the honourable gentleman from Rosetown said with reference to the Senate divorce proceedings being only for the wealthy. They are not. The financial circumstances of many of the petitioners in the cases we hear are so far removed from wealth that the Senate committee frequently reduces the fees and, I understand, counsel in such cases are expected to reduce their fees commensurately.

However, I can agree with the honourable senator from Rosetown that divorce by way of the Senate is more costly than divorce by way of other divorce courts. As such it is discriminatory against a certain class of people. I think the honourable senator from Rosetown pointed out in his speech that the initial fee for a petitioner to the Senate is $210, except in those cases to which I have alluded. On top of that, counsel in the case can charge up to $1,500, and I hope my legal friends here will not be offended if I say I think counsel often charge what the traffic will bear. Then there is the cost of serving the petition, the bringing of witnesses—an especially heavy item for Newfoundland petitioners—and all the other steps which were fully explained by the sponsor of this bill.

On the other hand, in provinces which have divorce courts of their own a petitioner has comparatively easy access to the local court and thus is spared the heavy expense involved in bringing witnesses and carrying out such services as are contingent upon the processes under our present system in the Senate. In those provinces the petitioner is protected against the possibility of exorbitant fees being charged by lawyers, for any petitioner who feels that these charges are excessive can protest them to the taxing officer. That officer, in turn, if he feels that the charges in question are too high, can appeal to the judge and the judge will determine what they shall be. The Exchequer Court, which the bill proposes shall take over all divorce cases from Quebec and Newfoundland, works under the same rules of court as the divorce courts, and so can take care of such a situation.

Honourable senators, that is all I am going to say at this time on Bill I-5. I feel that the legal technicalities and other phases of this legislation will be dealt with by members who follow me. I have made the two points I wanted to make. I trust I have made some impression upon honourable senators who perhaps might not like to support the bill, and that they will feel it is their right, their privilege and their duty to support it.

Hon. Senators: Hear, hear.

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

PRIVATE BILL

SIGNATURE LOAN COMPANY—THIRD READING

Hon. Salter A. Hayden (for Hon. Mr. Howard) moved the third reading of Bill H-5, an Act to incorporate Signature Loan Company.

Hon. David A. Croll: Honourable senators, I had spoken to the honourable senator from Inkerman (Hon. Mr. Hugessen), who brought in this bill from the Banking and Commerce Committee, and he very kindly asked the

house to hold the bill over until I had an opportunity to say a few words concerning it. This is a loan company bill, and those of us who saw the report of the Superintendent of Insurance for Canada for the year ended December 31, 1954, will no doubt have noted on page 6 the following words:

> In my report last year, I referred to the greatly increased interest being manifested in the small loans business in Canada by established lenders outside Canada, more particularly by those with head offices in the U.S.A. Several of these lenders entered the field during 1954 through provincially-incorporated subsidiary companies and the same trend has continued up to the date of this report (November 1, 1955).

In the New York *Times* issue of yesterday, March 5, the following report appeared under the heading "Brewing an Issue":

> A beer issue with an international flavour is coming to a head in Maryland.
>
> Six breweries in the state, reportedly after soft-sudsing a good many legislators, managed to push through a bill to bar a subsidiary of Canadian Breweries, Ltd., the Carling Brewing Company, from building a $12,000,000 brewery at Halethorpe.
>
> Canadian Embassy officials have lodged an informal protest over the bill, which could prove somewhat embarrassing during the coming talks between President Eisenhower and Canada's Prime Minister, Louis St. Laurent.
>
> Governor Theodore R. McKeldin, who made the Eisenhower nominating speech at the Republican convention in 1952, must decide whether to veto or sign the measure by April 6.

When the present bill was before the Banking and Commerce Committee I asked the Superintendent some questions, and as a result of his answers, and the answers to other questions, I felt this was an opportune time to make some observations, and more particularly with respect to a frame of mind in the state of Maryland.

Honourable senators, I realize that small loans companies fulfil a necessary role, although I am sure the members of this house will agree with me that the borrowers pay through the nose.

Hon. Mr. Crerar: Hear, hear.

Hon. Mr. Croll: It is a lucrative business for the lenders. But it came as a distinct shock to me to learn that the field is controlled, dominated and owned, to the extent of 83 per cent of the existing business, by two foreign corporations. With the exception of a few qualifying shares there is no Canadian participation in the two large companies which control the 83 per cent of the loan business in Canada. It is a matter of record that these two large corporations had a profit last year of $4,800,000. It is very interesting to note that the secret of their success is advertising. In the year 1955 the corporations spent $1 million in advertising, mostly in newspapers, which turned out to be quite a drawing power for them.

I do not share the view that this sort of business can best be run by big corporations in monopolistic fashion. I am of the view that if we are going to have loaning companies, and they are a necessary evil, small lending institutions, preferably Canadian lending institutions, are best for all concerned. These foreign-owned lending corporations borrow our money, lend it to us and take the profits out of the country. They could at least have brought their own money with them. We in Canada welcome capital, and we are not concerned with the colour of the eyes or the tinge of the skin of the people who bring capital to this country, but if we are going to have heartless and soulless corporations I prefer them to be Canadian. We would prefer that the capital was invested in brick and mortar, but no matter how it is invested we want to participate, otherwise we feel uncomfortable. We reject the role of "hewers of wood and drawers of water". It is true that in this country we have created a climate that is conducive to investment capital, by our tax laws, freedom from government interference, and abundance of natural resources, but we also wish to profit in capital's happy hunting grounds. We want to be partners.

Our banks and financial institutions are held in high regard; there is trust and confidence and good will in them, which is shared by most Canadians. I think that the Canadian people had assumed that our financial institutions would not only do our banking and insurance, but would create other financial institutions to meet the needs of the times. So it is a surprise—it is more than that, it is a shock—to learn that they have not fully occupied the financial field and are only indirectly concerned with the small loans business. The banks and the insurance companies lend directly to the small loans companies, which in turn lend to the public. The Canadian Bank of Commerce, alone among Canadian banks, has for years attempted to fill the need in the small loans field. It may be that some other banks have recently gone into the business, but for a long time this bank was the only one that was seriously engaged in it. In the hearings before the Banking and Commerce Committee of the other house last year that bank was the only one which was participating.

In my opinion the financial institutions of this country owe an explanation to our people as to why this has happened. We well recall the opposition by the Canadian banks to the incorporation of the Mercantile Bank a few years ago. If I recall correctly—though I was not here at the time—they argued that there was no more room in the bed. The

Government and Parliament seemed to feel differently, and a charter was granted.

In view of this situation with respect to the small loans field the time has come when we should ask ourselves: Where are the breed of men who built the finest banking system in the world? Where are the men who, with vigour, imagination and acumen, gave us so fine a banking system that it is the envy of the world? Have they become smug, secure and soft?

Canadians hold 75 per cent of all investments in this country, and the American people have $9 billion invested here. Canada needs additional foreign capital in order that she may develop, but only on condition that she is made a partner. About one-third of all investments in Canadian manufacturing is in companies controlled in the United States, and Canadian investors cannot invest in the Canadian subsidiaries. There is much concern in this country over the fact that we are being mortgaged to United States corporations which are beginning to control our economic future. I think the time has come to call a halt.

Once before in our life we fought off the invasion of capital, at that time from the United Kingdom. The present invasion is no more palatable. The virtual exclusion of Canadian participation in United States controlled operations in Canada is being resented. For the purpose of the record I wish to quote some views of other people. The first is that of Ralph Blackmore, Financial Editor of the Toronto *Globe and Mail,* who has been emphasizing to the Canadian public the problem that is bothering them, not of the large amount of United States capital flowing in here but of—and these are his words:

> . . . outside corporations operating subsidiaries in Canada without allowing Canadians to buy stock in the exclusively Canadian aspect of their operation.

Mr. Blackmore asks:

> Why large, non-Canadian corporations should operate in Canada, sell their products to Canadian consumers, enjoy the friendly-to-private enterprise climate of Canada, yet merely lump in their Canadian results with all the rest of their results and sell stock to the Canadian public only in the American firm.

Mr. Frank Kaplan of the *Financial Post* has this to say:

> Foreign companies with wholly owned Canadian subsidiaries would be well advised to consider paving the way for common stock participation by Canadians. Having Canadian shareholders would be an excellent answer to those critics of our system of free enterprise who say that foreign-owned business is milking Canada dry.

I have a quotation from Mr. Clarke, Vice-President of one of Canada's senior investment dealer firms, who pointed out recently in lectures in New York that of 4,253 firms which are branches or subsidiaries of foreign organizations operating in Canada, only 2 per cent have Canadians on their board of directors.

I quote further from Mr. Blackmore:

> . . . if outside corporations do business in any reasonable magnitude, they should permit Canadian participation in the Canadian end of the business. This is a mature economy, not a frontier. The era of Davey Crockett has also passed in Canada.

Dr. G. Edward Hall, President of the University of Western Ontario, speaking in Boston to the Boston conference on distribution, on October 17 last, said:

> One so-called Canadian company sold, in one year, more than $210 million worth of goods to the Canadian public. Over 99 per cent of the stock of that company is owned by the parent company in the United States. The profits from this fairly substantial operation are simply lumped in with the profits of the total sales of the parent company. And Canadians, in order to participate in this company, are forced to purchase stock of the parent company in which they may have no specific interest. Another large and respected subsidiary operating in Canada for many years and completely owned and controlled by the parent U.S. company does not even release Canadian sales figures.

Dr. Hall makes this further comment:

> Two-thirds of all motor vehicles sold to Canadians last year were produced by companies operating in Canada without Canadian stock. The profits, again, are lumped in with the profits of their giant U.S. parent companies. The dividends paid by the parent company do not reflect Canadian sales nor the position of that company in the Canadian economy.

I quote Dr. Hall still further:

> Canada produces 90 per cent of the world's supply of a certain mineral, yet where is the effective head office of that industry's largest company, whose mines are manned by Canadians, whose furnaces are operated by Canadians, and whose profits are made in Canada? Not in Canada, but in one of the cities of the United States. And the Canadian stockholders are paid, not in Canadian dollars, but in U.S. funds!

Honourable senators, I don't suggest control legislation against foreign companies operating in Canada. At the moment I am not sure that I have the answer, but it is time Canadians were aware of what is happening and, even more important, that foreign corporations are aware that we are aware and intend to do something about it all.

Economic colonization is the only term that fits this present foreign capital invasion. It has been a long fight to attain political emancipation, and it appears now that our great need is for economic and fiscal emancipation. The state of affairs which I have brought to the attention of the Senate—and I do not do it for the purpose of preventing the passage of this bill—should not be permitted. This is the chamber of second thought: I implore

honourable senators to give this matter not only second thought, but kind thought.

Hon. Senators: Hear, hear.

Hon. R. B. Horner: Honourable senators, the remarks of the honourable senator from Toronto-Spadina (Hon. Mr. Croll) are timely, and I feel that he should be congratulated on making them. Of course a great deal of the condition that he described is probably in a large measure due to the attitude of the Canadian banks themselves. The honourable senator's remarks reminded me of an experience I had with the Canadian Bank of Commerce shortly after it entered the small loan field. I had endorsed a number of notes on which I had to pay up; the bank had not been successful in collecting those particular loans. It had been running advertisements in the newspapers in connection with the small loan plan, saying "All you have to do is to bring your neighbour in to endorse your note". Now, the head of the bank in that province told me that I should not have signed those notes. And having with me the newspaper containing the advertisement I confronted him with it and said, "Of course you are an institution and you have no neighbours, but I do have neighbours, and by this advertisement you have placed me in a difficult position."

However, I do believe that the banks are largely to blame for the lack of ability and training in the matter of making and collecting a loan. That is an important field. When I endorsed the notes that I spoke about a minute ago, I found that that meant something, but if the bank had made the efforts it should have made it might have collected the money direct from the borrowers. A discussion of this kind might point up the matter and make the banks more conscious of what they can do in this field.

I was one of the two senators who opposed the granting of a charter to the Mercantile Bank. I thought that we had a sufficient number of banks in Canada and I still think so. I further think that the banks should put themselves in a position to make these small loans, these 2-per-cent-a-month loans that we hear so much about. I see no reason at all why the banks could not go into this field in a larger way, and the present debate may encourage them to enter into that business. Of course, they might have to pay a little more attention to collection. I think it is a very good experience for a young man to do business with a bank. I remember my first loan, and the question that came up as to the renewal of the note. The manager wanted me to sign a note for three months and then renew it. I protested that I would not be able to pay it within three months because I would not be able to sell anything within that time, and therefore would not have any money to pay. After some argument I finally had it my way and the notes were made for a longer time. I eventually paid when I got the money to pay.

It seems strange to me, honourable senators, that the banks, whose very business it is to take in money on deposit and to lend it out, are not more inclined to make loans for periods of perhaps a year or longer.

I think it is a wholesome experience to go into a bank and talk with the manager, and I repeat that especially is it a good experience for a young man. And in my opinion that is where he should go if he wants to borrow money, instead of to—I do not like to use the term—loan sharks, who will make him pay 2 or 3 per cent a month and take a mortgage on his goods. A lot of people who borrow from the small loan companies should really be going to our banks, where they would receive good treatment and be charged only a fair rate of interest.

My chief purpose in speaking, honourable senators, was to congratulate the honourable senator from Toronto-Spadina upon his remarks.

Hon. Mr. Hayden: Honourable senators—

The Hon. the Speaker: If the honourable senator from Toronto (Hon. Mr. Hayden) speaks now he will close the debate.

Hon. Mr. Macdonald: Honourable senators, I would like to point out that the honourable senator did not speak on opening the debate, and as the motion is for third reading I do not think he is entitled to reply.

Hon. Mr. Hayden: Is His Honour the Speaker prepared to make a decision on that?

Hon. Mr. Macdonald: This is on third reading.

The Hon. the Speaker: I do not know what the difference is, in principle.

Hon. Mr. Reid: Let us have a ruling.

Hon. Mr. Croll: Honourable senators, as far as I am concerned, I would like to hear more often from the honourable senator from Toronto (Hon. Mr. Hayden). However, he moved third reading and that, I think, precludes him from entering this debate, and when he does speak he closes it.

The Hon. the Speaker: That would be my impression.

Hon. Mr. Macdonald: On second reading the mover has the right of reply, but on third reading there is no reply. Sometimes

the mover of the third reading is allowed to speak later on, but he certainly does not close the debate.

Hon. Mr. Reid: Is he allowed to reply?

Hon. Mr. Macdonald: No, he is not allowed to reply except with the unanimous consent of the house.

The Hon. the Speaker: The honourable senator has not spoken. He has the right to speak.

Hon. T. A. Crerar: Honourable senators, before this bill is disposed of I should like to make a few comments upon it, and to deal with one or two matters raised by our colleague from Toronto-Spadina (Hon. Mr. Croll).

I take it from the discussion that the company which the bill would incorporate would be one of these companies organized to make what are known as small loans, with almost the sky as the limit as to the rates of interest they may charge.

I do think, and here I agree heartily with the senator from Toronto-Spadina, that it is desirable in the public interest now, if it has not been heretofore, that some thought and study should be given to greater control over the operation of these companies. I have listened almost every evening in the news broadcasts of one of the radio stations at Winnipeg to propaganda by one of these companies, and it is very skilful and clever propaganda. Now, the oddities of human nature are such that some individual desiring temporary financial assistance for one purpose or another, after listening to such propaganda or sales talk—perhaps that is a more dignified term to use—will go to a small loans company for the accommodation he desires, when he might be able to get it from a bank. He does so because, curiously, in his subconsciousness, like that of many Canadians who are unaccustomed to dealing with banks, there lurks some reluctance to go—even fear of going—to a bank. Of course, banking institutions have greatly changed their methods in the last 60 years. There was a feeling half a century or so ago that one should, so to speak, almost take off one's shoes before entering a bank manager's office; and although that state of mind has disappeared, the fact remains that many people still prefer to seek assistance from loan companies and, as the honourable senator from Toronto-Spadina strikingly put it, they certainly "pay through the nose" for what they get.

Personally, I favour a further examination of this loan system, and the devising, if possible, of some controls which would protect those thoroughly good and honest people who seek recourse to the small loan companies, and in the end, of course, pay their charges, or those companies could not remain in existence and earn the profits they do. It is certainly a bit harsh on the individual who seeks, maybe, no more than a few hundred dollars to provide for some temporary need, that he must pay 14, 16, 18, even 20 per cent for the accommodation. In seeking to establish some further control in this matter, we are not doing anything new or strange. Over at least the past 75 years the history of this country abounds with illustrations of the power and will of Parliament to exercise control. As an example I might cite the railways. I can recall, even during my young years, when the railroads operated practically without control. As a result, unquestionably, abuses developed. There seems to be something inherent in monopoly, in an absolute control of commerce and even of government, which develops weaknesses and leads eventually to tyranny in one form or another. The same thing happened in connection with the banks. It was strikingly evident in connection with the grain trade, with whose activities I am more familiar. I can recall when the grain business was wholly unregulated, and fraud after fraud was perpetrated on innocent people.

To cope with these conditions, legislation was passed. The restrictions so provided have not interfered one iota with honest and legitimate conduct of the business, but they do prevent the practice of fraud and deceit on innocent people.

Where I differ from my honourable friend from Toronto-Spadina is in what seems to me his confusion of two dissimilar things. To deal with abuses in connection with loan companies is laudable and right. But to argue that we are in danger of United States economic domination because some company which does business in Canada has its head office in New York—I suppose my honourable friend had in mind the International Nickel Company—seems rather far-fetched. Of course American capital has come into Canada. It has come in large amounts and we have welcomed it. The question we have to ask is, has it been useful to us, or a detriment? Inevitably, I think, the answer must be that it has benefited us, nationally. We can take an illustration from the economic history of the United States itself. A century ago its domestic capital was entirely inadequate to provide for the vast expansion of that immense country; and it is a well-known fact that American railroads, business, banking, insurance companies and other enterprises were frequently controlled, not in the country itself, but in Great Britain and elsewhere in

Europe. The passage of time, with the changes which necessarily accompany it, cured that condition; and I am confident that the course of Canadian development will be very much the same.

We must not forget that many important Canadian concerns are doing business in the United States. If a personal reference may be pardoned, I might mention that I am a director of an insurance company, a very large part of whose business is done south of the border. Moneys are loaned there, profits are earned there, but the head office is in Canada, and all the directors are Canadians.

There is no question that from time to time there crops up in this country a tendency to anti-American prejudice. In my judgment it is very foolish indeed, and I will tell you why. Canada, a country of almost 16 million people, is one of the world's richest storehouses of natural resources. It would be well if, by a more vigorous immigration policy, we could bring greater numbers of people to Canada. Certainly, the wealth is here and available for development. Alongside us for a distance of 3,000 miles is another people, a great people who speak the same language as most of us do and whose institutions basically are similar to our own. That country today has 166 million people; at the present rate of progress its population in 1975 will probably exceed 220 millions; and within the life of some of the younger senators here present its members will be increased to probably 250 millions. Are these facts not of some significance to the future of our country? If one thinks only of material considerations, can we fail to be struck with the tremendous potentialities of a market of that size? Honourable senators, there is no greater need than that the people of Canada and the people of the United States remain in the most friendly relationship possible. That is above all essential for Canadians.

Hon. Senators: Hear, hear.

Hon. Mr. Crerar: Not only is it essential for matters of defence in the uncertain world in which we live, but it is particularly essential for the ordinary simple prosperity of Canadians in the future. As far as I am concerned I am unalterably against anything that would raise prejudices against our neighbour. Heaven knows there is enough evil prejudice in the world today. The American people, notwithstanding what some may consider their inconsistencies in international affairs, are a great people.

Hon. Senators: Hear, hear.

Hon. Mr. Crerar: They have a wonderful future, and my hope as a Canadian who is nearing the sunset period of life is that the fine relationships between these two countries will expand and develop. It is not that I ever want to see Canada absorbed by the United States. There was a danger of that at one time, but that danger, I think, has wholly passed. I do not believe the United States wants to absorb Canada. We can be very friendly nations, co-operating in a world that is full of strife and trouble, but we can never fully do that if we are going to indulge in pin pricks, in criticism of our neighbour and in expressing fears of economic domination by it. I think that is a very foolish course to follow.

Honourable senators, I apologize for having taken up your time. When I came into this chamber this afternoon I had not the remotest idea that I was going to address these remarks to you, but I feel very strongly about this matter.

The Hon. the Speaker: Honourable senators, with respect to the question which was raised a moment ago, a perusal of Rules 36 and 37 would seem to indicate that a senator who makes a substantive motion has the right to reply, and that in all cases, under Rule 37, the reply of the mover of the original question closes the debate. It is the duty of the Speaker to see that every senator wishing to speak has the opportunity to do so before the final reply.

Hon. Mr. Macdonald: I do not question the ruling of His Honour the Speaker, but I wish to point out that the motion for third reading is never considered a substantive motion.

Hon. Mr. Roebuck: The rule says "in all cases".

Hon. Mr. Macdonald: On substantive motions.

Hon. Mr. Roebuck: Oh, no.

The Hon. the Speaker: Rule 37 reads:

> In all cases, the reply of the mover of the original question closes the debate.

Hon. Mr. Macdonald: If it is a substantive motion. May I respectfully submit that if there is not a substantive motion there is no right of reply.

Hon. Mr. Reid: Is it not a fact that the rules can be suspended by His Honour the Speaker with the unanimous approval of the Senate?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Reid: I think the ruling should be maintained. I am glad it has been made, for it confirms what was always my understanding.

Hon. Mr. Davies: Honourable senators, before third reading is given to this bill I should like to have it very clear in my mind whether the honourable senator from Toronto-Spadina (Hon. Mr. Croll) has any particular objection to the passing of this bill or whether he was just speaking generally against small loan companies. It seems to me that if any of us have any objection to the passing of this particular bill, the place to voice that objection would be in committee.

Hon. Mr. Croll: Honourable senators, I thought I made it fairly clear when I spoke that I did not intend to oppose this bill. I am sorry the honourable senator from Kingston did not hear me. When the honourable gentleman says that the place to oppose the bill is in committee, I think he knows full well that the information available in committee is sometimes not the fullest that can be obtained. The opportunities for discussion in committee, though not limited, are not as good as in this house. Here honourable senators may speak on the third reading of a bill and cover a subject in detail. At any rate, I always reserve the right, as I think all members do, to oppose a bill in the house whether or not I have previously voted for it in committee, for some new facts may come to my attention that will cause me to change my mind. I voted for this bill in committee, although I was one of the minority who voted for the name "Signature Finance Company". This afternoon I used the present bill as a vehicle to bring to the attention of the house the domination of our economic life by foreign capital without our participation. That was my point, and I leave it for the consideration of honourable senators.

Hon. A. K. Hugessen: Honourable senators, as I happen to have been Acting Chairman of the committee which considered this bill, I can perhaps enlighten the mind of the honourable gentleman from Kingston (Hon. Mr. Davies). The bill was passed unanimously by the committee with one amendment, which I explained a day or two ago, changing the name from that originally proposed—Signature Loan Company—to that of Signature Loan and Finance Company. This is quite a simple bill to incorporate a new small loans company subject to the provisions of the Small Loans Act. But the discussion which has taken place this afternoon and the questions which have been raised by the honourable senators who have spoken point to the keen interest that is taken in this house, and indeed throughout the country, on the subject of small loans companies.

If I recall rightly, the Speech from the Throne announced that government legislation would be introduced during the course of the present session to amend the Small Loans Act. When that legislation comes to us we shall have an opportunity—and indeed it will be our duty—to go thoroughly into the whole question of small loans and the place which small loans companies occupy in our financial system and in meeting financial needs of the people of Canada.

I must confess I have no special knowledge of this particular field, but I do think it is clear that only a year or two ago these small loans companies were providing certain people with a service that was necessary and which no other lending organizations provided. I refer to people who need modest loans to help them in unusual circumstances, probably of very great urgency. We were told this afternoon that the banks could fill that need. Well, maybe they can, but they did not make any attempt to do so until perhaps the last year or two, and there has been a very strong demand by people of modest means for small loans. Now, in the circumstances under which those loans are made—loans of $100, $200, and $400, secured upon furniture, assignments of wages, and so forth, where the payments are made monthly—I think it is quite easy to see that the cost of making such loans must be very considerable.

In 1939 Parliament passed the Small Loans Act, to regulate companies making small loans, and it set a limit of 2 per cent a month as the cost of such loans. Two per cent a month does sound like a very large interest rate, but the question was gone into to a considerable extent at that time, and I think it was felt that that maximum charge was justified because of the heavy cost of collecting these small loans. The new legislation which will come before us later in this session will open that whole question again.

Hon. Mr. Burchill: May I ask a question of the honourable senator, for information?

Hon. Mr. Hugessen: Yes.

Hon. Mr. Burchill: Am I not right in saying that the banks are not permitted to charge anything like 2 per cent a month? Are they not restricted as to the rate they charge?

Hon. Mr. Hugessen: Yes.

Hon. Mr. Burchill: Is that not the answer to the question?

Hon. Mr. Hugessen: Yes; and until a year or two ago the banks could not take the same kind of security as small loans companies could. The Bank Act was changed last year, and it was not until then that the banks could take the same kind of security which the small loans companies could.

I want to point out to the house that these small loans companies do fill a need. The

alternative to the small loans companies is the little "hole and corner" individual who lends money without any control whatever, and at any rate he chooses. He is the man with whom I have no sympathy at all. I have not much sympathy with these small loans companies, but I do say that they are lending under the control of the Superintendent of Insurance, and at rates whose maximum is fixed by Parliament. These companies are ever so much better for the small fellow who wants a temporary loan than the private money lender around the corner who demands the highest interest rates he can get.

Hon. Mr. Horner: Did not Mr. MacGregor, the Superintendent of Insurance, say that some of the companies were charging 2¼ per cent per month, although you claim there is a regulation against that?

Hon. Mr. Hayden: That is in the unregulated field.

Hon. Mr. Hugessen: The present Small Loan Act applies to $500 or less.

Hon. Mr. Horner: But what about amounts over $500?

Hon. Mr. Hugessen: I understand that one of the features of the new legislation which will come to us later is that the limit of $500 is likely to be increased. This is a vital matter for a great number of people in this country. Although it has been raised by a private bill, it is perhaps well for us in the Senate to take a preliminary look at the problem with which we shall be faced later on in the session.

With regard to the complaint of my honourable friend from Toronto-Spadina (Hon. Mr. Croll) about the source from which these small loans companies derive their funds, I I must say that I have not much sympathy with his point of view. It so happens that these small loans organizations were developed in the United States. I understand they are highly specialized organizations. What has happened is that the companies which do this kind of business in the United States have formed Canadian subsidiaries and, as my honourable friend said, there is very little Canadian interest by way of shareholding in the companies. To my mind that does not make much difference. I am much more interested in their being properly controlled than I am in the source of the capital. I do not really mind whether the money for small loans which is available for people in difficult circumstances in this country comes from Canada or from the United States. My honourable friend talked about heartless corporations. Well, I do not think it matters very much whether a heartless corporation derives its money from the United States or from Canada, provided it is doing a good service to the people of this country and is properly regulated by Parliament in those spheres of activity where regulation is necessary.

Hon. Senators: Hear, hear.

Hon. Arthur W. Roebuck: Honourable senators, there is one point I would like to make. The senator from Inkerman (Hon. Mr. Hugessen) has expressed a lack of sympathy with individual lenders—the small loans institutions that are not incorporated and perhaps do not come under the control of the act. I would like to say a word for some of them that I know. In the riding that I represented in the House of Commons for a considerable length of time, and also in the Ontario Legislature, there were small loans societies.

Hon. Mr. Hugessen: Mutual societies?

Hon. Mr. Roebuck: Well, I do not know if you would call them mutual. The officers consisted merely of a president and a secretary, who carried a little black book in his pocket. The type of lender I am speaking of raised money from a certain class and lent money to people who needed it, at very low rates of interest. What used to amaze me was the facility with which the lenders collected the money that had been loaned. The loans were made without security, merely upon the honour of the borrower, and it was simply amazing how much of it was repaid, how very few the losses were and of small amounts. The number of such societies in that district was remarkable. They operated with a lack of bookkeeping, lack of supervision, and lack of everything that most businesses seem to need, except the good will and honour which existed between borrower and lender. This impressed me deeply, and I have a great deal of sympathy for these people.

Hon. Cyrille Vaillancourt: Honourable senators, I have a few words to say, not against the bill, because as we say in French, *C'est un mal nécessaire.*

A few months ago I was visited in my office by the president of one of the biggest small loans companies who asked me if I thought it advisable for him to come to Ottawa to seek an amendment permitting an increase in the interest rate on small loans from 2 to 3 per cent per month. I replied: "Come if you wish, but twenty years ago I fought against an increase to 3 per cent. I hope the Government will see fit to reduce the rate from its present 2 per cent."

The basis on which these small loans organizations operate is to abuse the poor people. Do honourable senators know that 80 per

cent of the people in the low-income group borrow from small loans companies because of not being able to pay cash for purchases, and that on borrowings of $500 or less they are obliged to pay 2 per cent per month? These unfortunate people may pay back as much as $200 or $300, and then find they can pay no more. The company then sends the account to a lawyer who adds one per cent for collection, plus $10 for writing a letter. In the end the poor borrower is paying more than 3 per cent for the money. Only yesterday I talked to a man in my own city of Levis, who was attempting to get some food, clothes and fuel. After investigating his case I visited his home, where I found that he is obliged to pay on instalment plans a total of some $160 per month. This man, who has a wife and three children, receives a total of $225 per month, and they cannot live on the remaining $65. It is a most unfortunate situation.

Yet every day and every night we hear on our radios and read in the newspapers advertisements which appeal to people to buy television sets, radios and this and that, with no money down, only $3 or $4 per week, plus 2 per cent interest. And, unfortunately, after that the borrowers may be faced with an additional one per cent for collection charges and a lawyer's bill of $10.

I am happy that the Government is proposing legislation to prevent the abuse of poor people in the small loans field. A bill scheduled for our attention later this session contains this proposal:

(2) The cost of a loan shall not exceed the aggregate of

(a) two per cent per month on any part of the unpaid principal balance not exceeding three hundred dollars,

(b) one per cent per month on any part of the unpaid principal balance exceeding three hundred dollars but not exceeding one thousands dollars, and

(c) one-half of one per cent per month on any remainder of the unpaid principal balance exceeding one thousand dollars.

(3) Where a loan of five hundred dollars or less is made for a period greater than fifteen months or where a loan exceeding five hundred dollars is made for a period greater than thirty months, the cost of the loan shall not exceed one per cent per month on the unpaid principal balance thereof.

Unfortunately, the poorer people cannot borrow from the banks because of not having the necessary collateral. But what do the small loans organizations take by way of security? They no longer take a lien on a television set or other appliance, but require a personal guarantee from the purchaser. This means that in the settlement of their account they can take his house and everything he has.

This is a bad situation, honourable senators, and I hope something can be done about it.

(*Translation*):

As we say, it is a necessary evil, but let us try to minimize it as much as possible.

(*Text*):

Hon. Salter A. Hayden: Honourable senators,—

The Hon. the Speaker: Honourable senators, the speech by the honourable senator from Toronto (Hon. Mr. Hayden) will conclude the debate.

Hon. Mr. Hayden: I was not the sponsor of this bill and in the ordinary course, after moving third reading, I would have made no comment on it. But some things have been said, ranging from the remarks of my honourable friend the senator from Toronto-Spadina (Hon. Mr. Croll), who used the bill as a hinge on which to swing his general condemnation of U.S. funds coming into Canada, to the condemnation expressed by my friend the senator from Churchill (Hon. Mr. Crerar) of the administration of small loans, and the suggestion that there should be greater control and regulation of the small loan companies.

May I state my position at the outset. I agree in part with what the honourable senator from Churchill has said; certainly, I agree entirely with what he said in relation to the need for and the value and virtue of attracting United States capital to Canada.

Let me deal first with the bill and the governing act, the Small Loans Act. That act was reviewed in, I think, 1938 or 1939, and if greater regulation, inspection and supervision were needed, and if lower rates were advisable, my friend from Churchill was then in a position to voice his opinions, and no doubt he would have been listened to.

But since 1938 small loans companies have been regulated under the Small Loans Act by the Superintendent of Insurance. Honourable senators know the present Superintendent of Insurance and knew his predecessors in office: they have exercised, I would say, a most wholesome restraint, and have investigated carefully the operations of small loans companies in Canada to see to it that they do not exceed the authority permitted under the statute. I repeat, if anything more was needed the senator from Churchill once had a great opportunity to express his views. He had a second chance when this present bill was given second reading here, and a third chance when the bill was in committee. And now on the motion for third reading we hear for the first time his opinion that there should be greater control. However, perhaps it is better to repent late than never. There will be still further opportunity to discuss this matter during the present session when the Small Loans Bill comes before us, as I expect it will, at which time my friend can

gather together his ideas of what the bill should provide to assure greater regulation and inspection in the operations of small loan companies.

Having said that, the only other remark I wish to make in connection with the operation of small loans companies is that at present there is nothing to prevent banks from operating in that field. I presume they choose to lend to the loan companies instead of directly to the public, because they find it the more profitable way to carry on their banking business. But there is no embargo on banks or any individual which prevents them from going into the small loans business in Canada, provided they conform with the statutory requirements. That being so, why we should be critical because substantial interests from the United States come into Canada and occupy that field, is very difficult for me to understand. The field is open for all those who have the ability, the know-how, the courage and the financial resources to occupy it. Because some American companies operating in this field have the experience, saw the opportunity and have taken advantage of it, that should not be the ground for criticism and condemnation of the whole small loans business.

I hasten to add that in making these remarks I am not speaking on behalf or in support of any company engaged in the small loans business. What I am saying sounds like good common sense to me, and that is why I am saying it.

I come now to the larger question which prompted my speaking at this time. When my friend the honourable senator from Toronto-Spadina indulged in his general condemnation of United States capital coming into Canada, it was a little more than I could stand. But the last straw was his quotation of financial writers who have been carrying on this campaign for some time and who drape themselves nobly in the Union Jack or the Canadian Ensign, or perhaps both, and from a lofty and patriotically inspired position condemn the invasion of American capital solely because Canadians cannot invest in the common stock of some subsidiaries of American companies operating in Canada. Now, is that such a terrible situation?

Do those writers realize that the American parent companies of the Canadian subsidiaries are public companies, and that there is no embargo against Canadian money being invested in a parent company? By such investment Canadians would take an interest in the larger operation and not just in one phase of it. But apparently there is something sacrosanct in being able to invest your money in the shares of a Canadian subsidiary. Well, the strange thing that strikes me is this, that when there is a problem in Canada that requires financing and a lot of financing, and it is a matter that involves some risk, where risk capital is required, we do not find so much clamour for Canadian participation, and the net result is that the underwriters in many of those cases take their issues or part of them to the American market, which is a larger market, where they can get this risk capital. There is no demand by these financial writers for opportunity to invest in something that has not turned out to be pretty good. They do not want any part of anything that has not been very successful. What they want on behalf of the Canadian people is the right to be able to buy some of the common shares of a very successful subsidiary operation of an American company in Canada.

Did my honourable friend ever stop to consider that the Canadian subsidiary of an American company hires Canadians, buys materials made in Canada, pays wages and salaries and thus provides very substantial purchasing power in Canada, pays Canadian taxes upon the income earned in Canada, pays sales taxes, municipal taxes, and contributes to welfare organizations of our country, just as Canadian enterprises do? The real crime, apparently, is that at the end, after the company pays out of its gross income all these expenses, which might represent anything up to 80 or 85 per cent of its earnings in Canada, there is a dividend, in which Canadians do not participate.

But even when the American investor takes out a dividend he pays a tax on it.

Honourable senators, I listened to a debate here recently on the subject of wheat. In this field it seems that the real problem arises from lack of exports, because, as some honourable members pointed out, a number of countries by various methods of subsidies and otherwise are making it difficult for us to move our wheat into their markets. Now, our economic life blood depends upon our being able to export a great portion of the products we produce in such abundance. However, the financial writers say, "But we must not permit the export of Canadian dividends to any American shareholder if the shareholder is a parent company". I presume it would be all right for an American individual to own shares in a Canadian company so long as he did not have 51 per cent of the shares and therefore control of the operation. I personally cannot draw that line of distinction or demarcation. We invite American capital into Canada. We make use of it. Our Canadian life insurance companies are operating in a substantial way in the United States and elsewhere in the world, and they bring home to Canada profits which swell their

income. To the financial writers that is all right, because that is working in reverse. That attitude is a pharisaical attitude, in my book, and I think it is designed for the purpose of stirring up a narrow nationalistic spirit, possibly trying to re-enact the 1812 situation or some other such thing that is ancient history, past and gone for all time.

I have been reading the writings of these financial writers and I have been listening to this kind of economic nonsense. Canada has grown up and can protect herself in so far as investment of foreign capital is concerned; but we have not yet reached the position where we can afford to go our own way, where we can put an embargo on capital coming into Canada and say to prospective investors, "Unless you are prepared to operate 100 per cent in the manner in which we dictate we are not going to permit your money to come into Canada". If that had been the attitude of this country in the past Canada would not be in the proud position she is in today.

We have gathered valuable manufacturing know-how from American manufacturers with plants in Canada. We have gathered financial assistance from our neighbours to the south when we needed it. We are more and more attaining to a position in underwritings and financings where Canadians are carrying a larger share of those operations, but we are not at the stage where we can turn to our American friends and say: "Thank you for what you have done in the past. Now will you please get out of the country, for we do not need you any longer". Honourable senators, that would be a false and unrealistic viewpoint. I could not permit its being advocated in the Senate without at least raising my voice to indicate that there is not unanimity of opinion in support of it.

Hon. Senators: Hear, hear.

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

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 245*)

ADDRESS

of

HIS EXCELLENCY GIOVANNI GRONCHI

President of the Republic of Italy

to

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS AND THE GENERAL PUBLIC

in the

HOUSE OF COMMONS CHAMBER, OTTAWA

on

MONDAY, MARCH 5, 1956

2.30 P.M.

His Excellency Giovanni Gronchi was introduced by the Right Honourable Louis S. St. Laurent, Prime Minister of Canada, and thanked by the Honourable Wishart McL. Robertson, Speaker of the Senate, and the Honourable L. René Beaudoin, Speaker of the House of Commons.

(*Translation*):

Right Hon. Louis S. St. Laurent (Prime Minister of Canada): Mr. President, on behalf of the members of our Parliament and of the whole Canadian nation, I have the honour to welcome you most cordially in this house and to express to you personally and to the country which you represent our regards and our feelings of respectful and confident friendship.

We are glad to extend also our most cordial welcome to Mrs. Gronchi, whose presence adds to the charm of your visit. May this visit, short as it is, be as pleasant to you as useful to the good relations between our two countries.

(*Text*):

Mr. President, in welcoming you today to this chamber we wish to express our pleasure at this symbolic evidence of the renewal and of the strengthening of the bonds of friendship and of understanding between our two peoples which have grown steadily and surely over these last ten years.

In presenting you to this joint meeting of the members of the Canadian Parliament, I am introducing to my colleagues and friends a staunch Italian patriot and a European statesman who for close to fifty years has worked consistently and courageously for three great objectives—freedom, parliamentary democracy and a society based on Christian principles. As a very young man, when he took an important part in the activities of the new Christian Democratic movement, and in the first world war and afterwards, he served those objectives and his nation with outstanding devotion.

During the difficult years of the Second World War, President Gronchi, working with the resistance, became one of the leaders for the strengthening of freedom in Italy, and later, in company with the late Alcide de Gasperi, he served on the central committee of the national liberation front. No newcomer to parliamentary life, he was Minister for Industry, Commerce and Labour in post-war Italian Governments, and he was Speaker of the Chamber of Deputies for almost seven years before his election as President of the republic in April of last year.

(*Translation*):

In greeting Mr. Gronchi we pay tribute to the representative of a country from which has come to us so much of what makes up the richness of our western civilization. We greet also in his person an able and ardent defender of the unity of the western nations. We admire the part he has played in bringing about Italy's decision to participate in the North Atlantic Treaty Organization and the Western European Union.

We derive a great deal of satisfaction from our association with Italy in the North Atlantic Treaty Organization, and, within the last few weeks, in the United Nations, this vast organization which remains the basis of the hopes and peaceful aspirations of so many millions of men and women throughout the world.

We Canadians are convinced that the accession of Italy to the rank of member of the United Nations marks a step toward better understanding between nations, more encouraging prospects of a peaceful solution of

differences and consequently toward a reduction of the hazards confronting the peoples of the earth.

It is, therefore, with great pleasure, Mr. President, that we welcome you on behalf of the Parliament of Canada and that we acknowledge on this occasion the return of your country to the place which is rightly hers in the councils of the nations.

(Text):

I now invite the President of the Republic of Italy to address us.

His Excellency Giovanni Gronchi (President of the Republic of Italy): Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, members of the Senate and of the House of Commons, Mr. Prime Minister:

(Translation):

I must, first of all, thank you for your invitation, which, beyond the scope of mere formality, has brought me to this honoured parliamentary rostrum. I am particularly sensitive to this honour because, as many of you certainly know, I was for eight years Speaker of the Chamber of Deputies. I need not add that when I can speak directly to freely elected representatives of popular will, I find myself on familiar ground in spontaneous and common agreement on the method of approach to various problems; all the more so in your Parliament which, by tradition and habit, can really be said to be one of the most noble expressions and at the same time one of the strongest bulwarks of democratic freedom.

I also consider it a fortunate privilege for me to speak on this occasion as First Magistrate of my country: in this way, for the first time in history the voice of Italy, through this assembly, can make itself heard by the people of Canada. I would like to take advantage of this singular privilege to bring you a warm greeting from the Italian nation, whom I have the honour to represent in its national unity.

It is the greeting of a friendly and allied people for whom all physical distances that separate them from you seem to disappear in the atmosphere of common ideals and harmony of interests between our two countries.

These ideals and interests, which have their deep roots in the same heritage of civilization and tradition and democratic way of life, find their ultimate expression in the manifestations of present-day relations between Italy and Canada.

The most important of these manifestations is represented by a continuing solidarity of effort which the two countries carry on, ideologically and materially, within the framework of the Atlantic community.

This solidarity is perhaps the closest existing among members of the pact which unites so many countries of the west, from Europe to this continent, because the interpretation which Italy and Canada give to the general principles of NATO does not reduce its significance to a mere diplomatic instrument or to an exclusively military alliance, but extends it, in full agreement, to all other requirements suggested by the new course of international events.

Such an interpretation does not require statutory or other innovations, since already in the original context of the Treaty it was not by chance that article 2—which today is so often referred to—was inserted, largely through Canadian prompting, wherein it is said that:

> The parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

As a logical consequence the treaty between free peoples must be rendered always more capable of expressing not only the language of force, but also that of truth and of right. As your Secretary of State for External Affairs said, in a speech that should not be forgotten, a military alliance, by achieving balance of power, is not sufficient to establish permanent peace, but can only create the conditions under which this peace can be maintained and protected by an accepted equality of rights.

In fact, the solidarity between our two countries does not end in military and in material assistance: it is manifested and strengthened daily in numerous other fields such as politics, diplomacy, economy, cultural and social life. I would like to recall that in this city, in September of 1951, in one of the rooms of this very building, Italian and Canadian representatives found themselves in firm agreement on the desirability that relations between Atlantic Pact countries should depend not only on their alliance, but rather on their membership in a real community and that all member countries should be expected to give this reality the utmost consideration.

Since that time the Italian and Canadian Governments, striving side by side in a common endeavour, have been in the forefront in upholding this necessity. The traditional universalism of Italian history and thought,

and the ideological and political forces which have created from two different peoples and two histories the powerful unity of your country, have found common expression and a happy communion.

It is our conviction that the era in which we live demands solidarity among peoples, because one nation cannot live and cannot develop independently of other nations or without continuous and reciprocal exchange in which each gives and receives according to its capacities and its needs. The evils from which our era suffers derive from the fact that not all men have completely understood the essence of this truth. Human solidarity, that has achieved such extraordinary progress in the field of individual society, has not succeeded as yet in achieving universal and international solidarity.

On their part the democratic countries of the west have long since recognized that the way of international solidarity is the only path to follow in order to safeguard liberty and, with liberty, the possibility of civil and social progress for all peoples. The Atlantic Treaty has, from this point of view, something that is unique: never before has such an imposing array of nations, so diversified in their resources yet so uniform in their ideals, merged their energies not to fight and win a war but to ensure the victory of peace over war.

And it is by virtue and in the implementation of this agreement that western democracies have now trodden paths which our fathers not too long ago would have considered hopeless illusions. But what has been done up to now is not sufficient. It is necessary that all nations—our own above all others—understand this reality: that with solidarity there can be universal progress and welfare—without it there can be nothing but the prospect of destruction and misery.

My country is firmly resolved to continue to give its utmost to the efforts being made toward the strengthening of solidarity between democratic countries. We are convinced that they constitute the best contribution which can be made in the present circumstances for the maintenance of peace in the world, and that they represent the indispensable premise toward the establishment of a greater feeling of trust among all people.

In this spirit we were gratified at the recent decision which solved the deadlock on the question of new admissions to the United Nations, and which has, among other things, corrected the absurd exclusion of Italy from an organization for which she had all the necessary moral, juridical and political qualifications. That these qualifications are well founded, no evidence could be more eloquent than the proof of democratic maturity furnished a few days ago—thanks to the patient and broadminded exertions of Italian trusteeship authorities—by Somali populations who, in conformity with the United Nations Charter, have been able to establish in free and orderly manner their first representative institutions to which the basic responsibilty of that country's future is now entrusted.

The Italian people, besides recognizing in the decision to admit new members to the UNO a valuable step forward on the road to greater international solidarity, find an open door through which their voice can be heard in an important forum, along with those of friendly and allied countries, to serve the interests of security, peace, international justice and progress, interests upon which the political action of my country and Government is founded.

In this regard I cannot forget how much this favourable development, to which we owe the removal of the unfair discrimination to which Italy was subjected, is also due to the consistent action of the Canadian Government, who took the initiative and to whom I wish to express our most heartfelt thanks.

In this brief visit I have been deeply, even physically, impressed by the extraordinary vitality and potential energy with which your country is endowed. Canada has rapidly succeeded, through her will and effort, in achieving an international position of preeminence and responsibility, especially in that great and prosperous community of nations of which she is an integral and essential part.

But what has impressed me most deeply and strengthened my trust in the possibility of an ever-growing co-operation between Canada and Italy is the further evidence I have gathered from contacts with responsible Canadians in regard to their accuracy of judgment, their foresight and their firm attitudes. Furthermore, I was not surprised to find such a keen interest in European affairs in a country whose history, position and characteristics make it the natural bridge between the old world and the new.

I have taken advantage of these contacts to illustrate to leading Canadians some aspects of the Italian situation, in the same spirit with which two old friends, meeting after a long absence, compare their ideas and inform each other of their problems. In particular, I have told them—and I wish to repeat it again here—that my country, after the extraordinary effort of reconstruction, is now engaged in a work of renewal and development without precedent in its recent history. To accomplish this work, which is being carried out in a regime of true liberty and democracy, Italians must be able to rely upon

two indispensable conditions: maintenance of peace in the world and the solidarity of friendly and allied countries.

It is my opinion and also that of my Government that the new course of international events make it advisable that the next session of the Atlantic Council, already planned for May 4, should have the extent and implications of a conference where an objective and therefore realistic examination should be made of all those political, economic, social and psychological requirements to which I have already referred.

Another opinion of my Government and of myself is that unification of the western viewpoint is the indispensable premise for any action—in our opinion necessary—in order to confer upon joint policies a dynamic and flexible character to counteract the forces which have lately given proof of possessing such flexibility.

On the other hand, without a united directive, every bilateral contact of single western countries with the Soviet bloc would not be conducive to useful and above all conclusive results, and would risk repeating the unwise tactics of ancient history when Rome lost the Curiatii in the struggle against the opposing faction of the Horatii.

But it is evidently in the general interest of western solidarity that preventive consultations, which up to now have had an extraordinary character, should become the ordinary and permanent method of approaching problems of defence and peace. These problems are indivisible and it would be artificial and prejudicial not to recognize their interdependence and to believe that stable and conclusive solutions are possible for them without having been rationally co-ordinated. I have noted with pleasure that on this side of the Atlantic there is now general agreement on the need to associate all members of the Atlantic community in the responsibility of proposing and elaborating solutions for the major problems of our time, and in the effort to achieve in harmony the realization of such solutions.

I may, therefore, conclude without dangerous and undue optimism that at the end of this journey, after my visit to these two great countries of North America, I will be justified in bringing with me to Italy the reconfirmed and increased certitude that Italians are not alone in their efforts for a better future, for liberty and peace in the world and prosperity for our peoples.

(Text):

The kindness shown me during my stay here and the reception that you, honourable sirs, have extended to me today, enable me to bring back to the Italian people your message of friendship and encouragement.

(Translation):

I would like to consider as evidence of this friendship those Italians to whom you open your doors and who give to your cities and land their contribution of loyal and industrious activity.

May God guide and maintain our two peoples united on the road to progress and peace.

(Text):

Hon. Wishart McL. Robertson (Speaker of the Senate): May I, Mr. President, thank you on behalf of the Senate of Canada for coming to speak to us, and for the inspiring address you have just delivered.

Not only have many of our most respected citizens or their forebears come from your beautiful land, but your country and ours have, through the North Atlantic Pact, solemnly bound themselves together for weal or woe. Your eloquent appeals here and elsewhere for the bringing of life into the spirit of article 2 of the North Atlantic Treaty strike a responsive chord. Two years ago in Bonn, Germany, our Prime Minister, reflecting all shades of political thought in this happy land, made a similar appeal; his judgment and yours has been amply justified by the swift rush of current events. For the common good of free men everywhere, it is the earnest hope that your appeals will not fall on deaf ears.

May we ask you, Mr. President, on your return to convey our greetings to the members of the Italian parliament. Some of us had the very great pleasure last summer of meeting with representatives of your Parliament, who were inspired with your viewpoint. We hope for a renewal of the opportunity.

We wish you well in your undertakings. May Divine Providence bless your endeavours.

(Translation):

Hon. L. René Beaudoin (Speaker of the House of Commons): Mr. President, it is with the keenest pleasure that I welcome you to the Parliament of Canada and that I thank you, on behalf of the members of the House of Commons, for the magnificent speech you just made.

We have had in the past the great honour of receiving here in this house many remarkable statesmen coming from neighbouring and far-away countries, in particular from the commonwealth and the republic south of our border. We are happy and honoured to be able today to add your name to this memorable list of friends of our country.

Besides, we have known you well since long before your arrival in our midst. The hundred voices of renown had revealed to us the great political force you represent in your country.

Though born in Pontedera, near Pisa, it was possible to say of you "He is a Roman", that is to say, a man of thorough austerity, firmness, courage and patriotism.

Your beautiful country is assured of our friendship. Here in Canada part of the population is of Latin origin and therefore feels a strong attachment to Italy. Moreover, no one can forget the contribution made by your country along the centuries and again today to culture, that is to art, literature and music. Let us remember also, in this strenuous international situation which the nations of the world are facing today, that no law has endured so long as the Roman law nor exerted a more decisive influence on modern law.

***(Translated from the Italian)*:**

In conclusion, I wish to say how glad we have been to welcome the charming Mrs. Gronchi, as well as the Minister of Foreign Affairs, Mr. Gaetano Martino, and his wife. It is our hope that you have all enjoyed your stay in Canada, and we wish you a safe and happy return voyage.

THE SENATE

Wednesday, March 7, 1956

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

Prayers.

Routine proceedings.

THE ROYAL ASSENT

NOTICE

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

DEBATE PROCEDURE

QUESTION OF RIGHT OF MOVER OF THIRD READING TO REPLY

The Hon. the Speaker: Honourable senators, I am having a memorandum prepared on the question of the right of the mover of a motion for third reading to reply, arising out of a discussion yesterday, and I shall present it to honourable senators at the first of next week.

PRIVATE BILLS

CANADIAN COUNCIL OF CHURCHES—REPORT OF COMMITTEE

Hon. Paul H. Bouffard, Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill Q-5.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (Q-5) intituled: "An Act to incorporate The Canadian Council of Churches", have in obedience to the order of reference of February 28, 1956, examined the said bill and now beg leave to report the same without any amendment.

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

Hon. Mr. Bouffard: Next sitting.

WESTERN GOSPEL MISSION—REPORT OF COMMITTEE

Hon. Mr. Bouffard presented the report of the Standing Committee on Miscellaneous Private Bills on Bill F-5.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (F-5) intituled: "An Act to incorporate The Western Gospel Mission", have in obedience to the order of reference of February 16, 1956, examined the said Bill and now beg leave to report the same with the following amendments:

1. Page 1, line 25: immediately before the word "faith" insert the word "Christian".
2. Page 2, line 1: immediately before the word "faith" insert the word "Christian".

The Hon. the Speaker: When shall this report be taken into consideration?

Hon. Mr. Bouffard: Next sitting.

CANADIAN PROVINCIAL INSURANCE COMPANY—FIRST READING

Hon. Mr. Bouffard presented Bill R-6, an Act to incorporate The Canadian Provincial Insurance Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Bouffard: With leave, next sitting.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate I move that when this house rises today it stand adjourned until Tuesday next, March 13, at 8 o'clock in the evening.

The motion was agreed to.

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Aseltine, seconded by the Hon. Mrs. Hodges, for the second reading of Bill I-5, an Act to amend the Exchequer Court Act.

Hon. J. W. deB. Farris: Honourable senators, I have listened with interest and appreciation to the clear and forthright speeches of my honourable friend who introduced this bill and moved its second reading (Hon. Mr. Aseltine) and my distinguished colleague from British Columbia who seconded the motion (Hon. Mrs. Hodges). Although I intend to support the bill, I do not think I can advocate it with quite so much zest as those speakers have shown. As a matter of fact, for some time I was not sure what attitude I should take toward the measure, but upon reflection—and perhaps a reasoned conclusion is more to be depended

upon than one which is jumped at—I feel that the house should support it. The logic of my reasons may be somewhat open to criticism. My hesitancy in the matter was prompted in the first place by the fear that support of the bill might be interpreted as a reflection on the way in which divorces have been handled in Parliament, and particularly in the Senate. I should be sorry if any word of mine lent support to the very unfair attacks which have been made in other places—note that I do not say merely "the other place"—as to the conducting of the inquiries in our Divorce Committee. At a recent meeting of the Canadian Bar Association, in Winnipeg, which was attended by my honourable friend from Rosetown (Hon. Mr. Aseltine) and myself, attacks of this kind were directed at Parliament, and at the Senate especially. At that time I took a strong stand in defence of our work. I said then, and I repeat, that the Divorce Committee of the Senate is the most efficient and best conducted divorce court in Canada.

Hon. Senators: Hear, hear.

Hon. Mr. Farris: I do not make that statement idly. In over 50 years' practice of law I have had some experience of divorce proceedings in the courts; also on various occasions I have sat with my colleagues in the Divorce Committee, and I know something about the gentlemen who, as members of that committee, give of their time and energy to its work. The present Chairman is my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck), whom I have known for many years. I knew him when he was Attorney General of Ontario. We were associated in cases before the Privy Council. I knew him when he was a member of the House of Commons; for some years we have been fellow-members of the Senate; and I affirm that there is no judge in Canada more competent, more conscientious, more faithful and diligent in his work than is the honourable senator from Toronto-Trinity.

Hon. Senators: Hear, hear.

Hon. Mr. Farris: His predecessor in the office of chairman was the honourable senator who has introduced this bill (Hon. Mr. Aseltine). I do not think he was ever an attorney general—and that perhaps is to his advantage. In any event, he gave long, faithful and efficient service as chairman of this committee.

Hon. Senators: Hear, hear.

Hon. Mr. Farris: Not only is the committee served in the chairmanship by men of this calibre, but the chairman has as associates and co-advisers other senators—some of them members of the medical profession or other professions, and some, businessmen—all experienced persons who have a full sense of responsibility and perform their duties faithfully and with competence. This has given to the Chairman of the Senate Divorce Committee an advantage not enjoyed by judges in our courts.

There is another advantage to having divorce cases handled by Parliament. The evidence is taken down, transcribed and made available to every member of both houses. It is not necessary that members should read all the evidence, and of course they do not, but it is available to them. If there is a complaint in any one case from any of the parties involved, if there is any whisper that everything is not just as it should be, there are approximately 100 members in the Senate and 260 members in the House of Commons who can have in their hands a full transcript of the evidence in order to check up and determine what has to be done. Therefore I say that from the standpoint of ability, experience, diligence and records this court of divorce in Parliament is, in my judgment, superior to any other in Canada. For that reason I must emphasize that any support I may give to changing the present divorce jurisdiction with regard to Quebec and Newfoundland must not carry with it the slightest implication that the work is not being properly handled now.

I am conscious of the fact that some people perhaps look with envy on senators because we do not have to seek election every three, four or five years, and criticize us because they think we have not enough to do. They might feel they had further ground for criticism if we wanted to slough off—if I may use that expression—the work we now do on divorce. However, I do not think we need concern ourselves about this too much. The Senate has stood the test of jealous criticism ever since Confederation, and I predict it will stand that test long after we have passed and gone.

It might strike honourable senators that I have talked myself out of court, and they might with logic ask: "Well, if this is the best place in the country for dealing with divorces, and a few members of the Senate are willing to hear the evidence, what are you kicking about? Why do you want to change things?" That is one of the points I pondered over, but on the whole I think it is in the interest of Parliament and of the public that some change should be made in the procedure by which divorces are granted to people in Quebec and Newfoundland, the two provinces where there are at present no established divorce courts.

Honourable senators, I believe I am entitled to refer to comments made in another place in previous years. Complaints have been made in the House of Commons that its members are put in an embarrassing position by having to pass divorce bills more or less "sight unseen". I think such complaints arise from a misconception of how organized society and organized business are carried on. In all big business, and in all affairs of importance, there must be delegation of authority. Similarly, in dealing with divorces in Parliament there is necessarily a delegation of authority. It is delegated by arrangement that the evidence shall be inquired into before a committee of the Senate.

If members of the House of Commons find it necessary to accept and vote on the passing of divorce cases more or less "sight unseen", as they have termed it, that is no reflection on the present procedure, in my judgment, because that kind of thing is done in the Commons all the time. I would call attention of honourable members of that house to the mad scramble that goes on at the end of every session. When supply is being voted they will spend days talking about one, two, or three items. That is natural, because there may be something of political significance involved. Then they will vote millions and tens of millions of dollars, almost at the turn of a hand. They do not worry about the delegation of authority, but accept something that has been prepared for them to vote on. I do not make my remarks as a criticism at this stage; I am merely pointing out that that procedure is necessary under all the circumstances.

Coming to the question of why there should be a change from the present system of handling divorce petitions from Quebec and Newfoundland, I submit that under the Constitution of Canada and in accord with long-established tradition in Great Britain, it was never intended that our Parliament in general, and the Senate in particular, should devote time and energy to divorce cases and investigate the conduct of wayward husbands and wives. In my submission this system leads to a waste of good material. Take, for instance, my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck). With his wide experience in public affairs, and his most intimate and careful scrutiny of the handling of affairs in the Senate, I do not think it is in the public interest that such a man should have to spend so much time and talent on divorce matters. I have seen him look extremely tired after a long session in the Divorce Committee. What I have said about my honourable friend from Toronto-Trinity applies equally to his associates on the committee, to his predecessor in the office of chairman, and to all other honourable senators who have engaged in the work of the divorce committee in the 20 years that I have been here. I say that is not only wrong as far as individuals are concerned, but in my judgment it is wrong in principle in a much wider way. We are not here to deal with individual disputes between husbands and wives; we are here as senators to perform broad and wide functions of national and international interest.

This divorce business has gradually grown up and caught us unawares. I understand, from talking to one of my colleagues, that when divorce cases were first heard by the Senate committee there was only an occasional petition from Quebec and other provinces. But as time went on and social conditions changed to what they are today, the number has increased to between 400 and 500 cases a year. And there will be a great many more as this country continues to grow. I therefore think it is time we asked ourselves one or two pertinent questions.

First: Should divorces be granted to applicants from the provinces of Quebec and Newfoundland for adultery? There are honourable members here who believe that divorce should not be granted on any ground. To them I repeat what I said during last session's discussion on the Divorce and Matrimonial Causes bill: If that is the issue, then have the courage of your convictions and move a resolution or introduce a bill providing that no divorce shall be granted by Parliament on any grounds to applicants from the provinces of Quebec and Newfoundland. What would happen to such a resolution or bill? It would be rejected by a large majority. The very fact that we are giving of our time in the conduct of divorce hearings demonstrates that in general Parliament and the people recognize there must be some outlet for people who seek divorce. Therefore, I say the question of whether or not we shall have an outlet of some kind for the granting of divorce for adultery to people domiciled in Quebec and Newfoundland is not an issue in this debate, nor is it an issue in Parliament. That answers the first question.

My second question: If there has to be a method of dealing with divorce petitions from Quebec and Newfoundland, shall we continue the present method or seek a better one? To my mind, that is purely a question of procedure. In my limited view on these matters, no principle is involved in that question. Assuming that we are going to have petitions for divorce from these two provinces, is it in the public interest that the time of Parliament should be taken up in dealing with them? Honourable senators, look at the *Votes and Proceedings* in the other house and the *Minutes of the Proceedings* of this house, and

there you will see page after page of divorce petitions recommended by the Senate. The public who read these documents must naturally think that this Parliament of ours is a rather messy place, since parliamentarians seem to spend much time on the scandals of divorce and matrimonial conflicts. It is not good from the public standpoint that that sort of impression should be created. There are already too many attacks on Parliament. Too often we hear the charge that the Government has taken control away from Parliament. Let me say that as long as we have free democracy and a free vote, the control of affairs is in the hands of Parliament, not of the Government. It is time this declaration was made to the people and such attacks were repudiated.

I am a little fearful that one thing which contributes much to the reflection on Parliament is the criticism we receive for our handling of divorce cases: we are criticized not because we handle them poorly, but because we handle them at all. So I say, I think it is in the interest of the public that some other method of dealing with divorce petitions from Quebec and Newfoundland should be adopted.

The first consideration that comes up is one of jurisdiction. One of my colleagues handed me a clipping from a newspaper—I suspect it is from the *Globe and Mail*—which refers to the introduction of the present bill and goes on to say:

> The Quebec Civil Code contains a section (185) which says that marriage in Quebec shall be dissolved only by the death of one of the partners.

In an interview one of our prominent men in public life is alleged to have said:

> No matter what jurisdiction you set up, so long as that is the law of the province, no divorce could be granted by any court.

That observation, as interpreted by a careful lawyer, may be correct, but read by the average layman it might create a wrong impression.

In the matter of divorce jurisdiction Quebec's position is no different from that of any other province. I have no doubt that this particular section of the Civil Code was part of the law of that province at the time of Confederation. If so, it would of course continue to be the law of that province until the Parliament of Canada saw fit to change it. For instance, in British Columbia, it has not been many years since a wife had limited grounds on which she could seek divorce as contrasted to the rights of a husband. That was the law at the time of Confederation, and it continued to be the law until it was changed by an act of Parliament, and today in that province a wife has the same rights as a husband in the matter of obtaining a divorce.

I should like to make this point clear, not so much for the benefit of the house, because I am quite sure honourable senators understand the situation, but because something I say may be reported in the press and there may be others who would get some enlightenment from my remarks. Sections 91 and 92 of the British North America Act broadly divide the federal and provincial jurisdictions. Section 91, which provides generally the federal powers and also enumerates specific fields in which the dominion has authority, reads:

> It shall be lawful for the Queen, by and with the Advice and Consent of the Senate and House of Commons, to make Laws for the Peace, Order, and good Government of Canada, in relation to all Matters not coming within the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces; and for greater Certainty,—

This is the important part.

> —but not so as to restrict the Generality of the foregoing Terms in this Section, it is hereby declared that (notwithstanding anything in this Act) the exclusive—

And this I emphasize.

> —the exclusive Legislative Authority of the Parliament of Canada extends to all Matters coming within the Classes of Subjects next hereinafter enumerated; that is to say,—

There follow 29 heads or subsections, of which No. 26 is "Marriage and Divorce". Honourable senators will observe that I have already emphasized the word "exclusive", but to put the point beyond any doubt, I will read the concluding paragraph of section 91:

> And any Matter coming within any of the Classes of Subjects enumerated in this Section shall not be deemed to come within the Class of Matters of a local or private Nature comprised in the Enumeration of the Classes of the Subjects by this Act assigned exclusively to the Legislatures of the Provinces.

Then we come to section 92 of the British North America Act. Subsection 12 of that section, which confers jurisdiction regarding solemnization of marriage on the provinces, was brought before the Privy Council, where it was decided that that was an exception to the general powers conferred on the dominion as to marriage and divorce. Solemnization of marriage has not a thing in the world to do with the question of divorce. Somebody might suggest that the contractual relations that arise out of divorce are civil rights, and it might be argued that that is true, except for the fact that marriage and divorce are placed exclusively within the jurisdiction of the dominion by section 91, and the closing paragraph of that section states, as I have pointed out, that any matter coming within any of the classes of subjects enumerated in the

section shall not be deemed to come within the class of matters assigned exclusively to the provincial legislatures.

To support the law on that question I am going to confine myself to just one quotation. It is from a decision of the Privy Council, in the case of the Great West Saddlery Company Limited against the King, reported in (1921) Appeal Cases, Volume 2, beginning at page 91. The judgment was given by Viscount Haldane. Quoting from the Privy Council's decision in another case on this point, which has been decided by that tribunal and the Supreme Court of Canada, not once or twice, but several times, Viscount Haldane said, at page 99:

> Their Lordships made reference to the circumstance that the concluding words of s. 91 of the British North America Act, "Any matter coming within any of the classes of subjects enumerated in this section shall not be deemed to come within the class of matters of a local or private nature comprised in the enumeration of the classes of subjects by this Act assigned exclusively to the legislatures of the provinces," render it necessary to do more than ascertain whether the subject-matter in question apparently falls within any of the heads of s. 92; for if it also falls within any of the enumerated heads of s. 91, then it cannot be treated as covered by any of those in s. 92. As is now well settled the words quoted apply, not only to the merely local or private matters in the Province referred to in head 16 of s. 92, but to the whole of the sixteen heads in that section.

There is a declaration of the law by the Privy Council that any matter expressly covered by section 91 is excluded from the jurisdiction of the provinces, even though the language of section 92 may be wide enough to include it in that section but for the wording of section 91. So I say, honourable senators, there is no question that exclusive jurisdiction is vested in Parliament to set up a divorce court for any of the provinces; and when Parliament acts within that jurisdiction it overrides the provisions of any law that existed at the time of Confederation, whether in British Columbia, Quebec or any other province. What I want to emphasize is that this bill would in effect no more interfere with section 185 of the Civil Code of Quebec than the present system of parliamentary divorce does. The bill would only transfer authority to the person or body that is going to exercise it. That is why I think there is no basic question of principle involved in the bill.

Now, while I have said that, I am conscious of what some of my friends in this house who are Catholics have said to me. I have asked them point blank, "What is the difference between having these divorce petitions dealt with by Parliament and having them dealt with by a court of law?" The answer I have received—my honourable friends can correct me later if I have got the wrong idea—was to this effect: "If you set up a court and give a mandate, practically an order, to that court that it shall grant divorce, then you are establishing a principle that goes all down the line; whereas, on the other hand, when Parliament deals with divorce petitions it considers every case individually—the Senate and the House of Commons vote on every case without recognizing any general principle." Others who are more familiar with this point of view than I am, can explain it better, but in general that seems to be the position.

I was impressed by the point raised on Tuesday evening by my honourable friend from De Lorimier (Hon. Mr. Vien), who I am sorry is not present at the moment. He asked the sponsor of the bill about the proposed new subsection 4 of section 18 of the Exchequer Court Act, as set out in section 3 of the bill. It will be seen that subsection (4) states, not as does other Canadian law relative to divorces, that if the case is proved the judge "shall" grant the divorce, but that if the evidence is there he "may" grant a divorce. Then there is a proviso, and my honourable friend from De Lorimier suggested that the proviso makes it clear that in cases where certain conditions were not present "may" would really mean "shall". I think he is right. The wording is as follows:

> Provided always that the court shall not be bound to give such judgment if it finds that the plaintiff since his marriage to the defendant has been guilty of adultery, or if the plaintiff has, in the opinion of the court, been guilty of unreasonable delay . . .

I think that the inference from the proviso that "the court shall not be bound" is that otherwise the court shall be bound, and that lawyers could argue with great force that the requirement is mandatory and not merely permissive. It seems to me that the right solution is to strike out that proviso entirely. I would not here and now move that it be deleted because this is not the place to do so; but this morning I discussed the matter with the honourable senator who introduced the bill (Hon. Mr. Aseltine), and if it should pass second reading I think he will be prepared, when the bill goes to committee, to make or support a motion to eliminate the proviso entirely. Its removal from the bill could have no serious consequences. What it would do is to make clear that a judge of the Exchequer Court is not commanded as are judges under other legislation, to grant a divorce, but that he may grant it; and this is exactly the power conferred on our committee. The constitution does not command us in every case where adultery is proven

to grant a divorce; all it does is to give us such power if in the exercise of discretion we decide to use it.

The point I wish to make is that if Parliament will delegate its authority to a judge of the Exchequer Court, and will confer on him not an obligatory but a discretionary, power, that is, exactly the power which we ourselves possess. In that event the objection which some of my colleagues seem to have in this connection would be removed, or at least in some considerable degree diminished.

I think I have covered all I wish to say in this matter. If I may repeat myself, I would say that so many questions in which Parliament today is involved are of such importance, both nationally and internationally, that the people of this country are entitled to regard Parliament as something very different from a muck-raking institution, or a body engaged in delving into the waywardness of some men and some women. It was never intended that Parliament should deal with personal cases; its function is to debate and determine broad principles and matters which affect the nation as a whole.

For these reasons I intend to support the bill.

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

PRIVATE BILLS

CANADIAN PACIFIC RAILWAY COMPANY—SECOND READING

Hon. Paul H. Bouffard moved the second reading of Bill V-5, an Act respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries.

He said: Honourable senators, as you will find by the explanation which is annexed to it, this bill is to simplify the operations of some thirteen railways. Most of them are small lines, though some are pretty big ones. Since their construction all their properties have been leased, in some cases for 999 years, to the Canadian Pacific Railway, and all of them have been operated by that company. All the outstanding stock and bonds of these railways belong to the Canadian Pacific Railway Company.

The object of the bill is to simplify the complicated organization which the existence of these companies puts on the Canadian Pacific Railway, and to relieve the company of unnecessary incidental expenses. For instance, so long as these various companies are in existence they must hold annual meetings, prepare reports and produce balance sheets each year—all of which is absolutely unnecessary. In some cases these corporations have been operated for the last 50 years by the Canadian Pacific Railway, by whom all their assets and leases are held through purchase.

All these thirteen railways are subject to the provisions of the Railway Act. Ten of them have been incorporated by the federal Parliament, and three by provincial laws; but they all fall within the jurisdiction of the Board of Transport Commissioners and are under the provisions of the Railway Act, because their properties have been leased to the Canadian Pacific Railway Company. The bill seeks the vesting of all these corporations' properties in the C.P.R., and the dissolution of the ten companies which have been incorporated by Parliament.

As to two companies which were incorporated in British Columbia, being The Columbia and Kootenay Railway and Navigation Company, and The Vancouver and Lulu Island Railway Company, a bill has been passed by the Legislature of British Columbia and now awaits sanction. That Legislature has approved the vesting of these railway properties in the Canadian Pacific Railway Company and has agreed to dissolve them because they are of no more use.

In respect of one company, the Midland Simcoe Railway Company, incorporated by the Ontario Legislature, the same procedure has been followed: a bill went through its three readings before the Ontario legislature, and awaits sanction, to the same effect as the present bill, to permit the vesting of all the company's properties in the Canadian Pacific Railway Company and the dissolution of the Ontario company.

Another purpose of the bill is to prevent unnecessary expenses. The holding of meetings, adopting of financial reports and electing of officers are no longer necessary, because these companies do not own or operate any railway at the present time.

Hon. Mr. Roebuck: Are there any shareholders at all in these companies?

Hon. Mr. Bouffard: All the shares and bonds belong to the Canadian Pacific Railway.

Hon. Mr. Nicol: Does any tax problem exist?

Hon. Mr. Bouffard: Not at all. In most cases railways are taxed according to the length of their rail lines, and this bill does not change anything in that respect. The legislatures which incorporated some of these companies have agreed to the vesting of the companies' rights in the Canadian Pacific Railway, and also to the dissolution of the companies.

Honourable senators, if this bill is given second reading I will move that it be referred to the Standing Committee on Transport and Communications, where detailed information can be obtained.

Hon. Mr. Aseltine: Will the passing of this legislation mean the closing down of any of these lines?

Hon. Mr. Bouffard: No. As a matter of fact all these railways have been operated by the Canadian Pacific Railway since the leasing of their properties to it. Some have been operated by the C.P.R. for as long as fifty years. This bill will not affect the public in any way. As a matter of fact, it would be impossible for the C.P.R. to close down any line without applying to the Board of Transport Commissioners, which would hear all interested parties before making a decision.

Hon. Mr. Roebuck: That could be done in any event.

Hon. Mr. Bouffard: Yes. Application could be made by the companies themselves just as well as by the Canadian Pacific Railway. But there is no intention whatsoever to discontinue the operation of any of these lines. I would point out that except for a very short distance one of these railways is the main line of the C.P.R. between Montreal and Toronto. It was incorporated long ago under another name, and was leased to the C.P.R. for a period of 999 years.

Hon. Mr. Roebuck: The only thing that concerns me is why this action has been so long delayed. Why was this not done a long time ago?

Hon. Mr. Bouffard: That would be pretty difficult for me to answer, but when the Canadian Pacific Railway leases these properties it has to acquire all the shares and bonds. Action on this started last year and, as I understand it, is a pretty big undertaking. The property of each railway being taken over has to be dealt with individually. Last year Parliament passed a bill to the same effect as this with regard to the Fredericton & Grand Lake Coal & Railway Company.

I understand that the simplification in the corporate organization of the Canadian Pacific Railway, in connection with all these other companies, is to take place from time to time, as legislation is prepared for presentation to Parliament. The bill now before us deals with thirteen companies, and the dissolution of other companies will be effected when the necessary documents have been prepared for that purpose.

If there are any other questions honourable senators wish to ask I shall be glad to try and answer them, but I intend to move that the bill be referred to committee, where more detailed information will be obtainable.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Bouffard, the bill was referred to the Standing Committee on Transport and Communications.

LA PAIX GENERAL INSURANCE COMPANY OF CANADA—SECOND READING

Hon. Mr. Bouffard moved the second reading of Bill W-5, an Act to incorporate La Paix General Insurance Company of Canada.

He said: Honourable senators, my explanation of this bill will be brief. The company seeking incorporation will be a subsidiary of a large insurance company called La Paix, whose head office is in Paris, France. This French insurance company has been dealing in insurance in Canada for a long time as a foreign insurance company licensee. The intention of the Canadian company, if it is incorporated, is to acquire all the assets and to take over all the liabilities of the French Company in Canada, and to act as a Canadian company.

This bill has been approved by the Superintendent of Insurance. The capital stock of the company will be $1 million, which will have to be subscribed before a general meeting is called for the election of directors. The company will not be authorized to commence any business of insurance until at least $1 million of its capital has been subscribed and paid, together with a contribution to surplus of $500,000.

The company already has in Canada assets to the extent of nearly $1½ million, together with assets over liabilities to the extent of approximately $425,000. It can therefore be seen that this company gives to the Government and to the insured in Canada greater guarantee than that offered by other insurance companies which we have incorporated during the past ten to fifteen years. There will be no purchase of the assets of the French company by the Canadian company unless the agreement is approved by the Treasury Board.

Honourable senators, if this bill is given second reading I will move that it be referred to the Standing Committee on Banking and Commerce, where the Superintendent of Insurance will be available to answer questions.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Bouffard, the bill was referred to the Standing Committee on Banking and Commerce.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 171 to 175, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved, with leave, the second reading of the following bills:

Bill X-5, an Act for the relief of Leona Jennie Impey Mella.

Bill Y-5, an Act for the relief of Joseph Elie Felix Leduc, otherwise known as Jean Leduc.

Bill Z-5, an Act for the relief of Florence Mintz Etinson.

Bill A-6, an Act for the relief of Jeanne Yvonne Gaouyat Leroy.

Bill B-6, an Act for the relief of Adrienne Rozenbaum Melzak.

Bill C-6, an Act for the relief of Joan Louise Squires Connolly.

Bill D-6, an Act for the relief of Carol May Burch Squires.

Bill E-6, an Act for the relief of Irene Raab Agoston.

Bill F-6, an Act for the relief of Joan Marshall Bougie.

Bill G-6, an Act for the relief of Heather Thornton Williamson.

Bill H-6, an Act for the relief of Helen Louise Hancox Fray.

Bill I-6, an Act for the relief of John Wallace Herbert.

Bill J-6, an Act for the relief of Angeline Sperdakos Trakas.

Bill K-6, an Act for the relief of Sheelagh Duffin Bennett.

Bill L-6, an Act for the relief of Ruth Alister Creighton Jones.

Bill M-6, an Act for the relief of Doris Lillian Doughty Dick.

Bill N-6, an Act for the relief of Joan Etta Young Campbell.

Bill O-6, an Act for the relief of Doris Evelyn Hirsch Stephen.

Bill P-6, an Act for the relief of Luvina Mallet Lambert.

Bill Q-6, an Act for the relief of Lois Margaret Clouston Willar.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

Hon. Mr. Macdonald: Honourable senators, His Honour the Speaker announced at the opening of the sitting that the Deputy to His Excellency the Governor General would attend at this chamber at 5.45 this afternoon to give the Royal Assent to certain bills. I suggest, therefore, that the house rise now, and stand adjourned, and that we reassemble at the call of the bell, at approximately 5.40 p.m.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

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

An Act respecting the payment of carrying costs of temporary wheat reserves owned by The Canadian Wheat Board.

An Act to provide for short-term credit to grain producers in the Prairie provinces to meet temporary financial difficulties arising from inability to deliver all their grain.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, March 13, at 8 p.m.

THE SENATE

Tuesday, March 13, 1956

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

Prayers.

Routine proceedings.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—MESSAGE OF THANKS FROM HIS EXCELLENCY

The Hon. the Speaker informed the Senate that he had received a message from His Excellency the Governor General, reading as follows:

The Honourable the Members of the Senate:

I have received with great pleasure the Address that you have voted in reply to my speech at the opening of Parliament. I thank you sincerely for this Address.

Vincent Massey

CRIMINAL LAW

JOINT COMMITTEE ON CERTAIN QUESTIONS —COMMONS MEMBERS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved: That a joint committee of both houses of Parliament be appointed to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries should be amended in any respect and, if so, in what manner and to what extent;

That Miss Bennett, Messrs. Boisvert, Brown (Essex West), Brown (Brantford), Cameron (High Park), Castleden, Fairey, Garson, Leduc (Verdun), Lusby, Mitchell (London), Montgomery, Murphy (Westmorland), Mrs. Shipley, and Messrs. Thatcher, Thomas, Valois and Winch be members of the joint committee on the part of this house; that the quorum of the said committee be 9 members thereof; and that Standing Order 67 of the House of Commons be suspended in relation thereto;

That the committee have power to appoint, from among its members, such subcommittees as may be deemed advisable or necessary; to call for persons, papers and records; to sit while the house is sitting and to report from time to time;

That the minutes of the proceedings and the evidence of the special committee appointed at the last two sessions to inquire into and report upon the foregoing questions, together with all papers and records laid before them, be referred to the said committee;

That the committee have power to print such papers and evidence from day to day as may be ordered by the committee for the use of the committee and of Parliament and that Standing Order 66 of the House of Commons be suspended in relation thereto;

That the committee have power to engage the services of counsel;

And that a message be sent to the Senate requesting that house to unite with this house for the above purpose and to select, if the Senate deems advisable, some of its members to act on the proposed joint committee.

Honourable senators, when shall this message be taken into consideration?

Hon. Mr. Macdonald: I give notice that with leave I shall move tomorrow:

That the Senate do unite with the House of Commons in the appointment of a joint committee of both houses of Parliament to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries, should be amended in any respect and, if so, in what manner and to what extent;

That the following senators be appointed to act on behalf of the Senate on the said joint committee, namely the Honourable Senators Aseltine, Bouffard, Farris, Fergusson, Hayden, Hodges, McDonald, Roebuck, Veniot and Vien;

That the committee have power to appoint, from among their members, such subcommittees as may be deemed advisable or necessary; to call for persons, papers and records; to sit during sittings and adjournments of the Senate and to report from time to time;

That the minutes of the proceedings and the evidence of the special committees appointed at the last two sessions to inquire into and report upon the foregoing questions, together with all papers and records laid before them be referred to the said committee;

That the committee have power to print such papers and evidence from day to day as may be ordered by the committee for the use of the committee and of Parliament and that Rule 100 of the Senate be suspended in relation thereto;

That the committee have power to engage the services of counsel;

That a message be sent to the House of Commons to inform that house accordingly.

Hon. Mr. Euler: Is that the same committee as before?

Hon. Mr. Macdonald: It is the same committee.

NATIONAL CAPITAL

JOINT COMMITTEE ON FEDERAL DISTRICT COMMISSION—MESSAGE FROM COMMONS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved: That a joint committee of both houses of Parliament be appointed to review and report upon the progress and programs of the Federal District Commission in developing and implementing the plan for the national capital;

That the members to act on behalf of the House of Commons as members of the said committee be designated at a later date;

That the said committee have power to call for persons, papers and records; to sit while the house is sitting, and to report from time to time;

That the said committee have power to print such papers and evidence from day to day as may be ordered by the committee and that Standing Order 66 be suspended in relation thereto;

And that a message be sent to the Senate requesting that house to unite with this house

for the above purpose and to select, if the Senate deems advisable, some of its members to act on the proposed joint committee.

Honourable senators, when shall this message be taken into consideration?

Hon. Mr. Macdonald: Honourable senators, I might say I do not propose to proceed with this matter tomorrow, but I wish to have a notice of motion put on the order paper for tomorrow, with the intention that it stand until a convenient time.

I give notice of motion for tomorrow:

That the Senate do unite with the House of Commons in the appointment of a joint committee of both houses of Parliament to review and report upon the progress and programs of the Federal District Commission in developing and implementing the plan for the national capital;

That the following senators be appointed to act on behalf of the Senate on the said joint committee, namely, the Honourable Senators Aseltine, Cameron, Connolly (Ottawa West), Connolly (Halifax North), Dessureault, Lambert and Reid;

That the said committee have power to call for persons, papers and records; to sit during sittings and adjournments of the Senate and to report from time to time;

That the said committee have power to print such papers and evidence from day to day as may be ordered by the committee and that Rule 100 of the Senate be suspended in relation thereto;

That a message be sent to the House of Commons to inform that house accordingly.

COMMONS MEMBERS

The Hon. the Speaker: Honourable senators, a further message has been received from the House of Commons, in the following words:

That Miss Aitken, Messrs. Blair, Buchanan, Caron, Coldwell, Dumas, Fraser (St. John's East), Fulton, Gour (Russell), Houck, Leduc (Gatineau), Low, Mang, McIlraith, Noseworthy, Nowlan, Philpott, Richard (Ottawa East), Robichaud and Weselak act on behalf of this house on the proposed joint committee of both houses of Parliament to review and report upon the progress and programs of the Federal District Commission in developing and implementing the plan for the national capital as provided for in the motion adopted this day:

That the provisions of Standing Order 67 be suspended in relation thereto;

And that a message be sent to the Senate to inform their Honours that the foregoing members have been appointed to act on behalf of the Commons on the said proposed joint committee of both houses.

DIVORCE BILLS

FIRST READINGS

Hon. F. W. Gershaw, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill S-6, an Act for the relief of Mary Valerie Dorothy Johnston Bromwich.

Bill T-6, an Act for the relief of Dorothy Joanne Campbell Mockeridge.

Bill U-6, an Act for the relief of Edna Gertrude Neil Fry.

Bill V-6, an Act for the relief of Madeleine Tremblay St. Jean.

Bill W-6, an Act for the relief of Stephen Harvan.

Bill X-6, an Act for the relief of Charles Lanny Catto.

Bill Y-6, an Act for the relief of Simonne Trottier Breard.

Bill Z-6, an Act for the relief of Mary Murray Snook.

Bill A-7, an Act for the relief of Ruth Katie Brigden Battersby.

Bill B-7, an Act for the relief of Marie Dicerni Arcieri.

Bill C-7, an Act for the relief of Laurence Turgeon, otherwise known as Laurent Turgeon.

Bill D-7, an Act for the relief of Barbara Allen Deslauriers.

Bill E-7, an Act for the relief of Henri Xavier Eugene Bernard.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Gershaw: With leave, next sitting.

DIPLOMATIC REPRESENTATIVES

NOTICE OF INQUIRY

Hon. Thomas Reid: Honourable senators, I give notice that on Thursday next I will ask the following questions of the Government:

1. Is there any rule governing the number of embassy representatives in Canada?
2. What are the number and names of the various countries that have diplomatic representatives in and around Ottawa?
3. Are diplomatic representatives and others attached to these embassies under any restrictions by the Canadian Government as to travel outside Ottawa or throughout the country? If not, are Canadian representatives abroad allowed the same privilege, including the right to travel freely in the various countries to which they have been assigned?
4. What country or countries, if any, place travel restrictions on foreign embassy representatives assigned to that country?

I may say that I am very pleased with the last question, because apparently there are spies around here reporting for the Russian Embassy, and so they have cut me off their mailing list for literature.

PRIVATE BILLS

FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA—FIRST READING

Hon. John A. McDonald presented Bill F-7, an Act incorporating The Fellowship of Evangelical Baptist Churches in Canada.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. McDonald: Wednesday, March 21.

PENSION FUND SOCIETY OF THE DOMINION BANK—FIRST READING

Hon. John J. Connolly presented Bill G-7, an Act respecting The Pension Fund Society of the Dominion Bank.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Connolly: Thursday next.

CANADA SHIPPING BILL

FIRST READING

Hon. W. Ross Macdonald presented Bill H-7, an Act to amend the Canadian Shipping Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be placed on the Order Paper for second reading?

Hon. Mr. Macdonald: Thursday, next.

LIVE STOCK AND LIVE STOCK PRODUCTS BILL

FIRST READING

Hon. Mr. Macdonald presented Bill I-7, an Act to amend the Live Stock and Live Stock Products Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be placed on the Order Paper for second reading?

Hon. Mr. Macdonald: Thursday next.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

STATEMENT BY MINISTER OF FINANCE AT CONFERENCE

Hon. Mr. Macdonald: Honourable senators will recall that on two previous occasions this session I tabled certain correspondence in connection with federal-provincial fiscal matters. I have now received a copy of a statement made by the Minister of Finance at the Federal-Provincial Conference held in Ottawa last week, together with certain statistical information.

In view of the fact that previous documents having to do with this subject were made part of our records, as appendixes to *Hansard*, and the *Minutes of the Proceedings*, I thought honourable senators would wish this statement to be treated in the same way.

I therefore move, with leave of the Senate, that these documents which I now propose to table appear as an appendix to today's *Hansard* and the *Minutes of the Proceedings*.

Hon. John T. Haig: Honourable senators, may I inquire whether it is intended to table at this time only a statement by the Minister of Finance to the recent conference, without any reply by the premiers?

Hon. Mr. Macdonald: It is only the statement of the Minister of Finance given at the meeting with the provincial premiers.

Hon. Mr. Haig: And it contains no answer by the premiers?

Hon. Mr. Macdonald: No, it contains no answer by the premiers. As a matter of fact, I do not know if they made their answers in written form or spoke from previously prepared statements.

Hon. Mr. Haig: I presume there were shorthand reporters present to take down what was said. To make the record complete, I think it would be more satisfactory to us and the public if both sides of the picture were put in as an appendix to *Hansard*. In other words, I do not think a statement by one side means anything. I read in the press that some three or four provincial premiers had something to say, and I think their statements should form part of our record, along with the statement made by the Minister of Finance.

Hon. Mr. Macdonald: I believe that any statements made by the premiers were made after the conference adjourned.

Hon. Mr. Horner: My understanding was that statements were made right in the conference by both the Premier of Ontario and the Premier of Quebec. In my view they would have the same bearing on the situation as a statement made by the Minister of Finance.

Hon. Mr. Macdonald: Doubtless, there was a discussion after the Minister of Finance made his statement to the conference; but, as honourable senators know, the conference was held in camera. However, I felt that honourable senators would like to know the position the Government took in this matter.

Hon. Mr. Horner: I object to a one-sided statement appearing on the record.

Hon. Mr. Farris: Honourable senators, there was in the press some suggestion that the Prime Minister had unnecessarily invited the premiers of the provinces to this conference. But the other day the Prime Minister produced in the House of Commons the letter he had written the premiers, and it indicates

clearly that he did not invite them, but rather suggested that they had better stay home.

Hon. Mr. Macdonald: Honourable senators, I have before me the paragraph of the Prime Minister's letter of February 18 with respect to that matter. It reads as follows:

> Since our federal responsibilities and commitments are now so heavy that we would not be warranted in making any increase in the basic offer we made in January it may be that the provincial Governments generally would not feel that there would be any advantage to be derived from another meeting to discuss fiscal relations.

However, in spite of that some premiers did request another meeting, and the Prime Minister, courteous and gracious as always, told them they could come and he would hear them.

Hon. Mr. Horner: They could, eh? It was a great privilege!

Hon. Mr. Haig: Might I ask His Honour the Speaker if unanimous consent of the house has to be given to do this?

Hon. Mr. Macdonald: I am not pressing the motion. I thought I was giving the house some important information.

Hon. Mr. Haig: Honourable senators, I must say candidly that I object; I do not want a one-sided statement of that kind on the record, that is all. If you want to override my objection all right, but I do not think you can.

Hon. Mr. Macdonald: Honourable senators, I am not pressing to have the statement placed on *Hansard*. I thought I was getting information which the house would desire. I find that wherever certain information is put on the record in the other house, but not in the Senate, some honourable senator will rise and ask why I, as the representative of the Government in this house, did not present the same information here. I therefore went out of my way to get this information, which was placed on *Hansard* in the other house. However, if honourable senators do not want it, far be it from me to try to force it on them.

Hon. Gray Turgeon: Honourable senators, I think without any question the suggestion of the Leader of the Government (Hon. Mr. Macdonald) should be carried out. All along, since the series of conferences started, we have had official documents put in as appendixes to the various sessional reports. The Leader of the Government does not give us anything that is not official, but what we read in the press may not be taken from official documents. The statement by the Minister of Finance, which the Leader wishes to place on our records, is on the Commons records. Whether we agree with the statement or not is another question, but we should have it in our report of today's sitting.

Hon. Mr. MacKinnon: Do you not receive the Commons *Hansard*?

Hon. Mr. Turgeon: Yes, but a lot of people read the Senate *Hansard* too. We have objected at times because the honourable Leader of the Government has not placed on our record statements that have been placed on the Commons record.

The Hon. the Speaker: As there is not unanimous consent for the motion, does the honourable the Leader of the Government wish to give notice of motion?

Hon. Mr. Macdonald: I do not want to force this on honourable senators. If honourable senators do not want the statement on *Hansard* I am not going to force it.

Hon. Mr. Crerar: We do.

Hon. Mr. Macdonald: Honourable senators, I am not forcing this on the Senate; it is up to honourable members whether they want the statement or not.

Hon. Mr. Pouliot: I hope that the honourable senators of the Opposition will not blame the Government for not giving them information that they do not want to have.

Hon. Mr. Croll: If the honourable Leader is not prepared to give notice of motion, then I will do so. I wish to give notice that I will move that the statement made by the Minister of Finance, which was placed on the House of Commons *Hansard* yesterday, be placed on the Senate *Hansard*. That will be dealt with tomorrow I presume.

The Hon. the Speaker: Is that agreeable?

Hon. Mr. Macdonald: If there seems to be a desire by honourable senators that the statement be placed on our records, I am prepared to give a notice of motion.

Hon. Mr. Haig: Honourable senators, on a question of order: You cannot give a notice of motion to quote here what someone has said in the House of Commons.

Hon. Mr. Macdonald: No.

Hon. Mr. Haig: Well that is what you are proposing to do. This statement was presented in the House of Commons.

Hon. Mr. Macdonald: Yes.

Hon. Mr. Haig: And you are proposing to quote it in the Senate. We can read it in the House of Commons *Hansard* and that is all we need. The giving of notice will not change the matter. It has to be done with unanimous consent of this house, and I refuse.

Hon. Mr. Hayden: Unanimous consent is necessary only if the motion is to be made tonight.

Hon. Mr. Macdonald: Honourable senators, I now give notice that I will move tomorrow that the statement made by the Minister of Finance at the opening of the Federal-Provincial Conference on Friday last be placed on the Senate records of Wednesday, March 14, 1956.

Hon. Mr. Haig: We will deal with it then, and we will see.

NEW BRUNSWICK POTATO MARKETING BOARD

INQUIRY AND ANSWER

Hon. Frederick W. Pirie inquired of the Government, pursuant to notice of February 21:

1. Has the audit and investigation concerning the operations of the New Brunswick Potato Marketing Board, under agreement with Her Majesty the Queen, represented by the Minister of Agriculture, dated December 21, 1953, been completed?
2. If so, when may the tabling of the report be expected?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

1. Yes.

2. The matters investigated are now under consideration by the departments of Government and others concerned.

BUTTER

INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice of February 23:

1. During the last thirty years, when was the lowest price paid for butter to the producer in Canada and what was such price?
2. During the same period, when was the Customs duty on butter the highest?
3. What was the average price of butter in Canada during the last five years?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

1. June, 1932, wholesale jobbing price for Canada First Grade Creamery Butter, Montreal, 16·46 cents per pound.

2. Since 17th September, 1930, when the British Preferential Rate was raised to 8 cents per pound, however, if the 8 cents per pound is more than 15 per cent ad valorem, there is a discount of 10 per cent from the duty, the Intermediate Rate to 12 cents per pound, and the General Rate to 14 cents per pound.

In 1931 under the Australian Trade Agreements duty on butter from that country was set at 5 cents per pound with certain conditions attached enabling Canadian authorities to control imports in the event of injury to Canadian producers.

The New Zealand Trade Agreements of 1932 provided for the same rate of duty and the same general conditions governing the trade. The duty of 5 cents per pound on Australian and New Zealand butter has remained in effect since 1931 and 1932.

3. Average wholesale jobbing price, Canada First Grade creamery butter, Montreal, 60·93 cents per pound.

BANKING AND COMMERCE COMMITTEE

MEETING POSTPONED DURING ADDRESS OF GENERAL GRUENTHER

On the Orders of the Day:

Hon. Salter A. Hayden: Honourable senators, before we proceed with the Orders of the Day I wish to inform the house that the meeting of the Banking and Commerce Committee called for tomorrow morning at 10 o'clock has been adjourned until 2 p.m. so as to enable senators who wish to hear General Alfred Gruenther in the morning to do so. As we have only one bill for consideration we should be able to dispose of it before the Senate meets tomorrow afternoon.

THE LATE SENATOR FALLIS

TRIBUTES TO HER MEMORY

Hon. W. Ross Macdonald: Honourable senators, on Wednesday last we were saddened to learn of the death of Senator Iva Campbell Fallis.

Senator Fallis had the distinction of being the second woman appointed to this house. She came to the Senate in 1935, at the age of 52 years. At the time of her death she was in her seventy-third year and had been a member of this house for approximately 21 years. Iva Campbell Doyle was born in rural Ontario of a Scottish mother and Irish father. She attended the rural schools, the local high school and the normal school in Toronto, and then taught school in Ontario until her marriage, to Howard Taylor Fallis. The young husband and wife went west, and farmed for about eight years. They returned to Ontario in 1917. Honourable senators will recall that at that time the women of Canada, as a whole, did not have the franchise. Senator Fallis was a proponent of women's rights. She took an active part in obtaining the franchise for women on the same basis as it was possessed by men. She was an outstanding speaker, with an excellent platform presence. She took an active interest in all questions of public concern. She travelled widely

across Canada, and was well known. Her greatest interest was in the realm of politics, and she was a splendid spokesman and committee woman for her party. A charming and a gracious woman, her passing will be felt by a host of friends across Canada. She has served her country well. She will be missed by many, but he who will miss her most is her husband; and it is to him, on your behalf, that I extend our heartfelt sympathy.

Hon. John T. Haig: Honourable members, I had the honour of entering this chamber at the same time as the late Senator Fallis, in February 1936. She and the honourable senator from Rockcliffe (Hon. Mrs. Wilson) were then the only two women members of our body. Our late colleague early obtained the ear of the house and well repaid the women of Canada who made such a struggle for representation of their sex in the Senate, for, as an outstanding advocate of good causes, she demonstrated that what these women advocated was just and right. She was very much liked by every member of this chamber. She was truly a woman's woman. In various departments of life—as a teacher, as a mother in the home, and as a member of the Senate—she represented the best in womankind.

For the last three or four years her state of health compelled her to be absent a good deal, and we missed her very much indeed. There was a time, I may say, when some of us were not too sure whether women would make a success in our public life, but those who have lived to see the work of women like Senator Wilson and Senator Fallis soon came to recognize that such women are quite capable of taking their place beside men in the active political life of this country.

Mrs. Fallis rendered great service to the people of Canada. She always remembered that working mothers and other people in hard circumstances live a life of struggle, and she exerted herself to relieve their troubles in so far as she could, from time to time.

I can only say in conclusion that her husband has my sincere sympathy. Having suffered a similar loss, I know something of what it is. I sympathize with Mr. Fallis very much indeed, and I want him to know that his wife made a contribution to our country which will not soon be forgotten. Nor should the impression she made on her contemporaries in this chamber be forgotten. A good many past and present members of the Senate have been able to tell their families, from personal experience, what a great contribution a Christian woman can make to her country when she is determined to devote her life to this work. Of those who have occupied seats in this house in the past 21 years, 82 whose appointment preceded hers have passed on, and about 60 whose appointments were made later are also no longer with us. We who are left will not fail to remember the causes and the principles for which Iva Fallis stood, and we shall be all the better for having known and heard her.

Hon. Senators: Hear, hear.

Hon. Muriel McQ. Fergusson: Honourable senators, I should like to add a word to what has been said about the late Iva Campbell Fallis. Although I did not know Senator Fallis until I came to this house, I certainly knew of her, because I have always been interested in the women who have taken part in the public life of Canada. As for many years Senator Fallis was one of the two women members of this chamber, many women throughout Canada have been much interested in her activities. During the war she was widely known for her work with the Committee for Voluntary Registration of Women. That committee, composed of outstanding women from existing national organizations, provided valuable information for the Government before compulsory registration of men and women became the law in Canada.

As many honourable senators here know, Senator Fallis was a faithful member of many standing committees of the Senate. She also served with distinction on a number of special committees. I would like to mention particularly the Joint Committee on Old Age Security, the Special Committee on Salacious and Indecent Literature, and the Joint Committee on the Indian Act. Senator Fallis told me a great deal about the proceedings of these committees when she was introducing me to the sort of work that I might look forward to doing in this house.

In 1921, in this chamber, Senator Fallis argued strongly that more women should be elevated to the Senate; and when, in 1953, three more came here, she gave us a very warm welcome, and reminded us that she had urged such appointments.

I found Senator Fallis a good friend, and also a kind neighbour—her office was next door to mine—and I saw quite a little of her in the short time she has been with us since 1953. I remember with gratitude her many kindnesses to me when I was new to this house; and to her husband, Mr. Howard Fallis, I extend my most sincere sympathy. I feel that Canada is poorer on account of the passing of our distinguished colleague.

Hon. Cairine R. Wilson: Honourable senators, it was indeed a great satisfaction to me when Mr. Bennett appointed Iva Campbell Fallis to the Senate, for prior to that time I had been the only woman member of

this august chamber. As we were the only two of our sex in the Senate we were inevitably drawn together, and although we sat on the opposite sides of the chamber we found many points of agreement.

As has already been said, Senator Fallis was always interested in matters of interest to women, and urged women to take a greater part in government activities at municipal, provincial and federal levels. She felt that women had a great contribution to make and that it was regrettable that more of them did not actively support their leaders. I feel Senator Fallis has left a mark in this chamber, and that we shall continue for a long time to miss her very much.

During recent years, owing to the poor health of her husband and latterly of herself, we have not seen nearly as much of her as we should have liked. She was familiar with the many problems faced by women, first as a school teacher, and later as the wife of a man who farmed both in western Canada and in Ontario. She knew much of the life of women on the farm and had spoken to me often about it.

Honourable senators, I know that we all wish to express our sincere sympathy to her sadly bereaved husband, and to the nephew of whom she was so fond.

Hon. R. B. Horner: Honourable senators, I should like to add a few words to the eloquent remarks that have already been made. Honourable members have spoken about the useful work done in the Senate by our late colleague and have referred to her knowledge of farm life both in Saskatchewan and Ontario. The honourable senator from Fredericton (Hon. Mrs. Fergusson) and I attended the funeral of Senator Fallis, at which time we were introduced to some of her friends and relatives. At the service in the beautiful cemetery at Peterborough one of her relatives pointed to a gentleman and said "That is an American who couldn't do enough for Senator Fallis, for it was largely as a result of her endeavours that he was able to establish an industry in Peterborough which now employs 600 people." We were all acquainted with Senator Fallis' splendid contribution to public service in the Senate, and I mention this incident to illustrate that she was also keenly interested in the welfare of her own community.

Our little group on this side of the house have suffered a great loss in the passing of Senator Fallis. I wish to extend sincere sympathy to her husband and other relatives.

HOSPITALITY IN NEW BRUNSWICK

Hon. John T. Haig: Honourable senators, before the orders of the day are proceeded with may I be permitted to refer to a recent visit I made to New Brunswick? Many people I met there wanted to know if I knew Senator Fergusson and Senator Burchill—I was never asked about anybody else. When I said I knew these distinguished persons I was received with open arms and given a fine reception wherever I went. In fact, a tea was given especially in my honour, and I am sure it was because I knew Senators Fergusson and Burchill. I think the other members from that province had better look to themselves or they will be entirely forgotten. Incidentally, I do not want to mention it out loud, but Manitoba still curls.

Hon. Senators: Oh, oh.

PRIVATE BILL

CANADIAN COUNCIL OF CHURCHES—THIRD READING

Hon. Cairine R. Wilson moved the third reading of Bill Q-5, an Act to incorporate The Canadian Council of Churches.

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

DIVORCE BILLS

THIRD READINGS

Hon. F. W. Gershaw, for Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill X-5, an Act for the relief of Leona Jennie Impey Mella.

Bill Y-5, an Act for the relief of Joseph Elie Felix Leduc, otherwise known as Jean Leduc.

Bill Z-5, an Act for the relief of Florence Mintz Etinson.

Bill A-6, an Act for the relief of Jeanne Yvonne Gaouyat Leroy.

Bill B-6, an Act for the relief of Adrienne Rozenbaum Melzak.

Bill C-6, an Act for the relief of Joan Louise Squires Connolly.

Bill D-6, an Act for the relief of Carol May Burch Squires.

Bill E-6, an Act for the relief of Irene Raab Agoston.

Bill F-6, an Act for the relief of Joan Marshall Bougie.

Bill G-6, an Act for the relief of Heather Thornton Williamson.

Bill H-6, an Act for the relief of Helen Louise Hancox Fray.

Bill I-6, an Act for the relief of John Wallace Herbert.

Bill J-6, an Act for the relief of Angeline Sperdakos Trakas.

Bill K-6, an Act for the relief of Sheelagh Duffin Bennett.

Bill L-6, an Act for the relief of Ruth Alister Creighton Jones.

Bill M-6, an Act for the relief of Doris Lillian Doughty Dick.

Bill N-6, an Act for the relief of Joan Etta Young Campbell.

Bill O-6, an Act for the relief of Doris Evelyn Hirsch Stephen.

Bill P-6, an Act for the relief of Luvina Mallet Lambert.

Bill Q-6, an Act for the relief of Lois Margaret Clouston Willar.

The motion was agreed to, and the bills were read the third time, and passed, on division.

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, March 7, the adjourned debate on the motion of Hon. Mr. Aseltine, seconded by the Hon. Mrs. Hodges, for the second reading of Bill I-5, an Act to amend the Exchequer Court Act.

Hon. John J. Kinley: Honourable senators, in rising to speak on the adjourned debate of the bill now before the house I feel we are in a rather fortunate position in that there seems to be general agreement with regard to the activities and achievements of the Senate's Standing Committee on Divorce. Three members have taken part in this debate so far: the honourable senator from Rosetown (Hon. Mr. Aseltine), the sponsor of the bill; the honourable senator from Victoria (Hon. Mrs. Hodges), and the honourable senator from Vancouver South (Hon. Mr. Farris). Each has spoken most generously about the Divorce Committee, whose merits seem to be unquestioned. The honourable senator from Vancouver South paid a most eloquent tribute to the work and achievements of this committee and concluded his remarks by saying that in his opinion it is the most efficient and best conducted divorce court in Canada. The honourable senator is a barrister of great distinction, and besides he has an intimate knowledge of general conditions in this country. One certainly must admit that the bill has been supported by three outstanding members of this house.

I also should like to say something about the Senate committee, but after the compliments that have been expressed it might seem like painting the lily if I attempted to say anything more. These compliments were highly pleasing to the members of the Divorce Committee, and to the senate as a whole, I am sure. I was sorry that the honourable senator from Vancouver South did not follow through with his excellent speech, for I believe he could have made an even better speech on the other side of the question. I do not think he was very happy or enthusiastic in his conclusions. Of course, we all agree as to the efficiency of the Divorce Committee, but there is a difference of opinion as to whether this divorce work should be done in the Senate. Some honourable senators, taking all things into consideration, feel that this work of the Senate should be continued, and I am one of those.

Both the sponsor of the bill and the honourable senator from Vancouver South said that in their opinion it was not the intention of the Fathers of Confederation that there should be a divorce court in Parliament. It seems to me that it is a little late to talk about intentions. Actions speak louder than words, and for many years the Divorce Committee has been functioning steadily and well.

I do not like the bill. I think it is the wrong approach. This is a highly controversial question, and a matter of high government policy. When I was appointed to the Senate I understood by my commission that I was summoned to advise and assist "in all weighty and arduous affairs which may the State and defence of Canada concern." It seems to me that in this debate we are not advising and assisting the State, but rather that we want to "carry the ball". However, I think the subject could be approached in a much better way. A more friendly approach would be to petition the Government, or pass a resolution, indicating our thinking and desires on the subject.

In the debate on the Speech from the Throne a number of members, especially new members, made excellent speeches about the functions of the Senate. It was said that the Senate was so constituted, by appointments from different parts of Canada, that there would be a balance and the minority rights of this country would be protected. Well, it seems to me that if we are here to protect minority rights, this is an instance in which protection is needed.

Hon. Mr. Euler: What about the minority in Quebec? Has it not the same rights the other people in Canada have?

Hon. Mr. Kinley: If my friend will bear with me as I go along, I think I can explain to his satisfaction that the minority rights in so far as this subject is concerned are very well looked after. Of course, there is in the

province of Quebec a minority of Protestants who naturally, one might think, would favour a divorce court, but I am told by informed people and readers of history that at the time of Confederation the Protestant minority in Quebec did not want a divorce court because it feared influence on mixed marriages and therefore would rather come to Parliament.

The honourable senator from Rosetown (Hon. Mr. Aseltine) in moving the second reading of the bill quoted from a report made in 1947 by the then Law Clerk and Parliamentary Counsel of the Senate, Mr. MacNeill. I thought that in doing this the honourable senator left a rather wrong impression. As honourable senators know, and as my honourable friend stated, the annual report of the Standing Committee on Divorce, presented to the Senate in 1947, contained the following resolution:

> In view of the fact that the number of applications for divorce has been increasing by leaps and bounds, this year reached an all-time high, and may continue to increase, your committee recommends that Parliament should immediately seek a solution of the problem of dealing with divorce in the province of Quebec by other than parliamentary action.

Upon receipt of that report, the Senate passed this resolution:

> That the subject matter of the final report of the Standing Committee on Divorce be referred to the Parliamentary Counsel of the Senate for consideration and report immediately following the opening of the next session of Parliament.

To quote the Law Clerk seems hardly fair, for he made no recommendations and came to no conclusions; he simply detailed the situation as it appeared throughout Canada. One part of his report that was not quoted at all should, I think, have been quoted for the information of the Senate. It is this:

> In Quebec, there is no divorce law in force and the Civil Code provides by article 185 that marriage can only be dissolved by the natural death of one of the parties; while both live, it is indissoluble. This is a pre-Confederation law continued in force by section 129 of the B.N.A. Act. It can be altered by the Parliament of Canada but since Confederation it has not been so altered except in the case of individuals and the Quebec courts have held that the Parliament of Canada is the only tribunal which can legally grant a divorce to a person domiciled in Quebec. If, therefore, the Parliament of Canada legislates to provide a court to deal with divorce in Quebec it must go further and provide the law that the court shall administer, that is, enact a divorce law for Quebec. What that law is to be is a matter for the consideration of Parilament.

He goes on to say this, and I think it is important:

> None of the proposals so far advanced have been supported by any body of opinion in the province of Quebec. Senators and members of the House of Commons from the province have consistently opposed giving any right, to a person domiciled in Quebec, to apply to a court for a decree dissolving a Quebec marriage.

That prompts me to say that while in a matter of this kind it is not necessary for us to consult the provinces, I think we should defer to those honourable senators who represent the provinces of Quebec and Newfoundland in the Parliament of Canada. They live among the people concerned and have a knowledge of their wishes. This matter affects those people principally, and I cannot see how the rest of Canada would suffer by our deferring to the wishes of the senators from those provinces. Newfoundland is a new province and has not yet been infected to any extent with the disease of divorce. I repeat, that in my opinion we should take the advice of the representatives of the provinces concerned in such a matter as this, which is not of national concern.

I listened with interest to the speech of the honourable senator from Vancouver South (Hon. Mr. Farris), and in particular to his explanation of section 91 of the British North America Act, which gives the federal authority jurisdiction in marriage and divorce; and section 92, which makes the solemnization of marriage and property and civil rights provincial matters. The honourable senator gave what I thought was a very good argument as to which authority should prevail in the matter of divorce; nevertheless, I think it is of mutual concern to both the federal authority and the provinces. The province of Quebec, by reason of the provisions of the B.N.A. Act, has an interest in such action as the Parliament of Canada takes with regard to divorce.

The honourable senator from Vancouver South said that he thought there was no principle involved in the bill. I think there is. Certainly, there is the question of whether the people of the two provinces should go to the courts or to the Crown in matters of divorce. It has always been said that the people of Quebec more readily go to the Crown than submit to courts. There is a reason for that choice. They do not believe in divorce, and most of them do not want it; but for the sake of harmony in the formulating of the British North America Act, Parliament was given jurisdiction in this matter, and the arrangement has been maintained for a long time. The principle involved is that Quebec wants divorce placed under the control of the representatives of the people, where it can be watched carefully and any discrepancies can be checked.

The honourable senator from Vancouver South, in his praise of the work of the Senate Divorce Committee, had this to say:

> It is not necessary that members should read all the evidence, and of course they do not, but it is available to them. If there is a complaint in any one case from any of the parties involved, if there is any whisper that everything is not just as it should be, there are approximately 100 members in the Senate and 260 members in the House of Commons who can have in their hands a full transcript of the evidence in order to check up and determine what has to be done. Therefore I say that from the standpoint of ability, experience, diligence and records this court of divorce in Parliament is, in my judgment, superior to any other in Canada.

Those who are against divorce feel that it is subject to a greater degree of control in the hands of Parliament than it would be if it were turned over to a court.

The honourable senator from Rosetown (Hon. Mr. Aseltine), who is an experienced senator, went into considerable detail on the various aspects of divorce procedure in the Senate. I repeat, the senator has had long experience here. When I first came to the Senate I was assigned to the Divorce Committee. It was then presided over by my honourable friend as Chairman, and he was ably assisted by the honourable Leader of the Opposition (Hon. Mr. Haig), who acted as Deputy Chairman. I learned much from both these honourable gentlemen about the things which were necessary in order to be an intelligent member of that committee. The senator from Rosetown, in his remarks on this bill, made an appraisal of some features of the procedure of the committee, which he would naturally do. He went on to complain about the cost to a petitioner of bringing an application for divorce to Parliament. I have looked into the matter of cost, and my information is as follows: Parliamentary fee, including printing, $210; Printing in the *Canada Gazette,* about $22; newspaper advertisements, an average of $50; bailiff's fees, up to $10. At the outside, that is a total of $292. It should be said that in cases where there is need, the parliamentary fee is reduced to $50, thus bringing the total cost down to $132. Indeed, there have been cases in which there was real poverty, or in which some social agency had interested themselves in the welfare of the parties, and the entire parliamentary fee was remitted.

I should like to remind the Senate that the matter of costs for petitions before this committee is entirely in our own hands. We write the rules of the Senate, and that includes the rules under which the Divorce Committee operates. It should be brought to the attention of the house that last year the work of this committee produced a revenue of $82,280, which of course went into the general revenue fund. I am told that about 50 per cent of the cost is for printing. Our practice has been to print some 400 copies of the evidence, but this has been reduced in recent years because certain senators and members of the other house have indicated they do not require copies. One expense to the applicant which I consider needless is that of employing an agent in Ottawa, at a cost of perhaps from $50 to $100. It is my belief that Mr. Armstrong, the Chief Clerk of Committees, could deal directly with out-of-town solicitors and thus avoid necessity for the employment of an Ottawa agent.

Complaints are made at times about the fee charged by the solicitor to his client. Well, as long as it is a matter between solicitor and client, I am not much exercised about it. But when the solicitor makes application before the committee for a remission of all or part of the fees, then I want to know how much he is charging the petitioner. If we wanted to, I presume we could have as part of our procedure the right to tax costs.

Hon. Mr. Aseltine: There were only 24 remissions last year out of 413 cases.

Hon. Mr. Kinley: I do not think that an application for remission of fees is ever refused altogether; at least it is rarely done. If a solicitor asks in good faith for a remission it is within the jurisdiction of the committee to grant it, and usually it does.

Now, honourable senators, another feature of this divorce committee work is that it makes possible the full employment of the officials of the Senate, the *Hansard* reporters, the committee clerks, those who do the extensive paperwork required for each case. This committee provides the extra work required to keep them busy on days when the Senate is not sitting. I always found in my business that an expert technical staff can be built up if one can find enough work for them to do.

Hon. Mr. Haig: What about the rest of us?

Hon. Mr. Kinley: Honourable senators, how much will it cost to establish a branch of the Exchequer Court to handle the divorces from Quebec and Newfoundland? The cost will probably run to $80,000 a year, at least. I do not see why the country should have to expend that additional money. The approach to the whole question seems to me to be peculiar. A more logical and proper approach would be to establish a branch of the Superior Court of Quebec to deal with divorce.

My honourable friend from Rosetown said that this work imposed an excessive burden

on senators. Well, since the day when he and I worked together as members of the Divorce Committee the procedure has been streamlined and much better organized. At the present time the committee is composed of 22 senators, and some 12 or 13 are present at each meeting. The quorum of a subcommittee is three. Thus four subcommittees can sit at one time and can easily hear 15 petitions a day. If we maintained that tempo the sessional work of the committee could be completed in about 32 or 33 days. It seems to me that it imposes no excessive burden on the senators who remain in Ottawa over the week-ends. As honourable senators know, the committee is largely composed of members from distant parts of the country. The Ontario and Quebec senators go home over the week-ends, but we from the distant parts of Canada who stay in Ottawa are available for the purposes of this court. Personally, I think we serve a very useful purpose.

I will give some figures. In 1950 from the Island of Newfoundland there were four divorce petitions; in 1952 there were three; in 1953, nine; in 1954, eight; and in 1955, one. The Island of Newfoundland is a problem by itself. If the senators and members from that province were to petition for a divorce court, I do not think anybody would be against it. But they have not done so. The setting up of the Exchequer Court to handle divorce petitions would be of no great help to Newfoundland. It is the same distance from Newfoundland to the Parliament Buildings as from Newfoundland to the Exchequer Court—there is a difference of only a few blocks. The expense involved for the parties to come here would be the same in either cases. So, honourable senators, I believe there is no present problem with regard to petitions from our new province, and I think we can safely leave the matter to their representatives in the Parliament of Canada. At least the problem is not serious. The infection has not reached Newfoundland to any serious degree yet, and I hope it will be a long time before it does.

As to the excessive burden which the work of the committee imposes on senators, let me give some of the figures for Quebec:

Year	No. of cases
1950	234
1951	290
1952	309
1953	273
1954	370
1955	406

Now let us make a comparison with the Ontario statistics:

Year	No. of cases
1950	2,228
1951	2,102
1952	2,202
1953	2,774
1954	2,346

I believe it was thought that matters were getting out of bounds in Ontario, and that province has tightened up on its rules. To illustrate this I will quote from Chitty's *Ontario Annual Practice*, 1955, at page 418, rule 781, which says:

> The statement of claim shall include the following particulars:
>
> (m) The matrimonial offences alleged or the other grounds upon which relief is sought, the same to be set out fully in separate paragraphs with the name and address of every person with whom a matrimonial offence is alleged to have been committed.

Now, our Divorce Committee deals with cases of adultery committed with persons unknown. It seems to me rather peculiar that we hear petitions involving unknown persons. In cases coming before the courts a plaintiff would be in some difficulty were he to base his action against an unknown third party. But here the petitions in many cases say that the co-respondent is unknown. We are told in explanation that the Senate in its graciousness does not want to disturb families or cause needless trouble by naming co-respondents. Well, honourable senators, I do not think our Divorce Committee exists to protect certain persons; its function is to find the truth in all cases.

Honourable senators, last year Parliament granted 406 divorce petitions from Quebec, and in Ontario the number was 2,346. I think that is the test. Divorce is an evil and we want to keep it down as much as we can. If the handling of divorce by Parliament results in keeping Quebec divorces down to 406 as against 2,346 in Ontario, and similarly high figures in the other provinces of Canada, such as British Columbia, I think one can see immediately the virtue of the system.

The honourable senator who sponsored the bill (Hon. Mr. Aseltine) claims that there is a time lag in the passing of a bill of divorce through the Senate and the House of Commons; he thought it took too long, that there were too many obstacles and too much red tape in the way. Well, honourable senators, the obstacles in the way are rather like plans and specifications for a building to an uninformed person. But to a person who is informed about those matters the plans and specifications do not look so bad. We do not

have much trouble getting over the obstacles, because the Senate has perfect confidence in its Divorce Committee.

The honourable senator from Vancouver South (Hon. Mr. Farris) complimented the Chairman of the Divorce Committee (Hon. Mr. Roebuck), and truly said he was an outstanding and able man, but that he was working too hard and looked tired. Our chairman is an industrious man; he carries on his law practice; he works in various capacities in the Senate; he is Chairman of the Divorce Committee, although he delegates a good deal of the work, and he finds time for the artistic and the beautiful. In his office you can see evidences of his energy and competence in the field of art. I think he is a man who loves work, and that he would feel badly if he were deprived of it. I do not believe we need fear for his health or that of any member of the committee. I remember that I attended the committee on several occasions when the honourable senator from Vancouver South (Hon. Mr. Farris) was its chairman. His humane approach to the whole situation was admirable. He discussed with us, who were then uninformed, the work of the committee in a most helpful fashion, and during his chairmanship, though sometimes the proceedings were unpleasant, we came away with the feeling that it was good to have been there, because the associations were valuable and we obtained a great deal of experience.

The honourable senator from Victoria (Hon. Mrs. Hodges) complained that it was perhaps a little beneath the dignity of the Senate to have to deal with marriage squabbles; and the honourable senator for Vancouver South went so far as to call the work "muckraking". I can well understand that upon arriving here, a cultured lady, rather new to our situation, might be a little perplexed by the seamy side of the proceedings of the Divorce Committee; but I suggest that these hearings are not so unimportant, for we are dealing with life and a social problem. It is very important work, and although sometimes it is a bit messy it does not affect our dignity. Who in this country enjoy more dignity than the average doctor and nurse, yet few people are called upon to handle messier jobs. They must do them from day to day, and we honour them for doing what they have to do, and doing it splendidly.

Whenever I attend a wedding I get a feeling of inspiration. As I see the bride adorned in all her beauty, and when I hear the words of the ceremony, it seems to me there is in this scene and in this rite a touch of immortality, because through it we are dealing with the future, with the re-creation of the race. Down in the Divorce Committee we may acquire some of the dignity of service as we look into the problems of unfortunate people, and the experience is salutary for us, because we get a knowledge at first-hand of what life is like among those around us. I think the work is valuable. We like to do the big things, to concern ourselves with such high matters as foreign affairs, but I have found that many people who want to be engaged on these big issues are less inclined to help with the little things. Nowadays the world is changing. All of us must share in the drudgery—and you may call the divorce committee's work drudgery if you wish. I believe our committee should be commended because it is doing this work and doing it well. It does not hurt our dignity; indeed, I do not think we could be much better employed. There are enough senators and there is sufficient time to do all the things which should be done in the interests of the country in a big way. This part of our work is, if nothing else, educational, and keeps us in touch with things as they are around us.

It is said that divorce bills from the Senate sometimes run into trouble in the other place. True, but where do such matters not run into trouble? It is not unknown even in the appeal courts. Last year we passed 408 divorce bills, and two or three of them were objected to in the other place by some whose purpose was, I believe, to delay legislation. The fact that so few bills were questioned proves that we have a splendid record and are doing a good job. I believe that if the rules could be changed so that divorce bills were sent over in a bunch, as such, and not as private bills, there would be no incentive to make them an excuse for delaying business; progress would be more rapid and the passage of the bills much easier than it is at the present time.

We are also told that people outside this chamber are criticizing the Senate in this connection. Like the honourable senator from Vancouver South (Hon. Mr. Farris) I have heard criticism of the Senate for a long time, and I am not concerned about reflections on the Divorce Committee. I have always thought that it was a good thing not to do what your opponent expects or wants you to do. The people who criticize our proceedings and the party in the other house which has sponsored a bill similar to the one before us though with small differences of detail, would, I believe, destroy the Senate if they had the chance. I do not think we need be afraid.

I would be more concerned if, by refusing to operate a divorce court, we exposed ourselves to such remarks as, "The senators are getting so indolent that they do not want to handle these divorces, although they have dealt with them so well for many years."

An article in the Ottawa *Journal* is headed:

Would Abolish Divorce in Britain

It says:

A judge in Britain's appeal court called last night for the abolition of divorce as "the only solution for the preservation of family life". Lord Justice Hodson, 60-year-old Lord Justice of Appeal since 1951, speaking at a meeting of the local marriage council, said there has been an "enormous flood" of divorces recently.

Hon. Mr. Aseltine: I do not think that is the issue here. We are not talking about divorce.

Hon. Mr. Kinley: Let me tell my honourable friend that he spoke about the burden upon the committee and to show his inconsistency, the bill he presented last year would have doubled the number of divorce petitions before the Senate, since it would have added other reasons for applying for divorce. He cannot evade the fact that one of his objections to the present procedure is that it is too much of a burden on the senators in committee.

Hon. Mr. Aseltine: I did not say that at all. That is absolutely incorrect.

Hon. Mr. Kinley: Divorces in Britain increased from 596 in 1910 to almost 30,000 in 1953. Divorce jurisdiction was transferred to the courts of the United Kingdom.

The people of Quebec are not the only ones opposed to divorce. There is a host of other people in Canada opposed to it. We all know the stand taken by the Roman Catholic Church, and only recently the Anglican Church in Canada reaffirmed its position on divorce in a very determined way. Generally, churches are opposed to divorce; they are on the side of good and not of evil. The honourable senator from Vancouver South (Hon. Mr. Farris) said, in effect, "If you are against divorce why don't you move a resolution or introduce a bill?" I am sure we all agree that the ideal state of affairs would be one where people would not need to seek divorce; but we are realistic and we know that we cannot get along without divorce laws in this country. Nevertheless, honourable senators, if we had to vote "Yes" or "No" on whether divorce in Canada should be continued, I would have to vote "No". I believe that would be the wiser stand to take.

Apparently it has always been acceptable that the people of Quebec who seek divorce should apply to Parliament, and now this is true of Newfoundland also. The manner in which the cases are being handled at present is satisfactory, so why should we change the system. This problem really belongs to the people of Quebec and Newfoundland, and I do not see why we should be so concerned about it. In the report which Mr. MacNeill made to the Senate in 1947 he outlined the history of divorce in Canada, giving details about divorce laws in Nova Scotia and other provinces before Confederation. Those laws still stand and our liberties are not affected. It seems to me that a bill such as we have before us should not be introduced unless it expresses Government policy, and it should not be passed unless Parliament decides that it is in the interests of peace, order and good government of the country.

I recall that the Right Honourable Mr. Mackenzie King, speaking in Westminster on May 10, 1944, said this:

Let us, by all means, seek to improve where we can. But in considering new methods of organization we cannot be too careful to see that, to our own peoples, the new methods will not appear as an attempt to limit their freedom of decision, or to peoples outside the Commonwealth, as an attempt to establish a separate bloc. Let us beware lest in changing the form we lose the substance; or, for appearance's sake, sacrifice reality. I am told that, somewhere, over the grave of one who did not know when he was well off, there is the following epitaph: "I was well; I wanted to be better; and here I am".

Honourable senators, in closing let me say that I feel the Senate Divorce Committee is performing a very important duty in a capable fashion, and that a large section of the people of Canada accept this work as something that is salutary. The committee has reached the height of achievement. There is little real trouble in the other house over divorce bills, and in general the divorce work is carried on in a harmonious manner. For these reasons I propose to vote against this bill.

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: I would like to ask the honourable senator a question just to clarify something that I do not quite understand. He has criticized the approach made to this question by the bill before us. I understood him to say, although I can hardly believe he meant it, that this matter should be placed under the jurisdiction of the Superior Court of Quebec.

Hon. Mr. Kinley: I did not say that.

Hon. Mr. Euler: I thought you did.

Hon. Mr. Kinley: I said that it would look better if the bill provided that petitioners apply to the Superior Court of Quebec rather than to the Exchequer Court of Canada, which functions on the Ontario side of the Ottawa River, outside of the province of Quebec.

Hon. Mr. Euler: Is that your remedy?

Hon. Mr. Kinley: No, that is not my remedy; that is my criticism.

On motion of Hon. Mr. Beaubien, for Hon. Mr. Roebuck, the debate was adjourned.

PRIVATE BILL

THE WESTERN GOSPEL MISSION—COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Miscellaneous Private Bills to Bill F-5, an Act to incorporate The Western Gospel Mission.

On motion of Hon. Mr. Bouffard, the amendments were concurred in.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Bouffard: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 14, 1956

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

Prayers.

Routine proceedings.

DEBATE PROCEDURE

QUESTION OF RIGHT OF MOVER OF THIRD READING TO REPLY—RULING

The Hon. the Speaker: Honourable senators, I ask your indulgence to place on our records a ruling on the right of the mover of the third reading of a bill to reply.

Bourinot, 4th edition, at page 344, under the heading "Limitation of Debate", says:

> Senate rule 35 provides that "no senator may speak twice to a question before the Senate, except in explanation of a material part of his speech, in which he may have been misconceived, and then he is not to introduce new matter". And by the following rule 36 "a reply is allowed to a senator who has moved the second reading of a bill or made a substantive motion, but not to one who has moved an amendment, the previous question, an adjournment during debate, a motion on the consideration of Commons' amendments, or an instruction to a committee". In all cases the reply of the mover of the original question closes the debate. But it is the duty of the Speaker to see that every senator wishing to speak has the opportunity to do so before the final reply. The rules of the House of Commons are similar on these points. They may be summarized as follows: (1) No member may speak twice to a question; he may however explain a material part of his speech which may have been misquoted or misunderstood but he is not to introduce new matter. (2) No debate is allowable upon such explanation. (3) A reply *is* allowed to a member who has moved a substantive motion or the second reading of a bill. (4) But *no* reply is allowed to a member who has moved an order of the day (not being the second reading of a bill), an amendment, the previous question, an adjournment during a debate, or an instruction to a committee. (5) A reply *is* allowed to a mover of a substantive motion, although the debate thereon, by being adjourned, becomes an order of the day. (6) In all cases the reply of the mover of the original motion closes the debate. (7) But it is the duty of the speaker to see that every member who wishes to speak has the opportunity to do so before the final reply.

In the debate on Tuesday, March 6, Senator Hayden moved the third reading of Bill H-5, which was an item on the Orders of the Day.

The motion was not a substantive motion within the meaning of that term as it is defined in paragraph "B" of rule 4, which reads as follows:

> *Substantive motion*—a motion not incidental to a proceeding before the Senate, nor relating to and arising out of an Order of the Day.

He, therefore, after making his motion, had no right of reply.

Under Rule 38, if he had merely moved the Order without speaking to it, he would have been entitled to address the Senate on that Order at a subsequent period of the debate. However he did rise, and move the third reading—and according to the interpretation which Bourinot places on his action, as he in fact did say a word or two, according to a strict interpretation of the rule, he was prohibited from again addressing the House.

May, 14th edition, at page 422, says:

> Formerly a member who had moved an Order of the Day was precluded afterwards from addressing the House upon the same question, or was heard merely by the indulgence of the House, but under present usage the option of speaking at a subsequent period of the debate has been conceded.

Senator Hayden's speech on third reading of Bill H-5 would not have been ruled "out of order" in the House of Lords, since in moving the Order of the Day previously he made no comment or explanation. In view of the practice in the House of Lords, I do not think that Rule 38 should be interpreted too strictly, and accordingly I am of the opinion that in the circumstances Senator Hayden's speech was in order.

PRIVATE BILLS

LA PAIX GENERAL INSURANCE COMPANY OF CANADA—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill W-5.

The report was read by the Clerk Assistant as follows:

> The Standing Committee on Banking and Commerce, to whom was referred the Bill (W-5) intituled: "An Act to incorporate La Paix General Insurance Company of Canada", have in obedience to the order of reference of March 7, 1956, examined the said bill and now beg leave to report the same without any amendment.

The report was adopted.

THIRD READING

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

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

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

CANADIAN PACIFIC RAILWAY COMPANY—REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill V-5.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (V-5) intituled: "An Act respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries", have in obedience to the order of reference of March 7, 1956, examined the said bill and now beg leave to report the same without any amendment.

The report was adopted.

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

Hon. Mr. Hugessen: Next sitting.

INTERNAL ECONOMY

SECOND, THIRD AND FOURTH REPORTS OF COMMITTEE

Hon. W. Ross Macdonald, Chairman of the Standing Committee on Internal Economy and Contingent Accounts, presented the second, third and fourth reports of the committee.

The reports were severally read by the Clerk Assistant.

It was ordered that the said reports be taken into consideration at the next sitting.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

STATEMENT BY MINISTER OF FINANCE AT CONFERENCE

Hon. W. Ross Macdonald moved:

That the statement made by the Minister of Finance at the opening of the Federal-Provincial Conference on Friday last, March 9, be placed on the Senate records of Wednesday, March 14, 1956.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Mr. Horner: On division.

The motion was agreed to, on division.

See Appendix to today's Hansard *p. 305.*

CANADIAN BROADCASTING CORPORATION

TELEVISION PICTURES OF WORKMEN LOADING PLANES FOR SHIPMENT TO EGYPT

On the Orders of the Day:

Hon. Thomas Reid: Honourable senators, before the Orders of the Day are proceeded with I would like to direct a question to the Leader of the Senate (Hon. Mr. Macdonald). It has to do with an article which appeared in the press the other day describing how a C.B.C. television cameraman was kicked around for taking pictures of workmen loading nine Canadian Harvard training planes aboard the Dutch freighter *Wonogiri,* which sailed for Egypt shortly after.

My question is: In view of the serious situation in the Middle East, what specific purpose had the C.B.C. in mind for filming of such a controversial subject?

Hon. Mr. Macdonald: I am sure I do not know. Probably some other honourable senator may know.

Hon. Mr. Reid: It is time somebody checked them up.

Hon. Mr. Macdonald: I can take it, then, that the question is a checking up on the C.B.C. rather than an inquiry.

Hon. Mr. Reid: You can take it that way; you are quite correct.

PRIVATE BILL

WESTERN GOSPEL MISSION—THIRD READING

Hon. Arthur L. Beaubien moved the third reading of Bill F-5, an Act to incorporate the Western Gospel Mission.

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

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Aseltine, seconded by Hon. Mrs. Hodges, for the second reading of Bill I-5, an Act to amend the Exchequer Court Act.

Hon. Arthur W. Roebuck: Honourable senators, when the senator from Rosetown (Hon. Mr. Aseltine) told me in the early days of this session that he intended to introduce a bill to give to the Exchequer Court of Canada jurisdiction over divorce applications from the provinces of Newfoundland and Quebec, I felt that I must support such a measure. However, I would point out that that was an off-hand opinion. I hope my honourable friend will not feel disappointed, and certainly not annoyed, when I tell him that, having since given to the bill which he later introduced a most careful and painstaking consideration, I am not now of quite the same opinion as at the time of our interview.

So, without jumping to any final conclusions as to my attitude on the matter, let me say in my opening sentences that I agree, and very heartily, with much that the honourable senator told us in his comprehensive and masterly address upon the second reading of this bill.

I heartily concur in one of the leading propositions advanced by the honourable senator from Rosetown, that the proposed transfer of jurisdiction from Parliament to the

Exchequer Court must not and cannot be based upon any imputation that the work which is now being performed is not being well done, or that the cases which come before us from time to time for adjudication are not being conscientiously and capably heard and decided by our Standing Committee on Divorce.

The honourable senator from Vancouver South (Hon. Mr. Farris) is a lawyer of wide experience and great independence of both thought and expression. He spoke with real authority when he told us a few days ago that in his opinion the Senate Committee on Divorce is the best divorce court in Canada. With great humility, and such modesty as I can muster on such an occasion, I wish to say that I heartily agree with him. I think—not to speak in superlatives—it is as good a court as can be found in any of the provinces of Canada. I thank the honourable senator heartily for the kind statements he made with regard to my predecessor in this office, the honourable senator from Rosetown, and also with regard to myself, and for the commendation which he extended to the members—the competent and careful members—who do the work of the Divorce Committee.

I would like to think, honourable senators, that we in the Senate unanimously support this proposition—that a transfer of jurisdiction in the matter of divorce petitions from Newfoundland and Quebec to the Exchequer Court of Canada would not result in any better hearings or in any wiser adjudications than are now being had. I say I would like to think that we are unanimous on that subject; I believe we are.

Nor can it be said that the burden on the members of the Divorce Committee who hear these cases is such as to make necessary the change proposed in the bill before us. Though it is true that the number of cases has greatly increased as the years have gone by, it is my judgment that the task is not now nearly so burdensome as it was when the honourable senator from Rosetown was chairman of the committee, and very manfully—and I compliment him most heartily on his work—struggled to carry the entire burden of the docket in one committee, or with the committee divided into two sections.

The reorganization whereby the cases are heard by subcommittees has been, I submit, a great success; it has resulted in the development of a number of most competent chairmen of subcommittees, supported by equally well-informed and capable members. The subcommittees hear the evidence, make the original recommendations and report to the general committee. Points of law, precedure and so forth are frequently discussed in plenary session. The general result is a uniformity in administration, in policy and in procedure which, in my judgment, is highly commendable and very desirable.

This year the committee commenced its labours almost immediately after the opening of the session. Three committees sat simultaneously five days per week for a fortnight, at the end of which time—unfortunately, as I think—all the cases ready for adjudication had been heard. Had lawyers been ready to proceed with cases more promptly, by this time the docket would have been pretty well cleaned up. As a matter of fact, the committee has been sitting two days per week since the first two weeks and has disposed of something of the order of 200 cases. I may tell the Senate on behalf of the committee—and I am sure my colleagues will support me in this statement—that we can dispose of divorce applications as fast as the cases are brought to us by the solicitors in charge of them, and we can do so without undue strain upon ourselves.

It is, of course, reasonable to expect that as the years go by the number of these cases will increase; they may even be doubled; but I will say on behalf of the committee that if such an increase does occur, by a little reorganization we shall be equal to the task no matter how great the task may grow. The question is one of organization and management; these being attended to, we can handle just as many cases as it can be reasonably expected will come to us.

It is true, as the honourable senator from Vancouver South kindly stated, that my colleagues and I sometimes come from the hearing of a long, protracted and contested case thoroughly exhausted. I may add that not infrequently we come from a hearing disturbed and concerned because of the human factors involved in our decision. But, honourable senators, what of it?

The honourable senator from Victoria (Hon. Mrs. Hodges) mentioned the reluctance with which she listens to—I quote her words—"these sorry recitals of alleged marital infidelity." The honourable senator has a facility in making condensed and cryptic statements of that kind. I assure her that I agree with her in that statement. The long succession of tawdry stories of marital inharmony and the inelegant details of illicit sexual relations are neither elevating nor entertaining. But these are not the things that enter our minds when we listen to divorce cases. We hardly hear them from that point of view. Let it not be forgotten that the real interest of the members of the Divorce Committee lies in the plight of the poor humans who

come before us with their broken marriages and frustrated lives. Many of these poor people who appeal to us for our assistance have been deeply hurt, not just in an external way but in the inner man, if I may so express it, beneath the hide, and we do what we can to assist them. Our minds are occupied, of course, in the conduct of the trials, the application of the rules of evidence, and in the prospective decision which it is within our authority to make.

The poet Pope once said that the proper study of mankind is man; and of course he included in that the study of women, though that is a little more abstruse today than it was in Mr. Pope's day. I assure you, however, that the work of the Divorce Committee is not without its human appeal.

It is true that I frequently begrudge the time I spend on divorce work, as I would of course prefer to expend such energy and vitality as I possess on subjects of more general significance. But this is work to be done, and we on the Divorce Committee feel that so long as this duty is required of us we are prepared to perform it, and as gracefully and cheerfully as possible. Certainly, honourable senators, the relief of the members of the Divorce Committee, under all those circumstances, is no reason for the change proposed in this bill.

Let me summarize the points I have already made. Firstly, in my judgment—and I think it is concurred in by most of those who hear my voice at this moment—the proposed transfer would not improve the soundness of the hearings nor the wisdom of the decisions in these divorce cases. Secondly, the work of the committee is not unduly burdensome. Thirdly, the committee can handle these cases as they come and can expand its organization to meet the requirements of any reasonably anticipated growth. Fourthly, in my judgment the members are rendering—and once again I think you will agree with me—a necessary public service, and I can say on their behalf that they are prepared to continue giving this service so long as is necessary.

Somebody might reasonably ask me why, under these circumstances, at first blush I expressed myself as in favour of this bill. I can explain this, and I think I should do so. The honourable senator from Vancouver South has assured us that the British North America Act gives to the Parliament of Canada complete jurisdiction over both marriage and divorce excepting only the solemnizing of marriage, which is reserved by that act to the provinces. In my opinion the word "divorce" in the British North America Act includes those things which are incidental to divorce, or, as the lawyers say, ancillary to divorce. I refer to such matters as the care and custody of children, the division of common marital property, maintenance or alimony, and so forth. When these matters are associated with divorce and are consequent upon the granting of divorce, they are ancillary to divorce and come within the meaning of the word "divorce" in the British North America Act.

In my opinion, the Senate has a constitutional authority over these matters ancillary to divorce as well as over divorce itself, but we have never exercised this authority. I think the reason is plain—we have no machinery at all for carrying out judgments in such matters. It is like the difference between the old courts of common law and the courts of equity. The common law courts could give judgments in damages, but it took the courts of equity to give judgments in matters such as the care and custody of children, specific performance, and so forth. The courts of equity had all the king's horses and all the king's men, which the common law courts did not have. We are in the latter position. The general courts of our country have the machinery with which to carry out their decrees and enforce them, and we have nothing of that sort. In addition to this, the local courts of the various provinces, including Quebec and Newfoundland, have been doing this work ever since Confederation, and thus they have relieved us in this house of the necessity for doing it ourselves. Yet, honourable senators, would it not be a good thing if the whole matter of divorce, including the dissolution of marriage, the disposition, care and custody of children, the division of common marital property, the problems of maintenance and alimony, and all those things incidental or ancillary to divorce, were dealt with by one tribunal? That is how divorce is handled in the superior courts of the provinces.

Honourable senators, I felt at first blush that the Exchequer Court would have the ability, as well as the jurisdiction, to handle these broader questions that are involved in divorce, and in consequence that I should support the bill. However, on more mature consideration, I have come to the conclusion that if the transfer of jurisdiction in these matters in petitions from Quebec and Newfoundland is in fact desirable, the Exchequer Court of Canada is not the court that should receive that jurisdiction.

Let me give you some idea of what the Exchequer Court of Canada is in character, and let me indicate in the broadest terms the nature of its jurisdiction. Broadly speaking, the Exchequer Court was constituted to deal with: (1) claims against the Crown; (2) controversies between Canada and the

provinces, and between the provinces; (3) matters concerning interprovincial railways; and (4) cases relating to the dominion railways. The Exchequer Court interferes between subject and subject, generally speaking, only in such cases where patents, copyrights and trademarks are concerned. It is not a court constituted for the trial of ordinary litigation between person and person, as are the courts of the provinces.

The senator from Victoria (Hon. Mrs. Hodges) said that she favours the bill because —and I will use the honourable lady's own words, for I like to quote her—

> . . . it offers a less expensive process for those who are seeking legal rescue from marriages which have already foundered on the rocks of incompatibility.

Isn't that nicely stated? Well, if it offers a less expensive process, that is certainly an argument in its favour. But would it result in a decrease in the expense of divorce? Would the process in the Exchequer Court be any less expensive than the processes of the parliamentary committees which now handle it?

Section 3(6) of Bill I-5, which is the bill under discussion, says:

> The divorce jurisdiction conferred upon the Court shall be exercised only at the City of Ottawa.

Note the words, "only at the City of Ottawa." That is to say, the Exchequer Court, if given the jurisdiction would hear divorce cases in the City of Ottawa, just as we do now in the Senate divorce committee; in other words, the litigants in divorce, if this bill became law, would find it necessary themselves to come to the City of Ottawa, to bring their lawyers and their counsel, and their witnesses, from various places in Newfoundland or Quebec, just as at present. The change in tribunal would not, therefore, affect the expense of doing what is the major expense in any law suit, and certainly the major expense in divorce cases necessarily heard in the city of Ottawa. The bringing to Ottawa of all the persons connected with the trial—witnesses, lawyers and litigants and so forth—is, I think, the major expense involved in divorce applications to Parliament, and this proposal to transfer jurisdiction from Parliament to the Exchequer Court would not affect that expense in the least degree.

The senator from Victoria also pointed out that litigants in the courts may refer to taxing officers the lawyers' bills which they receive. May I say to her that the taxing officer goes over the bill, scales it down, or up, as he sees fit, and his certificate of a lawyer's bill is the equivalent of a judgment upon which execution may issue. That is a very ready and quick method of decision as between the litigant and his lawyer. However, unfortunately at the present moment, I am quite unable to say that the fees allowed by the taxing officer of the Exchequer Court would be any less than the fees now charged by lawyers before the Senate Committee on Divorce. I say this for two reasons. First: I have no real knowledge what the taxing officer might in the future allow. I have some little knowledge of what he allows in analogous cases, and it is not a small amount. I have very sketchy knowledge indeed as to what is now being charged by the lawyers who appear before the Senate committee. But I am certain of this, that the likelihood of reduction in the lawyer's fees as a result of a change from what now exists to the supervision of the taxing officer of the Exchequer Court is not so sure as to warrant the transfer of jurisdiction from our tribunal to that of the Exchequer Court.

It is also true, as I think someone has pointed out, that the Exchequer Court would have authority to set its own fees, just as we have done, and that those fees might be less than the $210 which is charged for a private bill. But Parliament also has the power to reduce its charges to persons seeking divorce, if it feels it is desirable to do so, and I am quite sure that were a resolution introduced in this house to reduce our charges in the ordinary run of cases considerable discussion would result.

In fact we are now reducing the amounts which the applicant for divorce has to pay, and we readily do so when the financial circumstances and conditions of the applicant justify it. At the last two sittings of the committee we reduced the fees in certain cases to $50. This amount, I may say, is perhaps even less than that which an applicant for divorce in the Exchequer Court or in any of the high courts of the provinces would have to pay. Before either of those courts a plaintiff would have disbursements for the issuing of a writ, the filing of a statement of claim and other documents, examinations for discovery and so forth, which would easily amount to $50. So if it is desirable that the fees for parliamentary divorce be reduced, we, with the consent of the other house, can readily reduce them.

Honourable senators, it is very difficult for me to say—and equally difficult for anyone to say—that the proposed transfer of divorce jurisdiction from Parliament to the Exchequer Court would result in any real reduction in costs to the applicant. After thinking this question over—and in particular the two points as to the type and purpose of the court, and the likelihood of any relief in costs to the litigants—I have come to the conclusion that if it is desirable to remove

from Parliament divorce applications from these two provinces they should be transferred to the Superior Courts in the provinces in question, and not to the Exchequer Court of Canada. This course was followed with respect to Ontario and other provinces.

If this were done, the trials would take place in the area where the parties reside, before judges used to person-to-person contests and to giving judgments on evidence as presented to them and according to law. Also, were this done, undoubtedly the travelling and other expenses of divorce hearings would be substantially reduced. But while I think that greater advantage would be gained by transfer of this divorce jurisdiction to the local Superior Courts than to the Exchequer Court, it does not necessarily follow that were this bill altered to transfer the jurisdiction to the Superior Courts I would be prepared out of hand to vote for it.

I have listened with interest to the speakers who have preceded me in this debate—with the exception of my honourable friend from Queens-Lunenburg (Hon. Mr. Kinley), whom I did not have the pleasure and advantage of hearing last evening—and able though their speeches were, they seemed to me to deal with only half of the subject. The other half, which to my mind is perhaps the more difficult part, was scarcely mentioned.

May I interrupt my remarks at this point to reminisce a little? I recall reading with pleasure many years ago a little book entitled *A Slow Train Through Arkansas.* I see around me some smiles, indicating that others too read and enjoyed the book. It was full of wit, fun and wisecracks. It contained a quip about an ambitious town in the west, through which the railway ran without stopping, as did most trains. One bit of humour comes to mind about a conversation between a lady passenger and the conductor. Said the lady passenger: "Can't you go faster than this?" The conductor replied: "Why certainly, madam, I can go faster, but I don't want to get ahead of my thain."

In matters of legislation, as in railroading, it is very important that we do not "get ahead of our train".

There may be advantages in the transfer of divorce jurisdiction from Parliament to the courts, but, honourable senators, I have still to hear any demand for it from the provinces most intimately concerned. On the other hand, there has been most definite and long-standing objection from the province of Quebec to such a proposition.

I am no authority on why the leaders, religious and otherwise, in the province of Quebec are so definitely opposed to the establishment of a divorce court. They may be wrong in their stand, but who are we to presume that we know more about what is good for them than they know themselves, or, having determined what is good for them, that we should force it upon them? There are suggestions that the leaders of Quebec's public opinion are illogical in their objections. Perhaps they are, but who am I to set myself up as one wiser than they in their own affairs? Moreover, honourable senators, logic is not the last word in human affairs. Consistency has been called by someone in the past the bane of small minds. The great Lord Halsbury, the editor of the *Encyclopedia of the Laws of England,* is quoted as saying that some lawyers make the mistake of thinking the law is logical. It is not. The law is as you find it. And I may conclude this bit of philosophizing by saying that human thought is much too complex to be measured by a slide rule.

If I may reminisce again about things I have read: A. A. Milne, the writer of delightful child verses, who died just recently, tells us of the king who merely wanted a little bit of butter for his bread and who resisted manfully the efforts of his household to substitute a little bit of marmalade instead, notwithstanding that his household urged upon him that the marmalade was tasty if very thickly spread. Well, like the king in Milne's story, most of us want what we want when we want it; we are not going to have our wants channelled in the likes and dislikes of others; we are going to have what we want, whether it be logical or illogical or whatnot. And for some reason satisfactory to itself, though perhaps obscure to some of the rest of us, the province of Quebec does not now want and has not in the past wanted a divorce court.

Hon. Mr. Euler: May I ask the honourable gentleman a question? Does he think that the minority in the province of Quebec should have the same rights as the people of the other provinces?

Hon. Mr. Roebuck: I will discuss minorities in a moment, if the honourable senator will permit me. I was just now saying that for reasons satisfactory to itself the province of Quebec does not now want and has not in the past wanted a divorce court. And are we, the members of this chamber, to force one upon that province, even if we think it would be for its own good?

All my life long I have espoused the cause of minorities; it just seems natural for me to be on the side of the underdog; and I submit that while I have few other qualifications, this is sufficient for a senator, to be on the side of the underdog and in support of minorities.

Now, as my honourable friend has just indicated, majorities have their rights. We

in this country rule by the word and power of the majority, but so too have minorities their rights, and I say to you that in any well-governed country the majority carefully refrains from the exercise of arbitrary power over the minority, to the very extent that it is possible to do so and still carry on. Both have their rights. The rights of the majority, of course, are superior to those of a minority, but wise governments and wise people will be very slow indeed in arbitrarily exercising rights to which a minority strongly objects.

The prime purpose of the Senate when it was constituted by the British North America Act in 1867 was the protection of minorities—protection of minorities in their rights and in their freedoms. I might go a little further than that and say protection in even their legal whims—yes, even in their prejudices. And in the past the province of Quebec has felt secure in the minority position which it holds in Confederation because it has relied upon the Senate to protect it against the arbitrary rule of a majority. And may I point out to my fellow members of this house that during all these troubled years—troubled for the Senate since 1867—the Senate's best friend has been the province of Quebec.

Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: And shall we now, honourable senators, at long last forget the role in which we were cast in Confederation and indulge in what the province of Quebec will certainly consider arbitrary legislation? To do so would, in my judgment and in my submission to you, be to reverse almost everything good for which we in this chamber stand. Are we to sacrifice now at this long last, after 80 or 90 years of experience, the esteem, the friendship, the regard and the confidence of large sections of the people of Quebec for the supposed advantage of a mere procedural measure? I think not.

Somebody might say to me, "Did you not support the Divorce and Matrimonial Causes Bill last session?" I did. But observe this, honourable senators, that the two provinces affected by the bill before us were specifically exempted from the bill of last session. That bill applied only to those provinces which had divorce courts. Moreover, there was certainly a demand, according to my judgment, from a large number of people in those provinces, for the substantive changes provided in last session's bill, whereas there is no manifestation of any desire for the bill now before us. Finally, the bill of last year affected the substantive law of divorce, and I felt it my duty to those who might be affected by the law of divorce to vote for that bill. But how utterly different is this.

This bill would have no effect upon the law of divorce, but only divorce procedure. And there is no demand for the bill from the two provinces which would be affected by it.

So I say to the senator from Rosetown (Hon. Mr. Aseltine) and to other kind senators of this chamber who agree with him, let us be patient. If there is a general, material advantage in the change of procedure outlined in this bill, or some other such change of procedure, can we not rely upon the good sense of the province of Quebec not only to tolerate it, in time, but actually to come here and ask for it? If it is worthwhile and does not meet with the objections to which the people affected are wedded, will they not in due season come here and request it? And would that not be the time for us to act, rather than prematurely forcing something upon them which they do not desire? Is not the little suggestion that I took the liberty of making—Let us not get ahead of our train—applicable here?

And so, honourable senators, after the most careful consideration that is within my power, and with some regrets that I could not go along with the sponsor of this bill—who has undoubtedly performed a useful service in bringing this measure before this house—with some regrets but with perfect confidence now, so far as I am concerned, in the soundness of my position, I feel that I must vote "no" to this bill.

Hon. Senators: Hear, hear.

Hon. John J. Connolly: Honourable senators, I think I should say in the first place that if the honourable gentleman who introduced this bill (Hon. Mr. Aseltine) wanted to find a good reason why it should have been introduced, the speech which has just been made would probably justify everything that he has done. It is, I feel, one of the most remarkable speeches that we have heard in this chamber for a long time; and in my opinion the same description applies to the other speeches, including that of the sponsor of the bill, which have been made in the course of this debate.

It seems to me that the introduction of the bill raises, as the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has said, a fundamental question for this chamber. But that question is not, in my opinion, the question of divorce. It is inevitable, of course, that divorce enter into the discussion. But whether honourable senators are for divorce or against it, two entirely different considerations must, I think, ultimately determine this issue, and—again like the honourable senator from Toronto-Trinity—as I see these considerations they are, first, the question of

civil rights within a province; and second, the position of a minority before this chamber and before Parliament. If this view is right, and I shall submit that it is, it becomes important for the Senate, because of its special position in our parliamentary organization, to give that aspect of the problem special and serious consideration.

The avowed purpose of the bill, in its practical result, is to end parliamentary divorce in Canada, and to substitute for it a limited divorce jurisdiction in a federal court, the Exchequer Court of Canada. If the bill should pass, the judicial function now exercised by our Standing Committee on Divorce would practically disappear. This may be a good thing, but it is not, I think, the important matter in this issue.

I do not propose to discuss this measure particularly from the point of view of the province of Newfoundland, although some of the things which I say may bear upon the situation in that province. Most of our divorce applications come from Quebec, and I intend to direct my remarks primarily to the situation in respect of that province.

I, of course, am a senator not from Quebec but from Ontario, and I am a member of the bar of Ontario. But perhaps I may be justified in speaking upon this aspect of this problem because my early training in law was obtained in a law school of Quebec, and I retain my membership in the bar of that province. I would not have any honourable senator suppose for a moment that I am an authority on the law of the province of Quebec, but perhaps, because of this training, I have some competence in that field.

It is not suggested in the bill that some provincial court should be clothed with authority to assume divorce jurisdiction, as was done in the case of Ontario when, in 1930, Parliament passed a Divorce Act for that province. No doubt a federal court was selected in this instance because the provincial law of Quebec does not recognize divorce. Accordingly, the transfer of a power now exercised by Parliament to a provincial court in Quebec would raise thorny and difficult legal problems. I think it can be assumed also that there is little prospect of Quebec law being changed in a way which would acknowledge divorce. It therefore appears reasonable to assume that the change contemplated in this bill is proposed to be made without any request or consent on the part of the authorities or of the people of Quebec, but unilaterally by the federal Parliament. Thereafter the hearing and determination of petitions for divorce from residents of Quebec would be transferred from Parliament to the Exchequer Court, which for the handling of divorce cases would sit only at Ottawa.

The first question which arises in my mind—and it arose also in the mind of the honourable senator from Vancouver South (Hon. Mr. Farris)—is this: Has Parliament the authority to pass this bill? Has it the authority to pass it without the consent of the province concerned, and, perhaps, even in the face of opposition from either Quebec or Newfoundland?

Section 91 of the British North America Act of 1867 reads in part as follows:

> . . . it is hereby declared that . . . the exclusive Legislative Authority of the Parliament of Canada extends to all Matters coming within the Classes of Subjects next hereinafter enumerated;

Then follows subsection 26:

> Marriage and Divorce.

From this portion of the legislation it will be clear that, in the literal meaning of the statute, the power to pass this bill is vested in the Parliament of Canada; and I would think that if the bill were passed, and if later its validity were questioned in the courts, and assuming that the courts applied the ordinary and normal rules for the interpretation of statutes, the legislation would be held to be valid. In this conclusion I concur not only with the honourable gentleman from Vancouver South, but as well with the honourable gentleman from Toronto-Trinity, and I say at once that to agree with them on a proposition of this kind is like being against sin: you cannot be wrong.

It is true, of course, that under subsection 13 of section 92 of the British North America Act general legislative jurisdiction is vested in the provincial legislature for matters touching property and civil rights in a province. It will be acknowledged that divorce, which so basically affects the social organization in a community, is in the field of "civil rights", as these words are generally understood. In other words, the manner of handling divorce is a function of the civil law. But at the time of Confederation the legislative jurisdiction in matters of divorce was not conferred upon the provincial authority but was explicitly conferred upon the federal Parliament. In other words, the subject-matter of divorce was lifted by the Imperial Parliament out of the general body of powers given to provincial legislatures in matters of civil rights, and was deposited among the powers over which the federal authority would exercise exclusive jurisdiction.

Let me put it in another way. In 1930, when Parliament passed the Divorce Act (Ontario), the federal authority did not relinquish to that province its power to legislate upon divorce. Rather, that act declared that the divorce law which would run in Ontario thenceforth would be the law of England as

of a certain date. From this declaration it followed that in Ontario thereafter, for the administration of justice in matters of divorce, resort could be had to the courts of Ontario. The validity of that act has not been successfully questioned. I doubt if it could be successfully questioned, and I think the same could be said of this bill if it becomes effective. Perhaps I should add that pursuant to the authority vested in Ontario in 1930, that province proceeded in 1931 to enact the Matrimonial Causes Act. This Ontario legislation deals with such matters as maintenance, alimony, custody, and the settlement of property rights between the consorts. There are no such provisions made by the bill now before the Senate, and so it can be assumed that jurisdiction over these matters—which and perhaps here I disagree slightly with the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck), I think are matters of property and civil rights within the province —should remain in the courts of the provinces to which this bill applies.

Hon. Mr. Reid: Would the honourable senator permit me to interrupt to ask a question? I am not familiar with the history of the establishment of the Senate Divorce Committee, but I take it that the committee was set up for the benefit of certain minorities. Were the people of Quebec consulted when the Senate undertook to handle divorce petitions?

Hon. Mr. Connolly: Would the honourable gentleman allow me to continue with my remarks? I had proposed to discuss that very problem later on, and if I do not do so to his satisfaction perhaps he would ask a further question at that time.

Honourable senators, while the competence of Parliament to pass this bill is important, I do say it is not the only factor to be considered. It may be of value to touch upon some aspects of the history of divorce applications in England as we consider this bill. For centuries in England the ecclesiastical courts exercised jurisdiction in matrimonial matters. Divorce, as we know it, was not granted by those courts. But Parliament in Britain, which is a unitary state, is, of course, omnicompetent. While the British Parliament did not in the early days set up courts with a divorce jurisdiction, that Parliament could and did pass special bills dissolving marriages. And those special acts of Parliament issuing from the highest legislative authority in England were, before the law of that country, valid divorces. This was the practice in England for 150 years from the time of the early 1700's. Divorce applications were made to Parliament; but by 1857, as the demand for divorce grew, the jurisdiction to hear divorce petitions was removed from Parliament to the courts, and there it has remained. That was done in 1857, just ten years before Canada's Confederation.

In Canada, between 1840 and 1867, what is now Ontario and Quebec were governed under the provisions of the Act of Union of 1840. There was a single legislature with an Upper and a Lower House. There were no divorce courts and the parliamentary practice in use in England until 1857 was used in Canada for divorce matters. The approach of the members of the legislature of that time to bills of divorce was the same as that which obtains in the Parliament of Canada today. The Roman Catholic members voted against the bills, but there was a sufficient number of favourable votes to enable the bills to pass.

During the discussions which led to Confederation, the question of handling divorce became important. Under Confederation Canada was to have a federal scheme of organization. Under this federal scheme jurisdiction in matters of property and civil rights was to be one of the principal powers of the provincial authority. If some special treatment had not been given to the question of divorce, the subject-matter of divorce would have fallen into the general category of powers described as "civil rights". The provincial legislature would have had control of such matters.

If this had been done it might not have raised a problem in three of the four original provinces—Ontario, New Brunswick and Nova Scotia. But it did raise a problem in Quebec, and perhaps not so much because of the Catholic majority as because of the minority who were not Catholics.

The plan of Confederation proposed to set up provincial legislatures for each of the provinces. It was a foregone conclusion that the vast majority in the Quebec Legislature would be Catholics. Their practice had been to vote against divorce bills. If, then, jurisdiction in respect of divorce became a prerogative of the provincial power, the minority in Quebec who were not Catholics, it was assumed, would have been precluded from obtaining parliamentary divorce from the Quebec Legislature. It goes without saying also that it was not to be expected that the law of Quebec would be changed after Confederation to enable the courts of Quebec to grant divorce. It became apparent that unless something were done to subtract divorce from the provincial powers over civil rights, which were proposed to be given to the provinces, no resident of Quebec could have divorce.

In the circumstances the solution proposed was that divorce jurisdiction should reside

in the federal authority. That is why it is here now. Thus the parliamentary practice which prevailed in England until 1857, and in Canada since 1840 and before, could be continued. This was the solution adopted.

I would think that, viewed in the perspective of the years, the Quebec representatives in the Confederation discussions should be commended for this decision. They recognized that an injustice would have been inflicted upon a Quebec minority if they had acted otherwise, and they acted to prevent that injustice. The Confederation debates contain many passages which bear this out.

Edouard Remillard, the member for Bellechasse in the Union Parliament, declared himself in this way:

> It would have been an act of injustice to endeavour to force our opinions on this subject (divorce) on the English and Protestant population of Lower Canada; and if an attempt had been made to do so, Confederation would have probably failed, because the majority of the members of the conference would have maintained their claims and this would have been sufficient to prevent confederation . . . Our public men have made a compromise.

John Scoble, the representative from Elgin West in Upper Canada, made this plea:

> Protestants at large regard marriage as a civil contract only and consequently dissoluble on cause shown.

I do not necessarily say that is right, but I am quoting.

> This view ought not to be offensive to the judgment or the conscience of our Catholic friends for it will not and cannot interfere in the slightest degree either with the form or the continuity of their marriages; and surely they will grant to us, the non-Catholic section of the province, that liberty of conscience in this matter which they claim to enjoy themselves . . . I rely rather on the good sense and good feeling of Catholics themselves, and above all, on the religious liberty secured to us in this province.

It is obvious from these extracts, and from others which could be cited, that the representatives in the Assembly at the time of Confederation were anxious not to deprive a religious minority in Quebec of a right to which they felt themselves entitled and which might have been denied them if jurisdiction in matters of divorce were to be vested in the local legislature. However, there were some fears expressed in many quarters.

A. A. Dorion, from Hochelaga, said:

> But suppose that the federal Parliament were to enact that there should be divorce courts in each section of the province . . . and who is to prevent the federal legislature from establishing a tribunal of this kind in Lower Canada if they are established elsewhere . . . The explanation of the Solicitor General does not in the least prove that the federal Parliament had not the power to establish divorce courts in all the provinces.

Felix Geoffrion, a member of the Assembly from Vercheres, said this:

> We are told that our institutions and our civil laws will be fully protected, and that . . . our civil laws (are) placed beyond its—

That is, the federal Parliament's—

> reach. If this provision relating to marriage and divorce be adopted what will be the effect upon our civil laws?

While the French Canadians of that time were willing, in the interests of fairness to a religious minority within their province, to surrender to the federal authority some of the power over civil rights, they were anxious also to preserve the principles of their civil law. Under the laws of their church, as well as under their civil law, divorce was prohibited. They were concerned lest there should be any encroachment upon this position.

It had not been easy for them to preserve the integrity of their laws and customs. They thought of them when they were under the British guns at Quebec in 1759, and in the Articles of Capitulation of that city the victors promised the people the right to the exercise of their Catholic religion. The promise was repeated in the terms of the Capitulation of Montreal the following year. The same guarantees were contained among the terms of the Treaty of Paris between France and England in 1763.

In 1774 the Imperial Parliament passed the Quebec Act. Again the guarantee of freedom for the exercise of the Roman Catholic religion was invoked; and it should not be forgotten that this concession was made over half a century before Catholic emancipation became law in England. But the Quebec Act contained more. It provided also that in matters relating to property and civil rights in French-speaking Canada, the law of Canada as it existed at the time of the cession should prevail. This law was based upon what is known as *La Coutume de Paris*—the customary law of Paris in the form in which it had been in force in Canada in 1759. This was an amazing and a prophetic provision. It was unprecedented, so far as I have been able to ascertain, in the history of British colonial affairs. Here, and here alone, within the Empire, were the British recognizing the validity of laws other than their own. By this legislation Britain acknowledged that customs, a language and a religion foreign to those which prevailed in Britain, might prevail in one part of the King's dominions. It was an act of magnanimity on the part of Britain. It was a recognition of a basic minority claim.

Perhaps it might be as well to say that the man who carried much of the burden for that enactment was General Guy Carleton, later

Lord Dorchester. And wherever minority rights are respected his name will be revered. It was he who recommended the legislation after four years as Governor at Quebec. It was he who faced Burke and Fox and Lord North in the committee of the British House of Commons and defended the legislation successfully. Examination at the hands of such distinguished parliamentarians and constitutionalists could have been no easy task for a soldier. We do not often remember that the Ontario county in which this capital city is located is called for him, the County of Carleton. Perhaps this should serve as a reminder of the respect that should always prevail in this county and city, and in this Parliament, for the position of the many minorities of which Canada is composed.

It was part of the law of Canada in 1759 that marriage was indissoluble during the lifetime of the consorts. This was the Church law and it was the law of the State, and the British Parliament decreed in 1774 that both were to be preserved. The same principle is embodied in article 185 of the Quebec Civil Code today. This article reads as follows:

> Marriage can only be dissolved by the natural death of one of the parties, while both live it is indissoluble.

That provision is based upon *La Coutume de Paris,* just as the Code is based upon *La Coutume de Paris,* and not, as misunderstood in many quarters, upon the *Code Napoleon.*

It may be argued that parliamentary divorce today in fact frustrates that provision of the Quebec Code. It may be argued that this bill will simply change the place where divorce petitions are to be heard and determined. It could be argued that Quebec cannot be heard to object now, because in 1865 its rights to legislate in this branch of the field of civil rights were surrendered. In a court of law such argument would be valid. But in dealing with the customs and the desires of a people, are we in the Parliament to apply only the cold rules for the interpretation of statutes when we are to decide what is to be done? Are we to consider only convenience or efficiency as we handle the hopes and aspirations of some of our own people?

It seems to me that if the problem is viewed in its historical prospective, it was not in contemplation in 1865, when the compromise was made in the interests of a religious minority within Quebec, that a federal court or any court should be empowered to adjudicate in a manner completely at variance with article 185. It may be that the granting of parliamentary bills of divorce to residents of Quebec does in fact subtract from the integrity of the French law of 1759. But there is some logic if you say that each such bill is but an exception to the general rule. And it occurs to me, at least, that you go much farther along the road—do you not really abrogate the Quebec law of the indissolubility of marriages?—if you establish a court, the rule of which overrides the rule contained in article 185.

Now, I know that 400 exceptions per year begin to weaken the rule. However, 400 exceptions a year viewed against the marriage rate of the province and against its population, may still be the exceptional situation. No doubt—and I think honourable senators will agree—if the jurisdiction were transferred from Parliament to the court there would be a great many more exceptions than obtain through parliamentary divorce.

The honourable gentleman from Vancouver South (Hon. Mr. Farris) suggested that discretionary power be vested in the court. That suggestion is, I think, a helpful one. I have discussed the matter briefly with him in an informal way. However, I wonder whether the vesting of a purely discretionary power in the court would not ultimately be exercised as if it were a mandatory power. I believe that, as time went on, the question of whether it was mandatory or discretionary would in practice make very little difference.

This bill proposes that the Exchequer Court in its hearing of divorces from the two provinces concerned should sit only in Ottawa. But who is to say that at some later date it might not be empowered to sit for that purpose elsewhere? Fears were expressed at the time of Confederation that courts which could override the Quebec law might be established. From what I have been able to learn, such a court as this was not wanted then and is not wanted now. The preservation of the integrity of the civil laws of Quebec has been close to the hearts of the people of Quebec from its earliest days. I do not propose to embark upon an explanation of the reason for that situation: I desire only to draw to the attention of the Senate the suggestion that to pass this bill might infringe upon a provincial claim, upon a minority claim; it might unilaterally violate a compromise; and perhaps considerable regard should be had for the views of those who were necessary parties to the agreement when it was made, in 1865.

As the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has said, if this is the issue we in the Senate have a very special function to perform. When Sir John Macdonald discussed the function of our Upper House at the time of Confederation, he said this:

> In order to protect local interests . . . it was found requisite that the three great divisions into which British North America is separated should be represented in the Upper House on the principle of equality.

And later, he said:

> To the Upper House is to be confided the protection of sectional interests.

And in another place, he said:

> We will enjoy here the great test of constitutional freedom—we will have the rights of minorities respected. In all countries the rights of majorities take care of themselves, but it is only in countries like England, enjoying constitutional liberty, . . . that the rights of minorities are regarded.

The Earl of Carnarvon, who had the carriage of the British North America Act in the House of Lords in 1867, when discussing the Senate had this to say:

> The fundamental principle upon which the Senate is constructed is the representation and promotion of sectional interests. The principle upon which the House of Commons is founded is that of representation in accordance with population.

Macdonald and the other Fathers of Confederation not only hoped for the respect of minority rights, but they conceived this interest as a special responsibility of the Senate.

Honourable senators, there is one more point upon which I should like to touch briefly. It is said that the hearing of applications for divorce is not a proper function of a legislative body, and that a judicial function like the one discharged by our divorce committee should be severely separated from the legislative power. This principle was recognized when the Constitution of the United States was drawn. But it is not necessarily a proper view to apply to the institution of parliament as we know it.

The Right Honourable Arthur Meighen used to refer often to "the High Court of Parliament", and for this description he has a great body of valid precedent to support him. Parliament originally was a court, and exercised a judicial function. Sir John Macdonald said of the proposed Constitution:

> It was in the main formed on the model of the Constitution of Great Britain, adapted to the circumstances of a new country . . . I am strongly of the belief that we have in a great measure avoided in this system which we proposed for the adoption of the people of Canada, the difficulties which time and events have shown to exist in the American Constitution.

In many respects the Canadian Senate was patterned as to constitution and functions upon the House of Lords. Indeed, Lord Carnarvon, in the same speech to which I have referred, said of the House of Lords, "This House is generally assumed to be the model for the Canadian Upper House." As honourable senators know, the House of Lords exercises a most important appellate jurisdiction in the United Kingdom. It is the final court of appeal in that country, and in the British judicial organization it occupies the same position as the Supreme Court of Canada occupies in our Canadian system. While most members of the House of Lords are hereditary Peers, the Government of the day is entitled to the appointment of nine Lords of Appeal in Ordinary to assist the House of Lords to discharge its judicial function. These men are created Barons for life and they are paid an indemnity of £9,000 per annum, even though other peers receive no indemnity. The Law Lords sit under the chairmanship of the Lord Chancellor, who is as well their Speaker and head of the judiciary of the country. Although there are more than 850 members in the Lords, the quorum for that body is three.

The reason for this quorum is: until most recently each morning of the week the House sits at 10.30 for judicial business. When it assembles, the mace is brought in and prayers are said before the doors are opened. Thereafter the Lord Chancellor leaves the Woolsack and sits near the bar before which counsel appear. The other Lords of Appeal sit on the front benches on either side of him. The house functions as a court until about four o'clock in the afternoon, when the regular session begins.

The judicial business of the House of Lords is not delayed during the time Parliament is in recess after prorogation, because by an order of the House the Law Lords are empowered to continue to sit, and even after dissolution the Crown can and does authorize the Law Lords to sit.

When the judgment of the house on a case at the bar is delivered, the Lord Chancellor reads his speech to the house and the other Law Lords do likewise, in order of precedence. The Chancellor then takes up his position on the Woolsack and puts the question, which is resolved either for or against the appellant, as the majority decision determines. Only the Law Lords participate in that part of discussion in the house.

I may interject here that since 1947 the argument of appeals has been transferred to a committee. This was done to facilitate hearings when the Palace of Westminster was being rebuilt after the war damage. However, the house itself is the forum in which the speeches of judgment are given and in which the decision is rendered.

This recital of the judicial procedure in the House of Lords is not new to any member of the Senate of Canada. I mention it only to point up the fact that the Second Chamber in the Parliament of the United Kingdom—the chamber upon which the constitution and functioning of this Senate had been modelled—does discharge a judicial function and works under an elaborate but practical procedure to enable it to do so. And I think from

this it can be inferred that the discharge of a judicial function is not foreign to a parliamentary body.

Now, honourable senators, I would like to relate this discussion to the functioning of the Standing Committee of the Senate on Divorce. Last year I was criticized, but mildly, for arguing against the bill to extend the grounds for divorce, but at the same time commending the work of the members of the Divorce Committee. I make no apology for the view which I then expressed. In spite of unfounded and ill-informed criticism outside this chamber, and to which the honourable member from Vancouver South spoke so well the other night, it is my view that the Senate Committee on Divorce operates in the highest and best traditions of our judicial organization in Canada. The work is tedious, the work is exhausting, just as it is for the members of the courts which exercise jurisdiction in this field in some of our provinces. The committee now has and has had as its chairman eminent counsel learned in the law, and many of its members have been distinguished members of the legal profession. In addition, honourable senators who are not lawyers serve upon the Divorce Committee with a knowledge and an experience of the judicial processes in respect of these causes no less complete than that of their legal colleagues. The chairman and members of the committee perform a service to this house, to Parliament and to Canada, which is incalculable. I wonder if enough people think of the contribution which honourable members have made to national unity, because in a loyal way through many years they have carried out the spirit of the Confederation agreements in respect of divorce.

For the various reasons that I have assigned, honourable senators, I shall not be able to support this measure.

Hon. Senators: Hear, hear.

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

PRIVATE BILL

CANADIAN PROVINCIAL INSURANCE COMPANY —ORDER FOR SECOND READING STANDS

On the Order:

Second reading of Bill R-6, intituled: "An Act to incorporate the Canadian Provincial Insurance Company."—(Hon. Senator Bouffard).

Hon. Mr. Bouffard: Honourable senators, may I propose that second reading of this bill stand until the first sitting after the Easter recess?

Hon. Senators: Agreed.

The Hon. the Speaker: The order stands.

CRIMINAL LAW

JOINT COMMITTEE ON CERTAIN QUESTIONS —SENATE MEMBERS

The Senate proceeded to consideration of a message from the House of Commons regarding the appointing of a joint committee of both houses of Parliament to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries should be amended in any respect and, if so, in what manner and to what extent.

Hon. W. Ross Macdonald moved, with leave:

That the Senate do unite with the House of Commons in the appointment of a joint committee of both Houses of Parliament to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries, should be amended in any respect and, if so, in what manner and to what extent;

That the following senators be appointed to act on behalf of the Senate on the said joint committee, namely, the Honourable Senators Aseltine, Bouffard, Farris, Fergusson, Hayden, Hodges, McDonald, Roebuck, Veniot and Vien;

That the committee have power to appoint, from among their members, such subcommittees as may be deemed advisable or necessary; to call for persons, papers and records; to sit during sittings and adjournments of the Senate and to report from time to time;

That the minutes of the proceedings and the evidence of the special committees appointed at the last two sessions to inquire into and report upon the foregoing questions, together with all papers and records laid before them be referred to the said committee;

That the committee have power to print such papers and evidence from day to day as may be ordered by the committee for the use of the committee and of Parliament and that Rule 100 of the Senate be suspended in relation thereto;

That the committee have power to engage the services of counsel;

That a message be sent to the House of Commons to inform that house accordingly.

Hon. Mr. Reid: May I direct a question to the honourable Leader as to whether this committee intends to complete its findings at this session? It has already been functioning for two sessions, and I am wondering how long it can carry on. Perhaps there are too many lawyers on it to arrive at early findings.

Hon. Mr. Haig: Or not enough lawyers.

Hon. Mr. Macdonald: Honourable senators, I am sorry but I am not a member of that committee. No doubt the committee will conclude its work as soon as it feels it has investigated the question thoroughly.

Hon. Mr. Aseltine: I think I can give the honourable senator the information: At the end of last session all of the evidence had been taken, and in the interval an index was being prepared. That has been finished, and

I understand that all that has to be done now is the writing of the report.

Hon. Mr. Hayden: The committee has to agree on it first.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill S-6, an Act for the relief of Mary Valerie Dorothy Johnston Bromwich.

Bill T-6, an Act for the relief of Dorothy Joanne Campbell Mockeridge.

Bill U-6, an Act for the relief of Edna Gertrude Neil Fry.

Bill V-6, an Act for the relief of Madeleine Tremblay St. Jean.

Bill W-6, an Act for the relief of Stephen Harvan.

Bill X-6, an Act for the relief of Charles Lanny Catto.

Bill Y-6, an Act for the relief of Simonne Trottier Breard.

Bill Z-6, an Act for the relief of Mary Murray Snook.

Bill A-7, an Act for the relief of Ruth Katie Brigden Battersby.

Bill B-7, an Act for the relief of Marie Dicerni Arcieri.

Bill C-7, an Act for the relief of Laurence Turgeon, otherwise known as Laurent Turgeon.

Bill D-7, an Act for the relief of Barbara Allen Deslauriers.

Bill E-7, an Act for the relief of Henri Xavier Eugene Bernard.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See pp. 279-81, 292)

STATEMENT MADE BY THE MINISTER OF FINANCE AT THE OPENING OF THE FEDERAL-PROVINCIAL CONFERENCE OF MARCH 9, 1956

At our October meeting the federal Government put forward certain suggestions in broad outline. These were discussed quite fully at that time and later both in conversations and correspondence. They were then developed into definite proposals in the Prime Minister's letters of January 6 and February 18. We have circulated a statistical paper to indicate how these proposals would operate in the first year of the proposed arrangements, that is, in the fiscal year ending March 31, 1958. No one can foretell accurately either the level or the provincial distribution of population, incomes and profits one or two years hence, but we believe that the assumptions on which this table is based are reasonable.

Last October I suggested three principles or objectives that we ought to have in mind—

(a) to assure as far as possible, to both the federal and provincial Governments, access to revenues consistent with their responsibilities;

(b) to develop and maintain fiscal arrangements that will contribute to high and stable levels of employment and that will tend to moderate rather than exaggerate the ups and downs in economic activity;

(c) to promote simplicity, economy and equity in the tax system as a whole and in the machinery of tax collection.

The system of tax rental agreements, which is about to enter its tenth and final year, went a long way toward meeting these objectives, but experience has shown that it has not succeeded in meeting all the considerations to which the members of this Conference attach importance. The proposals now before you are designed to reconcile as much as possible the various views represented around this table.

These proposals go just as far as we can go at this time in providing fiscal need grants and in reducing the extent to which we are occupying certain tax fields. On the assumptions we have made, our proposal will make available to the provincial Governments $640 million in the first year of the new arrangements. This is $108 million or 20 per cent more than would be available to them if the present tax rental agreements were renewed and all the provinces took full advantage of them. The $640 million is made up of:—

(a) Unconditional equalization grants	$152 million
(b) Revenues from the personal income, corporation and succession duty fields, either by rental agreements or collection agreements, or by direct provincial imposition and collection without any extra burden on the taxpayer	465 "
(c) Removal of the tax on insurance premiums from the definition of special corporation taxes	23 "
	$640 million

We believe that revenues of these magnitudes from these tax fields are consistent with the actual responsibilities at this time and what seems likely to develop in the next five years. Any province that considers that it requires larger (or smaller) revenues from these tax fields is, of course, entirely free to impose and collect whatever rates it deems proper; but if a provincial rate exceeds the standard rate it will not entitle the taxpayer to any additional credit or rebate from the federal treasury.

On our side, we cannot at this time make any further material concessions that would adversely affect our revenues. Defence expenditures have been stabilized in the past year or two at a high level (nearly $1,800,000,000). We can hope that they will not go higher, but we cannot be sure; neither is it wholly within our control, that they may not have to go up again quite sharply. Many of you will have noticed that defence estimates in both the United Kingdom and the United States have gone up this year.

During the past 15 years, with the consent, often at the urging of provincial Governments, we have taken on very large new classes of expenditures in the field of social welfare—unemployment insurance, family allowances, old age pensions and assistance, and other

measures—which this year are costing the federal treasury not far short of $900 million, and are normally growing at a rate which will bring them over one billion dollars within five years. During the past year our total disbursement in these fields (including unemployment insurance benefits) was in fact over one billion dollars. All these payments have contributed to the maintenance of levels of income which have undoubtedly relieved the provincial Governments of a great load of welfare claims that would otherwise have been pressed upon them and their municipalities. They have also had important beneficial effects on provincial revenues from all forms of taxation. They have been good and constructive expenditures, but their bearing upon the balance of revenues and responsibilities must not be overlooked.

Since we met last April the federal Government has undertaken, subject to negotiated conditions, to assume costs in relation to unemployment assistance which in a year like 1954-55 would amount to about $25 million. We have also agreed in principle to assume additional costs of about $180 million a year in the field of health insurance. Now we are proposing arrangements which in the first year of operation and on the assumptions we have made will benefit provincial government treasuries by $108 million over and above the amounts already available to them under the tax rental agreement system. This, I assure you, is the practical limit of our capacity in these fields and at this time, having regard to all our other responsibilities, some of which, as in defence, are, in the last analysis, unlimited.

Our proposed stabilization payments are designed to give to the provincial Governments an assurance of relative stability in these three tax fields. In effect we are offering every province unconditionally a guarantee that its annual revenues from equalization payments plus the yield or rental of the standard taxes will not fall below the higher of (a) its per capita rental available in 1956-57 multiplied by the current population, or (b) 90 per cent of its average actual revenues from equalization and stabilization payments and standard tax yields in the two preceding years. This is an offer of an unconditional floor in these tax fields, and a floor that keeps rising with our expanding ecenomy. In the table before you, only Prince Edward Island and British Columbia benefit from this guaranteed minimum in 1957-58. We can all hope that the steady growth of our country is such that the floor will not often come into operation; but the insurance policy is none the less there.

The responsibility of promoting simplicity and economy in the whole field of taxation belongs to all levels of government. As a federal contribution to this objective we are offering two alternatives—tax rental agreements and tax collection agreements.

We are prepared to offer each province a tax rental agreement covering all or any of these three tax fields for the five year period April 1, 1957 to March 31, 1962. The rental to be paid to the province will be the estimated total tax liability of taxpayers in that province at the standard rates of tax. The renting province need pass no taxing statute and will incur no administrative costs. It will, however, be bound for five years.

Alternatively, in the case of a provincial government having enacted and undertaken to maintain a taxing statute that in the opinion of the federal Government does not differ from time to time in any material respect from the comparable federal statute and imposes the standard rates, the federal Government is prepared to enter into an agreement to collect the tax for the provincial Government. The federal Government would remit periodically to the provincial Government the amounts collected less a fee to cover the cost of collection. The fee we have in mind is 2 per cent of the amounts collected, providing the accounting procedures can be kept reasonably simple. A collection agreement would have to be for a period of, say, three years; or if for two years the fee would probably have to be 3 per cent. The cost of redesigning our collection machinery would not jutsify entering into agreements on a one-year basis. Notice to extend or terminate a collection agreement would have to be given not later than about the last day of April preceding the year to be affected.

While there seems to have been a general acceptance of the principle of equalization, there is, I realize, some conflict of views on the manner in which it has been applied. Some provinces with very substantial taxable capacity feel that their responsibilities are such that they should be accorded still more room in these tax fields. Other provinces, where taxable capacity is below the average, press for still larger equalization or fiscal need grants. The federal Government is squeezed between these conflicting views.

If we were to raise the standard rates and lower the level up to which we equalize, we would find it impossible, except at a quite unacceptable cost to the federal treasury, to establish a formula which would not reduce the payments to most of the provinces to amounts below those available under the current rental agreements. It has been suggested that we should meet this by supplementary grants on a straight fiscal need basis.

While I would like to come as close to meeting all points of view as possible, I do not believe that experience with fiscal need payments, based on a sort of periodic means test, has been such as to encourage us to use them when the more objective approach that we have adopted is available to us.

Other ideas have been put forward and I assure you that they have all been given careful consideration. The co-operative use of these tax fields and the elimination of conditional grants have been suggested. The periodic collective determination of tax policies and an agreed division of the total yield does not seem to me to be a practicable policy. If there is any real support for this suggestion we would, of course, be prepared to study it after we have had some experience with our present proposals. As for conditional grants, it has been a tendency over the years for Finance Ministers and Provincial Treasurers to disapprove of them in principle, but their spending colleagues seem to keep pressing for new or expanded conditional grants.

Our proposals as now set out before you are an earnest effort to meet the differing and sometimes conflicting interests of the various provincial Governments and at the same time maintain fully the strength of the federal Government to meet its wide ranging and vital national responsibilities. Our proposals are not entirely new, but are, we think, a constructive adaptation of our past experience to our present problems. We have tried to meet adequately and sympathetically the needs of those provinces which have been having difficulty in providing standards of service which modern societies consider to be essential. But we have also had to keep in mind the preservation of the national interests of our peoples. The national interests and national security must be preserved if provincial autonomy is to have any real meaning.

DEPARTMENT OF FINANCE, OTTAWA,
8 MARCH, 1956

An estimate of how the Federal proposals would operate in fiscal year 1957–58, if (a) provincial populations were as indicated; (b) the yields of standard taxes and the insurance premium tax increased by 5% per annum over the 1955 levels at 1956 rates; and (c) the distribution of taxable incomes, profits and successions between provinces were in the same proportion as in the most recent breakdown available.

(all figures in thousands except per capitas and percentages).

—	Fiscal Year 1957–58										
	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
Population—June 1, 1957	432	108	703	578	4,700	5,509	867	929	1,172	1,377	16,375
Yield of standard taxes	4,275	825	9,545	7,240	127,525	209,490	18,415	13,005	25,610	48,595	464,525
Per capita yield of standard taxes	9·90	7·64	13·58	12·53	27·13	38·03	21·24	14·00	21·85	35·29	—
Equalization per capita to top 2 ($37.48)	27·58	29·84	23·90	24·95	10·35	—	16·24	23·48	15·63	2·19	—
Equalization payment for 1957–58 (1)	11,915	3,225	16,800	14,420	48,645	—	14,080	21,810	18,320	3,015	152,230
Standard taxes plus equalization payment (1)	16,190	4,050	26,345	21,660	176,170	209,490	32,495	34,815	43,930	51,610	616,755
Stabilization payment for 1957–58 (2)	—	80	—	—	—	—	—	—	—	95	175
Revenue available from 2% insurance premium tax	230	70	765	555	6,205	9,980	1,090	650	1,550	2,060	23,155
Total revenue available 1957–58 (1)	16,420	4,200	27,110	22,215	182,375	219,470	33,585	35,465	45,480	53,765	640,085
Tax rental payment available in 1956–57 (3)	14,045	4,130	21,810	18,370	139,535	168,700	28,415	28,420	35,010	50,360	508,795
Increase 1957–58 proposed formula over 1956–57 agreement formula (1)	2,375	70	5,300	3,845	42,840	50,770	5,170	7,045	10,470	3,405	131,290
Per cent increase	16·9	1·7	24·3	20·9	30·7	30·1	18·2	24·8	29·9	6·8	25·8
Tax rental available in 1957–58 if the 1952 agreements were continued (4)	14,690	4,210	22,565	19,065	144,800	177,070	29,240	29,620	37,505	52,670	531,435
Increase in proposed formula over the 1952 agreement formula, 1957–58 (1)	1,730	−10	4,545	3,150	37,575	42,400	4,345	5,845	7,975	1,095	108,650
Per cent increase over 1952 formula	11·8	·2	20·1	16·5	25·9	23·9	14·9	19·7	21·3	2·1	20·4
Per capita increase over 1952 formula	4·00	−·09	6·47	5·45	7·99	7·70	5·01	6·29	6·80	·80	6·64

(1) All equalization payments and total revenue available would be subject to possible deductions in respect of any provincial special corporation taxes levied.
(2) To bring up to per capita rate of payments in 1956–57—P.E.I. $38.24, B.C. $37.55.
(3) Estimated on gross national product at factor cost of $23·4 billion.
(4) Estimated on gross national product at factor cost of $24·4 billion.

NOTE: These figures are illustrative only.
No account has been taken of such increased revenue items as licence fees, fire marshal's tax, personal income tax on non-residents, etc.

THE SENATE

Thursday, March 15, 1956

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

Prayers.

Routine proceedings.

BUSINESS OF THE SENATE

Hon. W. Ross Macdonald: Honourable senators, I move that when this house rises today it stand adjourned until Tuesday next at 3 o'clock in the afternoon.

Hon. Mr. Croll: Would the Leader of the Government (Hon. Mr. Macdonald) care to indicate what business will be dealt with next week?

Hon. Mr. Macdonald: There are a number of items on the Order Paper. It is the practice of the Senate to arrange its business so that the various items before the house are given proper consideration. I understand that the discussion initiated last week by the honourable senator from Toronto-Spadina (Hon. Mr. Croll) will be continued, if any honourable member who wishes to speak is prepared to go on.

The motion was agreed to.

NEW BRUNSWICK POTATO MARKETING BOARD

Hon. J. W. de B. Farris: May I ask the honourable Leader of the Government in the Senate a question with respect to the answer given on Tuesday to an inquiry by the honourable senator from Victoria-Carleton (Hon. Mr. Pirie)? The inquiry was as follows:

1. Has the audit and investigation concerning the operations of the New Brunswick Potato Marketing Board, under agreement with Her Majesty the Queen, represented by the Minister of Agriculture, dated December 21, 1953, been completed?
2. If so, when may the tabling of the report be expected?

The answer was:

1. Yes.
2. The matters investigated are now under consideration by the departments of Government and others concerned.

I would like the honourable leader to tell me if Senator Pirie is included in the "others concerned". I think the honourable senator is perhaps as vitally concerned as anybody, inasmuch as he was the one who made the inquiry.

Hon. Mr. Macdonald: I do not know, and as Senator Pirie is not present just now I am afraid I cannot answer the question.

Hon. Mr. Farris: I cannot see what his absence has to do with it.

Hon. Mr. Macdonald: I do not know who the others are, or whether Senator Pirie is concerned.

Hon. Mr. Farris: I have already stated that I think he is concerned.

NATIONAL CAPITAL

JOINT COMMITTEE ON FEDERAL DISTRICT COMMISSION—SENATE MEMBERS

The Senate proceeded to consideration of a message from the House of Commons regarding the appointing of a joint committee of both houses of Parliament to review and report upon the progress and programs of the Federal District Commission in developing and implementing the plan for the national capital.

Hon. W. Ross Macdonald moved:

That the Senate do unite with the House of Commons in the appointment of a joint committee of both houses of Parliament to review and report upon the progress and programs of the Federal District Commission in developing and implementing the plan for the national capital;

That the following senators be appointed to act on behalf of the Senate on the said joint committee namely, the Honourable Senators Aseltine, Cameron, Connolly (Ottawa West), Connolly (Halifax North), Dessureault, Lambert and Reid;

That the said committee have power to call for persons, papers and records; to sit during sittings and adjournments of the Senate and to report from time to time;

That the said committee have power to print such papers and evidence from day to day as may be ordered by the committee and that Rule 100 of the Senate be suspended in relation thereto;

That a message be sent to the House of Commons to inform that house accordingly.

He said: Honourable senators will observe that the purpose for which this joint committee is proposed is to review and report upon the progress and programs of the Federal District Commission in the development of the national capital plan. This subject is of great interest to all honourable senators.

Ottawa is the county town of the County of Carleton; it is also the capital city of the Dominion of Canada. The question of building Ottawa and the surrounding district into a great community of which all Canadians will be truly proud has for many years received consideration by Prime Ministers and leaders of all parties in the country. In 1899 Sir Wilfrid Laurier established what was known as the Ottawa Improvement Commission. In so doing it was his hope that he might establish here a national capital, the development of which would express national hopes and aspirations. Apparently he had

in mind that eventually there might be established here a capital such as Paris, London or Rome, all of which manifest the ambitions and cultural development of their respective countries. However, he chose a North American model, hoping to make Ottawa the Washington of the north.

Successive Prime Ministers have given impetus and direction to that plan. Sir Robert Borden visualized a fully integrated plan for streets, parks and public buildings and set up a special committee to co-operate with the Ottawa Improvement Commission.

As all honourable senators know, the plan for a greater Ottawa was very dear to the heart of the late Mackenzie King. Let me quote briefly from a speech made by him in the House of Commons in 1944, in which he expressed his ambitions for a national capital. Here is what he said:

> I have one other thought in mind to which I should like to give expression, and it is this. The sacrifices of the men and women of Canada who served in the last war have been memorialized by a national war memorial in the heart of this city. It would be difficult, if not impossible, to create another memorial which could pay tribute to the service and sacrifice of those men and women of Canada who will have served in the present world conflict. What finer memorial could there be than a capital city which would serve as a model of community planning for all the other cities of Canada and which would be symbolic of the world-wide effort of Canada in the present war, and the significant place we hope our country will occupy in the world of the future—a national capital which would be not only the pride of Canadians but also an object lesson to other cities and to other countries? The national war memorial of the last war is in the heart of Ottawa. Might not the national war memorial of the present war find noble expression, carefully planned, in a federal district as the site of the Canadian capital, through the heart of which would flow the Ottawa river?

Now, honourable senators, the interest and the support of the national capital plan is no less dear to the heart of our present Prime Minister. May I quote from a speech which he made in the House of Commons, in a former session. He said:

> Parliament has already recognized the importance of creating a national capital which will be a source of legitimate pride and inspiration to all Canadians, a sort of focus and symbol of those ties which now unite us as a young but already quite a vigorous nation. The recognition of the importance of the capital has been tangibly demonstrated by the action Parliament has taken in establishing the Federal District Commission and placing at its disposal the resources necessary to develop, in co-operation with others, the physical aspects of our capital in keeping with the role that most Canadians wish it to play in our national life.

Indeed, honourable senators, there have been few issues in this country on which there has been such unanimity of opinion as the development of and need for a national capital plan. If honourable senators followed the debate on this matter this week in the other house, they will recall that the Leader of the Opposition joined with the Prime Minister and the leaders of the other two groups in the house in expressing the wish that Canada shall have a great national capital.

This national capital plan is not a scheme of amateurish visionaries, but one involving the most careful planning and requiring the advice of professional and expert men in that particular field.

May I deal in some detail, though briefly, with the background of the present organization? I said earlier that the Ottawa Improvement Commission was established in 1899. In 1903 Frederick C. Todd, a landscape artist, submitted a report outlining his views on this matter. In 1915 Sir Herbert Holt was appointed by Sir Robert Borden as chairman of the Holt Commission, which submitted a broader report, and in 1922 Noulan Cauchon, a planning consultant of the City of Ottawa, submitted an unofficial report, having in mind the function of a national capital plan. This was somewhat more comprehensive than the report of the old commission, and went so far as to suggest the creation of a district commission by providing for the control of physical features and public utilities within Ottawa and the surrounding territory, but leaving all other provincial and municipal prerogatives undisturbed.

In 1927 the Ottawa Improvement Commission was reorganized and re-named the "Federal District Commission". That was done by Act of Parliament. Also at that time permission was given to extend its operations into the hitherto excluded city of Hull and the Hull area. That commission has continued to carry out park works of vast scope, extension of driveway systems and construction of bridges, and has gone further afield in initiating acquisition and development of the Gatineau Park, as well as maintaining all federal Government grounds in the capital area.

In 1937, as honourable senators will recall, a world-renowned city planner, in the person of Jacques Greber, of Paris, was retained, and within two years he developed a comprehensive capital plan. One of his first achievements was the creation of the National War Memorial area, with which honourable senators are all so familiar. The memorial was unveiled by the late beloved George VI during his visit to Canada in the spring of 1939.

In 1944 the Federal District Commission was reorganized and its powers and duties enlarged and extended. This extension was of a nature intended to give a national character to the commission. At that time it

was decided to extend the membership of the commission in such a manner as to include one commissioner from each province in Canada, together with ten members chosen by the Government, as well as the mayors of Ottawa and Hull, making a total of 22 members and achieving a national representation in this body.

Perhaps honourable senators would be interested in the names of the present members of the Federal District Commission. They are:

Chairman: Major General Howard Kennedy, C.B.E., M.C., B.Sc., F.E.
Commissioners:
Charles Camsell, C.M.G., LL.D., F.R.S.C.
J. A. Ewart, B.Sc., M.R.A.I.C.
Madame Gaston Fontaine, M.B.E.
Col. J. D. Fraser, V.D.
Lawrence Freiman, B.A.
A. J. Major, LL.D.
R. E. Valin, M.D., C.M., F.R.C.S., F.A.C.S.
Miss Charlotte Whitton, C.B.E., M.A., D.C.L., LL.D., Mayor of Ottawa, representing the City of Ottawa.
Thomas Moncion, K.S.G., Mayor of Hull, representing the City of Hull.
Edgar Baird, representing the Province of Newfoundland.
J. H. Blanchard, B.A., LL.D., representing the Province of Prince Edward Island.
Harvey W. Doane, M.E.I.C., representing the Province of Nova Scotia.
A. F. Baird, M.E.I.C., D.Sc., representing the Province of New Brunswick.
Gaston Amyot, M.R.A.I.C., representing the Province of Quebec.
Colonel Harold Cooch, B.Sc., M.E.I.C., representing the Province of Ontario.
Cecil Earl Joslyn, B.Sc., D.L.S., representing the Province of Manitoba.
Mrs. Cora T. Casselman, B.A., representing the Province of Alberta.
J. W. Sanderson, representing the Province of Saskatchewan.
J. Alexander Walker, C.E., B.Sc., M.E.I.C., B.C.L.S., M.T.P.I.C., representing the Province of British Columbia.

The members of the commission are all distinguished and outstanding citizens of Canada.

Here, I think, it might be appropriate to pause and pay tribute to the eminent Canadians who have occupied the post of Chairman of the Federal District Commission. I recall the Honourable Thomas Ahearn, Mr. W. E. Matthews and the Honourable Frederick E. Bronson, P.C. And, as I have said, the present Chairman is Major-General Howard Kennedy. In this work they have demonstrated an unselfish devotion to public welfare and to their native land. The beautiful parks through which we may walk and the scenic driveways which are the object of so much admiration on the part of residents and tourists alike are truly monuments to their initiative and their vision of the most beautiful possible national capital. Their purpose was that of Mr. King, "a national capital which would be not only the pride of Canadians but also an object lesson to other cities and to other countries".

In addition to the Federal District Commission, there is operating what is known as the National Capital Planning Committee, which which was set up in 1946 by the commission. This is a permanent planning committee comprising experts and others, but it is concerned more with the practical and utilitarian features of the national capital plan. The committee concentrates more on architectural adaptability, and such important aspects as water pollution and other practical problems facing the development program. Not only must the national capital plan provide a well-ordered and beautiful capital, but its development involves many problems relative to the actual living and well-being, dignity and orderliness of both residents and visitors. It is with the latter feature that the National Capital Planning Committee is chiefly concerned. In other words, it is a working committee which devotes itself to the practical aspects of development and the adoption of a utilitarian plan for this area.

I might add that in 1944, when the Federal District Commission was reorganized, the act setting it up provided for an annual vote of $2½ million. For the past twelve years the commission has operated on that vote, and it is now felt that the time has come for Parliament to review the operation and functions of the commission, having in mind consideration of its future work and its present function. It is felt that we need to inform ourselves periodically on what is being done and planned, and to express our views in such detail as is appropriate. During the sittings of the joint committee, officials of the Federal District Commission will be available to advise members of the committee in detail not only as to the work which has been accomplished but what is proposed in the future. For this reason I think all honourable senators will agree that it is desirable for the committee to proceed as quickly as possible with this very important aspect in our national development, and I commend the matter to you.

Hon. Senators: Hear, hear.

Hon. Mr. Reid: Honourable senators, before the motion is carried—

The Hon. the Speaker: The honourable senator from Ottawa West (Hon. Mr. Connolly) rose first.

Hon. John J. Connolly: I do not know whether the honourable Leader of the Opposition (Hon. Mr. Haig) wishes to speak.

Hon. John T. Haig: I am afraid that if I do my remarks will not be very flattering to the Federal District Commission.

Honourable senators, I would just like to know who is responsible for "Confusion Square" in front of the east entrance to the Parliament Buildings grounds. I have been in every city in Canada and I have never seen any place more difficult to get around than this square. If you want to go by automobile to the Chateau Laurier from the Parliament Buildings you have to drive down blocks and blocks, then turn around and come back. This is also true if you want to get to the Lord Elgin Hotel. Although I do not know who is responsible for this situation, I recall that I was here when the commission had certain buildings removed in order to build the square.

I think it is a disgrace to have such a confusing entrance to the Parliament Buildings grounds. Coming west along Wellington street, a driver may find the red light against him, yet he can drive right through the entrance to the grounds. And after eight or nine o'clock in the evening if one drives away from the building he finds no lights at all; it is dark and dismal on the way out to the main street; in fact, there is scarcely as much light as would come from a candle to help him. I suppose that is the responsibility of the commission. It appears that there is lots of work for the commission to do.

No one else is responsible for my ideas on this matter. I may be wrong—I hope I am—but I do not know why we, with a population of 15 million, have extravagant ideas and ape the United States, with its population of 165 million people. Why should we depend upon the United States for our protection and spend money crazily? Before we go forward with a scheme like this, I think the questions of unemployment and health insurance should be given consideration. I believe the honourable leader said we were spending $12½ million a year.

Hon. Mr. Macdonald: $2½ million.

Hon. Mr. Haig: Well, that is bad enough. I don't know what was spent, but it was a lot of money. They built the Laurier bridge, which is very helpful to Ottawa, but is not helpful to the rest of Canada. In my city, as in Toronto and any other city except Ottawa, the government builds its own buildings.

Hon. Mr. Horner: You mean the municipal government?

Hon. Mr. Haig: The municipal government. The government in Ottawa seems to think that the rest of Canada should maintain this city for its benefit. I know the newspapers will give me a scorching tomorrow morning, and I hope they do. That will give me some publicity. My people at home will say that at least I am alive.

Honourable senators, I think that before we start on plans of this kind we should do something for the people who need medical assistance, and for the support of the unemployed and old people.

I do not mind what this committee does or does not do, so long as it does not spend the money of the people of Canada for the benefit of Ottawa only. We give Ottawa large sums in lieu of taxes. We don't make grants to Winnipeg, or Vancouver, or Montreal. The business of Ottawa benefits because Parliament is located here, yet we pay the city a large amount of money annually to help it maintain its civic services. Why? Because this is the capital city, you say. A line should be drawn somewhere. I am not in favour of this idea. I may be the only one who is opposed to this extravagance, but after driving around the city during the last few months I have become annoyed to find that in order to drive from the Parliament Buildings to the Chateau Laurier I have to go away down a side street, turn around and come all the way back again, pausing at two or three stop lights and waiting until they change before I get through. When my grandson was here he said, "Do you know what they call that part of the city between the Chateau and the Union Station? They call it 'Confusion Square'." That was his first impression of the centre of the city, and it is the impression of most visitors. A number of old buildings were torn down in the centre of the city, and I think that was a good idea. Also I admit that the building of the new post office at the corner of Sparks and Elgin was a good idea, but why were not roads laid out at the same time in such a way that people west of Elgin street could conveniently get to the Chateau Laurier?

I read in the paper the other day that the Union Station is going to be removed to the suburbs of Ottawa. This means that we who come here for the session will have to hire a taxi on arrival to get to the downtown section where we live. It seems to me that the persons responsible have lost their perspective as to what a city means. We are getting to the position where we can spend lots of money on projects like that, but I think that the ordinary people should have some further say about these matters.

Honourable senators, I admit that the Senate members of the joint committee do good service, and could not do better. I cannot speak for the members appointed from the House of Commons. But the impression

is left by my honourable friend that the commission members from Manitoba and other provinces give good service. What do they do? They give a few days' service down here and help to spend $2½ million. That is not very important service, and it is not very beneficial to anybody at all. Plans and discussions have been going on in Ottawa to my personal knowledge as long as I have been coming here, and I can see no change toward beautification of the city, except in so far as Government buildings are concerned.

I will not say that I am against the resolution, but I am against this kind of extravagance and expense until we are ready for it. We have a long row to hoe. Let us have the dollars to spend first.

Hon. John J. Connolly: Honourable senators, in the first place, perhaps, I should apologize for intruding on your time, after having spent so long as I did in debate yesterday afternoon. However, I felt that it might be appropriate for someone from the Ottawa area to speak on this resolution. I am sure that if the senior senator from Ottawa (Hon. Mr. Lambert) were in his place today he would have a good deal to say about the work the Federal District Commission is doing in this area. He has done a good deal to further the work of that body in the development of the national capital plan.

While it is appropriate that a member of this chamber who was born in Ottawa and lives here should speak, and perhaps have views on this subject, I would like to think also that there is generally a personal interest by honourable members in the work of the Federal District Commission. When one thinks about the lengthening of sessions of Parliament and the fact that members of both houses spend some seven or eight months each year in this city—perhaps more time than they spend in their own home localities —one might say that they are really citizens of Ottawa, in almost a literal sense. In a very special sense Ottawa is becoming the home town, or at least one of the home towns, of honourable members of the Senate. Perhaps members of the other place are not in that position; they may be "birds of passage", and their stay here may be conditioned pretty well on the vagaries of political fortune. In that respect they may resemble the early explorers and discoverers who passed by this place but did not linger. So I would like to think that honourable members of this chamber have a more abiding interest in the development of the national capital area.

Last fall the Canadian Bar Association held its annual meeting in Ottawa. There were here lawyers from all over Canada. They thought Ottawa was a place of great natural beauty. Of course the confluence here of three rivers, the canal and the Laurentian hills, and if I may say so, the majestic setting of the Parliament Buildings, impressed them all very much. Ottawa for them was somewhat of the embodiment of the beauty of central Canada. To each one of them who so expressed himself to me, I replied: "Well, it is very nice to hear it, but I want you to remember that this city is not only the city of people who happen to live here; in a very real sense it is your city, because money collected by the federal treasury is paying a good deal of the cost involved in establishing a national capital at this place."

Comparisons, of course, are difficult and perhaps fruitless things to make. There are many beautiful cities in this country: all of us have been greatly impressed with the magnificence of the mountains and of the sea in Vancouver. I think perhaps there is no Canadian city which has a more magnificent setting. Certainly, I think there is no city on the west coast that can compare with it in magnificence and natural setting. The Prairie cities too, with their wide horizons, vigorous climate and bright skies, have a distinctive beauty. And farther east are the metropolitan areas of Central Canada. They are commercial and industrial, but many of them are established on rivers, or in some instances on the Great Lakes. There is about them a quality of natural beauty, and I think too a beauty of utility, which gives each a very distinctive character.

Going still farther eastward, across the Ottawa River to the old cities of Quebec, one finds an old world French atmosphere that has a charm which is unique on this continent. Perhaps it is rivalled only by the somewhat similar charm of some of the cities in the Caribbean area and in Mexico, where the Spanish influence prevails. And thence to the Maritimes, to cities which combine so much of a history that is almost as old as the history of Quebec, and yet having everything that is implied in the words "the spell of the sea".

During the war it was a great experience for many Canadians to go to the Maritime ports of Saint John, Halifax and St. John's, Newfoundland. This was particularly so for Navy personnel. In the magnificent harbour of Halifax a vital facility was provided, not only for warships but for merchant vessels which were carrying very necessary supplies. May I say the same for the rugged but wonderful little harbour of St. John's, Newfoundland, with its gate as narrow as the gate of any harbour anywhere, its two sentinel rocks as great as at Quebec, and a wall of rock

on the south side of the harbour to protect it from the open sea and from the enemy.

Honourable senators, a good deal of federal money is spent in connection with matters such as those under the control of the Federal District Commission. A very notable debate took place in the other house last week on the question of conservation. The problem before that chamber was how to preserve and conserve natural resources of all kinds, and a good deal of explanation was given by people responsible for work that was being done to that end. It has a most utilitarian aspect, but it also involves the preservation of the natural beauty of this country.

We spend, too, a great deal of money to promote the work of the Historic Sites and Monuments Board. I hope that that work will continue to be done in all sections of our country. It brings to various localities an understanding and appreciation of their history.

In passing I must mention also the work being done on behalf of the National Parks throughout Canada, in both the east and west. The parks in the west, which were the original ones, are magnificent conceptions, which not only do credit to the people who established them and are a great satisfaction to Canadians, but are also an attraction for tourists.

Last year Parliament passed a bill to provide additional moneys for cities other than the capital in which there was a concentration of government-owned property which had been more or less tax exempt. The formula for such municipal grants was devised some ten years ago, and was called the "Abbott formula". It has been studied and I think improved to such a point that in some municipalities where there is a concentration of publicly owned property, much of the old burden upon the municipality has been relieved.

Honourable senators, every city in this country has its points of interest. But here in Ottawa, as the honourable Leader of the Government has mentioned, all political parties, and perhaps all parts of the country, seem to be unanimous in their desire to develop that kind of national capital which will be distinctively Canadian and symbolic of national aspirations: a capital that will be to Canada what London is to England, what Paris is to France, what Dublin is to Ireland and what Washington is to the United States.

The speech of the Honourable Leader of the Government has indicated the continuity of the work of four successive Prime Ministers—Laurier, Borden, King and St. Laurent, all of them great men. I personally would like to add to that list the name of another Prime Minister and a former distinguished member of this chamber, who was for a time also a member of Sir Robert Borden's government. I refer to the Right Honourable Arthur Meighen, who had a hand in a good deal of the work that went on when he was a member of the executive.

Perhaps it would not be inappropriate to mention in this chamber, as I did once before, the fact that a former member of this house, Senator Sir Richard Scott, was the man I think responsible for the decision that this city should be the capital of the new country.

The quotations that the Leader of the Government used from speeches of Mr. King and the present Prime Minister, indicate the high level of the concept that has inspired the work done by the Federal District Commission. However, it might be most appropriate to say a special word about the contribution made by Mr. King.

Mr. King was not a native of Ottawa. He came from one of the great parts of this country, southern Ontario, which is so well represented in this chamber by the honourable gentleman from Waterloo (Hon. Mr. Euler).

Hon. Mr. Euler: He came from Kitchener.

Hon. Mr. Connolly: Yes, he did. Mr. King was one of Ottawa's most eminent citizens. My authority for that statement is a publication of this city which was not always too kind to him politically, the Ottawa *Journal*.

He was tremendously interested in the work of the Federal District Commission. He supplied much of the inspiration for it, and it was through his efforts that Mr. Greber came here to advise the commission. But it was not only in the city of Ottawa that he was interested. He was interested in the countryside to the north, because he lived there and knew the people in that area. In his will he emphasized his interest in both branches of the work of the commission. He left his city home to the nation and he left the rolling acres of Kingsmere as well, as an addition to the national park there.

There is much to be done both in the city and in the country parts under this plan. There are buildings to be designed and located, there are zoning problems, and transportation problems. There are serious traffic problems like the one the honourable Leader of the Opposition (Hon. Mr. Haig) has already mentioned. There are water problems and pollution problems like the problem referred to a year or so ago by the senior senator from Ottawa.

Hon. Mr. Barbour: And fire problems too.

Hon. Mr. Connolly: There are fire problems, unfortunately—serious fire problems.

This work, honourable senators, is not going to be cheap work, but it cannot—and I agree to this extent with the Leader of the Opposition (Hon. Mr. Haig)—it cannot be done lavishly, it cannot be done wastefully, it cannot be done extravagantly. However, we must remember this; we are building a capital for the future. We should remember also that the annual vote of the Federal District Commission must come before Parliament each session. That has been a feature of recent developments, and the vote has become before us every year since the reorganization of the commission. I would think that honourable senators, whether they are on the committee or not, would gain much benefit by reading the report of the National Capital Planning Committee which was issued in 1950. It contains a great deal of thought and a record of thought going back, as the Leader of the Government has said, to the early part of the century. It contains much inspiration. It is not a product, as he has said, of immature idealists, but it has been compiled as a result of the advice of professionals skilled in this kind of work.

A good many honourable senators know what was done in Williamsburg, Virginia, by the Rockefeller Foundation to restore monuments of colonial days in America, and what has been done in the nearby towns of Jamestown and Yorktown.

I think, too, many honourable senators will know of the development of the field of Gettysburg, the monuments there to that classical battle of the Civil War, and, what is perhaps more significant still, the monument to an address, the Gettysburg Address of Lincoln. But it is in Washington, in the nation's capital, that the United States keeps its title deeds. There are the heroic bronzes and stones which record the story of its great men. I would hope that we could develop in this country, through this national plan, something of the spirit and the national pride which inspired the Americans to do what they have done in Washington. I hope that we can here provide our people with inspiration for a national consciousness which so many of the Prime Ministers of this country were anxious to develop as they encouraged the work of the Federal District Commission.

Hon. Senators: Hear, hear.

Hon. Thomas Reid: Honourable senators, I rise to say a few words on this resolution before it passes. I do so particularly because I had the privilege of serving on the previous committee set up by Parliament in the year 1944; and may I remind the honourable leader that some of us at least think there has been too long a delay, 12 years, in the setting up of this committee. I am one of those who believe we should have a continuing committee of this nature.

I first came to Ottawa in 1930, and ever since then I have taken quite a keen interest in the affairs of the city and its development. I have not always been at peace with the municipal authorities, and many times I have been critical, but I want to remind honourable senators who live in Ottawa, and the people of Ottawa in general, that perhaps those of us who come here from outside parts, and especially from far-off provinces, picture things more clearly than those who live in the city. As you all know, you may go to a beautiful park anywhere in the country and say, "Oh, what a lovely view", but if the person who is taking you around is not as enthusiastic about the view as you are it may be because he has lived in the place all his life and its beauty has become commonplace to him. I think the people of Ottawa and members of Parliament who live in Ottawa should take a kindlier view of criticism from those of us who live here only five or six months of the year and who voice our opinions, not in a critical way, but in the hope that note will be taken of them and that perhaps something done to improve the city.

The honourable leader spoke about the various Prime Ministers who in the past have taken an interest in the development of this city as a national capital. Now I want to give my view. It is my candid opinion that the vision which Mackenzie King had has been dimmed a little. I am not finding fault with anyone, I am not casting any aspersions, but it seems to me that the vision which he had of the building up of Ottawa as a great capital has not been maintained since his passing. Maybe I am wrong, but that is what I think.

Now, I am wondering just what was the idea in changing the set-up of the committee as it existed in 1944 to what is now proposed. The terms of reference of the 1944 committee read as follows:

> That a joint committee of the Senate and House of Commons be appointed to review the special problems arising out of the location of the seat of Government in the city of Ottawa and to report on the relations between the federal Government and municipal authorities of the said city and their relative responsibilities in respect of such problems, with power to inquire into the matter and things therein referred to.

Will the powers outlined in the resolution now before the Senate allow the committee to deal with those matters? If not, the committee will be restricted in its work. It is all very well to interest ourselves in what the Federal District Commission—a body for

whose work I have nothing but praise—has done and how it spends the money allocated to it. But the real problem in this matter is that there is, on the one hand, the City of Ottawa, which needs all the money it can get from the federal Government to carry on its affairs; and, on the other hand, the Federal District Commission and its requirements.

Although I have been criticized for saying that some thought should be given to what has taken place in the city of Washington, I do not want to be misunderstood. I am not in favour of building another Washington, but of developing a distinctively Canadian capital. However, when I visit Washington I hear no complaint because of the fact that it is under the jurisdiction of the United States federal authority. And I cannot see how progress can be made in the establishment of a great Canadian capital so long as administration is carried on by two bodies, one civic and one federal. Frankly, I should like to see Ottawa placed under federal control. I know that this course is not likely to be welcomed by the mayor and council, who, by such an arrangement, would lose their positions and functions. But the city administration has responsibilities which do not come within the purview of a national planning commission. The great expansion in the outlying districts has raised problems of taxation. There are many things the city council would like to do which it is unable to do because of lack of adequate funds.

I hope that before this motion is passed the leader will inform us whether it would authorize us to call in the city representatives for a closer study of how they and the Federal District Commission can co-operate in the building of a national capital. It cannot be expected that the city should assume the burden of the expense of removing old buildings as well as providing for the needs of the new districts.

The honourable Leader of the Opposition (Hon. Mr. Haig) remarked that among the proposals in the Greber plan was the removal of the railway station. It is true that this was recommended, but those who occupy or who own the station have so little expectation that the idea will be carried out in our time that they have recently added another story to the building.

I shall not refer at length to the monument on Confederation Square, as I have dealt with it on previous occasions, but let me state plainly my conviction that, if there is to be another war memorial, the place for it is on Parliament Hill. I believe that those who died on behalf of Canada have as much right to a prominent place of remembrance on Parliament Hill as—or perhaps more right than—some of the statesmen who have gone to their reward. At present one can hardly get near the monument on Confederation Square because of the volume of traffic, and the place has been well-named, I think, "Confusion Square". We have joked about this before, but, of course nothing can be done about it.

One question to which I have never found an answer is, why should we engage someone from another country to plan the building of our capital? In London and in Paris one may see and admire buildings hundreds of years old. They look wonderful where they are. But what is to be gained by inviting persons living in a country where old streets and buildings are preserved because of their historic value, to undertake the layout of a capital city in a young, new country like our own?

I do not know that I have anything to add, but I would reiterate that I have not been critical of the handling of affairs in the city of Ottawa. I know what great burdens are placed on those who have to do with its administration. But if the setting-up of the council were in my hands, I would at least add to it some members appointed by Parliament. I do not approve of handing out, without some right of representation, large sums of money to Ottawa. It is true that once or twice a year ten representatives from the various provinces visit Ottawa, look over the city, and make known their views as to its development under the Federal District Commission. That, I think, is all to the good, in spite of the criticism we have heard from the honourable Leader of the Opposition.

I should like the honourable Leader of the Government to state why a change has been made in this year in the set-up of the committee, and whether the committee will have power to go as far as the 1944 committee did.

Hon. R. B. Horner: Honourable senators, as one who many years ago shared responsibility for naming the square of which we have heard today, I am naturally interested in this subject. The honourable senator from Ottawa West (Hon. Mr. Connolly), at the beginning of his eloquent address on the beautification of Ottawa, remarked that many members of the Senate and of the other place are spending six or seven months of the year here, and, presumably, stand to benefit by the extension of the program. May I tell him that the people back in our districts think we are doing very well by ourselves as things are, without adding to their tax burden by authorizing heavy expenditures on the development of the capital. Canada is still a young country, and I do not think we should

embark on an expensive program while there is so much to be done all over the Dominion. Consider, for instance, the difficulties of those who live near some of our beautiful rivers. When the streams are frozen solid, one can drive across them, and when the water is running in the summer, one can ferry across, but for two or three months of the year there is no means of passage other than by flying or by making a circuit of perhaps hundreds of miles; and this handicap, in cases of sickness and disaster, can be very serious. In connection with this plan for Ottawa, there is talk of the necessity for another bridge, but it seems to me, when many improvements are urgently needed all over the country, we should go very slow on large commitments for the benefit of the capital.

Hon. Mr. Macdonald: Honourable senators—

The Hon. the Speaker: Honourable members, if the honourable Leader of the Government (Hon. Mr. Macdonald) speaks, he will close the debate.

Hon. Mr. Macdonald: Honourable senators, I am sure we are all pleased that so many have taken part in this debate. One of the members who spoke lives in Ottawa, while the others come from widespread points throughout Canada. This indicates a considerable interest right across the country in the development of the national capital. I have no doubt that every Canadian wishes to have a truly Canadian capital of which he can be proud.

The honourable member from New Westminster (Hon. Mr. Reid) asked me why the terms of reference of this committee are different from those of the joint committee that was set up to deal with this problem in 1944. The reason is that financial relations with the City of Ottawa have been greatly altered since then as a result of the enactment of and recent amendment to the Municipal Grants Act. This act provides that the federal Government may authorize the payment of grants to municipalities in lieu of taxes on federal properties.

As to the powers of the committee, I can only refer the honourable gentleman to the first paragraph of the motion before the house:

> That the Senate do unite with the House of Commons in the appointment of a joint committee of both houses of Parliament to review and report upon the progress and programs of the Federal District Commission in developing and implementing the plan for the national capital.

I do not think any of us feel there should be no further beautification of Ottawa until all social welfare legislation imaginable can be put on the statute books. I think the Leader of the Opposition (Honourable Mr. Haig) went so far as to suggest that, but I am doubtful if he believes it himself. My honourable friend referred to the difficulty encountered in getting around Confederation Square in Ottawa. But what Canadian municipality is without a serious traffic problem? Ottawa is facing up to this problem, but I fear it is one that will appear from time to time.

The joint committee will serve a most useful purpose and, in spite of some of the comments made this afternoon, I am sure we are all very proud of our splendid capital.

The motion was agreed to.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. Crerar: Honourable senators, before the orders of the day are proceeded with I should like to ask the Leader of the Government (Honourable Mr. Macdonald) if he can give the house any information about the Easter recess? The matter is of importance to those of us who live at a considerable distance from Ottawa, for the obtaining of sleeping accommodation on trains is somewhat problematical. If we were to adjourn at the end of next week, that would be of assistance to many of us.

Hon. Mr. Macdonald: I have no information. No one could have definite information on the matter at this time. It will be realized that we cannot adjourn for the Easter recess until the appropriation bills covering interim supply and supplementary estimates have been given Royal Assent. If those bills should come to us by the end of next week it would be possible to adjourn at that time. I shall secure what information I can and keep the house informed. I realize the difficulty that members have in making transportation plans. I am also aware that a number of senators from the western and eastern provinces have been very faithful in their attendance in the Senate, and I am sure the rest of us will do what we can to make it possible for them to get away ahead of us.

Hon. Mr. Crerar: It should not be difficult to make arrangements with respect to these appropriation bills. I know from my long experience in Ottawa that this has been possible for many years: it is a simple matter. I realize the Interim Supply Bill has to be passed before we can adjourn, but as it covers a period of only two months there is usually no objection to its passage. The same is usually true of the supplementary estimates. I wish to emphasize that the information asked for is of considerable importance to those of us who come from far away: we do not want to be kept here for the greater

part of a week after the adjournment, waiting for sleeping-car accommodation.

PRIVATE BILL

CANADIAN PACIFIC RAILWAY COMPANY—THIRD READING

Hon. William H. Golding, for Hon. Paul H. Bouffard, moved the third reading of Bill V-5, an Act respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries.

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

DIVORCE BILLS

THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill S-6, an Act for the relief of Mary Valerie Dorothy Johnston Bromwich.

Bill T-6, an Act for the relief of Dorothy Joanne Campbell Mockeridge.

Bill U-6, an Act for the relief of Edna Gertrude Neil Fry.

Bill V-6, an Act for the relief of Madeleine Tremblay St. Jean.

Bill W-6, an Act for the relief of Stephen Harvan.

Bill X-6, an Act for the relief of Charles Lanny Catto.

Bill Y-6, an Act for the relief of Simonne Trottier Breard.

Bill Z-6, an Act for the relief of Mary Murray Snook.

Bill A-7, an Act for the relief of Ruth Katie Brigden Battersby.

Bill B-7, an Act for the relief of Marie Dicerni Arcieri.

Bill C-7, an Act for the relief of Laurence Turgeon, otherwise known as Laurent Turgeon.

Bill D-7, an Act for the relief of Barbara Allen Deslauriers.

Bill E-7, an Act for the relief of Henri Xavier Eugene Bernard.

The motion was agreed to, and the bills were read the third time, and passed, on division.

CANADA SHIPPING BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. J. W. de B. Farris moved the second reading of Bill H-7, an Act to amend the Canada Shipping Act.

He said: Honourable senators—

Hon. Senators: Hear, hear.

Hon. Mr. Farris: I am glad that honourable members are applauding now. I doubt if they will do so when I get through, for this is not a very exciting subject for discussion.

The bill, as we have to deal with it, is divided into two parts. First, there are some 26 or 27 sections which it is proposed to amend. In the second place, Parliament has to consider the question of approval, in some form or another, of an international convention for the prevention of the pollution of the sea by oil.

I ask honourable senators to consider the second part first. There are two questions with respect to it. First: Do we want to approve of the convention? Secondly: if so, in just what manner should we approve of it? Let me consider the first of these questions, that is, whether Parliament is in favour of this convention. The articles of the international convention begin on page 10 of the bill and continue for several pages. As far as we are concerned, it is a question of "take it or leave it". The convention in its present form was prepared by the plenipotentiaries of some 21 nations, including Canada, the United Kingdom, France, the United States and Russia. I have a memorandum from the department explaining what has been done perhaps better than I could explain it in any other form. The memorandum says in part:

> In recent years waste oil discharged into the high seas by ships plying the North Atlantic has been carried onto the shores of Ireland, Great Britain and the mainland of Europe by the Gulf Stream, ruining many bathing beaches and killing large numbers of seabirds. It is the opinion of some that such oil also ruins spawning beds of fish.

My honourable friend from New Westminster (Hon. Mr. Reid) will take note of that. The memorandum continues:

> The British Government endeavoured to obtain agreement from all nations attending the conference on measures embodying the recommendations of the Faulkner report, but were not successful in obtaining unanimous assent to all the proposed measures. The convention therefore was a compromise, and can only be considered as the first concrete step towards dealing with the nuisance of oil pollution on an international basis.
>
> Canada is not yet troubled by waste oil discharged from ships on the high seas owing to the comparatively small amount of shipping off our coasts and to the fact that apart from the Japanese current there are no strong ocean currents setting in toward our shores. The waste oil which is being carried onto the beaches of northern Europe can hardly be blamed on Canadian shipping to any appreciable extent because among other things, there is an extremely small amount of Canadian tonnage now plying the high seas. The Canadian delegation to the conference, however, having discussed the matter with representatives of the Canadian shipping industry, supported the resolutions adopted at the conference and the convention was duly signed by Canada, subject to ratification.

I emphasize that.

> This course was dictated by the feeling that Canada should play the part of a good neighbour in

this matter and support this international method of aiding the nations that were suffering from this nuisance in ridding themselves of it, even though we cannot be held responsible for it to any extent, and notwithstanding that our own shores are at present not being polluted by waste oil dumped on the high seas.

At least our shores are not being polluted to any appreciable extent.

The provisions of this convention run from page 10 of the bill to page 19. I do not know if honourable senators want me to take it up section by section and point out the provisions. The bill, together with the convention, unquestionably will have to go to committee, for there are some very important questions to be considered. However, I will indicate as briefly as I can what is outlined in the provisions.

Article I says:

"Oil" means crude oil, fuel oil, heavy diesel oil and lubricating oil, and "oily" shall be construed accordingly.

Article II:

The present convention shall apply to sea-going ships, registered in any of the territories of a contracting Government, except

(i) ships for the time being used as naval auxiliaries;

(ii) ships of under 500 tons gross tonnage;

(iii) ships for the time being engaged in the whaling industry; . . .

And other provisions of that nature.

Article III, on page 11 of the bill, makes provision with respect to oil waste, from tankers. Those provisions are self-explanatory, and I am sure hourable senators would not wish me to read them.

Article IV provides:

(1) Article III shall not apply to:

(a) the discharge of oil or of an oily mixture from a ship for the purpose of securing the safety of the ship, preventing damage to the ship or cargo, or saving life at sea . . .

And other sensible provisions of that nature.

Penalities are dealt with and provided for in article VI:

The penalties which may be imposed in pursuance of article III under the law of any of the territories of a contracting Government in respect of the unlawful discharge from a ship of oil or of an oily mixture into waters outside the territorial waters of that territory shall not be less than the penalties which may be imposed under the law of that territory in respect of the unlawful discharge of oil or of an oily mixture from a ship into such territorial waters.

The bill provides the dates for the operation of this convention.

Articles XIV and XV have reference to the second branch of my argument on this question. I call attention to article XIII, which reads:

Any dispute between contracting Governments relating to the interpretation or application of the present convention which cannot be settled by negotiation shall be referred at the request of either party to the International Court of Justice for decision unless the parties in dispute agree to submit it to arbitration.

I think that is an important matter to consider, because in my opinion the International Court of Justice is potentially of great importance to the world. It is unfortunate that more matters are not now being referred to the court, for it is bound to play a great part in the peaceful adjustment of international problems.

Hon. Mr. Roebuck: Pardon me. Do I understand my honourable friend to say that that court will impose the penalties provided in this act?

Hon. Mr. Farris: No; I think the court will only interpret them.

Hon. Mr. Roebuck: Who will impose the penalties?

Hon. Mr. Farris: Each country will impose the penalties. I have already referred to article VI, on page 12 of the bill, but perhaps if my friend will allow his question to stand until I discuss the second branch of my argument, the matter will become a little clearer.

Hon. Mr. Roebuck: Thank you.

Hon. Mr. Reid: May I interrupt my honourable friend to ask why this measure contains no reference to the Pacific Ocean, the United States or Canada?

Hon. Mr. Farris: The United States and Canada are mentioned.

Hon. Mr. Reid: But the Pacific Ocean is not.

Hon. Mr. Farris: I would ask my friend to look at page 17 of the bill, where the government of Canada appears in fourth place in the list of signatures; and also at page 19, where provisions is made for a signature on behalf of the Government of the United States of America.

Hon. Mr. Reid: But the zone of the Pacific Ocean, the Atlantic Ocean, Canada and the United States, are not mentioned.

Hon. Mr. Farris: That is true. However, as I said in my opening remarks, it was not possible to get complete unanimity on everything that Canada felt desirable; our choice with respect to this convention is that we can "take it or leave it", but—and I will mention this again when I discuss the question of what the Governor in Council may do under this measure—there is nothing to stop Canada from extending more drastic provisions with respect to territory over which Canada has jurisdiction. In fact, the bill contains an express provision that nothing in this act shall limit the power that any individual nation may otherwise have.

Hon. Mr. Roebuck: Article VI does limit the power, because it says that the penalties which may be imposed under the law of the territory in question ". . . shall not be less . . .". I am sorry. I do not seem to have expressed myself correctly. I understand you are taking this point up later?

Hon. Mr. Farris: I do not grasp the point my friend is making. The article reads:

> The penalties which may be imposed in pursuance of article III under the law of any of the territories of a contracting Government in respect of the unlawful discharge from a ship of oil or of an oil mixture into waters outside the territorial waters of that territory shall not be less . . .

That refers to penalties outside the territorial waters of that territory.

Hon. Mr. Roebuck: Who will impose those penalties?

Hon. Mr. Farris: There is no limit to the power that Canada may exercise within its own territory. With regard to the other question my friend asked, I should like him to reserve it until we meet in committee, where he can ask it of someone more qualified to answer.

Honourable senators, that is all I have to say in regard to the question of whether we should give our approval to this convention in its present form. Our only alternative to accepting it is to refuse it. As my honourable friends from Toronto-Trinity (Hon. Mr. Roebuck) and New Westminster (Hon. Mr. Reid) have suggested, a lot of things one would like to see in the bill are not there. But that is not a good reason for refusing to take what we have been offered, in the hope of receiving something better in the future. The bill makes provisions for amendments. In those circumstances it seems to me logical that a half loaf is better than no bread. Especially is that so, because the time may come when we can have the whole loaf, properly prepared.

I come now to my second point, a matter which I as a lawyer have found most interesting, and on which I have spent considerable time with officials of the Department of Transport, our own Parliamentary Counsel, the draftsman of the bill from the Department of Justice, and officials of the Department of External Affairs, which naturally has to do with the final acceptance of the treaty. Upon first reading the bill I was rather unhappy about it, but a good many of my objections were removed by discussions that I have had.

I would refer honourable senators to section 26, which appears at the bottom of page 8 of the bill. It reads:

> 26. The said act is further amended by adding thereto, immediately after part VII thereof, the following part:
>
> PART VIIA
>
> Oil Pollution
>
> 495A. The Governor in Council may make regulations
>
> (a) to carry out and give effect to the provisions of the International Convention for the Prevention of Pollution of the Sea by Oil, 1954, set out in the Fourteenth Schedule;
>
> (b) for regulating and preventing the pollution by oil from ships of any inland, minor or other waters of Canada; and
>
> (c) prescribing a fine not exceeding five hundred dollars or imprisonment not exceeding six months or both fine and imprisonment to be imposed upon summary conviction as a penalty for violation of a regulation made under this section.

Section 30 of the bill, which adds the convention as the 14th schedule, in itself does not mean very much. It only identifies the convention, but does not give it any force or effect.

Now, as I understand it, under international law treaties are not made by Parliament. As far as Great Britain is concerned, and as far as Canada is concerned, a treaty is made with a foreign country by Her Majesty or by the Governor General of Canada. Internationally, Her Majesty or the Governor General can bind Canada to a treaty obligation without the sanction of the cabinet or of Parliament, but of course under the conventions of the constitution Her Majesty would not do that.

Hon. Mr. Roebuck: The power is historic.

Hon. Mr. Farris: Yes. But the practice is that in important treaties the Government will not recommend His Excellency the Governor to implement a treaty by its acceptance without the sanction of Parliament, but will ask the two houses of Parliament to give their approval to ratification of the treaty by resolution or by statute. However, in international law that is not necessary. It is only a convention under our constitutional form of Government that that is good practice.

Hon. Mr. Roebuck: That is to get the agreement carried out after it has been made.

Hon. Mr. Farris: I am coming to that now.

The next thing I wish to point out is this, that although in international law a treaty is binding when made, under our constitution it is not the law of the land. That is the distinction, and that is what my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) has in mind. Our law in this respect is distinguishable from the United States law. In the United States all treaties require ratification by, I think, a two-thirds majority of

the Senate of the United States, and when that is done the treaty becomes part of the law of the United States, and in that way is binding on every citizen of that country.

But that is not so in Canada. Here a treaty becomes law in one of two ways. The one with which I am most familiar, because of some other statutes I had to consider, is a straight declaration by an act of Parliament that it shall become the law of Canada.

I recall—I have not got the document here, so I am speaking from memory—that the International Waterways Treaty made by Great Britain before the enactment of the Statute of Westminster provided for the control of rivers flowing along the boundary line between Canada and the United States, or of rivers which flow from Canada into the United States and have their outlet in that country. The Columbia, which flows from Canada and has its outlet at the city of Portland, Oregon, is such a river. After Great Britain had made that treaty the Parliament of Canada recited it in full in a statute and declared it to have the full force of law in this country.

There are many examples of that. One that I have here is chapter 40 of the Statutes of Canada 1951, "An Act respecting an income tax convention between Canada and France, signed at Paris on the 16th day of March, 1951". Section 2 provides:

> The convention entered into between Canada and France set out in the schedule to this act, is approved and declared to have the force of law in Canada.

That is one standard practice, but men who are dealing with these matters in the departments and who, I think, know full well what they are talking about, tell me that another practice has grown up to accomplish the same purpose. It is illustrated in this bill, but I certainly do not recommend to this house that the proposed new section 495A (a) and (b), on page nine of the bill, shall remain in its present form. However, that is a matter for the committee. My suggestion is that when second reading is given the bill should be referred to the appropriate committee, which I take to be the Standing Committee on Transport and Communications, and that there be present there for consultation and advice the Parliamentary Counsel of the Senate, the Counsel who advises the Department of Transport, a representative of the Department of External Affairs, and from the Department of Justice the Assistant Deputy Attorney, who I understand has drafted this bill. It is desirable that we interrogate and co-operate with them in getting the formal approval in its best form.

Let me indicate what I was concerned about. I feel I have helped in the thinking that has gone on, and I certainly have learned something too from the discussion. Now, in the first place, I think we ought to have an express provision approving the convention. That ought to be done in fairness to the Government. I think the Government should ask for it, and that it should not continue the practice, if there ever has been the practice, of having approval by implication. Rather it should continue the practice of seeking by statute or resolution the express approval of Parliament before advising His Excellency to give formal acceptance to a treaty. It might be said that even when Parliament passes a bill in the form of the present bill there is approval by implication, but it is not good sense or sound practice to leave to an implication what ought to be said openly and simply. I think you will find that in committee all these gentlemen I have mentioned will agree that amongst other provisions in this section 495A there should be an express provision that Parliament approves of the convention.

Hon. Mr. Roebuck: Do I understand that the crown has already accepted this convention?

Hon. Mr. Farris: No it has not been accepted.

Hon. Mr. Reid: Is it usual to have a treaty attached to a bill?

Hon. Mr. Farris: Oh, yes. I can refer my honourable friend to the International Waterways Treaty, which I mentioned. The whole convention or treaty was recited in a bill, as was the income tax convention with France. There are many other examples. I think that is the way it might be done here.

Hon. Mr. Kinley: But there are other internal provisions in this bill.

Hon. Mr. Farris: I am coming to those in a moment.

Hon. Mr. Kinley: But they are in the same bill, and it seems peculiar.

Hon. Mr. Farris: As I say, this bill is divided into two distinct parts. One part is an amendment to the Canada Shipping Act—I have not touched that as yet—and the second gives some form of approval to this international convention. It is only the second part that I am discussing at the present time.

Hon. Mr. Kinley: You are discussing the bill. It seems strange that this bill should have attached to it forms of certificates to be signed by masters and engineers in our own country.

Hon. Mr. Farris: It may appear strange to my honourable friend, but I cannot see anything particularly embarrassing in it.

Hon. Mr. Kinley: I think it is.

Hon. Mr. Farris: When this bill reaches the committee honourable members could reject every proposal I have made for amendment of the bill, if they wish to do so. Every section should be considered there and the parties asking for it should be interrogated about it. I will leave that until I come to the second part, for I do not want to get the two parts mixed up.

I suggest that the first thing that ought to be done with this part of the bill is to declare in express language that Parliament approves of the convention. The Government has no right whatever to advise His Excellency to approve of this if Parliament disapproves of it, and certainly the Government would not do so.

The second point is the matter of implementing the treaty by making it binding on Canada, if we accept it. I have indicated one way in which this can be done, namely, by declaring that the provisions of the convention have the force and effect of law in Canada. What is suggested here is an alternative, and I shall be very much interested in having the draftsman of this legislation present in committee so that there may be a full discussion of the form of the declaration and the reasons it is presented in that form. Under the terms of the bill as they appear on page 9, the Governor in Council may make regulations—

(a) to carry out and give effect to the provisions of the International Convention for the Prevention of Pollution of the Sea by Oil, 1954, set out in the Fourteenth Schedule;

(b) for regulating and preventing the pollution by oil from ships of any inland, minor or other waters of Canada;

When I first read that section I thought that, by implication, it was intended that the Governor in Council should have the power to declare the convention part of the law of Canada. I understand, however, that that is not the thinking of the learned gentleman who prepared it in this form. His thinking is this, that instead of Parliament giving the Governor in Council power to declare this to be the law of Canada, the Governor in Council should be empowered to implement the treaty by making a law of Canada which will cover the requirements under the treaty.

Hon. Mr. Roebuck: That is better.

Hon. Mr. Farris: To a man who is not a lawyer this distinction may seem a little subtle, but when one thinks about it there seem to be reason and sense behind it, and the department has put those considerations in a form which, to me, is convincing. The reasons advanced are: it seems that the provisions of the convention have not been drafted so as to be self-executing. They speak of acts that "shall be prohibited" and of provisions that "shall apply" or that "shall not apply", which suggests that further provisions are required to give them effect. Therefore, instead of simply saying the convention is the law, the Government is given the power to do, as part of the law of Canada, not as part of the law under the convention, those things that will give effect to the convention.

Hon. Mr. Roebuck: Why transfer to the executive a power which is primarily that of the Parliament of Canada Why not give it in a statute?

Hon. Mr. Farris: This is a question I would like my honourable friend to ask the learned counsel from the department, because I have asked the same question and have weighed the matter in my own mind for two days while I have been inquiring about it. My honourable friend's question will be better answered by departmental counsel. In committee we shall have power to decide just how this purpose can be made effective, and if we decide it should be done by express declaration of Parliament, the bill can be sent back for that purpose.

Also, it is suggested that frequently when conventions of this kind are being implemented, it is found that the language is poor. Counsel does not say so to us in this case but, speaking of the general practice, he states "the language . . . . is poor and does not correctly or exactly state what is intended." When you get twenty plenipotentiaries together, each one with different ideas, it is quite possible that conclusions will be embodied in language which, if adopted as the law of Canada, would prove an awkward way to do what it is intended to do. If regulations can be made to carry them into effect, those regulations can be so framed as to correctly state the law. That is to say, all Parliament is required to do is to take such steps as may be necessary in order that other countries cannot complain that Canada is not carrying out her obligations under the treaty. One way of doing so is to make the treaty the law of Canada. The objection to that course is that it may not be the best way to do what has to be done. But if it is left to the executive to deal with these points as they arise, it can make a law under the authority of Parliament which will become the law of Canada, and thereby give full sanction to our obligations under the treaty.

I am fairly well convinced that in this respect the department's viewpoint is sound, but I am no less convinced that what I am saying or what any other honourable senator may say at this time on the question should

not be accepted as conclusive. I think the proper thing to do, once you come to the conclusion that the convention is worth while, is to send the bill to committee, call departmental counsel before it to present their views, and then determine how we want the treaty to be made effective.

Hon. John J. Connolly: The point which the honourable senator from Vancouver South (Hon. Mr. Farris) has raised is most interesting, especially to lawyers. But if the language of the treaty is not appropriate for the purpose of administering the law in Canada, and if we modify that language by regulation or in some manner so that it would be properly and efficiently enforceable here, are we substracting from the value of the treaty, and may not other parties to the convention complain or have cause to complain that we are not doing what in fact we are expected under the treaty to do?

Hon. Mr. Farris: I will do my best to answer the honourable senator. His question emphasizes the fact that on a matter of this kind, the draftsman of this legislation, who I understand has had considerable experience and possesses a great deal of ability in this regard, should be asked to elucidate the matter. My answer, which is a second-hand answer, is that the idea of delegating this authority is, not to "chisel" on it, if honourable senators will permit that word, or to do less than the treaty requires us to do, but that, in giving effect to the treaty, we shall use our best judgment to make sure that the regulations give full effect to the spirit of the treaty. We may go further than the treaty requires; but there is no objection to that. That is the best answer I can give, except to re-emphasize that the thinking of every senator-lawyer indicates how important it is that this bill go to committee, where all these questions can be dealt with fully. Unless there are other questions on this convention, that is all I wish to say about it.

Honourable senators, the Canada Shipping Act is comprised of 734 sections, and this bill undertakes to amend about 27 of them. The amendments divide themselves into two parts, most of them being formal and merely seeking to make the act more workable and practicable. I do not think we need worry about them. However, in my judgment two or three of the amendments are contentious and should be thoroughly threshed out in committee. As I see it, the principle involved at this stage is whether the amendments are of sufficient import and contain enough sense and reason to warrant their consideration in committee? Otherwise we would be passing on them without having the benefit of important information obtainable in committee. Assuming this bill is given second reading, and, inasmuch as these amendments can be rejected entirely or supported in their present form or further amended in committee, I feel there is little to be gained by interrogating me at this time or by having other members express their views here. The place to do that is in committee.

As sections 3 and 28 of the bill are somewhat contentious I propose to leave them for the moment, but I may say that I expect to hear a lively discussion in committee before section 28 is approved. I am not sure that I support all its provisions, but that does not embarrass me in my duty of urging that the bill be sent to committee.

Hon. Mr. Macdonald: Would the honourable senator care to explain the provisions of section 28 now?

Hon. Mr. Farris: I would rather deal first with what I consider to be the formal or less important sections. As an example of one of these less important sections I would refer to section 19, which reads in part as follows:

> Section 477 of the said act is amended by adding thereto the following subsections:
> "(3) Where any barge, scow or like vessel carries a crew but not passengers, and is towed by a steamship and is not moved by sails or oars, such barge, scow or like vessel, if making a voyage more than fifteen miles from land, is subject to inspection and to the regulations . . .

And so on. In short, the hulls of these vessels are to come under full inspection. Tragedies have occurred at sea when ships have broken in two, and the fact that these ships do not carry passengers should not preclude their full inspection, which might save the lives of many crews. That is the principle underlying the extension of these inspection regulations. Incidentally, I do not want to be bound too much by my explanation of these provisions, for their exact details should be considered in committee. At that time we shall be able to go over the bill clause by clause with Captain F. S. Slocombe, Chief of the Nautical Division of the Department of Transport, and departmental lawyers and others.

Section 3 of the bill amends section 95 of the act, which deals with the measurement of ships and the reduction of gross tonnage to net tonnage. The net tonnage of a ship, as it appears in the registry, is the tonnage upon which harbour dues and other charges are based in most seaports of the world. Great Britain has had a section similar to our present section 95, and the difficulty she encountered is that with modern machinery reduction of gross tonnage to net tonnage has not been as large as it ought to be.

Hon. Mr. Roebuck: Is it upon the net tonnage that a ship pays when going into a port?

Hon. Mr. Farris: Yes. A ship entering several harbours in a year is at an unfair disadvantage in the reduction of her net tonnage from her gross tonnage. The expenses are very much increased. I recall that only a few days ago a gentleman by the name of Mr. Hees, I think, spoke in Vancouver, and he was bemoaning the great loss to shipping in Canada, stating that we were no better off than Switzerland, and more or less blaming the Government. Now, here is one item. It is not the largest item—because the largest item is labour—in the difficulties of shipping and in the operation of ships under Canadian registry, but it is one thing that has a very material effect. I have before me a memorandum, which says in part:

> In recent months Canadian Vickers Limited, Imperial Oil Limited, and the Canadian Shipbuilding and Ship Repairing Association, have made representations to the department in this matter, recommending that modifications similar to those in the British tonnage measurement regulations be made in the Canada Shipping Act. It is pointed out that the difference in the rules places Canadian ships at a disadvantage as compared with ships registered elsewhere, not only in the case of motor propulsion, but also in the case of Great Lakes vessels which, although propelled by steam, have small engine rooms in comparison with their size.

These provisions as to the differences in formula between the gross tonnage and the net tonnage were worked out when steam was used for big engines and boilers. The displacements could then be measured and the exact reduction between net tonnage and gross tonnage could be arrived at on that basis, but today when we have types of engines and methods of propulsion which do not require these large displacements the formulae that had been in existence do not give just the distinction between the old system and the new one. The result is an apparent unfair net tonnage. The memorandum gives some illustrations and states that the net tonnage of the *Scott Misener* under the present United Kingdom rule is 9,151, while the net tonnage under the present Canadian rule is 10,328.

To give a second illustration, the *Baie Comeau* has a net tonnage under United Kingdom rule of 1,476 and the net tonnage under present Canadian rule is 1,634.

Hon. Mr. Roebuck: May I ask the honourable member a question? If the modern methods of propulsion have reduced the space taken up by the engine, have they not thereby increased the carrying space of the ship?

Hon. Mr. Farris: They may have done so, but is that any reason why, when we come to pay our harbour dues, we should travel all over the world at a disadvantage with other countries? If that were the issue my honourable friend might have a point that would be difficult to answer, but I say that the issue here is, can we by changing our method of determining net tonnage go out of these ports with the same liability as competing ships of other nations.

Hon. Mr. Roebuck: But do our regulations cover the measurements of the ship when we go into a British port?

Hon. Mr. Farris: No; the net tonnage is determined under section 95.

Hon. Mr. Roebuck: Of our own act?

Hon. Mr. Farris: Yes, of our own act.

Hon. Mr. Roebuck: Even in a foreign port?

Hon. Mr. Farris: That is right. At every port we go into we have to pay harbour dues and other charges of a similar nature on the basis of our own measurements, and the measurements of ships from other countries are made under their own laws.

The memorandum before me gives a third illustration: the *Sept Iles,* an ocean-going vessel. Under British registry her net tonnage is 11,691; under Canadian registry, by section 95 as it now exists, it is 13,631.

Those are illustrations of comparison, and the companies which operate these ships are concerned that this matter should be corrected and that we should amend our rules to conform to the amended section in Great Britain. I can find no argument as to why that should not be done. In fact, Mr. Hees might have a point against us if we did not do it.

The only other matter I want to deal with is section 28, which does three things; actually it does two things, because one of them is already in existence. It enlarges the area as to which regulations controlling the speed and safe operation of motor-driven vessels shall apply. The section as it now stands applies only to inland or minor waters, and inland and minor waters are both defined in the present Shipping Act. I am told that in many places where tourist camps and tourist homes are operated, people using the beaches are in great danger from the reckless operation of motor boats. My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) may be familiar with the fact that the Toronto Harbour Commissioners have jurisdiction over the waters in Toronto and have passed regulations as to the speed of motor boats in certain areas there and against their reckless operation, no matter what the speed is, because even a low speed might amount to reckless operation if children were swimming, for instance. Their regulations are practical,

comprehensive, and drastic, and I am sure are completely satisfactory to the people of Toronto.

Hon. Mr. Roebuck: Most necessary.

Hon. Mr. Farris: Section 28 of the bill says:

The Governor in Council may by order or regulation provide

(a) for the government and regulation of any part or parts of the inland, minor or other waters of Canada.

The words "other waters" completely revise subsection 4 of section 645 of the act. If that becomes law the Governor in Council will have power to do exactly what the Harbour Commissioners are doing in Toronto, where it is found these dangers exist.

Hon. Mr. Isnor: Does that not apply to all National Harbour commissions?

Hon. Mr. Farris: I do not know.

Hon. Mr. Isnor: I think it does.

Hon. Mr. Farris: I doubt it, though.

Hon. Mr. McDonald: May I ask the honourable senator a question?

Hon. Mr. Farris: Yes, of course.

Hon. Mr. McDonald: Does this provision anticipate the licensing of ships?

Hon. Mr. Farris: I am coming to that point. The section I am now discussing does not deal with licensing. For instance, the Toronto Harbour Commission has been able to deal with this question, apart from the requirements for the licensing of motorboats; regulations are provided by Order in Council, but they are presently confined to minor waters.

Hon. Mr. Roebuck: If my honourable friend does not mind, I should like to ask him whether the addition of the word "other" with respect to "waters of Canada", according to the rule *ejusdem generis,* really changes this section? In other words, will it not be "minor" and "inland" waters, notwithstanding the addition of "other"?

Hon. Mr. Farris: I am pleased to hear my friend ask that question, because it occurred to me right at the outset. I am in sympathy with the question, and I should like my friend to put it to the draftsman of this legislation.

The honourable Leader of the Government has just pointed out to me that it is proposed to amend the regulations by adding two words, "inland" and "other", with respect to waters of Canada, and that the provisions today apply only to minor waters as defined in the Canada Shipping Act. I say to my honourable friend from Toronto-Trinity, (Hon. Mr. Roebuck) that that is a further question we shall have to consider when the bill is in committee. We do not want to kill this provision here because, properly interpreted, it is a good one.

A further question is that of jurisdiction under "other waters", assuming the department intends to give it its widest application, namely, as to the waters of Canada over which Parliament has jurisdiction. That jurisdiction might extend to tidal waters or it might be something which could be regulated by the provinces in the same way as property and civil rights having to do with motor cars are regulated under the Criminal Code.

Hon. Mr. Roebuck: But we never leave that to the executive.

Hon. Mr. Farris: That may be so. I am not arguing now from the standpoint of whether or not it should be left to the executive, but rather that it is a question of jurisdiction, and one which should be raised in committee, as to what the proper wording should be. I agree with the point raised by my honourable friend from Toronto-Trinity; and if I were defending a man for a violation on the ocean within the three-mile limit, the first point I would make would be whether, applying either the *noscitur a sociis* rule or the *ejusdem generis* rule, the part of the ocean in question included "inland, minor or other waters of Canada". This is a rather peculiarly worded section, in that it is more common to have the general proposition stated first and then to add words to the effect that, notwithstanding the generalities thereof, in paricular it should include certain other things.

These are matters, honourable senators, which do not justify our turning down this convention in the form in which it comes to us, but rather make it necessary that we should give it most careful consideration in committee. Certainly, I should not like to see this bill go to the House of Commons without having received most careful scrutiny from the legal members of this house.

Honourable senators, I think I have been as helpful as I can in explaining this bill. I have frankly indicated to the house—and my friend from Toronto-Trinity has assisted me—the problems that should be considered in committee, and there is little more I can say in an off-hand manner to the house.

I come now to paragraph 4(b) of section 28, which empowers the Governor in Council to provide:

—for the licensing of operators of vessels on such waters.

I understand that section to mean that the Governor in Council will have power to license every motorboat, even a little outboard.

Hon. Mr. McDonald: That would include all fishing boats, no matter how small?

Hon. Mr. Farris: Yes, this section gives the Governor in Council power to do that. I do not think for a moment that the Government would want to make the application of its power that wide, but Parliament is being asked to give this power.

Hon. Mr. Roebuck: Yes, and in doing so we might prevent the provinces from doing it, because we would be occupying the field.

Hon. Mr. Farris: That is so. But by giving this bill second reading we are not committing ourselves to accept the provisions of that paragraph when it reaches committee; however, if we delete it now we will preclude ourselves from the opportunity of a full and intelligent discussion on it. I should like to have the views of the witnesses who will be present on the constitutional question of jurisdiction, and also with regard to the matter of the licensing fee. I understand that the persons who will appear before us will urge that the Government should have the licensing power asked for. I am quite sure the honourable Leader of the Government would not commit himself as to whether the Government woud choose to exercise that power; nevertheless, the possibility of its being used must be considered.

I may say that in 1950 the question of the licensing of operators of motorboats came up in the House of Commons. There was considerable discussion of it at that time, and my friend the leader can tell you better than I what happened. I think Mr. Howard Green, Mr. Herridge and some others discussed it. All I am saying now is that in my view the great bulk of these amendments will in all likelihood be passed in committee with little or no discussion. However, some time may have to be spent on section 28, because it is directed to the safety of those who enjoy the use of our waters. It would be most unfortunate if because of the wording of that section as it comes before us we killed the bill.

I urge on the house that the bill be now given second reading. May I say that for personal reasons only I should like to see it passed next week; however, if any honourable senator wishes to adjourn the debate on second reading, it is his privilege to do so.

Hon. Mr. Smith: Honourable senators, I move adjournment of the debate.

Hon. Mr. Roebuck: Before the debate is adjourned, may I be allowed to make a few comments?

Hon. Mr. Macdonald: Honourable senators, I see no objection to this bill being debated on Tuesday afternoon next, and if convenient honourable senators could consider it in committee on Wednesday morning, at which time the honourable senator from Vancouver South (Hon. Mr. Farris) would still be here.

Hon. Mr. Kinley: I think some further time should be allowed for discussion of the bill. It is an interesting subject to the people of Canada, particularly persons engaged in the construction of ships, and to captains, engineers and so on. We should have some idea of their reaction to this proposed measure.

Hon. Mr. Connolly: Honourable senators, may I be allowed to make a suggestion? No doubt a good many honourable senators would like to give further consideration to the bill before it goes to committee. We have listened to a most remarkable and able explanation of the bill by the senator from Vancouver South, and everyone would agree, I am sure, that when the bill goes to committee the honourable senator should be there to give us the benefit of his knowledge of and familiarity with its various provisions. So, with the unanimous consent of the house, I would suggest that we get the bill to committee quickly enough to allow the honourable senator from Vancouver South to attend.

Hon. Mr. Macdonald: Honourable senators, I have consulted with my friend from Vancouver South, and he assures me he could attend a committee meeting Wednesday morning next. I agree entirely with what the senator from Ottawa West (Hon. Mr. Connolly) has said. The senator from Vancouver South has given us a very fine explanation of this difficult and complicated bill and we are grateful to him.

Honourable senators, I said earlier this day that on Tuesday afternoon we could proceed with the motion of the honourable senator from Toronto-Spadina (Hon. Mr. Croll). The honourable senator from Fredericton (Hon. Mrs. Fergusson), who adjourned the debate, probably might forgo her rights and let us proceed with this bill on Tuesday afternoon.

I would suggest, Mr. Speaker, that when the debate is adjourned, on motion of the honourable senator from Queens-Shelburne (Hon. Mr. Smith), this bill be put on the Order Paper as the first order of business for Tuesday afternoon.

Hon. Mr. Smith: Honourable senators, may I say a word on that point? One of the reasons why I made the motion was to give honourable senators representing the Maritime provinces a chance to have a look at the bill. I myself saw it this morning for the first time, and I find in the bill some things

that are going to be rather contentious. Now, if the bill goes to committee next week there will not be enough time for me to ascertain from the people in my part of the country whether there are sections in this bill that they like or do not like. I would rather see this bill put off for three weeks, which means until after the Easter recess.

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

INTERNAL ECONOMY

SECOND, THIRD AND FOURTH REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the 2nd, 3rd and 4th reports of the Standing Committee on Internal Economy and Contingent Accounts.

On motions severally moved by Hon. Mr. Macdonald, Chairman of the Committee, the reports were adopted.

PRIVATE BILL

PENSION FUND SOCIETY OF THE DOMINION BANK—SECOND READING

Hon. John J. Connolly moved the second reading of Bill G-7, an Act respecting The Pension Fund Society of the Dominion Bank.

He said: Honourable senators, I need detain the chamber for only a few moments in connection with this bill, which should be referred to the Standing Committee on Banking and Commerce for investigation. The reason for this bill arises mainly from the fact that on February 1, 1955, the Dominion Bank and the Bank of Toronto were amalgamated. Each bank had a pension scheme. The Dominion Bank's pension scheme was incorporated by an Act respecting the Pension Fund Society of the Dominion Bank. The society was incorporated in 1887 and an amendment was made to the statute in 1899.

The Bank of Toronto also had a pension fund, which was not incorporated; it was managed and held by trustees.

When the banks were amalgamated it was decided that the pension fund of each bank should be fused into one organization. Now it is proposed that the name of the company which operates the pension fund should also be changed to "The Pension Fund Society of the Toronto-Dominion Bank".

Hon. Mr. Roebuck: All they ask for is a change of name?

Hon. Mr. Connolly: A change of name.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Connolly, the bill was referred to the Standing Committee on Banking and Commerce.

The Senate adjourned until Tuesday, March 20, at 3 p.m.

THE SENATE

Tuesday, March 20, 1956

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

Prayers.

Routine proceedings.

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN COMMONS GALLERY

The Hon. the Speaker: Honourabble senators, on March 17, 1931, the then Speaker of the Senate, the Honourable P. E. Blondin, issued and distributed to honourable senators the following instructions regarding the use of the Senate Gallery in the House of Commons on budget night:

Upon the occasion of the delivery of his Budget Speech by the Finance Minister, none but senators will be admitted to the Senate Gallery of the House of Commons. This step is taken for the purpose of providing accommodation in the gallery for as many senators as possible.

In past years many senators have been excluded from the gallery upon similar occasions on account of many of the places being occupied by relatives and friends of senators.

This practice has been followed ever since by succeeding Speakers.

NATIONAL CAPITAL

JOINT COMMITTEE ON FEDERAL DISTRICT COMMISSION—SUBSTITUTION OF COMMONS MEMBER

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved that a message be sent to the Senate to acquaint their Honours that this house has substituted the name of Mr. Harkness for that of Mr. Fulton on the Special Joint Committee of both houses of Parliament on the Federal District Commission.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 176 to 212, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

PAINTINGS IN SENATE CHAMBER

INQUIRY

Hon. Jean-François Pouliot: Honourable senators, would the honourable leader tell us if the eight depressing paintings adorning this chamber are on loan from the National Gallery of Canada?

Hon. W. Ross Macdonald: Honourable senators, it is my impression that the eight paintings are on loan from the National Gallery. However, I will obtain definite information as to that and let the honourable senator know.

TRADE AGREEMENT WITH RUSSIA

NOTICE OF MOTION FOR APPROVAL OF RATIFICATION

Hon. Mr. Macdonald: Honourable senators, I wish to give notice of the following motion for tomorrow, with leave:

That it is expedient that the Houses of Parliament approve the ratification by Canada of the agreement on trade between Canada and the Union of Soviet Socialist Republics, signed at Ottawa on February 29, 1956, and that this house do approve the same.

Although I am giving notice for tomorrow, I do not intend to proceed with this motion until after the Easter recess.

PUBLIC BILLS

NOTICE OF MOTION FOR SUSPENSION OF RULES

Hon. Mr. Macdonald: I also wish to give notice that I would like to move tomorrow, with leave:

That from this day until the end of the Easter adjournment Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

A similar motion which is passed at about this time every session, the purpose being to enable us to give a bill more than one reading in one day.

EMERGENCY SITTINGS

NOTICE OF MOTION FOR AUTHORITY TO CONVENE SENATE DURING ADJOURNMENT

Hon. Mr. Macdonald: I have a third notice of motion for tomorrow, the purpose of this one being to authorize His Honour the Speaker to call honourable members back during any adjournment, if an emergency should arise. It also is a usual motion. Do honourable members wish me to read it? It will appear on the Order Paper tomorrow.

Hon. Senators: Dispense.

NATIONAL CAPITAL

JOINT COMMITTEE ON FEDERAL DISTRICT COMMISSION—ADDITION TO SENATE MEMBERS

Hon. Arthur L. Beaubien moved, with leave:

That the name of the Honourable Senator Gershaw be added to the list of senators serving on the Joint Committee on the Federal District Commission; and

That a message be sent to the House of Commons to inform that house accordingly.

The motion was agreed to.

FINANCE COMMITTEE

ADDITION TO MEMBERS

Hon. Mr. Beaubien moved, with leave:

That the name of the Honourable Senator Howden be added to the list of senators serving on the Standing Committee on Finance.

The motion was agreed to.

SENATE RULES

NOTICE OF MOTION FOR NEW RULE AUTHORIZING DIVORCE COMMITTEE TO DIRECT EVIDENCE OF OFFENCE TO LAW-ENFORCEMENT AGENCY

Hon. Arthur W. Roebuck: Honourable senators, I wish to give notice that with the leave of the house I shall move tomorrow the following resolution:

That the Rules of the Senate of Canada be amended by inserting therein immediately after Rule 143 a new Rule 143A as follows:

143A. The Standing Committee on Divorce, whenever in its opinion there has been disclosed in any evidence given before it or any of its subcommittees an offence against the Criminal Code of Canada or the violation of any other law in force in Canada, may direct that such evidence, or a part thereof, be drawn to the attention of such law-enforcement or other agency in Canada as the Senate Committee may deem appropriate, for such action as such agency may deem requisite.

With consent, I shall move that tomorrow.

The Hon. the Speaker: I would draw the attention of the honourable senator to the fact that, except with leave, two days' notice is required.

Hon. Mr. Roebuck: Except with leave, yes. I thought that, with consent, I might move it tomorrow; otherwise, of course, I give two days' notice now.

Hon. Mr. Haig: As I understand the motion, it provides that the committee itself can bring evidence to the appropriate law officer of the Crown. I would think that that would have to be done with the consent of the house.

Hon. Mr. Roebuck: We are asking the consent of the house to do that very thing.

Hon. Mr. Haig: I know, but to bring evidence to the attention of some other agency cannot be done in any particular case without the consent of the house.

Hon. Mr. Roebuck: I suppose that should be debated when the motion is put. If I might deal with the point: you cannot make public a proposed prosecution before, say, a Crown Attorney, has passed upon it. This resolution provides only that you can refer the evidence to a Crown Attorney or other appropriate officer, such as the Attorney General. You cannot ask for power in a specific case prior to having the opinion of the Crown Attorney in your hand.

The Hon. the Speaker: It is understood that the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) must give the required two days' notice.

Hon. Mr. Roebuck: If that is the ruling of the Chair, I now give two days' notice.

NEW BRUNSWICK POTATO MARKETING BOARD

DISCUSSION ON ANSWER TO INQUIRY— NOTICE OF FURTHER INQUIRY

Hon. Frederick W. Pirie: Honourable senators, on Tuesday last, March 13, during my absence from the Senate the Leader of the Government (Hon. Mr. Macdonald) answered an inquiry I made pursuant to notice of February 21. It took the Government three weeks to reply to my inquiry, which consisted of only two questions; and, in fact, my second question was only partially answered. I do not think these questions were contentious, at all. With permission of the house I would like to read again the notice of inquiry I gave on February 21:

1. Has the audit and investigation concerning the operations of the New Brunswick Potato Marketing Board, under agreement with Her Majesty the Queen, represented by the Minister of Agriculture, dated December 21, 1953, been completed?

2. If so, when may the tabling of the report be expected?

Surely the Government should not have to take three weeks to answer two simple questions like those. On February 28 I inquired of the Leader of the Government if he could give any indication as to when I might expect an answer to my inquiry, and he was frank to say that he did not know but that he would try to get the information as soon as possible.

Honourable senators will remember that almost a year ago I submitted similar questions and that I received much the same answers as I did the other day. On Thursday last, March 15, the honourable Leader of the Government's reply to the first question as to whether the audit of the investigation had been completed, was "Yes." His answer to the second question was:

The matters investigated are now under consideration by the departments of Government and others concerned.

As I have said, I think that is only a partial answer to my second question. On Thursday last my honourable friend from Vancouver South (Hon. Mr. Farris) made an inquiry, and if I may be permitted I will read it.

The Hon. the Speaker: I think the honourable senator should confine himself to the answers to his questions.

Hon. Mr. Pirie: Well, I submitted an inquiry here on what I am speaking about. If I am out of order, I will certainly bow to the Speaker's ruling.

Hon. Mr. Macdonald: Honourable senators, the honourable senator from Victoria-Carleton (Hon. Mr. Pirie) has started to speak on this subject, and so far as I am concerned I have no objection to his continuing.

The Hon. the Speaker: Is the house agreed?

Hon. Senators: Agreed.

Hon. Mr. Pirie: Thank you.

Last Thursday the honourable senator from Vancouver South asked this question:

> May I ask the honourable Leader of the Government in the Senate a question with respect to the answer given on Tuesday to an inquiry by the honourable senator from Victoria-Carleton (Hon. Mr. Pirie)? The inquiry was as follows:

I will not quote the inquiry, because I have already done so. The honourable senator from Vancouver South read the inquiry, together with the answers given by the honourable Leader of the Government, and went on to say:

> I would like the honourable leader to tell me if Senator Pirie is included in the "others concerned". I think the honourable senator is perhaps as vitally concerned as anybody, inasmuch as he was the one who made the inquiry.

The following comments concluded the discussion:

> Hon. Mr. Macdonald: I do not know, and as Senator Pirie is not present just now I am afraid I cannot answer the question.
>
> Hon. Mr. Farris: I cannot see what his absence has to do with it.
>
> Hon. Mr. Macdonald: I do not know who the others are, or whether Senator Pirie is concerned.
>
> Hon. Mr. Farris: I have already stated that I think he is concerned.

Well, honourable senators, I am vitally concerned. Anything that represents upwards of a million dollars of the taxpayers' money going down the drain concerns me, and I have reason to believe that practically a million dollars have gone—where, nobody knows, apparently, up to this time. I would like to find out, therefore, why the report of the investigation is not tabled, because I am reliably informed that the information in the report has seeped out to a great many others who are concerned in this whole affair. It seems to me that it would be a very simple matter for the Government to tell me why this report cannot be tabled at the present time. Sometimes I think that people on the street can get more information than I am able to obtain from departments of Government. I have interviewed certain departments that should be concerned about this matter, and I have been brushed off from time to time. Had the information been such that they wanted to hold back for any specific reason, I should think they could give me some justifiable reason why they could not table the report, and I would be perfectly willing to accept it. When the report is tabled, I do not believe that 10 per cent of the racketeering, the graft, and the falsifications of the records will appear in it. I have requested that the Government investigate all of that scandal under the Public Inquiries Act, or by a Royal Commission. I believe it had upwards of a dozen to fourteen down in the community seeking to gather information by going out in the country and asking somebody a few questions. Well, in my opinion it will never get any information by going around and asking a few simple questions. In connection with a matter so serious as this I think the Government should appoint a Royal Commission or a commission under the Public Inquiries Act, who would subpoena and bring in witnesses and put them under oath. That is what I asked the departments of government concerned to do two years ago, but they did not see fit to do so.

Now, what does the Auditor General say about this affair? I think that is important. I will read his statement from the Public Accounts of Canada for 1955, Volume 1:

> An agreement with the New Brunswick Potato Marketing Board also covers the 1953 crop. A final settlement has still to be made as Treasury investigations indicate falsifications of some inspection and delivery records. The Government of Canada has paid out $2,200,000, but the settlements have been restricted to transactions not in controversy.

I do not know just when that report was published, but this comment is dated 1955. In the light of that report alone I should think the Government would be interested in getting its toes into the sand and doing something about this matter.

Let me refer to what the Minister of Agriculture said in reply to a letter from a Roman Catholic priest down in the country I come from. The priest had written the minister criticizing the way this matter was handled, and referring to the fact that half of the money disappeared between New Brunswick and Ottawa. I take my quotation from the Grand Falls *Cataract*—a very important sheet down in our country—from which I will read only a short paragraph of the minister's letter in reply to the priest. The minister said, in part:

> As you suggest,—

That is, as the priest suggests.

> —they did attempt to set up an organization of that kind in New Brunswick two or three years ago, and you suggest it cost the Government a lot of money and really go further and suggest that somebody between Ottawa and there got half the money. I think we should face the facts if we are going to correct the situation—the trouble with the administration of the board's activities—

That is the New Brunswick Potato Marketing Board's activities.

—was right in New Brunswick, and some of it brought about by persons who were presumed to be working for the farmers. Ottawa has nothing to do with that excepting to prosecute persons who steal money no matter who they happen to be. There might even be some question as to whether a police force is the proper authority to teach people not to steal.

All this came out of the agreement which the Government made through the Department of Agriculture with the New Brunswick Potato Marketing Board. That agreement, which is rather poorly drawn, gives the marketing board the opportunity to do what they did. In many instances the agreement was not carried out; in other words, they got around the agreement. The fault lies with the Department of Agriculture, because the agreement came out of that department.

Honourable senators, I have a good deal of evidence, but I am not going to submit it here today. However, I do have a further inquiry to make. And may I say that I hope it will not take three weeks to get an answer. It is a simple question, and with your permission, Mr. Speaker, I give notice now:

That on Thursday, March 22, I will inquire of the Government what departments of governments and others were concerned in the investigation concerning the operations of the New Brunswick Potato Marketing Board under agreement with Her Majesty the Queen represented by the Minister of Agriculture, dated December 21, 1953?

Honourable senators, I will have a good deal more to say about this subject when the report is tabled. I am anxious to see the report, and I think it is up to the Leader of the Government in the Senate to press for its tabling in this house.

Hon. W. Ross Macdonald: Honourable senators, I am sure you would not expect me to be in a position to reply this afternoon to the remarks of the honourable senator from Victoria-Carleton. I have not seen the report, nor has my honourable friend; his imagination leads him to think it contains something that it may not contain. I do not know what is in the report; indeed, I am frank to admit that I do not know very much about potatoes.

I shall endeavour to get the information asked for under the present inquiry as soon as possible. I may say that it will have to be obtained from various departments, and I am not at all hopeful that I will have the information available by Thursday next. I assure my honourable friend that I will do my very best to obtain it quickly.

DIPLOMATIC REPRESENTATIVES

INQUIRY AND ANSWER

Hon. Mr. Reid inquired of the Government, pursuant to notice of March 13:

1. Is there any rule governing the number of embassy representatives in Canada?
2. What are the number and names of the various countries that have diplomatic representatives in and around Ottawa?
3. Are diplomatic representatives, and others attached to these embassies under any restrictions by the Canadian Government as to travel outside Ottawa, or throughout the country? If not, are Canadian representatives abroad allowed the same privilege, including the right to travel freely in the various countries to which they have been assigned?
4. What country or countries, if any, place travel restrictions on foreign embassy representatives assigned to that country?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

1. No.

2. There are 47 foreign and Commonwealth missions in Ottawa representing the following countries:

Embassies: China, Netherlands, Germany, Greece, Turkey, Norway, United States of America, France, Indonesia, Israel, Peru, Italy, Ireland, Egypt, Brazil, Yugoslavia, Venezuela, Belgium, Japan, Denmark, Argentina, Costa Rica, Portugal, Dominican Republic, Mexico, Colombia, Chile, Cuba, Union of Soviet Socialist Republics, Spain, Uruguay, Haiti.

Legations: Switzerland, Iceland, Austria, Lebanon, Sweden, Czechoslovakia, Poland, Luxembourg, Finland.

High Commissioners' Offices: United Kingdom, Pakistan, India, New Zealand, Australia, Union of South Africa.

3. In Canada, as in most countries, there are certain establishments which foreign diplomats and even Canadians can only visit under special authority. Apart from these restrictions diplomatic representatives in Canada, with the exception of members of the Soviet Embassy, are free to travel when and where they wish throughout the country. Members of the Soviet Embassy are required to give full details of their itinerary at least 48 hours before they intend to travel beyond a 75 mile radius of Ottawa, and if their proposed journey is not approved they are notified accordingly. Travel regulations affecting Soviet diplomats were first introduced in 1952 by Canada and most other NATO countries in retaliation for the restrictions imposed by the Soviet Government on foreign diplomats in Moscow. Canadians and other diplomatic representatives in Moscow are required to notify the Soviet authorities 48 hours in advance of any trip to be taken beyond a 40 kilometer radius of Moscow and are forbidden to travel in certain designated areas of the Soviet Union.

4. The Soviet Union is the only country which places travel restrictions of a general character on Canadian diplomatic representatives.

CANADA SHIPPING BILL

CORRECTION OF STATEMENT

On the Order:

Resuming the adjourned debate on the motion of Honourable Senator Farris, seconded by Honourable Senator McDonald, for the Second Reading of Bill (H-7) intituled: "An Act to amend the Canada Shipping Act".—(Honourable Senator Smith).

Hon. Mr. Smith: Stand.

Hon. J. W. de B. Farris: Honourable senators, in my speech of last Thursday on this subject I gave the house some information that is not quite accurate, and I wish now to be allowed to correct it. In reply to a question asked of me I said I understood that the Harbour Board in the city of Toronto did not license small craft in that city. I have since received from the authorities in the department a copy of the bylaws of the Toronto Harbour Commissioners, and apparently they do license small craft. But I am puzzled about their authority for doing so. I have in my hand a memorandum that I received in connection with this question. The Toronto Harbour Commissioners are incorporated under a statute cited as the Toronto Harbour Commissioners Act, 1911. The Harbour Commissioners' powers to make bylaws and regulations are granted to them under section 21 of that act, which reads:

21. The corporation may from time to time make bylaws not contrary to law, nor to the provisions of this act, for the following purposes:

Then paragraph (h) is the only one that seems material:

(h) For regulating and controlling the operation and use of all canoes, sailing boats, row boats, motor boats and other kind of craft within the limits of the area over which the corporation has jurisdiction.

That does not appear to me to cover licensing.

There may be other provisions; I have not had time to look at the statute to find out. However, I find this:

No bylaws shall have force or effect until confirmed by the Governor in Council and published in the *Canada Gazette*.

Thus they have power to regulate and control the operation and use of canoes, motor boats and so forth, and I think those things are quite within their jurisdiction.

The commissioners' bylaw No. 7 covers the licensing of power vessels; and a power vessel is defined as meaning "any vessel which uses machinery in whole or part for its propulsion or which is equipped with such machinery".

Part I of that bylaw provides that

No person shall operate any power vessel or sailing vessel within the port and harbour of Toronto until the owner thereof has licensed or registered such vessel with the Chief Officer of customs at some port or place in Canada.

It further goes on to say:

No person under the age of 14 years shall be licensed to operate nor shall such person operate a power vessel within the port and harbour of Toronto,

Another provision is:

No person shall be licensed to operate nor shall any person operate a power vessel until such person shall have passed a satisfactory examination by the Harbour Master or by some other person designated by the Commissioners as to his capability as an operator, which examination may include a test of the knowledge on the part of such person of the mechanism and operation of a power vessel and of the bylaws of the commissioners and other marine regulations in force.

Part III of bylaw No. 7 contains this provision:

No person shall operate any vessel or craft in a negligent manner nor operate any vessel or craft which is not seaworthy or safe; . . .

Honourable senators, I merely call attention to this matter now because I understand the bill will not be referred to committee until after the Easter recess and some honourable senators may wish to make further inquiries on the point in the meantime.

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, March 14, the adjourned debate on the motion of Hon. Mr. Aseltine, seconded by Hon. Mrs. Hodges, for the second reading of Bill I-5, an Act to amend the Exchequer Court Act.

Hon. George H. Ross: Honourable senators, since the honourable member from Rosetown (Hon. Mr. Aseltine) introduced this bill I have given it some consideration. I am anxious to see the taking of evidence in divorce actions transferred to the courts, but I do not think it is necessary to give the Exchequer Court authority to hear divorce actions. In my opinion more satisfactory results can be had by changing the rules of the Senate.

Under the new rules that I am about to suggest, a person seeking divorce should first take proceedings in the Superior Court of his province praying for separation as to bed and board on the ground of adultery on the part of the respondent. If the petitioner succeeded in his action he would file with the Senate a petition for divorce, accompanied by a certified copy of the final decree of the Superior Court, and the Senate would act on that

without hearing any witnesses or taking any evidence. In other words, we would take the Superior Court's finding as final.

To bring about these changes the rules of the Senate would have to be amended in some respects. In the first place, I suggest the rules should provide that no petition for divorce should be received by the Senate unless accompanied by a certified copy of the judgment of the Superior Court of the province granting separation as to bed and board on the ground that the respondent has been guilty of adultery.

Secondly, I suggest the rules should provide that the Senate should not take action in any case until the expiry of at least three months from the date of delivery of judgment by the Superior Court. This time lapse would enable the Attorney General of the province to intervene if there was any allegation of connivance, collusion, condonation or perjury, in which event further inquiry could be made by the Divorce Committee of the Senate.

Furthermore, the rules would have to be amended to provide that no evidence shall be taken by the Divorce Committee in cases of this kind. The findings of the Superior Court should satisfy us as to the adultery of the respondent.

Then, honourable senators, once a year or thereabouts the Senate's Parliamentary Counsel or the Divorce Committee itself might check all petitions and certificates of petitioners, and a single statute could be passed to cover all approved cases. It would not be necessary for us to deal with each case separately in the form of an individual bill.

Hon. Mr. Euler: I do not like to interrupt, but may I ask my friend a question? He suggests, and I am in agreement on this, that the evidence be taken before the Superior Court in the province concerned.

Hon. Mr. Ross: Yes.

Hon. Mr. Euler: What would be gained by having the decision given by the Senate? Why not have it included in the court's judgment, as is done in other provinces? What would be gained by bringing each case here and prolonging it?

Hon. Mr. Ross: I will deal with that later.

It is not uncommon for one court to hear the evidence and make a finding on the facts in a case and for another court to grant relief. In England, until quite recently, the Chancellor sitting in Equity would hear affidavit evidence read to him. But he would not hear *viva voce* evidence. If a dispute as to the facts of a case came before him he would refer the action to the Common Law side of the court to have the facts determined. On the facts so found he would adjudicate.

Under our present procedure we bring witnesses to Ottawa, hear their evidence and decide whether or not adultery has been proved. As exclusive authority over property and civil rights is by section 92 (13) of the British North America Act assigned to the provinces, it is often necessary to take another action in the province. Thus there often have to be two highly expensive actions and the rehearing of many witnesses in order to determine the rights of the parties. But under the procedure which I suggest, property rights as among the spouses and their children could be better dealt with in a single action.

The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) said that if the Exchequer Court were given power to deal with divorces it would also have incidental power to deal with property rights between husband and wife and children. Many lawyers are of the same opinion. Others disagree with this view. But whatever the law may be, I do not think that the Exchequer Court, if vested with power to grant divorce, should have any jurisdiction to settle property rights. I believe Quebec and Newfoundland are doing excellent work in that field. It should be left with them.

The act granting a divorce should expressly state that the divorce was not intended to affect property rights in any way, but that it merely authorized the parties to remarry. I suggest this because lawyers appearing before the Divorce Committee have made the statement that, by granting the wife a divorce, we release the husband from family responsibility; that not only is the wife affected, but the children as well; that the husband has no further obligations as far as they are concerned. I can understand that the husband would be relieved of marital responsibility upon a decree of annulment, since in such a case there never was a marriage; but I cannot understand how this principle would apply to a valid marriage. On one occasion I asked a lawyer who held that the passing of a divorce bill relieves the husband from responsibility whether it was his view that this resulted from the wording of the act which granted the divorce, or whether it was due to the law of Quebec. I could not obtain a satisfactory answer to that question.

Possibly the House of Commons would be glad to get rid of these divorce actions. If so, the Senate and House of Commons Act might be amended to provide that upon the Senate passing a divorce bill, it could receive the Royal Assent without the concurrence of the House of Commons, whether or not we continue to deal with divorce actions as at present. I think it highly desirable that the

statute should be amended so that the House of Commons would not have to spend time in reviewing the evidence.

By the British North America Act, section 92 (14), the administration of justice is assigned, not to Parliament, but to the courts. The administration of justice surely includes the hearing of witnesses and the finding of facts from the evidence adduced. I respectfully submit that by hearing evidence in divorce actions we are usurping the functions of the courts.

In my opening remarks I said that I thought it would be more satisfactory to revise our procedure in the manner I have suggested than to transfer divorce jurisdiction to the Exchequer Court, or to some other legal tribunal, as was suggested by the honourable senator from Waterloo (Hon. Mr. Euler). If we amended the rules in the manner I have proposed, we would not antagonize a large proportion of the people of Quebec and Newfoundland by forcing upon them a court to deal with divorce, which is contrary to the religious convictions of the majority in those provinces. I think that is a very important consideration.

Hon. Mr. Aseltine: The relief proposed in the bill is for a minority only. It does not affect the others at all.

Hon. Mr. Ross: We are here to defend the rights of minorities.

Hon. Mr. Euler: But the honourable senator is not defending the rights of the minority in the province of Quebec.

Hon. Mr. Ross: By doing what I suggest, we shall not oppress the minority in the province of Quebec, and we shall be protecting minorities throughout Canada.

Hon. Mr. Haig: Let me ask the honourable senator a question: were this bill to pass, if I, in Manitoba, married again and wanted a divorce, could I obtain a divorce in that province?

Hon. Mr. Ross: Surely.

Hon. Mr. Haig: The only provinces affected by the bill are Quebec and Newfoundland.

Hon. Mr. Ross: That is so.

Hon. Mr. Haig: If I were a member of the minority in Quebec I could have this relief; if I were a member of the majority I would not be affected at all.

Hon. Mr. Fournier: The minority in Quebec has never complained about the treatment it receives in relation to conditions in the other provinces.

The Hon. the Speaker: May I remind honourable members that it is not in order to carry on a series of speeches at the same time? The honourable senator from Calgary (Hon. Mr. Ross) should not be interrupted without his consent.

Hon. Mr. Ross: If the proposal which I suggest were adopted it would not work any hardship on the minority in Quebec.

Hon. Mr. Haig: May I ask another question?

Hon. Mr. Ross: Surely.

Hon. Mr. Haig: Is it not so that the only people who would be affected by this bill are members of the minority? Members of the majority can, if they choose, apply for relief. We are not doing anything to stop them. All we wish to do is to give members of the minority the choice of applying for relief either to Parliament or to a court.

Hon. Mr. Ross: If the rules were amended as suggested we would rid the Senate of a duty which it should not have to perform—the hearing of evidence and examining of witnesses hour after hour, day after day.

Further, we would greatly reduce the costs of divorce to needy litigants.

I do not see any necessity for this bill. I would suggest that its sponsors withdraw it and have the matter referred to a committee —perhaps the Divorce Committee—to recommend changes in the rules so that divorces may be granted in future according to what was obviously the intention of the framers of the British North America Act; or perhaps it would be considered preferable to have a joint committee of the Senate and the House of Commons set up to revise the rules for that purpose. If action were taken without delay, the matter might yet be dealt with during the present session.

Hon. Senators: Hear, hear.

On motion of Hon. Mr. Beaubien, for Hon. Mr. Bouffard, the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 21, 1956

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

Prayers.

Routine proceedings.

PRIVATE BILL

PENSION FUND SOCIETY OF THE DOMINION BANK—REPORT OF COMMITTEE

Hon. William H. Golding, for Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill G-7.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (G-7) intituled: "An Act respecting The Pension Fund Society of the Dominion Bank", have in obedience to the order of reference of March 15, 1956, examined the said bill and now beg leave to report the same without any amendment.

The report was adopted.

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

Hon. Mr. Golding: Next sitting.

CRIMINAL LAW

JOINT COMMITTEE ON CERTAIN QUESTIONS —QUORUM OF SENATE SECTION REDUCED

Hon. J. W. de B. Farris, for Hon. Mr. Hayden, Joint Chairman of the joint committee of the Senate and House of Commons on capital and corporal punishment and lotteries, presented the first report of the committee.

The report was read by the Clerk Assistant as follows:

Your committee recommend that the quorum of the Senate section of the joint committee be reduced to three members.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Farris: With leave of the Senate, I move that the report be adopted now.

The motion was agreed to, and the report was adopted.

NATIONAL CAPITAL

JOINT COMMITTEE ON FEDERAL DISTRICT COMMISSION—QUORUM OF SENATE SECTION REDUCED

Hon. F. W. Gershaw, Joint Chairman of the joint committee of the Senate and House of Commons on the Federal District Commission, presented the first report of the committee.

The report was read by the Clerk Assistant as follows:

The joint committee of the Senate and House of Commons appointed to review and report upon the progress and programs of the Federal District Commission in developing and implementing the plan for the national capital beg leave to make their first report, as follows:

Your committee recommend that the quorum of the Senate section of the joint committee be reduced to three members.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Gershaw: With leave of the Senate, I move that the report be adopted now.

The motion was agreed to, and the report was adopted.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

LETTER FROM PRIME MINISTER TO PROVINCIAL PREMIERS TABLED

Hon. W. Ross Macdonald: Honourable senators, I beg to lay on the table of the house copy of a letter dated March 19, 1956, addressed by the Prime Minister, in French, to the Premier of Quebec, and, in English, to the Premiers of the other provinces, concerning fiscal matters. Copies of previous letters in connection with this matter have been printed in our records. Therefore, with leave of the house, I move:

That the letter, dated March 19, 1956, forwarded by the Prime Minister to all provincial Premiers be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date.

The motion was agreed to.

See appendix to today's Hansard, *p. 346.*

PUBLIC BILLS

SUSPENSION OF RULES

Hon. Mr. Macdonald moved:

That from this day until the end of the Easter adjournment, Rules 23, 24 and 63 be suspended in so far as they relate to Public Bills.

The motion was agreed to.

EMERGENCY SITTINGS

AUTHORITY TO CONVENE SENATE DURING ADJOURNMENT

Hon. Mr. Macdonald moved:

That for the duration of the present session of Parliament, should an emergency arise during any adjournment of the Senate, which would in the opinion of the Honourable the Speaker warrant that the Senate meet prior to the time set forth in the motion for such adjournment, the Honourable the Speaker be authorized to notify honourable senators, at their addresses registered with the

Clerk of the Senate, to meet at a time earlier than that set out in the motion for such adjournment, and non-receipt by any one or more honourable senators of such call shall not have any effect upon the sufficiency and validity thereof.

The motion was agreed to.

PENAL REFORM

DISCUSSION CONTINUED

The Senate resumed from Monday, March 5, the adjourned debate on the inquiry of Hon. Mr. Croll calling to the attention of the Senate the present position with respect to penal institutions in Canada and in particular discussing the need for further reforms in the Canadian penal system.

Hon. Muriel McQ. Fergusson: Honourable senators, one subject that receives very little attention in this country is women prisoners—that is, women who have been convicted of crime in our courts and sentenced to a term in jail. I would like to bring to your attention today some points in regard to the situation of these women who, except for the visits and help of the loyal and devoted members of the Elizabeth Fry Society, might well be called the forgotten women of Canada.

Fortunately the number of women convicted and imprisoned in Canada is not large, but in a democratic and Christian country, where each individual is considered of prime importance, because the number of women convicts is few is certainly no reason why they should not be given every possible opportunity to become good citizens.

In a series of excellent talks over the CBC our well-known woman commentator Ann Francis recently gave what to many were very surprising facts and information about the women in our local and provincial jails and in the federal penitentiary at Kingston. The large number of people who have expressed to me an interest in those talks has surprised me very much. If our people heard more about women prisoners I think they would take greater interest in them.

Honourable senators, for obvious reasons I will today deal only with the women in the federal prison at Kingston, Ontario, where women are sent who have been sentenced in any province in Canada, except Newfoundland, to a term of two years or more. In 1949, when Newfoundland came into Confederation, it was part of the arrangements that women convicted and sentenced in that province to two years' imprisonment or more should spend their term of imprisonment in Newfoundland jails, but that of course their maintenance would be paid by the federal Government, whose responsibility they are.

Women who are sentenced to a term of two years or more, anywhere between Halifax and Victoria, must be taken to Kingston to serve their term of imprisonment. Their transportation, including that of the guards, is very expensive. Formerly, one wing of the penitentiary at Dorchester, New Brunswick, known as the Maritime penitentiary, was reserved for women prisoners from the Maritimes, but in 1923 it was closed and its inmates were transferred to Kingston.

Honourable senators, in early days the purpose or objective of society in placing offenders under detention was to visit on them revenge for an injury done to society, or it was an attempt to force offenders to make retribution for offences committed against society. As we become more civilized those ideas of revenge and retribution are gradually being abandoned, and more and more it is being recognized that the purpose in keeping offenders under detention is not revenge or retribution, but the protection of society. That is achieved by keeping dangerous criminals out of circulation, and also by rehabilitating reformable criminals, so that on their release they will no longer break the law and be a danger to society. Some women, but very few, are really dangerous and completely incorrigible.

Hon. Senators: Oh, oh.

Hon. Mrs. Fergusson: Perhaps honourable gentlemen think that a great many of us are dangerous. It is true, of course that some women commit really serious crimes and cause people to fear for their lives or property, but the number of such women is small. They must be kept strictly under lock and key, but the larger proportion of women prisoners do not require to be so carefully guarded. However, all of them require educating, training, counselling and guiding, so that when they are released they will find a place in society and make a worth-while contribution to it rather than become misfits and prey on other people. I would remind honourable senators that a very large percentage of the total number of prisoners in Canada are released at some time and could play a useful part in their communities. I am sorry that I do not have the actual percentage figure.

Hon. Mr. Gershaw: It is 95 per cent.

Hon. Mrs. Fergusson: Thank you. That is to say, 95 per cent of the prisoners are released and again mix with society. As I have indicated, it is necessary to train those people while they are in prison so that when they are released they will become good citizens and make a worth-while contribution to society, rather than be a drag on it.

Ever since Victor Hugo brought so vividly to the attention of society the case of Jean Valjean

in his book *Les Misérables*, society has more and more accepted a belief in its obligation to provide the offender who returns from prison a fair opportunity to live a natural life without interference because of his past.

In 1936 and 1937 the Archambault Commission studied prison conditions, and in its report of April 1938 it recommended in general that there should be classification, segregation and job training amongst prisoners; and that members of prison staffs should be trained. As we all remember, war broke out shortly after the report was issued, and as a result very little action was taken until after the appointment, in 1946, of Commissioner Gibson. Since that time considerable progress has been made along the lines of the recommendations of the Archambault report.

Honourable senators, I have visited the penitentiaries at Kingston, Collin's Bay and Dorchester. In each institution I found classification officers such as were recommended, who interview men prisoners, classify them according to their aptitudes and try to help them with personal problems, especially with post release plans. The work carried out by these classification officers is very valuable. My only criticism is that there were far too few of them in proportion to the number of prisoners to be served, so that the heavy case loads placed upon each officer make it impossible to work effectively with every case.

I also visited the Women's Prison at Kingston, but there I found no classification officers at all to help the prisoners with their problems and to discover their aptitudes so that they might be put on work at which they would be most useful and, if possible, given the training they require. Likewise, of course, there was no one to help them with their post-release problems.

I have recently learned, honourable senators, that plans are under way to appoint a social worker for the women's prison, who will carry on work similar to that done by the classification officers in the men's penitentiaries. I trust that these plans will soon bear fruit and that an appointment will be made. Because of the relatively small number of women prisoners, such a social worker would have a much greater opportunity to work with individual prisoners.

Hon. Mr. Euler: Will the honourable senator permit me to ask how many women prisoners there are?

Hon. Mrs. Fergusson: In the Women's Prison there are usually about 100; at the moment I think there are about 78. The number does not exceed 100 at any time.

Hon. Mr. Euler: Thank you.

Hon. Mrs. Fergusson: Because of the smaller number of women prisoners and the greater opportunity to do individual work among them, a social worker might well develop very successful methods which might later be adapted to the training of men prisoners. In other words, it might work as a sort of pilot project.

In this respect, honourable senators, the federal prison is not as advanced as are some provincial prisons. Some provincial institutions have had for some time and still have social workers; indeed, I believe posters are now up advertising three vacant positions for social workers in provincial prisons. It is time the federal prison at least did as well as some provincial prisons are doing.

I should like to speak also about the teaching and vocational training carried on in penitentiaries, a development that has taken place since General Gibson's appointment. This is of course in keeping with the philosophy of giving prisoners who are reformable a training that will enable them to earn an honest living when they return to society. Many prisoners, because of bad home influences and perhaps for other reasons, have never had an opportunity of learning a trade by which they could earn their living.

At Dorchester Penitentiary I saw men who were learning to become plumbers, bricklayers, carpenters and upholsterers, and very good work they are doing. Honourable senators may be interested to know that in my own province of New Brunswick the training these men receive is recognized and the years they spend in working at a trade in the penitentiary are accepted and credited on their apprenticeship to that trade.

At Collin's Bay Penitentiary I saw men learning carpentry, electric machine shop practice, motor repair, plumbing, heating and several other trades. Vocational training in the penitentiaries for men is given during the normal work hours. The local municipal authorities recognize the training received at Collin's Bay, and I understand considerable progress is being made towards its recognition by other authorities as well. I know that similar work is being carried out at the Federal Training Centre, but as I have not visited that institution I shall not speak about it.

Honourable senators, these activities cannot be too highly commended, for the man who goes out from prison properly equipped to make his living honestly is much less liable to return to prison than if he had received no special training. Money spent in providing such training is profitably invested if it prevents a man from returning again and again to prison and eventually becoming a permanent public charge.

An article in last week's issue of *Weekend* Magazine stated that of the men at Collins Bay who took the vocational training, only 30 per cent have committed further offences, and about 70 per cent went straight.

When I visited the Women's Prison last year I did not find there such progressive vocational training to equip women prisoners for their return to society. Opportunities have been provided for women prisoners to improve their education; but from what I could observe, it appeared that the educational matron had a great many other responsibilities, and did not have adequate time to do the teaching that should be done in such an institution. It is true that inmates may receive training in hairdressing, stenography and take certain correspondence courses, but the studying had to be done outside of work hours. After a woman has spent the day working in a steamy laundry, hot kitchen or sewing room, it takes a great deal of ambition and persistence for her to devote her leisure hours to self-improvement. Despite the fact that there are only a small number of women in the prison I believe it would be worth while to set up a program that will give reformable women the same opportunities during their work hours as are given to men for becoming proficient in a trade for which they may have an aptitude and by means of which they may earn a living on release. The money spent on providing such opportunities might well prevent the return of many women to prison in the future. No one doubts it is better to spend $50 a day for treatment of a patient in hospital that may result in a cure, than to continue to pay $5 a day to maintain him in a hospital without treatment, through lack of which he may become an invalid and even a chronic invalid. The same idea, I think, applies to treatment for prisoners.

The number of men in federal penitentiaries in Canada is 5,000; but, as I mentioned, the number of women in the Women's Prison is 100 or less. According to the report of the Commissioner of Penitentiaries for the year 1954-55, which is his latest report, 38 women were admitted during that year.

Now, honourable senators, in view of the greater number of men than women prisoners, it is quite understandable that the first experiments regarding classification and vocational training should have been made in the men's prisons, but now that these experiments are proving so successful women are demanding that women prisoners receive similar treatment.

Hon. Mr. Davies: May I ask the honourable senator a question? Are the women in federal penitentiaries segregated or not?

Hon. Mrs. Fergusson: Not at present. I am going to refer to that later, Senator.

The present federal Women's Prison is a maximum security building, inside a high stone wall. The prisoners are lodged in cell blocks, and the cells have no outside windows. It is basic in the most elementary penology, I think, and it is most important for rehabilitation that first offenders should be kept separate from hardened criminals who might influence them toward a life of crime. These cell blocks do not permit of such segregation, so at present no segregation is provided for women prisoners.

The Archambault report of 1938 states that women are not a custodial problem and that detention of them in a maximum security institution is unnecessary and undesirable. The Commissioners also stated that in their opinion the number of women prisoners did not justify the erection of that building for women prisoners, which was commenced in 1925 and finished and occupied in 1934. The report recommends that women prisoners could be better dealt with in provincial institutions and that arrangements might be made with the provinces to have the province where a woman is convicted provide for her custody and maintenance. That of course would have to be at the expense of the federal Government, whose responsibility such women are.

Honourable senators, there are a number of arguments in favour of this recommendation. One is that prisoners who are in detention far from their homes, such as those from the east coast, the west coast and the Prairies, seldom see any relative during the period of their imprisonment. It seems cruel to take women prisoners so far from family and friends for so long. Students of modern penology advocate the breaking down of the wall of isolation that used to be erected between the prisoner and the outside world. That isolation very often resulted in the prisoner being at a complete loss on release from detention and unable to adjust himself or herself to normal living.

Honourable senators, the shortest term for which a woman is sent to Kingston is two years, and a two-year absence from friends and family is a break that cannot easily be overcome. It may well mean that the woman is cast adrift entirely from home ties, and if so she undoubtedly would be much more susceptible to bad influences on release. If a woman were imprisoned in her own province there is a much greater chance that during her prison term her family would visit her, keep in touch with her, and receive and help her when she came out of prison. Statistics show that about half the inmates of the Women's Prison are drug addicts and many

are alcoholics. There is no provision for treatment of these persons in the federal prison. Among the recommendations made last session by the Senate Special Committee on the Traffic in Narcotic Drugs, after its excellent work under the chairmanship of the honourable senator from New Westminster (Hon. Mr. Reid), was this one, which is to be found in the committee's report at page xix:

> . . . the penitentiary authorities might give further consideration to the particular problems presented by criminal addicts in terms of possible segregation, treatment including specialized training and rehabilitation and other measures necessary in view of the special problems which addiction superimposes.

In view of the small number of women addicts, an experiment along those lines might well be carried out at the Women's Prison in Kingston.

If there are no plans to implement this recommendation—and although I have made inquiries I cannot find that there are—it might be of very great advantage if arrangements could be made with the Province of British Columbia so that women prisoners convicted in that province would be imprisoned there, as in that case they would receive the benefit of the clinics which British Columbia is establishing for the treatment of criminal drug addicts.

And if arrangements could be made with the Province of Ontario that women convicted in the province be imprisoned in provincial jails, those who are alcoholics might have the advantage of care and treatment which, I believe, from reading reports, Ontario, proposes to provide for women prisoners in their provincial jails, namely, treatment similar to that provided for men prisoners at the Alex. G. Brown Memorial Clinic at Mimico.

Even if such arrangements could only be made with some individual provinces, it might be well worthwhile, because of the facilities for treatment in some of our provinces. The making of separate agreements with provinces to have women convicts imprisoned in their respective provinces is not without precedent, for as I mentioned at the beginning of my talk, women convicted in Newfoundland are not sent to Kingston Penitentiary but remain in prison in Newfoundland at the expense of the federal government.

It is obvious that some provinces do not have the facilities to take care of such women prisoners, much less to give them treatment. This is particularly true of the Maritime provinces where ordinarily the number of women in the jails is small, and there are no facilities, so far as I know, for the treatment of drug addicts or alcoholics. On the other hand, few if any of our women prisoners come within these categories. The honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) says that the women down there are good women. The number of women sentenced to imprisonment for two years or more is even smaller. Usually there are not more than one, two or three from any of the individual Maritime Provinces in the federal prison at Kingston at one time, and sometimes there are none at all. However, it is quite possible that through agreements between the provinces and the federal Government arrangements could be made for the provinces which are better equipped in this respect to take care of the few women federal prisoners from provinces not equipped to do so. Such an arrangement to look after the prisoners from their own province, even if made with only a few of the better equipped provinces, would result in a large number of women prisoners spending their prison terms near their families and their friends, even though all might not be able to do so. This would bring about a drastic reduction in the cost of transporting prisoners from all parts of Canada to Kingston. Also it would reduce the population of the Women's Prison and, consequently, the cost of operating it. If the provinces which are equipped to do so would accept responsibility on behalf of women prisoners from their own area, the number whom it would be necessary to care for at Kingston could be accommodated in much smaller quarters than the present jail.

I understand that in 1947 the provinces indicated they were not prepared to accept this responsibility, as recommended by the Archambault Commission, for the custody of women prisoners sentenced to two years or more. However, great strides forward have been made by some of our provinces in the treatment of provincial prisoners and in the types of accommodation provided; and it might be well, at this time, to ascertain from each provincial Government whether it is prepared to provide custodial care and treatment for women prisoners in this category. Since in most cases the prisoner, after serving her term, will return to the province where she was convicted, it is as much to the interest of that province that she be reformed, rehabilitated and made into a good citizen as it is that suitable reformative treatment be given to those sentenced to terms under two years, and therefore, of course, incarcerated in the provincial jails.

It would seem advisable that before any more costly penitentiaries solely for women are created, the provinces should at least be consulted to ascertain whether they are prepared to assume responsibility for custodial care and treatment in their own areas, at the

expense of the federal Government, of their women citizens who are sentenced to terms of over two years.

I understand that plans for a new women's prison have been drawn up. There seems to be some conflict of opinion as to what progress has been made. However, the proposed building will be near the Collin's Bay penitentiary. It will be a large institution, without high stone walls such as guard the existing prison, but will be surrounded by high wire fences. It is not a maximum security building, but it could be designated as a medium security institution. There will be windows in the cells. These will have small steel sashes through which escape could not be made but which will eliminate the bars we traditionally associate with prison. I am told that the part of the building in which the prisoners will live will be in the form of three wings radiating from a central kitchen unit, at which prisoners will get their food and take it on trays to their respective wings. This allows much more segregation than is possible in the present prison.

The new plans have another advantage in that they provide space to carry on vocational training, for which the present building is inadequate.

There is no doubt that if the proposed building is constructed it will be a great improvement on the existing prison. But many people who have studied this matter believe that a more open type of prison, conforming to the cottage design which is being adopted in other countries, would provide for better treatment, improve the chances of rehabilitation, and cost much less. Those who have had considerable institutional experience are convinced that satisfactory group segregation cannot be achieved in one building, particularly when work projects are shared. This, of course, is one of the arguments for the cottage type of building. If such a design were adopted, one or more cottages could provide the maximum security necessary for the small number of women prisoners who need it; and the other inmates would benefit greatly and be in a much better condition to return to normal life after their release if they were confined in this more modern type of prison.

It has been argued, I believe, that the Canadian people are not prepared to accept a development of this kind, which has been adopted with great success in England and the United States. But I would remind honourable senators that some such cottages have been built and are in use at Oakalla Prison in British Columbia. The cottage school for girls at St. Bruno, Quebec, which takes offenders between the ages of 12 and 18—and at 18 girls are women—is of this type, and the security measures are much less severe than, in view of the physical plans, may be expected in the proposed jail for women. In British Columbia and Saskatchewan there are completely open forestry camps; Salmonier, in Newfoundland, has been an open institution for years; and New Brunswick is building an open jail farm. It would therefore appear that the Canadian public is not too strongly opposed to open prisons of these types.

As I have remarked, it has been the experience of other countries that cottage and open type prisons invariably operate to reduce the rate of recidivism much below the rate resulting from the older type of high security institutions.

If it is impracticable at this time for Canada to implement the recommendations of the Archambault report and return women prisoners to their own provinces, because of the experience of other countries we should experiment with these newer types of institutions which, as I have said, have proved very successful, particularly in Great Britain and the United States.

There are one or two other points I would like to mention. One is that in all our prisons there should be staffs trained not only to control prisoners but to aid in their rehabilitation. The Staff Training College at Kingston is a great step forward. Men and officers come to it from all over Canada and through it are learning much about prison management and administration, and treatment of prisoners. When I visited Kingston last year I was very disappointed to learn that the matrons of the Women's Prison had not participated in these training courses. I understand now that one of the matrons has since taken one of the courses, and it is to be hoped that others will have that opportunity soon.

In talking to honourable senators today I have dealt only with the prison for women, but I am well aware of the need in Canada to make greater use of probation so that first offenders are given a second chance without having to be sent to prison. As the honourable senator from Toronto-Spadina (Hon. Mr. Croll) has told us, a large proportion of first offenders placed on probation in Ontario never get into trouble again. The proportion of first offenders sent to reformatories, penitentiaries or prisons who do not get into trouble again is only about one-third as large. We must realize, of course, that those placed on probation are probably better prisoners, better risks, than the ones sent to jail; so the figure of one-third is perhaps not fair. However, there certainly is no doubt that the proportion of first offenders who are placed

on probation and return to crime is smaller than the proportion of first offenders who are sent to jail and return to crime.

The Archambault Commission, in dealing with women prisoners, stated on page 145 of its report:

> Your commissioners believe that it is especially important to avoid committing girls to institutions except in extreme cases, and that the policy of probation, as recommended for men, should be applied even more generously to female offenders.
>
> With reference to female offenders, the report of the Young Offenders Committee in England emphasizes this principle in the following words:
>
> "Both in the public interest and the welfare of the young offender concerned, it appears to us to be the duty of the legislature and of the courts to see that so far, at any rate, as persons under twenty-one are concerned, imprisonment is abandoned as far as practicable and is only used when no other means can suitably be applied."

There is a footnote that the English report referred to is that of the Departmental Committee on the treatment of Young Offenders.

The latest report of the Commissioner of Penitentiaries shows that some of those admitted to the Women's Prison during the year 1954-55 were under twenty-one.

Honourable senators, I do not feel that too much praise can be given to the Elizabeth Fry Society of Kingston, which is doing a very fine job with inmates of the Women's Prison. One of the volunteer members is a social worker who talks with the prisoners and tries to help them plan their future. Members of the society are allowed by the authorities to take prisoners, about to be released, on pre-release outings so that they can again become accustomed to the hazards of everyday, life such as crossing streets. During their imprisonment the women forget how to use a street car or bus and a telephone, and how to buy in a store. They are frightened and jittery and need to be taught these things all over again. One hundred and thirty-five years ago Elizabeth Fry, a wealthy Quaker woman, devoted herself to prison reform for women and she advocated classification, segregation, education and a hostel for women when they first came out of prison. The Elizabeth Fry Society branches in Ottawa, Toronto, Kingston, Vancouver and Winnipeg are still working for these objectives.

At the Fifth Canadian Penal Congress, held in Kingston in 1949, Miss Henrietta Addition, Superintendent of the Westfield State Farm of New York, stated, as shown at page 69 of the report:

> By and large, women's institutions in the United States have a reputation of being somewhat better off than the men's institutions.

Honourable senators, that cannot be said of Canada when we compare the Women's Prison with the men's penitentiaries. There are still a large number of improvements that should be made in the penitentiaries for men, but Canadian women feel that the women prisoners should as soon as possible have at least the same advantages as men prisoners now have.

We believe that classification officers or social workers should be provided in the Women's Prison. We believe that vocational training during regular work hours and on the same basis as is provided for men should be provided for women. We believe that if it is at all possible women should be imprisoned in the province in which they are convicted, and if that is not practicable at this time and it is necessary to build a new women's prison, it should be of the modern cottage type of construction. We believe that there should be as much training of the staff in the Women's Prison as in the men's prisons. And altogether, women demand that the same opportunities be provided for women prisoners as are now provided for men.

Hon. Senators: Hear, hear.

Hon. F. W. Gershaw: Honourable senators, I wish to discuss very briefly one class of criminal, the psychopath. For many years psychopaths were regarded as insane and were treated with inhuman severity. They were kept in closets, stalls, cages and cellars. They were chained, beaten and lashed into obedience. The situation was sad indeed. In addition to this, the other prisoners had to listen to the ravings of these mad people night after night. It was a type of punishment so demoralizing that no one should have been subjected to it, and it was not recognized by the law even at that time.

As has been said, one purpose of imprisonment is to protect society. Ninety-five per cent of prisoners are at some time released. During their imprisonment they are taught regular habits and a trade or occupation, and the uneducated are taught to read and write. They are treated for whatever physical ails they may have and, as a general rule, they have good advisers and sensible guards. All these things help to keep a prisoner occupied and serve to make him contented. But they do not strike at the cause of criminal action; they do not get to the underlying factors which have caused people to become criminals. The suggestion is made that instead of the punishment fitting the crime—that is, instead of the period of confinement being fixed by the court —it should be unspecified, particularly in the case of psychopaths, including sexual perverts. They should be kept confined until they are cured. That may take a short time

or their lifetime, but it is the only way in which society can be protected from these offenders.

Since the Middle Ages, of course, great progress has been made in reforming and rehabilitating prisoners, but little has been done in the way of accurately diagnosing and outlining a course of treatment for psychopaths—people who are not insane but have some mild, mental defect. Research, which has done a great deal for body ailments, could be used in this mental field to produce real results. For instance, a foundation might be set up—of course it would cost a great deal of money—to get all the information possible, to assemble statistics and so on, about the structure of the brain. Is the cause to be found in the blood chemistry, alcoholism or drug addiction, for instance? The heredity of the person might be looked into—and I shall have something more to say about that later—and also his environment. Or is there some strange decision on the part of the individual, and if so what makes him decide in that way? Slum housing, broken homes, mental weakness, comic strips, bad books, poor nursing, are all subjects to be inquired into.

The particular class of criminal I wish to bring to the attention of honourable members is the psychopath, that is, the mentally sick person, the one who gives most trouble in prison and whose actions are at the base of a great deal of criminal behaviour. These are the prison wolves. I suppose most prisoners are a little weak-minded and misfits in society. The type of which I am speaking are not insane and would not be sent to a mental hospital, yet they are unstable, hostile, unpredictable and dangerous; they lack the brakes which keep most of us a little closer to the straight and narrow path; they commit crimes without a cause, and they disregard the feelings of others. The most important fact is that once that condition is crystallized in the human brain, cure seems to be hopeless.

Honourable senators, may I give a brief case history of one of these psychopaths? Earl Ward was born in 1924. He is a handsome man, five feet eleven in height, and weighs 188 pounds; has wavy, black hair, full face, and narrow-set eyes. He is not insane or mentally defective, but there is something wrong with him which has not been cured up to the present time. He is unstable, unreachable, emotional. He was a model child until 5 years of age, when he fell and injured his head. He then became spiteful and revengeful and thought that his father punished him more than his older brother, and he began to hate both his father and brother. When 11 years old he had a long sickness, during which he was pampered and doted on, and received everything he asked for, yet in spite of that treatment he was overbearing and ungrateful. He started to school and gave the teachers a lot of trouble. Finally, after breaking all the thermostats in the school he was expelled. Then he became a problem at home; he would go away and stay for long periods of time; he was morose and melancholy, and would not say where he had been. At 15 years of age he ran away from home. One day he was hitchhiking, and a kindly gentleman gave him a ride in his big automobile. In some way or another this boy got into the driver's seat, and he drove that high-powered car at 80 miles an hour. That was a characteristic of his make-up—he did things without a cause. Of course, he got into the hands of the police at that time. Later he was sent to several reform schools, one after another, and he worked at short intervals. When he reached the age of 25 he was arrested for armed robbery and peddling narcotics, and was imprisoned. In penitentiary he behaved badly, and boasted that he stabbed one of the guards to death. He was sentenced to solitary confinement, but did not stay there, for he gouged his flesh and feet with his fingers until gangrene set in and he had to be sent to hospital. On his return to jail he organized a revolt with great ability and succeeded in imprisoning some of the guards as hostages, and was able to negotiate with the officers while the guards were held. This man is still in prison and his condition is not cured.

Honourable senators, that is a typical case. It may be said that unless early treatment is given and preventive measures are taken the outlook for this class of prisoners, which comprises about 30 per cent of all prisoners in the penitentiaries, is very bad. The national health grant given by the Government to promote mental hygiene and to prevent mental breakdown is a movement in the right direction. Many school boards establish separate classes for mentally defective children; that also is a step in the right direction. And I cannot speak too highly of public school teachers and Sunday school teachers who devote themselves to the welfare of their pupils and are doing great work in starting these youngsters along the right path. These teachers have their hearts and souls in that work and are deserving of great credit.

Good food, good reading material and useful work are important, but good parents are more important than anything else. I want to say here that I think there is nothing wrong in the sterilization of some parents in selected cases. It is done in quite a few mental institutions.' I happen to know of two families in

which the parents are mentally defective. They have six children, not one of whom is anywhere near normal. I feel that in some cases sterilization is a step which can be taken in the best interests. As we all know, the child from a broken home has two strikes against him to start with.

In closing, I should like to say that work is being done to try to solve this problem. Psychiatric associations everywhere are devoting a lot of time to its study; and, superintendents of mental hospitals are doing good work in trying to get a firmer basis for a diagnosis distinguishing between nervous diseases and mental diseases. It must be recognized too that religious teaching is playing a great part in many cases. Last session I served on the Senate's special committee investigating the narcotic drug problem. We heard details of drug addict cases that were almost hopeless; yet, a Salvation Army representative came forward and gave convincing evidence that two or three such persons had been cured through religious teaching.

Another device for helping these unfortunate people is surgical operation, called lobotamy, or the taking out of an affected lobe of the brain. The use of electric shock and insulin shock have changed the lives of many unfortunate people. More recently some of the newer drugs have been found to have a good effect in curing disorders within the brain. Of course, these disorders are usually difficult to treat. But after all, what a great accomplishment it is to lift one such person up into the sunshine where he can enjoy thought and living and meet his responsibilities, instead of spending his whole life with a twisted mentality, doomed to the dark shadowy land of despair and disillusion.

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

PRIVATE BILL

FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA—SECOND READING

Hon. John A. McDonald moved the second reading of Bill F-7, an Act incorporating The Fellowship of Evangelical Baptist Churches in Canada.

He said: Honourable senators, so that I may be the more certain of not saying anything which would cause dissension, may I stick pretty closely to my notes? If after my explanation this afternoon, the house approves of the bill receiving second reading, I shall then move that it be referred to a committee where I shall be pleased to endeavour to give any additional information honourable senators may require.

In the year 1927 a controversy arose regarding the Professorship of Theology at McMaster University among members of some churches in the Baptist Convention of Ontario and Quebec, which resulted in about 80 churches and missions, with a membership of about 5,000, leaving that Convention. The Baptist Convention of Ontario and Quebec plus the Convention of the West and the Maritimes have about 1,400 churches, with a membership of 150,000 in round numbers.

Some of the churches that left the parent organization at that time formed "The Union of Regular Baptist Churches of Ontario and Quebec" and some remained independent for a number of years. In due course the independent churches formed "The Fellowship of Independent Baptist Churches of Canada". This bill results from the action taken by these two groups of churches in amalgamating by resolution on October 21, 1953, and now asking to be incorporated as "The Fellowship of Evangelical Baptist Churches in Canada". I have here a copy of this resolution duly signed and witnessed. There is also available a copy of their Constitution.

Basically there does not seem to be any difference in faith between The Fellowship of Evangelical Baptist Churches in Canada and The Baptist Federation of Canada, although the former is not a member of the Baptist Federation. Members of The Baptist Federation of Canada are not opposing this Bill F-7, except that various officers of the federation and of the Baptist Convention of Ontario and Quebec, through their spokesman, Dr. T. B. McDormand, General Secretary-Treasurer of the Baptist Federation of Canada, have objected to the use of the adjective "evangelical" in the designation of the body seeking incorporation. In this connection Dr. McDormand explains their objection in the following words:

> I should like to request that you apprise the Senate of Canada, in connection with further readings of this bill, that the adjective in question suggests a distinction between the body using it and other Baptist bodies in Canada which, in fact, does not exist. The Baptist Federation of Canada believes that it is comprised of evangelical Baptist Churches. It believes that the historic Baptist body which it represents has always been evangelical in policy and practice, and that it is to this day. Accordingly, it views as unfortunate the use of the definitive adjective in the title of the body seeking incorporation through Bill F-7, such use implying a distinction from other Baptist bodies which dose not exist, and warranting certain inferences on the part of the public which would be unjust to other Baptist bodies, including the Baptist Federation of Canada, the Baptist Convention of Ontario and Quebec, and others. Will you, therefore, inform the Senate that all Baptist bodies in Canada are traditionally, and continue to be, evangelical without regarding it necessary to air the fact in titles.

Hon. Mr. Davies: May I ask the honourable senator a question?

Hon. Mr. McDonald: Yes.

Hon. Mr. Davies: Will this proposed new organization take in that group of people led for many years by Dr. T. T. Shields in Toronto?

Hon. Mr. McDonald: It will. Most of the churches which were formerly under Dr. Shields' leadership are now in the group requesting incorporation. However, there still remains a group of about 18 churches that call themselves "The Conservative Baptist Association", which represents the remnant of Dr. Shields' original group.

Dr. McDormand continues:

On the other hand we should like you to advise the Senate that representatives of the Baptist Federation of Canada and of the Baptist Convention of Ontario and Quebec have conferred on this matter with Rev. W. N. Charlton, Rev. John Boehmer, and Rev. J. R. Armstrong, officials of the body seeking incorporation. The conference was amicable, and the last three mentioned gentlemen assured the Baptist Federation and Convention officials that no unfavourable reflection on other Baptist bodies was intended in the choice of the adjective "evangelical" in their title, and that they would be happy to subscribe to the publication in the Baptist press of a statement carrying this assurance. They stated that their body had canvassed other possible names, and had concluded that, since, in the nature of the case, some distinguishing adjective was inevitable, the one chosen was the most acceptable to their people and less likely than other alternatives to be objectionable to other Baptist people.

The Baptist Federation and Ontario-Quebec Convention officials present at the conference accepted this assurance from the open "Fellowship" representatives, and agreed to enter no formal objection to the passage of Bill F-7 by the Senate of Canada, resolving only to ask you to make clear to the senators that we withdraw our formal objections only in view of the agreement of the "Fellowship" officers present at our conference at 190 St. George street, Toronto, March 16, 1956, that we publish in our Baptist press a statement as to the awkwardness of the adjective in their title when viewed in the light of the traditional and ongoing evangelical position of all Baptists in Canada.

In closing, honourable senators, I would like to express my appreciation, and I am sure that of all honourable members, to Dr. McDormand and all who met with him representing both groups, for the help they have given us and the good example of how best to settle differences. May I also be so bold as to humbly suggest my hope that there might evolve from this a reunion of these churches, which I trust would result in even greater accomplishments in the great service in which they and all churches are engaged.

May I also express my thanks to our leader for the great services he rendered during the correspondence carried on with the sponsors of this bill in trying to get it drafted into proper form.

I would also like to thank our Parliamentary Counsel for the great amount of work he did in drafting the bill. He now assures me that it is in proper form.

Hon. Mr. Reid: May I ask the honourable sponsor of the bill if he intends to proceed with this bill before Easter or to defer it until the house convenes after the Easter adjournment?

Hon. Mr. McDonald: Honourable senators, I would like to have this bill read the second time today, and if that is done I would suggest that it be referred to committee. I would be prepared to move that Rule 119 be suspended in so far as it relates to this bill, so that we could have it heard in committee tomorrow, and afterwards third reading could be given and the bill sent over to the House of Commons before the Easter recess. I ask this in view of the facts that the bill has been on our Order Paper for over a week and that both sides have finally come to an agreement. One reason why I asked that second reading be delayed for a comparatively long time was that the attempt to reach agreement was being made. I can assure honourable senators now that there is no objection by either side to passage of this bill.

Hon. Mr. Davies: I do not know whether the honourable senator heard my question, but I did not hear his answer.

Hon. Mr. McDonald: I answered in the affirmative.

Hon. Mr. Reid: I rise to protest against this bill being put through in a hurry. Personally, I would like to have more information about it. I have just received an air mail letter from a person in British Columbia in which he advises that there is some objection to the word "Evangelical" in the name of the organization. In the past number of years five or six different Baptist organizations have received charters from Parliament, and now two unincorporated organizations are coming forward to be incorporated under the name in which the word "Evangelical" is included. I do not see any reason for the bill being put through before Easter.

Hon. Mr. Euler: Could the honourable senator not deal with that in committee?

Hon. Mr. McDonald: Honourable senators, there is no disposition on my part to act hurriedly. The bill has been on the Order Paper now, as I say, for over a week, and there has been correspondence back and forth between both sides. I myself have had several long distance telephone conversations with Toronto, and can assure honourable senators that there is no opposition. However, the bill is in the hands of honourable senators and if it is the wish to hold it over I have nothing more to say. I only thought that it would be well to pass it before Easter,

since it has been with us now for so long a time.

Hon. Mr. Reid: I do not want to raise any great objection, but having received a communication from this man I would like to discuss it with him during the Easter recess. Some doubt seems to have been raised in British Columbia Baptist circles.

Hon. Mr. McDonald: I wonder if the honourable senator could not talk with him—

Hon. Mr. Reid: What is the hurry?

Hon. Mr. McDonald: There is no particular hurry.

Hon. Mr. Reid: If there is no hurry, that is all right.

The Hon. the Speaker: The question, honourable members, is on the motion of the honourable member from Kings (Hon. Mr. McDonald) for second reading of Bill F-7, an Act to incorporate The Fellowship of Evangelical Baptist Churches in Canada. Is it your pleasure to pass the motion?

Hon. Mr. Reid: On division.

The motion was agreed to, and the bill was read the second time, on division.

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

Hon. Mr. Reid: After Easter.

REFERRED TO COMMITTEE

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

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 176 to 212, which were presented on March 20.

Hon. Arthur W. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 335*)

Letter of March 19, 1956, from the Prime Minister to all Provincial Premiers

(A similar letter was sent to the Premiers of all the Provinces. The letter to the Premier of Quebec was in the French language.)

OFFICE OF THE PRIME MINISTER
CANADA

OTTAWA, March 19th, 1956.

The Honourable Leslie M. Frost,
Premier of Ontario,
Toronto, Ontario.

My Dear Premier:

Since our meeting on March 9th, my colleagues and I have given further consideration to the principal points raised there. A further review of our prospective budgetary position during the period contemplated has confirmed our view that substantially larger payments to the provincial governments, or greater tax abatements in those provinces where the provincial governments prefer to levy their own taxes in the three fields under discussion, would likely require the federal government to find additional revenues from other sources in order to make such payments and still maintain a sound federal budget. Federal taxation is already at a high level and we do not believe that the interest of this country would be best served by further increases of federal taxes for provincial purposes.

Several Premiers have referred to the possible inadequacy of our proposed stabilization payments. It was suggested that the "floor" should be, not 90 per cent, but 100 per cent of the average of the two preceding years. There was also some criticism that under certain circumstances the new formula might yield lower revenues than the existing pattern of rental agreements upon which our proposals are designed to be an improvement.

We attach considerable importance to the stabilization feature of these proposals and consider they will be of great value should our present prosperity falter in any significant measure.

On further consideration, therefore, we are prepared to meet these provincial suggestions on this feature to a substantial extent. We do not think it would be wise or proper to give a guarantee of 100 per cent, because there is inevitably some fluctuation from year to year in corporation profits taxes and succession duties. We are prepared, however, to amend our proposal respecting stabilization payments by substituting "95 per cent" for "90 per cent" in numbered paragraph 2 (b) of my letter of January 6th. We are also prepared to add as a new sub-paragraph (c) immediately after 2 (b) "the tax rental that would have been paid or available to the provincial government in that year had the tax rental system of 1952-57 been continued without change". This last provision will make abundantly clear that no province can under any circumstances suffer financially by the change from the present to the new system.

In the course of his statement relating to possible tax collection agreements, the Minister of Finance said that the fee we had in mind was 2 per cent. This was an approximate figure based upon the ratio of the expenses of the Income Tax Division of the Department of National Revenue to the total revenue collected by that division, adjusted for such items of cost as office accommodation, etc., which are borne elsewhere in our accounts, and with a further allowance to cover the costs of altering our administrative processes as the result of the requirements of collection agreements. It is, of course, recognized that it costs less per $100 of revenue to collect corporate income tax than personal income tax, and accordingly the appropriate charge might well vary in the different tax fields.

If your government is interested in a collection agreement, our technical officials will be glad to confer with yours to ascertain as accurately as possible what those costs would be. As I said at our meeting, we have no intention of making a profit out of collection agreements, but we would expect to recover the additional costs to the federal treasury which they involve.

We are preparing now legislation to place before Parliament, which would authorize us to implement the proposals which this government has made and which have been amended in various respects following consultation with the provincial governments. We believe that under such legislation it will be possible for us to introduce a new organization of federal-provincial fiscal relations which will retain many of the best features of the tax rental system developed in the past, while providing a new flexibility in provincial finance appropriate to the nature of the period to which we all look forward.

Reference will be made to these matters by the Minister of Finance in his budget speech on Tuesday evening, and I propose to table a copy of this letter on Wednesday.

Yours sincerely,
(Sgd) Louis S. St-Laurent

THE SENATE

Thursday, March 22, 1956

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

Prayers.

Routine proceedings.

APPROPRIATION BILL NO. 1

FIRST READING

A message was received from the House of Commons with Bill 206, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Honourable senators, this is the interim supply bill, and with the consent of the Senate I am prepared to proceed with second reading of it now.

Hon. Senators: Agreed.

SECOND READING

Hon. W. Ross Macdonald moved the second reading of the bill.

He said: Honourable senators, this is an interim supply bill of the kind that comes to us annually about this time of year. As you are aware, it is to finance the public service for approximately the first two months of the new fiscal year, which begins on April 1.

The bill contains proportionate amounts of the total sums set out in the estimates for the fiscal year 1956-57. In a few items additional amounts have been requested because expenditures are heavier with respect to those particular items during the early part of the year. No part of this bill votes the total amount of any item in the estimates. I wish, therefore, to give the usual undertaking that passage of this bill will not in any way prejudice the right of any honourable senator to discuss or criticize the items when the estimates come before a committee of this house or before the house itself.

In particular the bill provides for one-sixth of all the items to be voted in the main estimates for the fiscal year 1956-57, and is in the amount of $528,819,279.84, as set out in section 2 of the bill. It will be observed that six times the sum asked for is somewhat less than the total amount of supply required. The reason is that certain expenditures which are statutory are not covered by specific votes.

In addition to this one-sixth of the total, certain additional amounts are required because expenditures are heavier during the early part of the year. In section 3, therefore, $479,979 is required to defray the items set out in Schedule A of the bill. These include grants to the Department of Labour for transfer of labour to and from places of employment, where it is available, and expenses incidental thereto in accordance with the regulations of the Governor in Council. This item must initially finance the cost of certain movements which, under agreement with labour-seeking companies, is later recovered. The seasonal character of labour movements also contributes to the higher than average expenditures which must be incurred in the early months of the year. Also included in this section are the expenses relating to Parliament, including the general administration of both the Senate and the House of Commons, which are greater owing to the heavier expenses incurred during the session of Parliament in the early part of each fiscal year.

Section 4 provides for a grant of $714,781.42, which is an additional one-twelfth of certain items in the estimates and which are particularly set out in Schedule B. These include an amount for the Department of Agriculture in respect of experimental farms, where heavier expenses are incurred in connection with spring cropping operations. The other item in this schedule is a grant to the Department of Trade and Commerce which would provide additional funds for electricity and gas inspection services and weights and measures inspection services. Additional appropriations are required at this time owing to the fact that the major part of their work is carried on in the spring and summer months, when inspectors are able to travel more freely.

As I said at the outset, no part of this bill votes the total amounts of the main estimates and passage of it will not prejudice the right of any honourable senator to discuss or criticize the items when the main estimates reach us.

Hon. Arthur W. Roebuck: Honourable senators, I wish to raise one point on which I am a little mystified. I suppose the only thing that could restrict us in the discussion of these financial items when the main estimates come before us is something in the rules with regard to debate. If that is so, I wonder by what authority the Leader of the Government in the Senate (Hon. Mr. Macdonald) can waive the rules or give an undertaking with regard to application of

the rules. By what authority does the honourable leader say that we shall or shall not be allowed to discuss items in the main estimates at a later date?

Hon. Mr. Macdonald: Honourable senators, in reply to the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), I would point out that I am merely giving an undertaking that this bill will not in any way prejudice the right of any honourable senator to discuss or criticize any item when the estimates come before a committee of this house or before the house itself. I am not saying anything about what might happen because of the rules; that is another question.

Hon. Mr. Roebuck: Do I take it, then, that we have no guarantee as far as the rules are concerned?

Hon. Mr. Macdonald: Well, I am not discussing the rules at the present time.

Hon. John T. Haig: Honourable senators, the honourable leader is not attempting to waive any rules. The rules do not enter into the question at all. During subsequent debate His Honour the Speaker might say that an item has been discussed and voted on, and in that event the general rule would apply. I think the leader can feel sure that the majority of this house will support him in his stand, and if there has to be a vote on it, we can vote now. Every session I ask if passage of the interim supply bill will limit my right to discuss any item later on, and the honourable leader assures me that it will not. If there is any objection to his undertaking, now is the time to state it, and a vote can be taken to decide whether his undertaking is to be accepted or not. As Leader of the Opposition, I am willing to accept his undertaking that if I wish to discuss any of these items later he will raise no objection, or allow anybody else to raise any objection—that he will compel the house to listen to me. That is what his undertaking really means.

Hon. Mr. Macdonald: I can assure the honourable senator from Toronto-Trinity that so far as I am concerned I will not object if any honourable member wishes to raise a question with regard to any of these items later on. I agree with what the Leader of the Opposition (Hon. Mr. Haig) has said. My point is that this bill does not dispose in full of any item in the estimates; therefore, at a later date any honourable member may discuss any item in the estimates, including the one-sixth that is being discussed today. The main point is that no item in the estimates is being disposed of today.

Hon. Mr. Roebuck: So that there will be no misunderstanding, may I say that I have no reason to object and do not intend to object. I only raise a philosophic question as to the power of the Leader of the Government to give an assurance with regard to the rules of the house. I thank the Leader of the Opposition for the explanation which I think is contained in his speech. I may have misunderstood him, but I take his explanation to be that should anybody raise a question on the rules prohibiting debate—if there are such rules—and should His Honour the Speaker enforce those rules, the Leader of the Government will stand by his undertaking on behalf of the majority in this house, that he will overrule His Honour the Speaker.

Well, this discussion is probably academic, but it is in order. Certainly it is illuminating to me.

Hon. Mr. Macdonald: Honourable senators, I do not go as far as the honourable senator from Toronto-Trinity has suggested. I do not propose that the house should overrule the Speaker. Speaking from personal experience, I say the Speaker should always be sustained.

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

THIRD READING

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

Hon. Mr. Macdonald: I move the third reading now.

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

PRIVATE BILLS

EXTENSION OF TIME FOR FILING PETITIONS

Hon. Charles L. Bishop, Chairman of the Standing Committee on Standing Orders, presented the second report of the committee.

The report was read by the Clerk Assistant as follows:

> Your committee recommend that the time limit for filing petitions for private bills (other than petitions for bills of divorce) which expired on February 20, 1956, be extended to Friday, March 30, 1956.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Bishop: With leave, I move that the report be adopted now.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill J-7, an Act for the relief of Jean Benoit Maille.

Bill K-7, an Act for the relief of Jeanette Cowan Weinstein.

Bill L-7, an Act for the relief of Rina LeBreton Fleurent.

Bill M-7, an Act for the relief of Hazel Annie Palmer Martel.

Bill N-7, an Act for the relief of Phyllis Matilda Clayton Sawyer.

Bill O-7, an Act for the relief of Leonora Cancelli Desgroseilliers.

Bill P-7, an Act for the relief of Eugenia Towstuk Podilchuk.

Bill Q-7, an Act for the relief of Rose Rother Lewartt.

Bill R-7, an Act for the relief of Marie Germaine Muguette Andree Brunet Sievert.

Bill S-7, an Act for the relief of Joan Noble Rusk.

Bill T-7, an Act for the relief of Joseph Edouard Walter Gerard LeBlanc.

Bill U-7, an Act for the relief of Marie Jeannine Eda Coderre Azaria.

Bill V-7, an Act for the relief of Mary Margaret Florence Bradley Green.

Bill W-7, an Act for the relief of Mary Wyllie Johnston Haan.

Bill X-7, an Act for the relief of Christina Walsh McBrearty.

Bill Y-7, an Act for the relief of Marie Anne Roy Suess.

Bill Z-7, an Act for the relief of Ray Israel Lieder.

Bill A-8, an Act for the relief of Lillias Cushnie Dowden Grande.

Bill B-8, an Act for the relief of Angelina Heylen Thirion.

Bill C-8, an Act for the relief of William James Munden.

Bill D-8, an Act for the relief of Robert Raymond.

Bill E-8, an Act for the relief of Jacqueline Gagne Brothers.

Bill F-8, an Act for the relief of Nathan Fishbine.

Bill G-8, an Act for the relief of Dorothea Atkinson Bosse.

Bill H-8, an Act for the relief of George Evangelinelis.

Bill I-8, an Act for the relief of Tatiana Holowko Kuczynski.

Bill J-8, an Act for the relief of May McMullin Bjornson.

Bill K-8, an Act for the relief of Adrienne Cote Souliere.

Bill L-8, an Act for the relief of Imogene Eva Patricia Hayes Knox.

Bill M-8, an Act for the relief of Maria Domany Cap.

Bill N-8, an Act for the relief of Elfrieda Eggert Nowinski.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

PAINTINGS IN SENATE CHAMBER

ANSWER TO INQUIRY

Hon. W. Ross Macdonald: Honourable senators, on March 20 the honourable senator from De la Durantaye (Hon. Mr. Pouliot) asked the following question:

> Would the honourable leader tell us if the eight depressing paintings adorning this chamber are on loan from the National Gallery of Canada?

At that time I replied that my impression was that the paintings were on loan from the National Gallery, but that I would obtain definite information on the matter. I am now informed by officers of the National Gallery that the eight paintings form part of the Canadian War Records collection deposited with the National Gallery, but that they are not regarded as part of the National Gallery's permanent collection. The paintings are part of the Government-owned war records.

Hon. Mr. Roebuck: May I ask a supplementary question? Are there other paintings of a similar character, size or dimension besides the ones that we have seen here for the last many, many years?

Hon. Mr. Macdonald: I can only give the same answer to the honourable member from Toronto-Trinity (Hon. Mr. Roebuck), that my understanding is that there are a number of other paintings similar to these.

Hon. Mr. Roebuck: Where?

Hon. Mr. Macdonald: However, I shall be glad to get accurate information.

Hon. Mr. Reid: May I be allowed one question in regard to the pictures? Are they not part of a gift to the National Gallery of 28 paintings from some peer or knight in Great Britain? At least, that is the information I received.

Hon. Mr. Macdonald: That may be correct. I did endeavour to get more information

today than I have given to the house, but I was not able to do so in the short time at my disposal. However, I will cause further inquiries to be made to ascertain if more information can be obtained.

Hon. Mr. Roebuck: Will the honourable gentleman tell us where the other paintings are, so that we may see them?

Hon. Mr. Davies: Honourable senators, I am under the impression that these paintings were donated by Lord Beaverbrook. I rise to suggest that it would be a good idea to think about having them framed if they are to be here permanently.

Hon. Mr. Euler: Honourable senators, I would like to make quite a different suggestion. I have an impression, and it is only an impression, that at the time when the Parliament buildings were completed and those pictures were placed where they now are they were regarded as rather appropriate, because we had just come through a war. But if I remember rightly it was then thought that they were to be kept here only temporarily—

Hon. Senators: Hear, hear.

Hon. Mr. Euler: —and that ultimately we would have something a little more appropriate and a little more cheerful. I would like to suggest that these pictures be replaced by others more in keeping with what we desire now, the peace of the world.

Hon. Mrs. Hodges: Honourable senators, I was not going to speak in this debate, but I feel I must say a few words.

The Hon. the Speaker: Honourable senators, I think the debate is quite out of order. An answer to an inquiry is not a matter for general debate.

NATIONAL GALLERY PAINTINGS

NUMBER ON LOAN TO DEPARTMENTS —VISITORS TO GALLERY AND PARLIAMENT BUILDINGS —NOTICE OF INQUIRY

Hon. Mr. Pouliot: Honourable senators, I have a supplementary inquiry, but before giving notice of it I wish to express my appreciation of the interest which honourable senators are showing in the pictures that they have discovered, after so many years, on the walls of this chamber.

My inquiry is as follows:

1. How many pictures and paintings belonging to the National Gallery of Canada are on loan to the various departments of the Government of Canada?

2. During the last five years what was the yearly average of visitors to (a) the Parliament Buildings and (b) the National Gallery of Canada?

EASTER RECESS

Hon. Mr. Macdonald: Honourable senators, I move, with leave of the house, that when this house rises for the Easter recess it stand adjourned until Wednesday, April 18, at 3 o'clock in the afternoon.

Hon. Mr. Crerar: Honourable senators, I should like to comment on this motion. The House of Commons will adjourn on March 28 and will reassemble on April 9, which is a Monday. I have heard that the Commons intends after the recess to continue with the budget debate, which, under the amended rules of that house, will occupy its time until Friday April 13. If the practice of former years is maintained the members will on Monday, April 16, commence debating the budget resolutions. Now, we are asked to come back on Wednesday of that week. I do not object at all to being here if the Senate has work to do. I have had occasion before to mention in this house the fact that those of us from a distance are anchored in Ottawa when the house is sitting. This session we have been meeting regularly on Tuesday evening and adjourning on Thursday afternoon.

Now, I would suggest to the leader that some consideration be given to those of us who come from a long distance. If there is work here to be done we should be here, but I say there is no sense in reassembling on Wednesday, April 18, sitting that day and adjourning on Thursday afternoon until the following Tuesday evening. I therefore suggest to the leader that he consider extending the adjournment to Tuesday, April 24.

Hon. Mr. Roebuck: May I also make an observation? The honourable senator from Churchill (Hon. Mr. Crerar) has spoken on behalf of those who live a great distance away. My home is only as far distant as Toronto, but I am in Ottawa over a good many week-ends, carrying on the work of the Divorce Committee and other committees. If the Senate were to resume on April 18 and sit also on the 19th, it would be in recess until at least the following week. Why need we resume before, at earliest, the Monday following? Nothing will be done on the 18th and 19th which could not be done on the 23rd. It does seem unnecessary to bring us back earlier. It had been my intention to drive to this city on Sunday, April 22, or perhaps Monday, the 23rd. The Divorce Committee will sit on the 24th, and there will be plenty of time to carry on the work to which I am assigned if we do not reassemble before Monday, the 23rd.

Hon. Mr. Euler: May I make a suggestion? I believe that on other occasions when doubt was expressed as to the date on which our business should be resumed, a motion was passed providing that if necessary His Honour the Speaker could call us together at an earlier date than that set in the motion for adjournment.

Hon. Mr. Howard: That has already been done.

Hon. Mr. Euler: Then why not adjourn until the 23rd or 24th of April, on the understanding that if necessary we shall be called back a week earlier?

Hon. Mr. Macdonald: I would like very much to meet the wishes of all honourable senators, but may I observe that all those who have spoken on this matter have expressed different views, and were others to follow there probably would be as many different opinions as speakers. I try to arrange the work of the house to suit the convenience of the great majority, and I think I can flatter myself that in this respect I have been fairly successful. It is not always easy to carry out the wishes of even a majority of honourable senators, and frequently I must disregard my own wishes, too.

I have given the matter careful consideration and have discussed it with the Government. I have no assurance that after the Commons reassembles the debate on the budget will go on continuously. There are enough items on our Order Paper to occupy the Senate for probably three or four weeks. For instance, there is the Canada Shipping Bill, explained by the honourable senator from Vancouver South (Hon. Mr. Farris), which may occasion a good deal of discussion. There is a bill to amend the Citizenship Act, in which many honourable senators are interested. There is a bill to amend the Post Office Act, and although it is a simple measure a number of honourable senators have intimated that they want to speak on it. There is a bill to amend the Foreign Insurance Companies Act and a bill to amend the Canadian and British Insurance Companies Act, and I have been asked to hold over discussion of these bills in order that some honourable senators may consider them during the Easter recess. Also there is the bill introduced by the honourable senator from Rosetown (Hon. Mr. Aseltine) to amend the Exchequer Court Act. In addition, there is before us the discussion initiated by the honourable senator from Toronto-Spadina (Hon. Mr. Croll) with respect to reform of our penal institutions; and we have yet to consider a bill to amend the Livestock and Livestock Products Act. So it is evident that a good deal of work remains to be done.

I should like to be able to accommodate honourable senators who have suggested an adjournment until April 24, but I find it impossible to do so. While there is no need to compare the length of adjournments of this house with the length of the Commons' adjournments, it will be noted that the recess proposed for the Senate is approximately four weeks, and for the House of Commons ten days.

Let me add that I appreciate the faithful attendance of honourable senators throughout the session. Some of our number come from long distances, and I know to what inconvenience they have been put. That is one of the reasons I have suggested that we shall reconvene on the Wednesday instead of, as is usual, on Tuesday.

In view of what I have said, I trust that the motion will be adopted.

Hon. Mr. Crerar: Is it the intention of the honourable Leader of the Government that, if we return here on April 18 the Senate shall sit on the following Wednesday, Thursday and Friday, and in the ensuing week from Monday to Friday inclusive?

Hon. Mr. Macdonald: As yet I have not given consideration to that matter. If it is the view of honourable senators that sittings of this house should be held on days other than those upon which we have been meeting during the last two or three months, the subject could be raised when we reassemble after Easter.

Hon. Mr. Hackett: May I suggest by way of compromise—not for any personal reason—that the honourable leader might suit everybody's convenience by fixing Monday, April 23, as the date. This would enable us to make up for any time which would be lost if we did not return on the previous Wednesday.

Hon. Mr. Macdonald: I appreciate the suggestion of the honourable senator, but April 18, the date set in the motion, is itself a compromise, and one which, I hope, honourable senators will accept.

The motion was agreed to.

INTERNATIONAL TRADE

COMMITTEE EMPOWERED TO CONDUCT INQUIRY

Hon. A. Neil McLean moved:

That the Standing Committee on Canadian Trade Relations be empowered to inquire into and report on

1. What, in their opinion might be the most practical steps to further implement article 2 of the North Atlantic Treaty whereby the signatories to that document agreed that "They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them".

2. That notwithstanding the generality of the foregoing, the committee be instructed and empowered to consider and report upon how, in their opinion, (a) any project for developing economic collaboration specifically between the countries which are signatories of the North Atlantic Treaty, can be co-ordinated with the trade policies of other countries of the free world; (b) any project

for developing economic collaboration between the countries which are signatories of the North Atlantic Treaty, might have the same degree of permanence that is contemplated in the twenty year military obligation under article 5 of the treaty whereby "the Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all".

3. That the committee be empowered to extend an invitation to those wishing to be heard, including representatives of agriculture, industry, labour, trade, finance and consumers, to present their views, and that the committee also be empowered to hear representatives from business interests or individuals from any of the NATO countries who might wish to be heard.

4. That the committee be empowered to send for persons, papers and records, and to secure such services as may be necessary for the purpose of the inquiry.

He said: Honourable senators, I might say it is not proposed to hold any further hearings in connection with this resolution. Since the resolution was introduced we have held 16 committee meetings dealing with the subject and we have had representatives of 19 organizations appear before us. A great deal of interesting matter in briefs and oral evidence has been presented. The hearings cover 363 pages of the verbatim report of the committee proceedings. Representatives came from three countries outside Canada: the United States, Great Britain and Italy.

New members on the committee would do well to read the verbatim report of the committee proceedings, if they can spare the time. I know they would find it very informative. We have had considerable difficulty in getting outside help to aid us in summarizing the evidence so that a report can be prepared. We were unable to get the assistance of such a person as an economist from any of the different departments of government. The Department of External Affairs was kind enough to give us the names of several persons they thought would be of help. However, nearly all professors, economists and analysts of large universities have had their time taken up in connection with Government commissions working throughout Canada. Two professors of the University of New Brunswick were highly recommended and have consented to give our committee the needed assistance. I propose to have one of these gentlemen come to Ottawa, in due course, to meet with our committee members. We have plenty of evidence to work on and I think our committee will be able to prepare a fairly good report.

Quite a few changes have taken place in the set-up of NATO since our committee started work. New countries have been added and some of the members have become associated with other countries by treaties, but the latter has been more along military lines than economic.

In fact, during the past years great stress has been placed on the military clauses of the NATO treaty and most of the efforts put forth to weld NATO nations together have been of a military nature, while economic and political phases have been kept, to a great extent, in the background. A solid military foundation in connection with the treaty is, of course, necessary, but it is not simply a military alliance, for the treaty has both economic and political obligations. Within the last year or so weaknesses have shown up in the military set-up of NATO and statesmen of the NATO nations are now openly saying that NATO countries must get closer together both economically and politically. The President of Italy was quoted as stressing the economic clauses of NATO when he visited America some weeks ago, and I noticed in one of this morning's daily newspapers that Lord Attlee, former Prime Minister of England, points out some of the weaknesses of the military set-up of NATO.

France, a strong NATO nation, has had serious trouble in Indo-China and Africa and has had to withdraw a substantial portion of her NATO troops from Europe and transfer them to Africa. Then again there are serious difficulties in Cyprus which are the cause of hard feelings between Great Britain and Greece and also between Greece and Turkey. All these are NATO nations. There is also serious trouble in the Middle East and Asia, where minor cold wars are giving NATO nations a great deal of worry. Sometimes they find it very hard to reach a common policy in dealing with the military aspect of the situation.

These weaknesses are obvious to the Iron Curtain countries which, on the other hand, during the last year or so have been following a flexible policy. They now offer economic aid even without a military pact. In this way they are gaining influence throughout many parts of the world without a system of military alliances.

Taking these grave conditions into consideration, I think the work and study of the Senate Canadian Trade Relations Committee during the last year or two has been worth while and fully justified, for at the hearings we were able to gather a great deal of valuable information regarding what might be done to weld the NATO nations closer together from an economic standpoint, and such collaboration might well spread throughout the free world. We have only to read the statements of political leaders and political writers of the NATO nations to realize there has been a great change in public opinion, and now these leaders realize that the NATO

nations must have much stronger economic and political ties if the NATO treaty is to be the success it should be.

I am sure the meeting in Paris last year of parliamentarians from the different nations has started a good work, for their efforts will be directed toward economic collaboration between NATO nations. When General Gruenther was here recently he commended the work of this association in which our honoured Speaker has taken a prominent part. It is obvious that the member nations of NATO have to put forth their utmost efforts toward securing a far better economic and political atmosphere throughout the NATO Treaty nations than there is at present, or has been for some time past.

Speaking of the nations which belong to NATO, I would like to refer to a recent visit I made to the International Fair in the Dominican Republic. At this fair I saw some of the finest displays of manufactured goods I have ever seen. France, the United States, Germany, Holland, Italy and Canada, all NATO nations, had wonderful displays of their wares at this great fair. These nations spent millions of dollars on buildings in order to show their goods. Of course, many other nations were well represented, but the NATO nations had top places.

The European NATO nations are out for trade, especially dollar trade, and are looking toward the western hemisphere. In going into this great fair in such a big way I do not think they have made any mistake, for there are plenty of dollars with which to buy goods in this progressive republic where everyone is working. The people are working long hours in order to develop their fine natural resources, and every year thousands of Spaniards migrate from Spain to the Dominican Republic in order to help with the development that is going on. The Government of the republic is carrying out a very large housing program and building many fine hotels to take care of the growing tourist trade. I was told, on the best of authority, that a Canadian Mining Company is preparing to invest $10 million in this republic.

The Fair grounds and buildings and so on cost $50 million. Forty million dollars was put up by the Dominican Government and about $10 million by outside governments to house their displays. The fair is a very courageous effort on the part of two and a half million people.

The country has no internal or external debt and has an annual favourable trade balance of several million dollars. This republic is a natural market for Canada, as their products do not come into competition with what we produce. But we have plenty of competition for their trade, and I was glad indeed to see Canada, through our Department of Trade and Commerce, join with so many other NATO nations in supporting this great international fair.

We are represented in the Dominican Republic by Mr. M. B. Bursey, Chargé d'Affaires, who is doing a fine job and is very highly regarded by all business interests.

Hon. Senators: Hear, hear.

The motion was agreed to.

SENATE RULES

PROPOSED RULE AUTHORIZING DIVORCE COMMITTEE TO DIRECT EVIDENCE OF OFFENCE TO LAW-ENFORCEMENT AGENCY—DEBATE ADJOURNED

Hon. Arthur W. Roebuck: Honourable senators, I move, seconded by the Honourable Senator Burchill:

That the Rules of the Senate of Canada be amended by inserting therein immediately after Rule 143 a new Rule 143A as follows:

143A. The Standing Committee on Divorce, whenever in its opinion there has been disclosed in any evidence given before it or any of its subcommittees an offence against the Criminal Code of Canada or the violation of any other law in force in Canada, may direct that such evidence, or a part thereof, be drawn to the attention of such law-enforcement or other agency in Canada as the Senate Committee may deem appropriate, for such action as such agency may deem requisite.

Honourable senators, the object of the resolution is obvious and, of course, highly commendable. I was instructed by unanimous decision of the members of the Senate Divorce Committee to bring this matter before the house, and I have done so in the form of this resolution. The resolution was drawn by the Law Clerk and Parliamentary Counsel of the Senate, Mr. Hopkins, who has been in consultation with the Department of Justice, so the matter has been reasonably considered by the proper authorities. I am sure it is clear to all the members of the Divorce Committee. However, an explanation is due to honourable senators who are not members of that committee and therefore have not had an opportunity to follow the course of events.

It is obvious that a committee which hears between 400 and 500 petitions each session should occasionally have drawn to its notice matters which require attention. For instance, on many occasions the committee deals with the custody and care of children. It has no power to legislate or make orders with regard to the children—at least, if it has that jurisdiction it has never exercised it—but evidence with regard to children comes before the committee from time to time, and it may reveal conditions which ought to be brought to the attention of a children's aid society, a welfare organization,

or perhaps the minister of the department of health and welfare of some province or another. When such matters are brought to the attention of the minister, it should be done, not publicly, but privately, for his consideration and action.

I am sure that honourable senators have heard it suggested many times that divorces are obtained before our committee on perjured evidence. It may be that from time to time the committee receives indications of that kind. Not long ago two investigators were arrested and charged and convicted in court for fabricating evidence for presentation to the Senate Divorce Committee; they launched an appeal, and the convictions were quashed by the Ontario Court of Appeal on the ground that the Senate Divorce Committee did not constitute a judicial proceeding under the Code as it was drawn at that time. The new Code makes the fabricating of evidence for presentation to our Divorce Committee a criminal offence. Then, of course, there are possibilities of conspiracy to mislead by fraudulent means a judicial proceeding, such as our Divorce Committee. In the past we have always considered that we had the right to bring such matters to the attention of the proper officials. I am not sure whether that has ever been done in the history of the committee's operations, but nevertheless the committee always felt it had that right. I still think it has that right, notwithstanding the law that I shall call to the attention of honourable members.

Quite recently Mr. Hopkins, who is most industrious and co-operative, and a very learned and capable counsel, drew to the attention of the committee some clauses in the Criminal Code which, it seems to us, make this resolution, if not actually necessary, at least desirable. May I first read Section 248(1) of the Criminal Code on the subject of defamatory libel:

> A defamatory libel is matter published without lawful justification or excuse that is likely to injure the reputation of any person by exposing him to hatred, contempt or ridicule or that is designed to insult the person of or concerning whom it is published.

Honourable senators, a distinction must be drawn between civil libel and defamatory libel. Civil libel, which gives a person the right to bring an action for damages must, of course, result in damages, and is quite a different offence from defamatory libel as defined by the Code. Defamatory libel is the criminal side of the law. To be guilty of a defamatory libel it is merely necessary that the libel injure the reputation of any person, exposing him to hatred, contempt or ridicule, or designed to insult the person concerning whom it is published.

The fact that the statements complained of are true is not a defence, as is the case in civil libel.

There are many provisions in the Code, but I will read only the cogent ones. Section 248(2) reads as follows:

> A defamatory libel may be expressed directly or by insinuation or irony.

And then, by section 249, the defamatory libel is published if a person:

> (c) shows or delivers it, or causes it to be shown or delivered, with intent that it should be read or seen by the person whom it defames or by any other person.

I have got this far, honourable senators, that any document, true or otherwise, which is likely to injure the reputation of an individual and is shown to a person in order that it may be read or seen by that person constitutes a published defamatory libel. Sections 250 and 251 provide certain penalties:

> 250. Every one who publishes a defamatory libel that he knows is false is guilty of an indictable offence and is liable to imprisonment for five years.
>
> 251. Every one who publishes a defamatory libel is guilty of an indictable offence and is liable to imprisonment for two years.

That is to say, one is liable to imprisonment for two years for publishing a defamatory libel even though he believes it to be true.

The Code goes on to make provision for relieving members of Parliament and of provincial legislatures. Section 256 reads:

> No person shall be deemed to publish a defamatory libel by reason only that he . . .
>
> (b) publishes by order or under the authority of the Senate or House of Commons or of a legislature, a paper containing defamatory matter . . .

There we have the broad umbrella of protection so far as Parliament is concerned. So long as publication of a paper containing defamatory matter is made by order or under the authority of the Senate or House of Commons, the one who publishes it cannot be prosecuted.

Before I read subsection (2) of section 257, which the committee finds troublesome, let me read subsection (1):

> No person shall be deemed to publish a defamatory libel by reason only that he publishes in good faith, for the information of the public, a fair report of the proceedings of the Senate or House of Commons or a legislature, or a committee thereof, or of the public proceedings before a court exercising judicial authority, or publishes, in good faith, any fair comment upon any such proceedings.

That is to say, the Code specifically exempts a fair report or fair comment upon proceedings of the Senate or the House of Commons, or of any judicial proceedings. That, I submit, is the law as we have understood it, and under which both houses of Parliament have acted for many years.

I come now to the troublesome subsection, which reads:

(2) This section does not apply to a person who publishes a report of evidence taken or offered in any proceeding before the Senate or House of Commons or any committee thereof, upon a petition or bill relating to any matter of marriage or divorce, if the report is published without authority from or leave of the house in which the proceeding is held or is contrary to any rule, order or practice of that house.

That provision is to prevent the wide distribution of the evidence heard or other matters which take place in camera in the Senate Committee on Divorce. Application of that provision could go rather far, unless the house acts on the suggestion contained in the motion and gives the necessary authority.

Of course, it was never intended by Parliament, I suggest, to prevent a committee—or for that matter this house—from protecting itself against abuses of an organized conspiracy to mislead or to fabricate evidence presented to a committee, or the commission of perjury before a committee. Yet, if a committee of this house acts without authority from the house, the members of the committee, and the officials who act on its instructions, may be liable to attack by the laying of an information against them for a defamatory libel.

So, I do not think much advocacy in support of the resolution is required, beyond an explanation of the situation. Surely there is nobody who would want to leave the members of the committee liable to prosecution for a defamatory libel through the mere carrying on of the duty which this house has placed upon their shoulders; nor, would I expect that anyone would wish to prevent the Divorce Committee, or any other committee of the house, from protecting itself against being charged with a criminal offence for simply bringing facts, as they are revealed in evidence before the committee, to the attention of a crown attorney. I should think nobody would want to put the committee or the officials who act upon its instructions in that position.

Personally, I would like to see this resolution embodied in the rules of the house, because unfortunately there has grown up in our community a feeling that the Divorce Committee may be played with in these matters with impunity. If this resolution is passed, I can assure honourable senators that it will be sent to the solicitors who practice before the Divorce Committee, informing them that it will be a dangerous procedure for their clients to indulge in any of these criminal practices, because the committee has authority to call the attention of the crown attorney to their actions. I think it would be very salutary indeed to have it thoroughly understood by the members of the legal profession and by the public at large, as far as it is within our power to make it understood, that when members of the public come before the Divorce Committee they are as open to prosecution for conspiracy to mislead, fabrication, perjury or any other offence of that kind, as they are when they appear before the courts of our land. Therefore, I trust honourable senators will pass this resolution.

Hon. Nancy Hodges: Honourable senators, I rise to support the resolution moved by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) because, as a member of the Divorce Committee, I believe it to be desirable that the committee be empowered to refer to the proper law-enforcement authority any evidence which indicates that a criminal offence or any other violation of the law has been committed by parties or witnesses in any case coming before the committee.

I do not intend to deal with the provisions of the Criminal Code, to which the honourable chairman of the committee has referred, because a repetition of them would not strengthen the case. Reference was made to the fact that the Code contains a clause which requires authority or leave from the Senate before evidence given before the committee can be released to the proper authorities.

It is my opinion that the Divorce Committee should be armed with a general authorization along the lines suggested in the resolution, for two reasons: First, to ensure that justice may be done in an individual case as expeditiously as possible; and second, because the possession of such authority would have a salutary and deterrent effect upon those who might otherwise be tempted to mislead the committee, either by perjury, fabrication or evidence or conspiracy.

As a member of the Divorce Committee I know from personal experience that the committee would unhesitatingly refuse to recommend a divorce on any evidence known to be perjured or fabricated, but it seems to me that we might go further and strengthen the hands of the committee, in the manner suggested; namely, that the committee be provided with the power to take appropriate action in any case in which the evidence reveals an attempt to obtain a divorce by improper means, such as I have outlined.

In my opinion the adoption of the motion sponsored by the honourable senator from Toronto-Trinity would enhance the prestige and effectiveness of the Standing Committee on Divorce.

Hon. John T. Hackett: Honourable senators, I think that the suggestion of the honourable member from Toronto-Trinity (Hon. Mr. Roebuck) is worthy of every consideration. I am somewhat reluctant, however, to impose upon or impart to that committee the duty of communicating its impressions and findings to, for instance, the authorities of a province. It seems to me that if the committee comes to a decision that a crime has been committed it should send its findings to, shall we say, the Minister of Justice, or to the Senate itself. There is a channel, a well-known channel, of communication between the federal Government and provincial Governments, and although we sometimes have difficulty in adjusting our points of view I think it would be unfortunate and expose the Senate to difficulty if we authorized our committee, efficient and admirable as it is, to enter into correspondence with and make suggestions to enforcement agencies in the provinces.

Now, it may be that my honourable friend interprets the words "law-enforcement or other agency" in his resolution to include the Minister of Justice and wishes the communication to follow this well-accepted channel. If so, it would be easy enough to insert a direction to that effect, and not leave the matter in its present condition, which might embroil the committee with other agencies that might not entirely share the views of the committee.

Hon. Mr. Davies: Honourable senators, I wish to ask the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) one question. Does the court which hears divorce cases in Ontario have authority to do what the Senate Committee is asking in this resolution?

Hon. Mr. Roebuck: The answer is yes, very decidedly so. A judge in the Supreme Court or in any court before which an offence is committed, and where there is evidence of that offence, may call it to the attention of the local Crown Attorney and the Attorney General.

Hon. Mr. Hackett: Of that province.

Hon. Mr. Roebuck: Of that province.

Hon. Mr. Macdonald: The publication of evidence in divorce cases is not prohibited in provincial courts.

Hon. Mr. Roebuck: No.

Hon. Mr. Burchill: Before the honourable senator makes his reply, which I take it will conclude the debate, I would like to say a word.

Hon. Mr. Roebuck: I was about to answer a question.

Hon. Mr. Burchill: I am not going to discuss the legal aspect of the matter at all. As a layman and as a member of the Divorce Committee, I want to support in a very few words what the Chairman of the Divorce Committee has said, and also the views expressed by the honourable senator from Victoria (Hon. Mrs. Hodges).

I was shocked to learn the other morning that the Divorce Committee did not have the power which we understand the resolution would give us, that we were sitting in committee listening to evidence, fabricated as it might be, with no power whatever to take action if we thought it advisable. I repeat that, as a layman, I was simply aghast to learn of that condition, and I support this resolution wholeheartedly.

Hon. Mr. Croll: Honourable senators, I share the view of the honourable senator from Victoria (Hon. Mr. Hackett). This resolution has implications which are not easily seen. I am wondering if there is any urgency about the matter and if it cannot be allowed to stand over the Easter recess during which time we can give it further consideration. It occurs to me on some reflection that there are a great number of honourable senators who object to bringing divorce before a court or what appears to be a court, and there is reason for supporting their view. But if we are going to cloak ourselves with judicial powers, then are we a committee or are we a court? I think we ought to give the matter further consideration before we take this step. I would like the sponsor of the resolution (Hon. Mr. Roebuck) to be so good as to let the matter stand.

Hon. Mr. Macdonald: Then you should move the adjournment of the debate.

Hon. Mr. Croll: I do not wish to move the adjournment.

Hon. Mr. Macdonald: That is the only way the matter can stand.

Hon. Mr. Croll: I presume it can stand at the request of the honourable gentleman who moved it (Hon. Mr. Roebuck). I leave it up to him, with the suggestion that this matter ought to be looked at by a very much larger number of senators than are present today. It ought also to be looked at by the Leader of the Government, who should discuss it with some appropriate officials. For that reason I ask the sponsor to let the matter stand until after the Easter recess.

Hon. Mr. Golding: Honourable senators, this matter was brought to the attention of the Divorce Committee a few days ago, where it

was thoroughly discussed, and my honourable friend from Toronto-Spadina (Hon. Mr. Croll) voted to have this resolution referred to the Senate for its confirmation.

Hon. Mr. Croll: Consideration, not confirmation. It is receiving consideration now.

Hon. Mr. Golding: All right, we will let it go at that, but I took it that my honourable friend was supporting the resolution.

Hon. Mr. Croll: I did not say I was not supporting it. I want it to be given further consideration.

Hon. Mr. Golding: You voted for it anyway—it was a unanimous vote.

In a case before the Divorce Committee some years ago a witness was charged with having perjured himself. I find that in the prosecution of that witness the action was not taken by the Divorce Committee or by the Senate, but by one of the parties. In any event, it resulted in a conviction.

Now, our situation at the present time is that we have witnesses coming before the committee in cases where there are glaring examples of fabricated evidence and we are helpless to do anything about it. If the Senate will endorse the proposal to refer evidence of this nature, the appropriate department or other authority can look it over, and if they decide that the evidence warrants some action against persons who have perjured themselves or conspired to bring about the divorce, they can take the necessary proceedings. What we ask is the right, not to render judgment, but to pass along the evidence for consideration by the appropriate officials. For the life of me I cannot see why honourable senators should object to that course. I voted for this motion in committee and I am supporting it here.

Hon. Mr. Horner: I did not hear the discussion which took place in the Divorce Committee, but it seems to me than an amendment of this nature could be very far-reaching. I hope that we shall not adopt it hurriedly. Certainly it could stand until after the adjournment.

Hon. Mr. Macdonald: Then the honourable senator should move adjournment of the debate.

Hon. Mr. Horner: I so move.

Hon. Mr. Kinley: I would ask that the original motion stand until I have added a word or two. I was in the committee when this resolution was discussed, and finally we all agreed to it. However, it was preceded by quite a discussion as to whether it should be given retroactive effect, and on this issue we divided evenly. The chairman did not vote. I agree with the resolution in principle; but the honourable senator from Victoria (Hon. Mr. Hackett) has raised a point which seems to me important, namely, that the channel of communication should be to the Minister of Justice. It would also appear that the committee is not a court. I understand than an objection was successfully made in one of our courts on the ground that false evidence given before this committee is not perjury.

Hon. Mr. Roebuck: That is not so now.

Hon. Mr. Kinley: I am not well-informed on the point, but I read the statement in the press. I suggested in committee that action in this matter should be delayed. However, the chairman demurred, and he was so insistent that I did not press the matter further. I thought that his reason for expediting action was that he wanted the suggested change of rules to be applied in a case which has been already heard, and the issue before the committee was whether the change in the rules should have retroactive effect. I think the motion could very well be deferred until after Easter, so that in the meantime it could have the mature reflection of honourable members.

Hon. Mr. Horner: Honourable senators, I move the adjournment of the debate.

Hon. Mr. Roebuck: I know that a motion to adjourn is not debatable. But this motion has been advocated by two honourable senators, and that throws it open to discussion. The honourable senator from Blaine Lake (Hon. Mr. Horner) argued in favour of the adjournment before he moved it.

Hon. Mr. Kinley: I did not advocate adjournment. I said the matter could very well stand over.

Hon. Mr. Roebuck: At all events let me say this. I shall not be long.

Hon. Mr. Haig: The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) is not entitled to speak on a motion to adjourn. He can vote against it if he wants to.

Hon. Mr. Roebuck: Is it the ruling of the Chair that I may not discuss the question of adjournment?

The Hon. the Speaker: Yes. A motion to adjourn is not debatable. The only motion before me is that of the honourable senator from Blaine Lake (Hon. Mr. Horner).

Hon. Mr. Roebuck: I will only say that I am opposed to an adjournment, and I could give reasons if I were permitted to do so.

The Hon. the Speaker: The question is on the motion of the honourable senator from

Blaine Lake (Hon. Mr. Horner) that the debate be adjourned. Is it the pleasure of the house to adopt the motion?

Carried.

Hon. Mr. Roebuck: I ask for the "Contents" and "Non-Contents".

Hon. Mr. Macdonald: Can there not be agreement about this?

The Hon. the Speaker: Those in favour of the motion will please say "Content".

Some Hon. Senators: Content.

The Hon. the Speaker: Those against, "Non-content".

Some Hon. Senators: Non-content.

The Hon. the Speaker: In my opinion the Contents have it.

Hon. Mr. Roebuck: Let us have a recorded vote.

The motion of Hon. Mr. Horner was negatived on the following division:

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Honourable Senators

Aseltine	Howden
Connolly (Halifax North)	Kinley
Croll	Macdonald
Godbout	McDonald
Hackett	McGrand
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	Wall—15.

NON-CONTENTS

Honourable Senators

Baird	Isnor
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Cameron	Reid
Davies	Roebuck
Fergusson	Stambaugh
Golding	Wilson
Hawkins	Woodrow—19.
Hodges	

Hon. Mr. Hackett: I am not certain whether I have the right to speak again and to move an amendment. I ask the Chair for permission.

The Hon. the Speaker: As the honourable senator from Victoria (Hon. Mr. Hackett) has already spoken, he can move an amendment only with the consent of the house.

Hon. Mr. Roebuck: That is, unanimous consent.

The Hon. the Speaker: Unanimous consent.

Hon. Mr. Hackett: I ask for consent.

The Hon. the Speaker: Has the honourable senator the unanimous consent of the house?

Hon. Mr. Roebuck: No. I cannot consent unless I know what the amendment is.

Hon. Mr. Hackett: I would move that all the words after "attention of" be struck out and the following words be substituted: "the Minister of Justice, that he may act as he deems wise in the circumstances".

Hon. Mr. Roebuck: I will consent to that motion—not that I am in favour of it.

The Hon. the Speaker: Honourable senators, has the honourable member from Victoria (Hon. Mr. Hackett) the unanimous consent of the house to move his amendment?

Hon. Senators: Agreed.

Hon. Mr. Hackett: I move that all the words after "attention of" in the proposed Rule 143A be struck out and the following words substituted therefor: "the Minister of Justice, that he may act as he deems wise in the circumstances".

Hon. Mr. Croll: How would it read then?

Hon. Mr. Hackett: It would read:

> The Standing Committee on Divorce, whenever in its opinion there has been disclosed in any evidence given before it or any of its subcommittees an offence against the Criminal Code of Canada or the violation of any other law in force in Canada, may direct that such evidence, or a part thereof, be drawn to the attention of the Minister of Justice, that he may act as he deems wise in the circumstances.

As I said in the few words I addressed to the house earlier, the purpose of my amendment is to make certain that the ordinary and usual channels of communications be respected.

The Hon. the Speaker: The honourable senator must furnish me with a written copy of his amendment so that I may put it to the house.

Hon. Mr. Macdonald: Honourable senators, I voted in favour of an adjournment because I thought it would not do any harm to give the matter consideration over the Easter recess. I am hopeful that the Senate will adjourn tonight, and in that case anything we may do today in connection with this matter cannot be put into effect until after the recess. Now that the honourable senator from Victoria has moved an amendment, I am convinced more than ever that the matter should stand over. That would not harm anyone, and this house has the reputation of giving all questions that come before it sober second thought.

The Hon. the Speaker: Honourable senators, it has been moved by the Honourable

Senator Hackett, seconded by the Honourable Senator Haig that the words after "attention of" in the proposed Rule 143A be struck out and the following words substituted therefor: "the Minister of Justice, that he may act as he deems wise in the circumstances". Is it your pleasure to adopt the motion?

Hon. Mr. Pouliot: Honourable senators, I propose to move a subamendment. In virtue of the British North America Act the administration of justice is in the hands not of the Minister of Justice but of the Attorneys General of the provinces. If an offence against the Criminal Code is committed in Ottawa, notice of such offence must be directed to the attention of the Attorney General of Ontario. I therefore move as a subamendment that the words "the Minister of Justice" be struck out of the proposed amendment and that the words "the Attorney General of the province of Ontario"—the province in which Parliament sits—be substituted therefor.

Hon. Mr. Roebuck: Honourable senators, in view of what the Leader of the Government (Hon. Mr. Macdonald) has just said, and the general confusion that seems to have arisen over a very simple matter, I move adjournment of the debate. The subamendment that has just been proposed does not answer the question, because the offence may not have been committed in Ontario. Also, it is not always the Minister of Justice to whom you appeal, but perhaps sometimes the Minister of National Health and Welfare or some other minister. Under all these circumstances, I move the adjournment of the debate.

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

PRIVATE BILL

PENSION FUND SOCIETY OF THE DOMINION BANK—THIRD READING

Hon. David A. Croll, for Hon. John J. Connolly, moved the third reading of Bill G-7, an Act respecting The Pension Fund Society of the Dominion Bank.

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

SUPPLEMENTARY ESTIMATES

Hon. Mr. Macdonald: Honourable senators, I have just been informed that item No. 556, of the supplementary estimates, which is an item in the Finance Department's estimates, is under consideration now by the House of Commons. When the items for that department have been completed there will still be quite a number of votes to be considered, under for instance: Fisheries, Justice, Legislation, Mines and Technical Surveys, National Film Board, Northern Affairs and National Resources, Public Works, Transport, and Loans, Investments and Advances.

Hon. Mr. Kinley: It does not seem likely that they will be finished today.

Hon. Mr. Macdonald: It does not appear so, although of course it is possible.

Hon. Mr. Haig: I suggest that the house adjourn until 11 o'clock tomorrow morning.

Hon. Mr. Davies: Why not meet this evening, and, if necessary, adjourn again?

Hon. Mr. Macdonald: After the non-success of the former motion to adjourn, I hesitate to suggest this, but if it would not inconvenience honourable senators too much we might adjourn now and reassemble at 8 o'clock this evening.

Hon. Senators: Agreed.

Hon. Mr. Macdonald: Then with leave of honourable senators, I move that the Senate rise now, to reassemble at the call of the bell at approximately 8 o'clock this evening.

The motion was agreed to.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

THE ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Honourable Patrick Kerwin, Chief Justice of Canada, Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 9.45 p.m. for the purpose of giving the Royal Assent to certain bills.

APPROPRIATION BILL No. 2

FIRST READING

A message was received from the House of Commons with Bill 207, intituled an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1956.

The bill was read the first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Honourable senators, I move that this bill be read the second time now.

As honourable senators know, the practice since Confederation has been to present at the end of the fiscal year the final supplementary estimates for the year and to table the main estimates for the coming fiscal year. Also, after the commencement of the fiscal year and before Parliament prorogues, supplementary estimates are brought in and tabled, and in each instance bills covering those estimates are passed. To make the explanation a little more clear, I might remind the house that before March 31 last year the main estimates were tabled for the fiscal year beginning April 1, 1955, and extending to March 31, 1956.

Hon. Mr. Reid: In other words, this bill cleans up the 1955-56 estimates?

Hon. Mr. Macdonald: It cleans up the 1955-56 estimates. Between the tabling of the main estimates in 1955 and this date, supplementary estimates were tabled and passed.

Honourable senators will observe from the schedule that these are designated "Supplementary Estimates (2)". That they are further supplementary estimates. There were small supplementary estimates passed during the current fiscal year on account of an item that had been left out of the regular supplementaries.

The supplementaries now before us were tabled in this house on Tuesday last, and honourable senators have no doubt had an opportunity to look over them. They involve no change in Government policy in connection with any of the payments. I trust honourable senators will give approval to this bill.

Hon. Mr. Reid: Could the honourable leader tell us what is the total amount of the 1955-56 supplementary estimates, including these items now before us?

Hon. Mr. Macdonald: I do not have the total before me. If my honourable friend has the amount of the estimates passed at the conclusion of the last session he can calculate the total by adding to it the estimates now before us and a small additional sum having to do with the Fisheries Department, which had been overlooked in the regular supplementaries.

Hon. John T. Haig: Honourable senators, I do not intend to delay the house by speaking generally on this bill. I had these estimates in my hands about a week ago and I went through them very carefully. As to any items which I did not understand clearly I wrote the honourable Leader of the Government and received a full explanation.

However, I should like to make one comment by way of criticism of the system under which the Government pays taxes to certain municipalities. If honourable senators will look at the bill before us they will see a vote for a supplementary payment to municipalities of about $530,000. I think the total amount paid to municipalities for this purpose was $12 million, of which Ottawa got about $2·7 million. What I complain about is that other cities, such as Winnipeg, Toronto, Montreal, and Victoria, get nothing.

Hon. Mr. Euler: Does not the Government automatically, if I may use that term, pay local improvement taxes? Perhaps they are outside the figures you are discussing.

Hon. Mr. Haig: It does pay local improvement taxes. What I am objecting to is the formula by which the contributions are made. I think cities should exempt certain buildings from taxes, such as the legislative buildings in the provincial capitals. But some federal Government buildings are semi-commercial or almost completely commercial, because the Government is getting into various fields. As the formula stands, unless a city has Government buildings whose value is in excess of a certain percentage of its total assessment, it does not benefit under the Municipal Grants Act. I think the City of Ottawa's share is about 22 per cent of the total amount paid to municipalities.

Hon. Mr. Isnor: Perhaps the honourable Leader of the Opposition would tell us what is the formula for making contributions?

Hon. Mr. Haig: I cannot explain it in detail, but I know it is based on a certain percentage of Government property in relation to the total assessment of a municipality.

Hon. Mr. Isnor: If a city qualifies the Government pays a certain percentage towards the municipal taxation.

Hon. Mr. Haig: It will allow the regular taxes to that extent.

Hon. Mr. Isnor: But the same formula applies to all cities, including Montreal.

Hon. Mr. Haig: Montreal is not granted a cent. Your city of Halifax gets $880,000.

Hon. Mr. Isnor: And it is entitled to it.

Hon. Mr. Haig: But the dear old city of Winnipeg is not granted a 50-cent piece, nor is Victoria, nor Vancouver.

Hon. Mr. Isnor: In order to qualify I think a city has to have public buildings to the value of 4 per cent of its total assessment.

Hon. Mr. Macdonald: Three per cent.

Hon. Mr. Haig: Very well, but I still think it is too high.

Hon. Mr. Macdonald: It was 4 per cent and was later reduced to 3 per cent.

Hon. Mr. Haig: I do not think that is a proper formula by which the federal Government should make payments to municipalities. My criticism is not of the payments, but of the system by which they are paid. I am not just saying this to direct criticism at the City of Ottawa, though I know they do not like me here—

Hon. Mr. Macdonald: Why do you say that?

Hon. Mr. Haig: The fact is that Ottawa gets a lot of money besides that, but I am only dealing with the grant. Ottawa is getting the most of any city in Canada, away over and above what any other city receives. I forget the city that comes next, but, as I have said, Halifax gets about $880,000. Now, I am hoping that some day some Progressive Conservative Government in this country will say to municipalities of Canada, "No matter how few Government buildings there are in your district, we will pay taxes on them just as everybody else pays taxes on his property." Of course, an exception to that might be the Parliament Buildings and some other special buildings. Buildings owned by the Government require the same civic services and protection as anybody else's building does. If a fire occurs in a Government-owned building, let us say, in my home town of Winnipeg, the fire brigade turns out. The firemen do not stay in the station and say, "It is a Government building, let it burn". If a robbery occurs in a Government building, the police department attempts to apprehend the culprits. I think a totally unfair situation exists in regard to payments to municipalities.

Honourable senators, the rest of the supplementary estimates are along the same lines as the main estimates, and any honourable senator who has any objections to items in the main estimates can go into details before the Finance Committee. My complaint at the moment is about the unfairness with which some municipalities are treated with respect to taxation on Government buildings. For instance, there are many public buildings on Portage Avenue in Winnipeg—buildings taken over and now owned by the Government—for which the city receives no tax relief at all. The result is that the rest of the taxpayers in that city have to carry the load.

Hon. Mr. Davies: Honourable senators, I would like to ask the Leader of the Government what happened in the House of Commons this afternoon with regard to the commission which was paid to the agent who purchased the famous paintings for which the Government paid $885,000. As the Ottawa evening papers were going to press, the Committee of the Whole in that house was considering an amendment to reduce the item by $35,000, the amount of the commission, to which objection had been made by some members. I would like to know whether anything was done there in regard to reducing this item by the amount of the commission.

Hon. Mr. Macdonald: The item covering that is, I believe, No. 548. I take it the honourable senator is not inquiring as to the pictures themselves.

Hon. Mr. Davies: No, just the commission.

Hon. Mr. Macdonald: There were four pictures purchased, and a commission of $35,000 was paid on their purchase. I am informed that that is the custom of the trade. A very reliable firm in London, England, known as Thomas Agnew and Sons, Limited, made the purchase. They specialize in that work. The regular commission charged by that company in connection with purchases of this kind was paid to the company. I think honourable senators will understand that experts must be employed in this type of transaction because there are very few of us who are qualified to judge pictures. This payment was a regular payment such as any person would pay in commissioning this firm to purchase a picture.

Hon. Mr. Euler: Honourable senators, I am very much inclined to agree with the opinion of the Leader of the Opposition (Hon. Mr. Haig) with regard to the payment of municipal taxes on Government buildings. I cannot for the life of me see why an arbitrary percentage such as 3 per cent should be taken. If Government properties are receiving municipal services it does not make any difference whether the proportion of their assessment to the total assessment in the municipality is 3 per cent of the total or 4 or 5 or 10 per cent, they ought to be taxed as other properties are. I do not see why any distinction at all should be made.

I rose chiefly to ask whether the leader could give a little clarification of the special item on the first page, vote 542, amounting to $5,757,483. I was wondering if that has to do with subsidies paid on commodities the Government purchased and sold at a loss, as butter, for example.

Hon. Mr. Macdonald: Yes, the honourable senator is correct. This is the loss incurred on account of the purchase by the Government of such commodities as butter, shell eggs, canned pork and potatoes.

Hon. Mr. Euler: Could the leader tell us what the Government paid and what it received for these commodities, and how much butter, say, is still on hand?

Hon. Mr. Macdonald: I could mention an amount in round figures but I would not like to do so. There is a substantial amount of butter on hand, but it is not much more than was on hand at this time last year.

Hon. Mr. Hackett: We are holding our own!

Hon. Mr. Macdonald: Yes. There are about 5 million pounds more on hand this year than there were at the same time last year.

Hon. Mr. Euler: What did we pay for it?

Hon. Mr. Macdonald: We would pay the the floor price.

Hon. Mr. Euler: Fifty-eight cents a pound, was it not, for the butter?

Hon. Mr. Macdonald: Yes, approximately 58 cents.

Hon. Mr. Euler: And it was sold at what price?

Hon. Mr. Macdonald: It would be sold at a considerable loss.

Hon. Mr. Hackett: From 37 cents to 40 cents a pound.

Hon. Mr. Macdonald: Yes. I have not got the figures.

Hon. Mr. Euler: And that makes up the total of $5 million?

Hon. Mr. Macdonald: That makes up the total. As the honourable senator from Churchill (Hon. Mr. Crerar) reminds me, there are other items in it. There are shell eggs, canned pork and potatoes. Butter, however, is the big item.

I might point out that there is a credit, that we did make a little money on apples and beef, but of course we lost more money than we made.

Hon. Mr. Davies: Does the butter sale to Czechoslovakia appear in this item?

Hon. Mr. Macdonald: Yes, some of the butter would have been sent there.

Hon. Mr. Pouliot: Honourable senators, if you will allow me, I will revert to the subject of the works of art that we have been discussing. There is in the estimates an item of $885,000 for some works of art which were purchased for the National Gallery. I have no objection to their purchase, but I wonder why these beautiful paintings should be hidden in the National Gallery of Canada, where visitors are very few. Almost everyone who visits Ottawa comes here to see the Parliament Buildings, of which the Senate wing is a part.

The work of the Senate is admirably done; and I, who have been sitting here and learning a lot since January 10, when I was sworn in as a member, must express my appreciation. But I find that its work is not well enough known nor is it sufficiently appreciated. And when the throngs of visitors who come to this chamber see the ugly pictures we have on the walls they receive a sad impression. For instance, facing me is a howitzer, which is aimed at the House of Commons. I wonder why it is there. And if one looks behind these pictures one sees the walls are very dirty; they should be cleaned. But how can they be cleaned so long as these pictures are in the way? I think they should be removed.

Hon. Senators: Hear, hear.

Hon. Mr. Pouliot: The walls should be cleaned. And how better could the Government show its appreciation of the wonderful work which has been performed by the Senate since Confederation than by hanging on our walls $885,000 worth of paintings to replace those ugly productions which face us and are on the right and left of the Honourable the Speaker?

Honourable senators, I make this suggestion for the purpose of trying to boost the Senate and giving visitors a more cheerful impression of our chamber. I may have another opportunity to speak on this matter.

Hon. Senators: Hear, hear.

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

THIRD READING

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

Hon. Mr. Macdonald: I move the third reading now.

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

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Honourable Patrick Kerwin, Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor

General was pleased to give the Royal Assent to the following bills:

An Act for the relief of George Francis Alfred Yull.

An Act for the relief of Joyce Ethel Jaques Horgan.

An Act for the relief of Jean Thomson Duquette.

An Act for the relief of Rosa Straub Gehlsen.

An Act for the relief of Cecile Bezeau Barnabe.

An Act for the relief of Dora Gina Costello Dash.

An Act for the relief of Fernand Desmarais.

An Act for the relief of Elsie Abbott Marsden.

An Act for the relief of Freda Ethelwinne Henders Jacobson.

An Act for the relief of Hazel Loretta Noseworthy Johnston.

An Act for the relief of Veronica Iris Collier Horvath, otherwise known as Veronica Cross Horvath.

An Act for the relief of Maria Romano Bove.

An Act for the relief of Nora Marian Tilley McBain.

An Act for the relief of Marguerite Tremblay Nathan.

An Act for the relief of Dolores Marion Zolov Karpman.

An Act for the relief of Rosalie Rosetti Acason.

An Act for the relief of Edmund Joseph Cochrane.

An Act for the relief of Edna Hannah Keene Newberg.

An Act for the relief of Charlotte Jean McAndrew Boyd Thompson.

An Act for the relief of Wilma June Keast Noel.

An Act for the relief of Patricia O'Neill Primiani

An Act for the relief of Evelyn Nellie Keemer Mein.

An Act for the relief of Pierre Roger Vuille.

An Act for the relief of Marie Gertrude Antoinette Hotte Ouellette.

An Act for the relief of Euphrosina Kowalyk Whalley, otherwise known as Rose Kowalyk Whalley.

An Act for the relief of Matilda Stoner Adams.

An Act for the relief of Gertrude Bailiss Goodlin.

An Act for the relief of Leokadja Laura Rozycka Haber.

An Act for the relief of Teofila Kurjata Marciniak.

An Act for the relief of Shirley Gelber Kaufman.

An Act for the relief of Margaret Pounden Greenstien.

An Act for the relief of Gaston Maille.

An Act for the relief of Mary Dufresne Cosco.

An Act for the relief of Julienne Marchesseault Jasmin.

An Act for the relief of Helen Mary Farrell Hickey.

An Act for the relief of Hazel Mair Grant Mander.

An Act for the relief of Joseph Roland Gaston Charette.

An Act for the relief of Beulah Sybil Chapman Maus.

An Act for the relief of John Elwood Way.

An Act for the relief of Thomas Charles Desmarais.

An Act for the relief of John Caldwell Scriver.

An Act for the relief of Marie Therese Provost Lapointe.

An Act for the relief of Margeryann Williams Farrow Chesney.

An Act for the relief of Kathleen Birdie MacPhail Morgan.

An Act for the relief of Sylvia Colato Le Pottier.

An Act for the relief of Antonina Dieni Choumanchuk.

An Act for the relief of Rena Amelia Duncan Chenier.

An Act for the relief of Stanley Edgar Barnes.

An Act for the relief of Molly Joyce LaPlante Baggott.

An Act for the relief of Jean Dorothy McLean Lewis.

An Act for the relief of John Walter Thoburn.

An Act for the relief of Panorea Delaporta Alivizatos.

An Act for the relief of William James Stoddart Edington.

An Act for the relief of Audrey Hilda Voysey Beaudoin.

An Act for the relief of Frederick Howard Blaikie.

An Act for the relief of Muriel Tetreau St. George.

An Act for the relief of Patricia Colleen Hewitt Nelson.

An Act for the relief of Ruth Mildred Thompson McBain.

An Act for the relief of Joseph Theophile Lambert.

An Act for the relief of Lillian Baron Goodman.

An Act for the relief of Madeleine Erna McArthur Blais.

An Act for the relief of Queenie Molly Wolfson Phillips.

An Act for the relief of Annie May Elizabeth Godson Brooks.

An Act for the relief of Ada June Mannard Wilmoth.

An Act for the relief of Rose Florczyk Greenwood.

An Act for the relief of Beryl Grace Leaper Shufelt.

An Act for the relief of Ralph Patrick Dowling.

An Act for the relief of Alice Guernon Peladeau.

An Act for the relief of Elizabeth Baird McDowall Whitlock.

An Act for the relief of Adrien Patrick Dicaire.

An Act for the relief of Jessie Altha MacBride Burnside.

An Act for the relief of Marianne Adorjan Balogh.

An Act for the relief of Helene Marguerite Peck Cooper.

An Act for the relief of Una Margaret Prower Douglas Heubach.

An Act for the relief of Hilary Hope-Hawkins Hardie Henders.

An Act for the relief of Marie Arthemise Marguerite Denise Laperriere Mercier.

An Act for the relief of Harry Hood.

An Act for the relief of Delima Chalifoux Prevost.

An Act for the relief of Frances Raven Sherman.

An Act for the relief of Constance Louisa Kelly McKenna.

An Act for the relief of Jean Mailman Greenleaf.

An Act for the relief of Grace Elizabeth Davidson Alexander.

An Act for the relief of Frederick Arthur Waltho.

An Act for the relief of Jean Decary.

An Act for the relief of Sylvia Barbara Murphy Simon.

An Act for the relief of Amy Elizabeth Torrance Fraser Walker.

An Act for the relief of Margery Cooper Mason.

An Act for the relief of Caroline Scortaru Ungariano, otherwise known as Caroline Scortaru Ungar.

An Act for the relief of John Joseph Rahilly.

An Act for the relief of William Ross Gould.

An Act for the relief of Morris Gilbert.

An Act for the relief of Margaret McDonald Williamson Gebbie.

An Act for the relief of Gwytha Olwyn Lillian Pring Evans.

An Act for the relief of Georges Durand.

An Act for the relief of Mary Rose Kenny Deline.

An Act for the relief of Katherine Marle Saretski.

An Act for the relief of Rose Juliana Evelyn Kedroskie Quincey.

An Act for the relief of Jeannette Morin Parent.

An Act for the relief of Mona Ruth Davis Goldberg.

An Act for the relief of Ruth Goodman Silverstein.

An Act for the relief of Simonne Auger Boule.

An Act for the relief of Leslie Archibald Hood.

An Act for the relief of George Hugh Wadge.

An Act for the relief of Martha Bailly Maher.

An Act for the relief of Helena Roy Buckland.

An Act for the relief of Marion Mildred McKnight Newman.

An Act for the relief of Marie Laura Francoise Lamothe Newcombe

An Act for the relief of Frances Caplan Sirota.

An Act for the relief of Joyce Smith Gwinnell.

An Act for the relief of Joan Sheila Rosser Roland.

An Act for the relief of Shprintza Gelber Shildkraut.

An Act for the relief of Sabina Rosenweig Rosenblum Faust.

An Act for the relief of William Eugene Chabot.

An Act for the relief of Joseph Charles Sylvio Demers.

An Act for the relief of Florence Ethel Bigelow Hamilton.

An Act for the relief of Amy Katharine Newman Cowans.

An Act for the relief of Sara Martin Lesser.

An Act for the relief of Annetta Smith Marchand.

An Act for the relief of Sybil Violet Godfrey Russell.

An Act for the relief of Dorothy Mary Humphreys Pepper.

An Act for the relief of Roslyn Yagod Kivenko Belkin.

An Act for the relief of Hilda Sarah Twyman Gagnier.

An Act for the relief of Jessie MacFarlane Boyle Roberts.

An Act for the relief of Donald Henry Emslie.

An Act for the relief of John Wesley Hamilton.

An Act for the relief of Lillian Hannah Maxwell Gallant.

An Act for the relief of Gordon MacKay Butler.

An Act for the relief of Eleanor Jodelis Milius.

An Act for the relief of Marie Madeleine Rachel Gregoire Shank.

An Act for the relief of Shirley Mildred Glazerman Wolfe.

An Act for the relief of Dorothy Jean Midkiff Desnoyers.

An Act respecting The General Synod of the Church of England in Canada, The Missionary Society of the Church of England in Canada, The Woman's Auxiliary of the Church of England in Canada and the Church of England Consolidated Trust Fund.

An Act to incorporate Interprovincial Trust Company.

An Act to incorporate The Canadian Equity Insurance Company.

An Act to incorporate Hydrocarbons Pipeline Limited.

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1956.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Wednesday, April 18, at 3 p.m.

THE SENATE

Wednesday, April 18, 1956

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

Prayers.

Routine proceedings.

NATIONAL CAPITAL

JOINT COMMITTEE ON FEDERAL DISTRICT COMMISSION—SUBSTITUTION OF COMMONS MEMBER

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved, that a message be sent to the Senate to acquaint their Honours that the name of Mr. Hansell has been substituted for that of Mr. Low on the Joint Committee of both houses of Parliament on the Federal District Commission.

SENATE ACCOUNTS

TABLED—REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable Senators, I have the honour to inform the Senate that, in conformity with Rule 103, the Clerk has laid on the Table the accounts and vouchers of the Senate for the fiscal year ending March 31, 1956.

Ordered: That the said accounts and vouchers be referred to the Standing Committee on Internal Economy and Contingent Accounts of the Senate.

STAFF OF THE SENATE

CIVIL SERVICE COMMISSION REPORTS

The Hon. the Speaker presented to the Senate two reports from the Civil Service Commission recommending, respectively, a revision of salary range and an amendment to the establishment of the Senate.

REFERRED TO COMMITTEE

Hon. W. Ross Macdonald: Honourable senators, I move:

That the revision of salary range and the amendment to the establishment of the Senate recommended by the Civil Service Commission for approval of the Senate be referred to the Standing Committee on Internal Economy and Contingent Accounts, for consideration and report.

The motion was agreed to.

PRIVATE BILL

CANADIAN COUNCIL OF CHURCHES—REFUND OF FEES

Hon. Cairine R. Wilson moved, with leave:

That the Parliamentary fees paid upon the Bill Q-5, intituled: "An Act to incorporate The Canadian Council of Churches", be refunded to V. S. McClenaghan, solicitor for petitioners, less printing and translation costs.

The motion was agreed to.

NAVIGABLE WATERS PROTECTION BILL

FIRST READING

Hon. Mr. Macdonald presented Bill O-8, an Act to amend the Navigable Waters Protection Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

NATIONAL PARKS BILL

FIRST READING

Hon. W. Ross Macdonald presented Bill P-8, an Act to amend the National Parks Act respecting the boundaries of Cape Breton Highlands National Park.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

LIGHTING OF SENATE CHAMBER —SENATE POSTMARK

PRIVILEGE

Hon. Jean-François Pouliot: Honourable senators, I rise on a question of privilege to ask for sunlight in this chamber. It may seem unusual, but since I have been a member of the Senate I have noticed that the windows of this chamber are painted on the inside in a muddy pink and another dirty colour that is impossible to describe. I appreciate the fact that the artificial lighting has been improved in the offices of members of the Senate. But here we have to rely on artificial lighting which is so bad that it is impossible to read *Hansard* for a certain period of time, and it destroys the sight of members. I hope, therefore, that the matter will be remedied at the earliest possible opportunity, by removing the paint from the windows in order that we may have a little bit of sunshine in this chamber. It does not seem an extravagant request. I make it not only on my own behalf, I make it *pro bono publico*, so that we may enjoy the rays of the sun in this chamber. I hope that sooner or later there will be a meeting of the Committee on Public Buildings and Grounds, where this important matter can be discussed.

I rise on another question of privilege, with regard to the stamping machine in the Senate Post Office. On the correspondence that we receive and that goes out from the Senate, the stamp is blurred. The House of Commons has a new machine which prints clearly an outline of the Parliament Buildings, the date on which the letter was mailed and the words "House of Commons". I do not see why our mail should be stained and blurred by the use of an old stamp that dates back to Confederation days. I have been told that it was the only piece of equipment that was saved in the Post Office at the time of the great fire in 1916. All I am now asking is, on a question of privilege, that the mail of the members of the Senate should give the same good impression as that of the members of the House of Commons. If a new machine has been bought by the House of Commons, I do not see why we should continue to use a relic of olden times to blot our mail.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Honourable senators, with regard to the lighting in the Senate chamber, I wish to inform my honourable friend from De la Durantaye (Hon. Mr. Pouliot) and other honourable senators that earlier this session the Public Buildings and Grounds Committee considered this matter and subsequently reported its findings to the Committee on Internal Economy and Contingent Accounts. That committee at its last meeting requested the Chairman of the Public Buildings and Grounds Committee to make further inquiry. I have been informed by him that a survey of the lighting in this chamber has been made by the Department of Public Works, and that although it may not be possible to improve the lighting this session it will be improved before we reassemble next session.

NEW BRUNSWICK POTATO MARKETING BOARD

INQUIRY AND ANSWER

Hon. Frederick W. Pirie inquired of the Government, pursuant to notice of March 20:

What departments of governments and others were concerned in the investigation concerning the operations of the New Brunswick Potato Marketing Board under agreement with Her Majesty the Queen represented by the Minister of Agriculture, dated December 21, 1953?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

Department of Finance; Department of Justice; Department of Agriculture; New Brunswick Department of Agriculture; New Brunswick Attorney General; New Brunswick Potato Marketing Board; the institution which loaned the funds under the agreement.

IRON ORE EXPORTS—STEEL IMPORTS

INQUIRY AND ANSWER

Hon. Thomas Reid inquired of the Government, pursuant to notice of March 21:

1. Did Canada export any iron ore during the calendar years 1953, 1954 and 1955?

2. If so: (a) to what countries was iron ore exported, and (b) what quantities of iron ore were exported in these three years, and from what province?

3. What were the total importations of steel during the three years, 1953 to 1955, and from what countries was any steel imported?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

1. Yes.

2. (a) and (b). Exports of iron ore (Statistical Classification 5010), by province from which exported and by country to which consigned, are shown in the following statement. (It should be noted that the province shown is that in which the ore was cleared by Customs for export, and not necessarily the province in which the ore was produced.)

Province	Country	Year 1953	Year 1954	Year 1955
		tons	tons	tons
New Brunswick	United Kingdom	—	110	56
	Germany West	—	34	—
Total, New Brunswick		—	144	56
Quebec	United Kingdom	—	41,256	559,425
	Germany West	27	28	—
	Netherlands	—	11,409	87,096
	Norway	—	—	289
	United States	118	1,630,868	7,293,456
Total, Quebec		145	1,683,561	7,940,266
Ontario	United States	2,053,617	2,095,433	3,864,899
Total, Ontario		2,053,617	2,095,433	3,864,899

Province	Country	Year 1953	Year 1954	Year 1955
		tons	tons	tons
British Columbia	Germany West	8,837	—	120,933
	Japan	958,046	540,759	543,408
	United States	11,032	—	—
Total, British Columbia		977,915	540,759	664,341
Newfoundland	United Kingdom	1,205,259	1,030,715	943,730
	Germany West	583,039	776,326	1,039,186
	Netherlands	—	—	92,962
	United States	—	—	23,520
Total, Newfoundland		1,788,298	1,807,041	2,099,398
Total, all provinces		4,819,975	6,126,938	14,568,960

	Country	Year 1953	Year 1954	Year 1955
Recapitulation	United Kingdom	1,205,259	1,072,081	1,503,211
	Germany West	591,903	776,388	1,160,119
	Japan	958,046	540,759	543,408
	Netherlands	—	11,409	180,058
	Norway	—	—	289
	United States	2,064,767	3,726,301	11,181,875
	Totals	4,819,975	6,126,938	14,568,960

3. Importations of steel (including ingots, billets, castings, forgings and rolling mill products, Statistical classes 5019-5022, 5041-5046, and 5049-5168) during the years 1953, 1954 and 1955. (It should be noted that some of these items include iron as well as steel, but the proportion of iron included is believed to be small).

Country	Year 1953	Year 1954	Year 1955
	$	$	$
United Kingdom	19,130,324	14,552,570	12,572,848
Australia	969	1,351	—
Austria	36,852	31,946	24,559
Belgium	7,165,504	4,099,328	5,547,548
Denmark	—	1,496	—
France	1,160,358	1,784,055	1,631,960
Germany West	501,768	800,788	1,162,116
Italy	50,573	515,215	227,854
Japan	502,776	286,612	2,151,502
Netherlands	1,799	20,170	13,805
Norway	150,092	99,152	50,817
Sweden	460,324	346,217	592,175
Switzerland	19,717	26,090	125,445
United States	109,897,298	84,945,532	118,259,745
Alaska	—	8,274	5,180
Totals	139,078,354	107,518,796	142,365,554

CANADA SHIPPING BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, March 15, the adjourned debate on the motion of Hon. Mr. Farris for the second reading of Bill H-7, an Act to amend the Canada Shipping Act.

Hon. Donald Smith: Honourable senators, may I first express my thanks to you for allowing the debate on this bill to be adjourned until after the Easter recess. The time that has intervened has provided all concerned with an opportunity for a much closer examination of the terms of the bill. I am very grateful for the favour extended to me.

In moving the second reading the honourable senator from Vancouver South (Hon. Mr. Farris) remarked that the bill is divided into two separate parts. He also pointed out that the bill contains 27 amendments to the Canada Shipping Act. These amendments concern shipping regulations. Because of the

nature of them they would be of great interest to all the provinces by the sea. It is in this part of the bill that my chief interest lies and I shall return to this phase of the bill shortly.

The second part, you will recall, gives legislative effect to the provisions of the international convention for the prevention of pollution of the sea by oil. This convention was negotiated in 1954 and has already been signed on behalf of 12 nations, including Canada. Some mention was made of this particular subject by the honourable senator from Vancouver South, but it seems to me that his remarks and interjections which were made at the time raised legal entanglements, in which I do not wish to get involved. I must say the impression which was left was that this subject is of no great value to Canada. The speaker placed on the record a memorandum on the matter from the Department of Transport, which contained this statement:

> Canada is not yet troubled by waste oil discharged from ships on the high seas owing to the comparatively small amount of shipping off our coasts and to the fact that apart from the Japanese current there are no strong ocean currents setting in toward our shores.

That may be so in general, but there have been many instances which I can recall where the effects of oil on the sea have been rather serious, particularly in relation to sea ducks, of which we have large numbers on our coast, and which perhaps in the province of Newfoundland are of more importance from a food supply point of view than they are from a sporting standpoint.

Hon. Mr. Roebuck: Does the act apply to the Great Lakes? We have experiences of the dumping of oil there.

Hon. Mr. Smith: I have no knowledge of conditions on the Great Lakes. No doubt the honourable senator knows more about them than I do. It is just a coincidence, but on the day when this subject was first brought before the house there appeared in the Halifax *Chronicle-Herald* a Canadian Press item, dated March 15, 1956, from St. John's Newfoundland, from which I wish to quote a sentence or two:

> Oil scum, possibly waste discharged by vessels far out on the Atlantic, is killing thousands of sea-birds along the south coast of Newfoundland.
>
> Dominion wildlife officer Les Tuck said Wednesday he had counted an average of 250 dead seabirds to every mile of coastline on Placentia Bay. The same condition probably exists on other south coast bays, he said.
>
> Murres—

They are what in Nova Scotia we call "noddies", and they appear to be getting more numerous all the time.

> —seemed especially attracted by the oil waste and were worst affected, Mr. Tuck said. Murres are a good sized sea-bird that Newfoundland fishermen have called turrs and eaten for centuries.
>
> There is not much that can be done to remedy the situation. The installation of equipment in vessels to destroy the oil and bilge waste would have to be an international thing. Oil pollution is just a modern hazard to sea-birds that is difficult to solve.

I would repeat that, by such means as the convention that has already been supported by Canada, something could be done about that condition. I want to remind you again of the effect on sea-birds. Mr. Tuck said he had counted an average of 250 dead sea-birds to every mile of coastline on Placentia Bay. Anybody who knows Newfoundland realizes, of course, that this bay has many miles of coastline; and when it is stated in this dispatch that thousands of sea-birds are being killed along the south coast, I am quite prepared to believe that this is not an exaggeration.

I also had an opportunity to check on the source of the information that appeared in the paper, and I am sure there is real substance in it. In the first place, not only is the Halifax *Chronicle-Herald* a most dependable and outstanding newspaper, but the accuracy of the dispatch is unquestionable, in my opinion, for another reason. It comes from the desk of a young Canadian Press reporter whom I have known in my home town for most of his life. His name is Gerald Freeman. I commend to your attention anything written under his by-line, and predict that he will earn a national reputation before many years. He has already won three Canadian Press awards during his short tenure of office in this organization. I hope I shall be forgiven for this little personal aside, but I was interested in the dispatch. I checked with the federal Wildlife Service, and had some correspondence during the Easter recess. I will read one paragraph from the report I received:

> The area where harm to aquatic birds by oil pollution is most frequent and serious is the southeastern part of Newfoundland, including the Avalon Peninsula and Placentia Bay. Other critical areas include the Straits of Belle Isle, the north shore of the Gulf of St. Lawrence, and the lower St. Lawrence River. Less frequent incidents are reported from the Atlantic coast of Nova Scotia and the coasts of British Columbia.

There is no mention there of the area to which my honourable friend referred a few moments ago.

The report was interesting in its discussion of this subject, and the information even includes a remedy for cleansing those ducks which have been threatened with death by being covered with oil. It is a rather complicated remedy with quite a number of ingredients, and I note at the end it is stated that ordinary butter is probably as good as,

if not better, than those complicated remedies which were devised by the National Research Council. I suppose that over in Newfoundland, where the scourge is greatest, these people would be using margarine instead of butter, because margarine is in more general use there. I just wanted to make reference to that subject to show that it is of some concern to us, and particularly to those of us who are a little worried about the conservation of our wildlife in general.

I notice that on page 20 of the bill there is reference to the fact that the zones which are to be established may be extended. Under Annex A, paragraph (3):

> Any contracting Government may propose:
> (i) the reduction of any zone off the coast of any of its territories;
> (ii) the extension of any such zone to a maximum of 100 miles from any such coast . . .

This, I think, is something which the Canadian people should be quite interested in. Perhaps this particular convention can be extended in the near future. There is some doubt in my mind that any part of our coast is actually going to receive much benefit from the convention in its present form.

I will now return to the shipping regulations. Some provisions in the bill are of a technical nature, and probably are not contentious. They are like the "tidying-up" measures, as they are sometimes referred to.

Some reference has already been made in the opening speech of the debate to the proposals for licensing all power boats and for changing the method of calculating the net tonnage of Canadian ships.

I come now to several amendments which are of real concern to me. It was because of their presence, which I hastily noted before the Easter adjournment, that I desired to have further discussion of the bill postponed until this time. One of these is a proposal to amend section 8 of the Canada Shipping Act, in order to exempt from registry under the act ships not exceeding 15 tons register tonnage. At present only ships not exceeding 10 tons register tonnage are exempted. In some ways this proposal may be welcomed by fishermen who own small boats. It would eliminate the nuisance of surveying and measuring and making visits to customs offices where the vessels must be registered. But, at the same time, if I interpret the effect of the proposal properly, it will mean the removal of the benefits under the Sick Mariners service. If this is so I urge that another means of qualification for this medical service be made available other than the payment of tonnage dues. This service has for many years been of great value to fishermen, most of whom are in the low income class.

May I now turn to the amendment which, in the view of those engaged in the fishing industry in Nova Scotia, is most contentious. This is a proposal for certification of masters and mates on fishing vessels. The honourable senator from Vancouver South made no reference to this proposal, and I assume that the west coast fiishing industry would find it acceptable.

Under the Canada Shipping Act as it is at present ships not exceeding 150 tons which are solely or principally engaged in fishing are not required to carry masters and mates holding certificates of the proper grade and class as are other classes of ships. This is provided in Section 114(1)(b) of the act. It has been a sensible exemption and I think it has been generally recognized as such, even by some of the officials of the Department of Transport.

Recently there came into my hands a publication entitled *Annual Review and Program of Fisheries Council of Canada.* This issue, which was printed in connection with the annual meeting of the council held in Ottawa on April 9, 10 and 11 of this year, contains an article entitled "Progress in Steamship Inspection", by Alan Cumyn, Chairman, Board of Steamship Inspection, Department of Transport, Ottawa. I understand the author has had some experience with the department in the Maritime provinces. He has learned a good deal about our particular problems and is fully conscious of the natural qualities of seamanship and particular circumstances in the operation of the fishing fleet on the east coast. He makes what I think is a rather interesting comment for a civil servant who perhaps would seem to be far removed from the actual scene of operations. This is what he says, on page 18:

> There are, however, basic differences in operation that must be taken into account by those responsible for the drawing up of standards for safe operation. Among these are the facts that fishermen are, generally speaking, sailormen familiar with the vessels they sail in and the waters in which they ply. Furthermore, their vessels are not operating on time schedules and they can, therefore, to a greater extent than do cargo vessels, choose their weather.

It is now proposed under section 6 of the bill to empower the Governor in Council to make regulations requiring masters and mates of fishing vessels to hold certificates of competency, as prescribed by regulations. It is apparently the intention of the department administering the act to proceed gradually, and in co-operation with the fishing industry, to introduce a system of certification specially designed for fishing boats. It is also indicated that the development of this program will be made in conjunction with an educational program. This is, of course, a new

and perhaps worthwhile approach to the problems concerned with safety at sea and efficiency of operation. But opinions are held in some quarters that the educational program should be put into effect for some time before such a change is made in the regulation-making powers.

I am reminded here of something which happened a few years ago when we received a copy of a bill to amend the Fish Inspection Act. The bill contained a proposal to compel all fishing boats to have a certain kind of equipment in order to pass inspection, such equipment to be determined by regulations to be set up. Some of us were able to persuade those sponsoring the bill that they had better go slowly and get the fishermen themselves to realize the value of this kind of thing. We pointed out that when most of the fishermen were ready to accept it, it would not have to be forced on them. I think that point is now being reached in the fishing industry, and I expect that before long a similar bill will be introduced in Parliament for the purpose of putting into effect some of the things which were considered as being forced on the fishermen when the original bill was introduced.

The same situation may exist here, and perhaps it would be wise to postpone giving powers to make regulations until the fishing industry itself is ready to accept those regulations. If the proposal now under discussion in this bill is adopted it may have a serious effect on the operation of long-liners. Incidentally, I am sure that those from the west and east coasts are familiar with the term "long-liners", and I would like to give credit to the people of the west coast for taking the initiative in developing this type of fishing operation. We are very grateful to them, for it has proven to be one of the greatest things that has happened to our industry. Our fishermen are able to make wonderful catches by using the long-liner method. Just today I read in a Halifax newspaper that the record catch by this method is something over 53,000 pounds in one setting of three to four days.

The development of the long-liner type of fishing boat, encouraged and assisted by the federal Government, has resulted in a significant improvement in the fishing industry. In this method of fishing, baited trawls or lines are placed and retrieved by power from the deck of the boat. This has replaced the older method of setting and hauling each trawl by hand from a dory launched from the deck of the vessel. These long-liners are not large at all, but range anywhere from 40 to 60 feet in length and perhaps in tonnage from 15 to 50 registered tons. To make drastic regulations in connection with the certification of their captains and mates may have a discouraging effect on the modernization of the fishing methods. I have found no support from anyone in the industry in favour of such a move, and full consideration of their views must be given when the bill is in the Committee on Transport.

The regulation would also affect other kinds of fishing boats. It would affect the operation of draggers, which vary from 50 to 125 net tons, and of beam trawlers—the largest of which I have knowledge of as fishing out of Nova Scotia ports would be somewhat under 150 tons. These are larger types of boats, and the largest of them may already have regular captain's papers.

The long-liner is a smaller type of boat, however, and the apprentices on this type of vessel have no chance to go to school to study mathematics and pass examinations. The skippers on these smaller types of boats have learned their business through a long apprenticeship from boyhood. Their strength lies in experience, natural or inborn seamanship and good judgment. Their navigation has been by dead reckoning and is uncannily accurate. It is now aided by modern Loran equipment and the use of echo-sounders—both adapted from wartime developments. The development of the echo-sounder device has enabled the fisherman to tell at a glance when he is on the peak of a ridge, or in the valley of the bottom, alongside large quantities of fish during certain months of the year, and also when he is in other places. By the use of echo-sounders the fisherman knows exactly where to go, and that is one of the reasons the catches of fish have been greater in the past few years.

I do not know why it should be necessary for these men to pass examinations or have to qualify for them. If it is proposed to make certification of such fishermen automatic, that will serve no useful purpose. I do not believe it necessarily follows, especially in fishing, that the man who qualifies for an examination is therefore a competent person to place in charge of a vessel. One never, or at least very seldom, hears of a fishing vessel getting into trouble because of the incompetence of its captain, but many examples of incompetence on the part of those who hold high certificates of qualification have been prominent in marine circles. Honourable senators may remember that four or five years ago a very large Government-owned vessel grounded, in broad daylight, practically on the shore bordering the golf course at White Point beach, near the town in which I live. That was not a very good example of competency to the fishermen. Those responsible had the highest qualification, but they certainly lacked

judgment on that occasion. At another time a very large ferry boat ran on the rocks not very far from the coast—also near my town. Fishermen do not often do things like that. I repeat that, because a captain has papers, they do not necessarily prove that he is a particularly good captain of a fishing vessel.

The co-operation of the industry with Government departments in making available courses in navigation is, however, a good thing, and the programs which have been undertaken in Nova Scotia under the sponsorship of the provincial government have been valuable. A new program of technical education in the field of service and repairs to engines used by fishermen, which has been instituted by the provincial Government of Nova Scotia, will be of great value and importance. I think every consideration should be given by all governments to this kind of program. It is recognized that engine trouble at sea presents some of the worst hazards of fishing, other than stormy weather.

Having made these remarks, I hope every consideration will be given to the views I have expressed, as I believe they are the views of the fishermen whom I have the great honour to represent in this chamber.

Hon. Senators: Hear, hear.

Hon. John J. Kinley: Honourable senators, I congratulate my colleague from Queens-Shelburne, who is also from a part of the riding in Nova Scotia that I represent, on his first speech in this chamber. He has made a splendid presentation, and I am confident that he will be a great asset to the Senate, on account of his debating ability, especially in matters of a technical nature concerning the fisheries of Nova Scotia.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Kinley: The honourable senator from Ottawa (Hon. Mr. Bishop) has reminded me that 11 years ago today he and I, with others, were summoned to the Senate. It is good to be reminded of the anniversary of our appointment. We, too, once made our first speeches here.

In the debate on the motion for second reading of a bill it is usual to discuss the principle of the bill. I think the only principle of the bill before us has to do with pollution of the sea. Although I am going to vote for the second reading, I will do so with some reservation. I think the bill should be very carefully considered in committee, because of its technical features, for it contains points of more significance than appear on the surface.

In order that the bill can be discussed intelligently in committee, I wish to refer to certain sections here, although that is not usually done on second reading. Section 2 increases the tonnage of vessels exempt from registry from 10 to 15 tons. The section is worded in a rather peculiar way. It says:

> Ships not exceeding fifteen tons register tonnage . . . wherever employed or operated are exempted from registry under this act.

Well, are they prohibited from registration or not? I take it that, being exempted, vessels under 15 tons do not have the privilepe to register.

That brings me to one or two questions, particularly with regard to the Sick Mariners and Marine Hospitals, under the Canada Shipping Act. These provide a good service to the fishing industry in Nova Scotia for a small sum of money. In order for the crew of a vessel to be eligible for this service the vessel must be registered in Canada. I do not have the statistics on this question, but if we now raise the tonnage from 10 to 15 tons we will, I believe, deprive a lot of boats of the benefits they now have by way of hospital care and medical service under the act. I cannot see why the department would want to increase the tonnage. That question will have to be answered in committee.

Further, there is the matter of the fishermen's bounty. Speaking from memory, I think the regulations provide that vessels of from 10 to 80 tons shall be paid bounty according to their tonnage.

There is the further question of the shore fisherman who gets paid a bounty if he catches 2,500 pounds of fish within three months. I have no doubt that the Department of Fisheries can change the regulations, and perhaps in a way that will help the small fisherman to qualify for the bounty. Under these proposed provisions it would seem that the situation is going to be disturbed anyway, and it is a matter that should be looked into very carefully. I think reference should be made to the Canada Shipping Act, Part V, section 316, with respect to hospital benefits, if the smallest ship to be registered is 15 tons.

Section 3 of the bill is new, and in my opinion it is too technical to go into on second reading. It has to do with cargo space in a ship, and how it shall be computed as regards gross tonnage and net tonnage; I suppose it also has reference to harbour dues and pilotage dues, and to the amount of space a vessel can use for cargo with a certain amount restricted for the purposes of accommodations, engine room and that sort of thing. The section carries this explanatory note:

> The purpose is to provide for engine room space allowance similar to that provided for in the United Kingdom Merchant Shipping Act.

Now, is that good enough? If it is to the benefit of Canada, it is good enough, but I have a notion that it may not be our benefit. When we get into matters related to the British act, we are dealing with provisions affecting people who are keen competitors. We have given away about all our privileges under the Commonwealth Merchant Shipping Agreement. Therefore, we should look very closely at anything that is done just because it complies with the British act.

I come next to the proposed amendment dealing with masters' certificates. Heretofore masters of fishing vessels were not obliged to have certificates. A fishing skipper is a peculiar and unique character. He starts out perhaps as a man who throats the fish, as it is said—that is, he cuts their throats; he may later become a header; later still he spends some time in a dory, and he only wins his way to the top by merit. He must be a good businessman, industrious and able to lead and handle a crew of 30 or 40 men under the difficult share system. When men are fishing under the share system everybody takes note of what the other fellow is doing, because they share alike.

The captain of a fishing vessel is a highly regarded man. I have been taking shares in fishing vessels all my life. My father was a fishing skipper, like my grandfather before him, and later became a master mariner. When we take a share in a fishing vessel we are not so much concerned with where the vessel was built or how much she cost, but we always ask who is the skipper. If you have a good skipper, you are all right. He is the man who manages the affairs on the sea and the land; he also deals between the owners and the men. Unless a fisherman is superior to his fellows he does not become a skipper. I would point out that a skipper has been known to make $10,000 a year, which is not regarded as too high a return. When it comes to making money, he puts the college lad to shame. He has learned his job and has become proficient by practice. For instance, one does not learn to run an automobile or fly an airplane by reading a book, but rather by getting into these machines and doing the actual job. Similarly, a skipper must get his experience on a ship. True, there is the problem of navigation; but as my honourable friend from Queens-Shelburne (Hon. Mr. Smith) said today, there are all kinds of devices for navigating, finding depths, taking cross-bearings and so on. This is all done by instruments. I think there is not much more reason why a master should be certified now than in former years. If you will look at the record of disasters on the coasts of Canada during the past 20 years, you will see that fishermen have not suffered serious disasters. While we have every respect for the man who has an educational background and carries a certificate, we believe that the practical man, the man who came up, as they say, through the hawse-pipe is after all the man we rely on.

Hon. Mr. Euler: May I ask my friend a question? I consider that I know as little about fishing as anyone in this chamber. My friend spoke of skippers earning $10,000 a year. Do these men share in the bonuses which he said are paid by the Government?

Hon. Mr. Kinley: No, they do not share in the bonuses.

As I have said, the skipper is an exceptional man. You don't find his like in many places outside Newfoundland and Nova Scotia.

Hon. Mr. Euler: I was wondering whether he makes $10,000 and gets the bonus as well.

Hon. Mr. Kinley: The 60-foot boat is supposed to get a subsidy.

I find among the labour unions and some other people in my province that there is a difference of opinion as to the need of a certificate for masters. Some people feel that there should be a compromise, that the small fellow with a boat under 60 feet should be left alone, but that when it comes to the big trawler, an expensive and complicated fishing vessel, the skipper of a ship like that might be required to have a certificate. The situation is one that should be very carefully considered by the committee.

The boat under 60 feet is a small vessel. Men who operate these boats do not need navigation certificates. They can navigate by rule and tell where they are; and they make soundings on the bottom of the ocean. Fog does not bother them, and they do not even need to look at the sun or stars.

Now, honourable senators, I think the section about engineers is quite a serious matter. Among fishermen the number of engineers who can operate diesel-powered boats is small; very few know much about it. In order to do a little to overcome the shortage of diesel-engine operators we ran a course for General Motors last summer in our plant. That company was very eager to have this done, because it had installed expensive engines in fishing boats, and an inefficient operator can easily destroy a valuable piece of machinery. It is all very well to say that the captain is the man who is in command and responsible for the ship's safety. However, if he gets into any trouble he can throw out his anchor and telephone ashore, but if anything happens to the engine and an unqualified operator is in charge, it can turn out to be an expensive breakdown.

I really think that the field of engineers is one where real progress is desired. I know that in our plant we lose good men because the fishermen want them for engineers on diesel boats. There has been practically no place where diesel-engine operators can be trained, but the Government of Nova Scotia is now providing facilities for training by means of a travelling school.

This bill provides that in the fishing industry, which is the one which we are mostly interested in, if the engine of a boat is not of over 15 nominal horsepower an additional engineer to the first engineer need not be certified. I think there is reason in that. We can very well go along with some progress in calling for certificates for chief engineers.

With respect to the provisions regarding skippers, section 119 of the present act limits the validity of a home-trade waters certificate to a vessel of 150 tons; that is to say, skippers in possession of a home-trade waters certificate are entitled to act as masters of a boat not exceeding 150 tons. By the proposed amendment the upper limit is being raised to 350 tons; but on the other hand, it is also proposed to include all the small registered boats, down to 15 tons, and to require certificates for skippers of all registered vessels. My impression is that instead of raising the limit to 350 tons, which might be all right as far as the beam trawler is concerned, the department should leave the 60-foot boat alone. The change now proposed is a drastic one.

Now, I wish to say a few words about the part of the bill dealing with oil pollution. My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) asked if the bill applied to the Great Lakes. Well, this part of the bill is largely the outcome of an international convention for the prevention of the pollution of the sea by oil. It does not make much reference to the waters adjacent to Canada, except that the Governor in Council will have the power to make regulations to prevent the pollution by oil from ships of any inland, minor or other waters in Canada, including the Great Lakes, the St. Lawrence River, Lake Winnipeg and other places. The purpose of this part of the bill is to give the Governor in Council power to deal with the problem as he sees fit, by regulation.

Honourable senators, this bill was well explained by the senator from Vancouver South (Hon. Mr. Farris). He always does a good job. However, I do not think he laid enough stress on these things that are technical and have a special significance on our coasts. Therefore, when the bill is under consideration in committee we should see that departmental officials come before us and state the reasons for all the proposed changes. Then we shall be able to judge independently what should be done.

Hon. Senators: Hear, hear.

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

CANADIAN CITIZENSHIP BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill B, an Act to amend the Canadian Citizenship Act.

He said: Honourable senators, the purpose of this bill is to make legislative provision for a certain number of hard cases which were not anticipated at the time when the act was amended a few years ago. Honourable senators will recall that the amendments made at that time were so extensive that they constituted a completely new act. The amendments which are brought forward today have become necessary on account of circumstances that have taken place since that act was passed. I may put it this way: this is a bill that we find necessary after experiencing the results of the act which was passed in 1953.

Now, honourable senators, this is another case where it is difficult to state a principle and just talk on the principle of the bill. It is a bill which amends various sections, and as the honourable senator from Queens-Lunenburg (Hon. Mr. Kinley) said a moment ago in connection with the bill he was considering, it is not possible to consider it without referring to the sections.

I think the amendments can be divided into two classes. First, there are those clauses which are procedural, dealing with the mechanics of acquiring citizenship; and secondly, those clauses which deal with the substance of citizenship. Probably if I deal with them in those two divisions rather than in the order in which they appear in the bill, it might be more helpful.

The clauses which are procedural are numbered 1, 5, 6, 7 and 8. Clause number 1 refers to the Clerk of the Court. It is necessary to amend the word "clerk" to include representatives of persons who have been appointed to hear citizenship applications. At the present time applications for citizenship generally are heard by a judge in a court. By an amendment which was passed, if my memory serves me correctly, last year, certain individuals can be appointed in different places throughout Canada to hear applications. I think that at the present time, in the City of Montreal, there is such an appointee.

Hon. Mr. Gouin: That is so.

Hon. Mr. Macdonald: Also in the city of Toronto; and in some sections of the Northwest Territories and the Yukon individuals have been appointed to hear these applications. It is necessary to amend the word "clerk" to include the clerks of these individuals who are sitting more or less in the capacity of judges on these applications.

Likewise, the word "court" must necessarily be amended to include any person designated to hear these applications.

That sufficiently explains, I think, the necessity of amending the interpretation clause with respect to the words "clerk of the court".

I come now to clause 5. This is a change in mechanics. The existing section reads:

An application . . . for a certificate of citizenship shall be made to the court in the judicial district . . .

This relates only to cases of applicants for citizenship who have come from a foreign country and have resided here for five years. But, as honourable senators will recall, the wife of a naturalized person can obtain a certificate of citizenship through the Minister of Citizenship and Immigration, so the words which apply to a court have been made applicable only in the case of subsection (1) of section 10 of the act.

Probably I should interrupt myself here to say that it is my intention to recommend to the house that, if this bill should receive second reading, it be referred to the Committee on Immigration and Labour. I am sure honourable senators will want to ask detailed questions of the minister himself, if he attends, or his representative.

The next procedural clause is number 6. Its purpose is to enable applications to be filed in accordance with regulations which will be made by the department. That is an unusual provision, but I may remind you that, under the act, a designated person can hear applications. So long as the court was hearing all the applications it was natural that they should be filed in the court. But if an application is made by someone living far away, as in the Northwest Territories, or at a place where it is difficult to file such an application, he cannot file it in a court; so it is proposed that regulations be made to enable that person to file the application with as little inconvenience as possible.

The next clause dealing with procedure is number 7. The act provides that the effective date of citizenship is to be the date when the oath of allegiance is taken. Now it has happened that an applicant has had his application rejected by a judge and has then taken his oath of allegiance, but the certificate was not issued until some time later. The act is being amended so that regulations shall be made as to when the oath of allegiance will be taken and when the certificate shall be presented. It is the intention, of course, that these two acts shall take place at the same time.

Hon. Mr. Hackett: Will that provision be retroactive, to amend past oversights?

Hon. Mr. Macdonald: I am afraid that the wording of the agreement is not wide enough to cover what has happened in the past. It might be possible to do so. That is a matter which, I suggest, the honourable senator could take up with the minister when the bill is in committee.

The next procedural clause is number 8, the first part of which reads:

Paragraph (b) of subsection (2) of section 34 of the said act is repealed and the following substituted therefor:

(b) designate any court or person in any part of Canada to act as a court for the purposes of this act and any court or person so designated shall be deemed to be a court for all purposes under this act . . .

This amendment, as I think I have already explained, refers to the appointment of designated persons to hear applications. For the purpose of the act, when they sit to hear these applications they will be deemed to be sitting in a court.

The second part of clause 8 relates to applications which are made by members of the armed forces outside of Canada. The provision there is that an officer of the Canadian forces outside of Canada can act as a court for the purpose of dealing with applications under subsection (1) of section 10.

I have now mentioned all the clauses which I consider to be procedural. There remain sections 2, 3 and 4, which deal with the substance of citizenship.

Clause 2 provides for the citizenship of children, and is, I think, self-explanatory. A person is considered to be a natural-born Canadian citizen if at the time of that person's birth:

(A) if born in wedlock, his father was a Canadian citizen,

(B) if born out of wedlock and his parents have not intermarried, his mother was a Canadian citizen, or

(C) if born out of wedlock and his parents have intermarried, either his mother or his father was a Canadian citizen.

Hon. Mr. Euler: What is meant by intermarried?

Hon. Mr. Macdonald: I suppose that means they marry each other. If the parents married other people they could hardly be intermarried together.

Hon. Mr. Lambert: I do not think the explanatory note at the top of the page opposite

page 2 covers subparagraph (B). Perhaps the honourable leader could throw some light on that.

Hon. Mr. Macdonald: Subparagraph (B) provides that a child is a Canadian citizen if he is born out of wedlock and his parents have not intermarried, if at the time of his birth his mother was a Canadian citizen.

Hon. Mr. Lambert: The explanatory note reads:

> The purpose of the amendment is to provide that where a child is legitimatized by the marriage of the parents the requirements of this subparagraph are satisfied if either the father or the mother is a Canadian citizen.

Hon. Mr. Macdonald: That refers to subparagraph (C).

Hon. Mr. Lambert: I thought it referred to the whole section, but it certainly does not cover subparagraph (B).

Hon. Mr. Macdonald: The explanatory note does not refer to either subparagraph (A) or subparagraph (B).

Hon. Mr. Lambert: Does it mean anything at all?

Hon. Mr. Macdonald: A child born in wedlock is a Canadian citizen if his father was a Canadian citizen.

Hon. Mrs. Wilson: Then the mother does not have the same rights?

Hon. Mr. Macdonald: If a child is born in wedlock and the father is a Canadian and the mother is of some other nationality, the child is a Canadian.

Hon. Mr. Roebuck: May I ask the honourable leader a question? Does this not provide an advantage for a person being born out of wedlock, for if you are born out of wedlock you can be a Canadian citizen if either your mother or father—

Hon. Mr. Macdonald: No.

Hon. Mr. Roebuck: Oh, yes. If either your mother or father was a Canadian citizen and they later intermarry, then you are a Canadian citizen; but if you were born in wedlock, then it must be your father only who was a Canadian citizen. Your mother does not count. So I say there is an advantage in being born out of wedlock.

Hon. Mr. Power: Under subparagraph (B) a boy's best friend is his mother.

Hon. Senators: Oh, oh.

Hon. Mr. Hackett: We have been referring to "marriage" and "wedlock". Are these words to be accepted as marriage and wedlock under Canadian law? I understand some people come from countries where a gentleman may legally have several wives, and children by several wives. I would like to know what proof is required of wedlock in order to gain the status referred to in the bill?

Hon. Mr. Macdonald: I suppose the proof would have to be the same as the proof required by a wife who claims that she is the legal wife.

Hon. Mr. Hackett: I am assuming the lady was a legal wife in the country in which she had residence. I do not know whether the same rules apply in other provinces, but in the province of Quebec, where parties are in good faith, children are legitimate even though proof establishes they are born out of wedlock. Their legitimacy is beyond attack.

Hon. Mr. Macdonald: I can see the difficulty to which the honourable senator refers, but I am afraid I cannot answer his question.

Hon. Mr. Hackett: I cannot either.

Hon. Mr. Macdonald: I realize in some countries polygamy is legal and if a man, a Canadian citizen, had children by a number of wives in another country I take it that all those children would be little Canadians.

Hon. Mr. Roebuck: Has that point not been decided in the Supreme Court?

Hon. Mr. Macdonald: I think so.

Hon. Mr. Pouliot: May I interrupt the honourable leader to ask a question? Subparagraph (C) of the bill reads:

> If born out of wedlock and his parents have intermarried, either his mother or his father was a Canadian citizen . . .

Accordingly, if an unmarried woman who is a red-blooded Canadian citizen has children, they become Canadian citizens, even though the father of these children may be of another nationality. Therefore, according to this provision of the law, a woman who is a Canadian citizen could behave badly with men of various nationalities and have children by them who would be Canadian citizens. I find this amazing. According to present law the children have the nationality of their father. The provision before us is absolutely new. I have looked after the welfare of Indian children, and when the mother has been an Indian and the father has not, it has been impossible to get benefits from the Department of Indian Affairs. When the father was an Indian and the mother a white woman, then the children could get anything.

The Hon. the Speaker: I must point out that the honourable gentleman should confine himself to asking a question.

Hon. Mr. Pouliot: Yes, Mr. Speaker, but these are *prelegomena* to my question. My question is obvious. What is the meaning of this provision?

Hon. Mr. Macdonald: I think the honourable senator is correct when he says that if an unmarried woman is a Canadian, then no matter how many children she has they are all little Canadians. I do not think there is any doubt about that.

Hon. Mr. Roebuck: What else could they be?

Hon. Mr. Macdonald: I do not see how they could be of any other nationality. It is suggested they might take the nationality of their father, but it might be rather difficult to prove who the father is.

Hon. Mr. Pouliot: If I may be permitted I would suggest that this provision should be in the Immigration Act and not in the Citizenship Act, for the children would be born of a foreigner.

Hon. Mr. Macdonald: Well, if it affects their citizenship it would have to be in the Citizenship Act.

I think it was the honourable senator from Victoria (Hon. Mr. Hackett) who asked a question about the phrase "born out of wedlock". I suppose the wording should be, "born when the parents were not legally married". However, may I suggest that he ask that question of officials, if the bill goes to committee.

If honourable senators have no further questions to ask, may we return to clause 3? The purpose of this clause is to make provision for people who have long resided in Canada but for whom no provision regarding entry has been made: as, for instance, Indians or Eskimos who may have originated in Alaska. Under clause 3 any such resident is deemed to be a Canadian citizen if that person:

(a) had a place of domicile in Canada on the 1st day of January, 1947, and

(b) on the 1st day of January, 1956, had resided in Canada for more than ten years.

Clause 4(1) provides that a person may obtain Canadian citizenship if:

he has adequate knowledge of either the English or the French language, or, if he has not such adequate knowledge, he has resided continuously in Canada for more than twenty years and makes his application before the 1st day of January, 1961.

To put it more simply, after 1961 an applicant for citizenship must have an adequate knowledge of either English or French.

Hon. Mr. Euler: Who is to decide if the knowledge is adequate?

Hon. Mr. Macdonald: The judge or official designated to hear the application.

Hon. Mr. Euler: Decisions as to what is adequate might vary.

Hon. Mr. Macdonald: That is true.

Hon. Mr. Hackett: That is true in all cases where there are courts of appeal.

Hon. Mr. Macdonald: Yes, I suppose so.

Hon. Mr. Euler: A judge hearing an application can exercise discretion as to whether he will grant the application or not, and his decision might differ from another's.

Hon. Mr. Macdonald: Yes, different judges might have different opinions as to who should be deemed Canadian citizens.

The purpose of clause 4(2) is to permit application by a guardian or other responsible person. This amendment will also enable the mother as well as the father to make the application. At the present time only the father may make application. The new clause also embodies a change in the meaning of "responsible parent". At present "responsible parent" means the father, but if the father is dead, or if the custody of a child has been awarded to its mother by a court of competent jurisdiction, or if the child is born out of wedlock and is in the custody of its mother, the responsible parent is the mother. The amendment will allow regulations to be made authorizing the mother to make the application, in cases where the mother has the custody of the child, or where the child is under the care of a *de facto* guardian.

Hon. Mr. Roebuck: What would happen if both the father and mother were dead?

Hon. Mr. Macdonald: Then the guardian could apply.

Hon. Mr. Roebuck: Does the bill say so?

Hon. Mr. Macdonald: Yes, that is the purpose of this amendment.

Hon. Mr. Roebuck: It says "responsible parent".

Hon. Mr. Macdonald: Yes, or "a person authorized by the regulations."

Hon. Mr. Roebuck: May I refer back to the first part of clause 4? The present section 10 of the act says, I think, that if a person has resided for 20 years in Canada he can be naturalized even though he cannot speak English or French.

Hon. Mr. Macdonald: Yes. This will change the act so that after 1961 an applicant for citizenship must have an adequate knowledge of either English or French.

Hon. Mr. Kinley: A person becomes naturalized after he has been in the country for five years?

Hon. Mr. Macdonald: Yes, after he has been in the country for five years. It is considered that there are ample facilities now for a person to learn English, and the department is spending about $200,000 a year to establish schools throughout the country so that newcomers can learn English. Of course, that money is being spent in co-operation with the provinces. By 1961 it is felt that applicants should have a knowledge of one of our official languages.

Clause 4(3) is a new provision. Prior to the 1953 act a person who had five years' residence in Canada but had not been a landed immigrant could apply for citizenship and receive a certificate of citizenship one year after he or she had been admitted as a landed immigrant. That provision was amended in 1953 to provide for a term of five years to run from the time a person is admitted as a landed immigrant. Honourable senators will realize that from time to time people come to Canada as visitors, or as employees with other branches of government here, who are not landed immigrants, but sometimes decide to remain in Canada. At the present time, in order to become Canadian citizens such persons must have been here for five years before they become landed immigrants. This has brought hardship to a certain number of citizens, although not a great many. For instance, in 1945, after the war, a number of Polish people came to Canada under an arrangement whereby they would work on a farm for two years, and if they did so they could make application for citizenship at the end of three years thereafter. That would give them five years in Canada. A number of the newcomers fulfilled their obligation to stay on the farm for two years, but never made application for citizenship. Under the present provision they would have to apply now to become landed immigrants and wait for five years. The amendment would enable them to take advantage of the provisions of the act as they were prior to 1953.

Subclause 9 of clause 4 refers to soldiers who marry abroad. Under this proposed amendment if a soldier marries abroad and if at that time his wife passes the necessary medical and other examinations in order to get a visa, she may then come into Canada when her husband is returned, without further examination. If during the interval they have children, the children will come in without further examination.

I think I have roughly covered all the provisions set forth in the bill. It is a housekeeping bill, intended to clear up the difficulties and do away with certain injustices which have arisen since the act was passed in 1953. I am sure honourable senators will agree that the bill, upon receiving second reading, should be referred to the Standing Committee on Immigration and Labour. I propose to make a motion to that effect at the appropriate time.

Hon. Arthur W. Roebuck: Honourable senators, I look with some doubt on the limitation of time for making application for citizenship, being January, 1961, as it applies to citizens who do not have an adequate knowledge of either the English or French language. It is all very well to say that we are spending a good deal of money on teaching the two official languages, but there are people in Canada who could not possibly learn to speak either official language. It is all right for those who live in towns and cities where they can attend schools, but in the rural districts, particularly in the remote areas, there are people who have little or no opportunity to use either of the official languages, and whose ability as students is exceedingly limited. To place a limit of that kind on the coming generations would not be so bad, but as it applies to the present generation I feel it is going to debar from citizenship some perfectly good people who have resided in Canada a long time, but who, in the nature of things, just cannot learn one language or the other.

I know the difficulty of learning a language out of a book. I have tried it myself, not very successfully; and there are others within hearing of my voice who know the difficulties. We have no definition of what is an adequate knowledge of either language. So I believe that this provision requiring applicants for citizenship to have an adequate knowledge of either language will do unnecessary hardship to certain people in our country.

Hon. Mr. Hackett: The provision gives them five years to acquire the knowledge.

Hon. Mr. Roebuck: True, it gives them five years, but there are certain people—some of whom may not live long—who could not acquire an adequate knowledge of either language in any given time. I would be perfectly satisfied to have it apply to people born in this country.

Hon. Mr. Macdonald: Of course, they are automatically Canadian citizens.

Hon. Mr. Roebuck: That is true, but why discriminate against the older people?

Hon. Mr. Kinley: Do you not think that some people who come to Canada are too persistent in continuing to use the language of their native country?

Hon. Mr. Roebuck: Perhaps they are too persistent, but I am sure that if I were to go to a country with a different language from

mine it would take me quite a while to learn that language, student though I am. I know there are many people who come here who do not speak either of our languages.

Hon. Mr. Kinley: And many do not try to learn it.

Hon. Mr. Roebuck: It is practically impossible for some to learn a new language, because they do not circulate amongst the English or French speaking people. Therefore, I look with some doubt upon this provision.

However, I am glad to see an improvement in the provisions with respect to landed immigrants; that is to say, some consideration will be given to the cases of people who have lived here for a considerable time but have not been given landing. I have in mind one case in which the health of the individual was under consideration, and the department has declined to give permanent landing. That person has been here now for perhaps five or ten years, and through no fault of his own, has not been given landing.

Citizenship has a practical value these days in that unless you are a citizen and hold a certificate you have difficulty in getting across the border. I am pleased to see a loosening up of the much too stereotyped rule of the past.

Hon. Jean-François Pouliot: Honourable senators, what strikes me in this legislation is that it contains a complete change with regard to hereditary citizenship. By virtue of the provisions on our statute books, citizenship is given by the head of the family, the father, to his children.

Another factor which counts considerably in the matter of citizenship is birthplace. Whoever is born in Canada is a Canadian citizen and has the right of option on obtaining his majority. Therefore, subparagraphs (A), (B) and (C) of subparagraph (i) of section 2 of the bill are unwarranted and uncalled for. Subparagraph (A) repeats what is now the law. The whole section is apparently uncalled for, and there is no reason why it should not be struck out of the bill. This is my first impression. I believe it is just as well to leave things as they are with regard to hereditary citizenship. We know that the father gives his nationality to his son; the son does not acquire the nationality of his mother; if his father is unknown, as in the case of some circumstances described in this provision, the child is not denied citizenship. Being born in Canada, he has the option to become a Canadian citizen at the age of 21, or to take another citizenship of his choice.

The matter is clear. I cannot see why it is that some officers of departments torture their minds to give the impression of profound knowledge by repeating commonplace findings in an effort to make the law more difficult to understand. We have a good law as it is. Why should we change it? Why should we leave the door open to another kind of citizenship? This is no reflection upon women, for whom I have the greatest of respect. The law of the land is that a child has the nationality of its father. If it is to be changed so that a child will have the nationality of its mother, that will create a very different situation. Should we vote for such legislation blindly?

Now that I have more time to scrutinize the legislation which comes before us I will take every opportunity, when I have the leisure to do so, to show how silly are some of those who draft legislation in the various departments of Government. I make an exception of the staff of the Senate—they are above reproach! I speak of the various departments outside Parliament. I will see what the fate of this provision will be when the bill comes before the Committee on Immigration and Labour. If that provision remains in the bill when it is reported to the house I will then move that it be struck out.

Honourable senators, another thing about citizenship, as was remarked by my distinguished and honourable friend from Toronto-Trinity (Hon. Mr. Roebuck), is that it is a great honour for all of us Canadians who are proud of their country. At present we have an act which is double-faced. Who ever heard of a country having two citizenships? Only Canada is in that class. Here in Canada one is at the same time a British subject and a Canadian citizen. I am proud to be a British subject as much as I am of being a Canadian citizen, but the time will come when the newcomers from outside, whether they come from the United Kingdom or from somewhere else, will have to take out Canadian citizenship in order to have public rights in Canada.

Hon. Mr. Hackett: They do now. A person cannot be a lawyer or a doctor in the province of Quebec, even though he be a British subject, unless he has Canadian citizenship.

Hon. Mr. Roebuck: Neither can he vote.

Hon. Mr. Pouliot: I agree with my honourable friend from Victoria (Hon. Mr. Hackett). And I will add what I repeatedly stated in the House of Commons, that a large number of good Canadians who were not born in this country are very often better Canadians than some of those who were born here. I am not afraid to say so; but on the other hand, in the not too distant future, whoever comes here to stay, from the United Kingdom or from any other country, should have to take out Canadian citizenship in order to enjoy

public rights in Canada. Then we shall have only one citizenship, which will be Canadian citizenship. We will be loyal to Her Majesty the Queen of Canada just the same, we will be proud to be her subjects, but we will be Canadian citizens and nothing else. Then we will be united, and there will be understanding in Canada.

Referring to what my honourable friend from Victoria (Hon. Mr. Hackett) has said, I would point out that there are many people who came here from the United Kingdom or other parts of the British commonwealth and enjoy public rights without taking Canadian citizenship. Whoever heard of that anywhere else, that people coming from outside could enjoy public rights? They should be entitled to all the private rights, as they are at present, but not to public rights. To enjoy public rights they should have to become Canadians and show their intention to stay in Canada. I do not speak of the immigrants who came to Canada before the Citizenship Act was passed. What I mean is that in the future the Citizenship Act could be further amended.

Canada will become a truly sovereign country on the day when we have one and only one Canadian citizenship, and one flag, truly distinctive of Canada, with one national emblem, the maple leaf.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Honourable senators—

The Hon. the Speaker: If the honourable the Leader of the Government speaks now he will close the debate.

Hon. Mr. Macdonald: Honourable senators, two very interesting points have been raised. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) questioned whether an applicant for citizenship should be required to have an adequate knowledge of either English or French. That is no doubt a debatable question, and I agree with him that it should receive more careful consideration when the matter is before the committee.

The point raised by the honourable senator from De la Durantaye (Hon. Mr. Pouliot) is also an interesting one. I neglected to state when I was explaining this bill that clause 2 refers to children born outside of Canada. A child born out of wedlock to a Canadian woman outside of Canada is, under the present act and also under the proposed amendment, considered to be a Canadian citizen. There is no difference in principle in that respect. The honourable senator from Ottawa (Hon. Mr. Lambert) referred to the explanatory note, which says:

> The purpose of the amendment is to provide that where a child is legitimatized by the marriage of the parents the requirements of this subparagraph are satisfied if either the father or the mother is a Canadian citizen.

That is not so at present. Subparagraph (C) provides that a child born out of wedlock to parents, one of whom is a Canadian citizen and subsequently marries, is considered to be a Canadian citizen. Subparagraphs (A) and (B) were previously in effect. The note on the side of the page refers only to (C). There has been just a change in the wording with respect to (A) and (B). If a child is born out of wedlock in a foreign country to a Canadian mother the child is a Canadian citizen; and if a child is born out of wedlock in a foreign country, and his parents have intermarried, and either the father or the mother was a Canadian citizen, then the child is considered to be a Canadian citizen.

Hon. Mr. Lambert: Is there not a distinction, a fundamental distinction, between the two classifications, involving the marriage of the parents? One completely ignores any marriage of the parents and regards the child as legitimate for purposes of Canadian citizenship; the other says they must be married before the child can be so regarded. It does not make sense to me.

Hon. Mr. Macdonald: In the first instance the child is a Canadian citizen only if the mother was a Canadian citizen.

Hon. Mr. Lambert: I can read that.

Hon. Mr. Macdonald: Well, I am trying to explain it. In the second instance the child is a Canadian citizen whether the mother or the father was a Canadian citizen.

Hon. Mr. Lambert: They must be married.

Hon. Mr. Macdonald: They must be married. So it is necessary to have both (B) and (C) to provide that a child born out of wedlock from a Canadian father who subsequently marries becomes a Canadian citizen. That seems more involved than it actually is, but that is the situation. However, I have no doubt that a representative from the department, or the minister himself, will be able to explain this more carefully when the bill goes to committee. I suggest that it should receive second reading.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Macdonald, the bill was referred to the Standing Committee on Immigration and Labour.

PRIVATE BILL

CANADIAN PROVINCIAL INSURANCE COMPANY—SECOND READING

Hon. Paul H. Bouffard moved the second reading of Bill R-6, an Act to incorporate The Canadian Provincial Insurance Company.

He said: Honourable senators, I shall be very brief. The bill contains clauses similar to those which appear in all such measures.

The capital to be subscribed before the business can be commenced is $500,000. When so subscribed, and paid, the company may go into certain specified classes of business; and if it wants to add to these operations, more money must be subscribed. It is the purpose of the company to take over an English corporation which is now doing business in Canada, and to assume both its liabilities and its assets. The enabling clause is number 8, and no agreement for this purpose can become effective until it has been submitted to and approved by the Treasury Board of Canada. The company is otherwise subject to the Canadian and British Insurance Companies Act.

I do not think there is anything else to which I need draw attention. If the bill receives second reading I will move that it be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Isnor: Is the British company to which the honourable senator has referred operating in Canada at the present time?

Hon. Mr. Bouffard: It is.

Hon. Mr. Isnor: What is the name of it?

Hon. Mr. Bouffard: Monument Insurance Company. As appears in the bill:

> The company may acquire by agreement to insure or otherwise the whole or any part of the rights and property within Canada and may assume the obligations and liabilities within Canada of Monument Insurance Company Limited, having its head office at Stramongate, Kendal, England, hereinafter called "Monument".

This is the company whose assets it is intended to acquire, and which is now doing business under licence of the Department of Insurance. The new company intends to take over the assets and liabilities of the Monument company and continue insurance business as a Canadian company.

Hon. Mr. Isnor: But where is the Monument company operating in Canada at the present time?

Hon. Mr. Bouffard: It is operating throughout the country. It has an office in Montreal.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Bouffard, the bill was referred to the Standing Committee on Banking and Commerce.

DIVORCE BILLS

SECOND READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill J-7, an Act for the relief of Jean Benoit Maille.

Bill K-7, an Act for the relief of Jeanette Cowan Weinstein.

Bill L-7, an Act for the relief of Rina LeBreton Fleurent.

Bill M-7, an Act for the relief of Hazel Annie Palmer Martel.

Bill N-7, an Act for the relief of Phyllis Matilda Clayton Sawyer.

Bill O-7, an Act for the relief of Leonora Cancelli Desgroseilliers.

Bill P-7, an Act for the relief of Eugenia Towstuk Podilchuk.

Bill Q-7, an Act for the relief of Rose Rother Lewartt.

Bill R-7, an Act for the relief of Marie Germaine Muguette Andree Brunet Sievert.

Bill S-7, an Act for the relief of Joan Noble Rusk.

Bill T-7, an Act for the relief of Joseph Edouard Walter Gerard LeBlanc.

Bill U-7, an Act for the relief of Marie Jeannine Eda Coderre Azaria.

Bill V-7, an Act for the relief of Mary Margaret Florence Bradley Green.

Bill W-7, an Act for the relief of Mary Wyllie Johnston Haan.

Bill X-7, an Act for the relief of Christina Walsh McBrearty.

Bill Y-7, an Act for the relief of Marie Anne Roy Suess.

Bill Z-7, an Act for the relief of Ray Israel Lieder.

Bill A-8, an Act for the relief of Lillias Cushnie Dowden Grande.

Bill B-8, an Act for the relief of Angelina Heylen Thirion.

Bill C-8, an Act for the relief of William James Munden.

Bill D-8, an Act for the relief of Robert Raymond.

Bill E-8, an Act for the relief of Jacqueline Gagne Brothers.

Bill F-8, an Act for the relief of Nathan Fishbine.

Bill G-8, an Act for the relief of Dorothea Atkinson Bosse.

Bill H-8, an Act for the relief of George Evangelinelis.

Bill I-8, an Act for the relief of Tatiana Holowko Kuczynski.

Bill J-8, an Act for the relief of May McMullin Bjornson.

Bill K-8, an Act for the relief of Adrienne Cote Souliere.

Bill L-8, an Act for the relief of Imogene Eva Patricia Hayes Knox.

Bill M-8, an Act for the relief of Maria Domany Cap.

Bill N-8, an Act for the relief of Elfrieda Eggert Nowinski.

The motion was agreed to and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 19, 1956

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

Prayers.

Routine proceedings.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 213 to 247, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate, I move that when this house rises today it stand adjourned until Tuesday next, April 24, at 8 o'clock in the evening.

The motion was agreed to.

SENATE CHAMBER—UNFINISHED CONDITION

INQUIRIES AND ANSWERS

Hon. Jean-François Pouliot: Honourable senators, I have two inquiries to make. The first one is: How many rooms in this building have been unfinished since the building was constructed, and what are they?

My second question is: How many rooms in this building have gilded ceilings, and what are they?

I would be very thankful to the Government if it would explain why the room or rooms has or have been unfinished, and if it is the walls that have been unfinished, or any other part of the room or rooms.

Hon. Mr. Macdonald: I will endeavour to obtain the information for the honourable senator. No doubt some of the officials of this house could make the necessary inspection, and probably the honourable senator might assist them in doing so.

Hon. Mr. Pouliot: I thank the honourable leader, and I will answer my questions right now. The only room that has been unfinished in this building is the Senate chamber. In the second place, the only room that has a gilded ceiling is this very chamber. Thank you.

Hon. Mr. Macdonald: I must thank the honourable senator for the answers.

TRADE AGREEMENT WITH RUSSIA

MOTION FOR APPROVAL OF RATIFICATION—DEBATE ADJOURNED

Hon. W. Ross Macdonald moved:

Resolved, that it is expedient that the houses of Parliament approve the ratification by Canada of the agreement on trade between Canada and the Union of Soviet Socialist Republics, signed at Ottawa on February 29, 1956, and that this house do approve the same.

He said: Honourable senators, on February 29 last Canada entered into an agreement on trade with the Union of Soviet Socialist Republics. It now comes to us for ratification. There are doubtless many who will have mixed feelings upon our entering into a trade agreement with a country whose political ideologies are so vastly different from those which we hold in this country. Nevertheless, it is the policy of this Government to extend our trade lines as vigorously as possible and on the best possible terms into any market that develops.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Macdonald: Groundwork for the present trade agreement was laid by the Minister of Trade and Commerce, the Right Honourable C. D. Howe, and by the Honourable Lester B. Pearson, Secretary of State for External Affairs, during his visit to Russia last year. At that time, in response to requests for a trade agreement, the possibilities were explored. It is a great tribute to both of these men, and to their able assistants, particularly the Associate Deputy Minister of Trade and Commerce, Mitchell Sharp, that this agreement in matters of trade has now been reached.

Honourable senators will note that this agreement contains the words "most-favoured-nation treatment" in reference to the exchange of goods between the two Governments. This is a terminology which merely puts our trade relationship on a basis comparable to that which we have with most other countries. It merely means that imports from a particular country will be treated no less favourably than those from any other country. It is a reference merely to tariffs and other matters in trading fields and commercial policies. It does not give another country special advantages, but guarantees that that country will not be discriminated against in trade matters.

Imports into Canada from the U.S.S.R. are now admitted under the provisional application of this agreement at the rates of the most-favoured-nation tariff schedule. Here I must pause a moment to point out that most-favoured-nation treatment does not involve the application of British preferential rates of duty to imports from the U.S.S.R.

In approaching this problem it must be remembered that our trade is conducted

under private auspices, and decisions regarding purchases and sales abroad are made by private individuals. The role of the Government in assisting this exchange is to expedite, and sometimes to regulate by tariff policy and other means, this important phase of our economic expansion. In so far as possible it is the Government's policy that the people of Canada should be as free as possible in deciding what and from whom they will buy.

In negotiating such a trade agreement as this with the U.S.S.R., or any other country, the Government, therefore, does not attempt to stipulate what shall and what shall not be imported into Canada. Canada does not, therefore, agree to buy any specific goods from the U.S.S.R. but merely gives an undertaking that imports from that country may compete equally with imports from other countries in the most-favoured-nation category.

Canada in turn receives most-favoured-nation treatment from the U.S.S.R. This is notwithstanding the vast differences in our trading set-up. Whereas in that country Soviet purchases and sales abroad are made by state trading organizations, our trading, as I have said, is carried on by private individuals. The agreement provides Canadian exporters with the opportunity of competing for sales to these trading organizations of the Soviet Government.

There are certain escape clauses comparable to those contained in the General Agreement on Tariffs and Trade.

Hon. Mr. Euler: Is Russia a party to GATT?

Hon. Mr. Macdonald: I am not sure. However, I will get definite information as to that and let my honourable friend know at the earliest opportunity.

Hon. Mr. Roebuck: What was the question?

Hon. Mr. Macdonald: Whether Russia was a party to GATT? As I said, I will get information and let honourable senators know.

I may say that I have spoken with the honourable senator from Victoria (Hon. Mr. Hackett) and he has kindly consented to adjourn this debate today, in order that some senators who are not here this afternoon but who might like to take part in the debate will have an opportunity of doing so at a later sitting.

Hon. Mr. Hackett: Would the honourable leader say if there is any period within which this treaty must be ratified?

Hon. Mr. Macdonald: Yes. There is a provision in the agreement which says it must be ratified within 90 days from the date on which it was entered into, which was the 29th of February.

Hon. Mr. Euler: May I ask my friend whether it is intended to refer this matter for consideration to a standing or special committee?

Hon. Mr. Macdonald: It had not been my intention to do so. If from discussion in the house it appears advisable, I shall be pleased to make the necessary motion.

Hon. Mr. Roebuck: Is the treaty itself before us?

Hon. Mr. Macdonald: Yes. It was tabled here on the 29th of February, and appears as an appendix to our *Hansard* of that date.

I was saying that there are certain escape clauses in this agreement, comparable to those contained in the General Agreement on Tariffs and Trade. There is a provision for the imposition of import restrictions in the event of balance of payment difficulties. The Canadian Government also reserves the right to establish values for export duty if any Russian products should enter Canada in sufficiently large quantities to cause serious injury to domestic producers. This provision, which is contained in a letter from the Canadian Government forming part of the agreement, is similar to the multilateral escape clause in GATT, and is also contained in our agreement with Japan.

The agreement, of course, will not affect our strategic export controls. Security interests are protected at all times and either Government may apply restrictions for that purpose. This provision would take precedence, if necessary, over any other provision of the agreement.

The agreement also touches on the treatment of merchant ships. It gives to the ships of the U.S.S.R. access to our seaports, under the same conditions as ships of other countries. This is no departure from the treatment which has been available to ships of U.S.S.R. registry all along.

The agreement contains provisions respecting the legal status of persons, access to courts and arbitration. There is nothing unusual in these conditions, and they are merely to assist traders and trading organizations in both countries. There is nothing in the agreement that might force Canadians to go before Russian courts rather than to Canadian courts. nor to force them to choose arbitration for the settlement of disputes. This particular agreement is substantially the same as those which we have with many other countries.

For some years we have had most-favoured-nation treaties with Poland and Czechoslovakia, which treaties still continue, notwithstanding the fact that these countries have been taken over by Communist governments. No difficulty has been experienced in implementing the treaties and they continue to be

of value to our country. Similarly, there are a considerable number of trade agreements comparable to this one between the Soviet Union and other western countries, including the United Kingdom, France, Italy, Austria and the Scandinavian countries. Although the United States does not have such a treaty at present, the administration is now seeking congressional authority to dispose of surplus agricultural products to the Soviet Union.

It is in this field that we are going to enjoy the greatest advantage as a result of the trade agreement. For some time it has been widely known that the production of foodstuffs in Russia is far below that country's requirements. The living standards of the Russian people are much lower than those of the western world, and one of the fields in which we can develop our trade is the export of foodstuffs from our country to theirs. It is a great tribute to our way of life that, as our fishermen and farmers are free to note, the *per capita* production in Canada far exceeds that in Russia, where it is state controlled. Here we have a country, with a population of less than 16 million, not only producing food for its own people but able to export foodstuffs to Russia, a country of 225 million people with even greater resources than ours.

This agreement should, therefore, be of great value to our western farmers, for under it the U.S.S.R. guarantees to purchase and take delivery from Canada, during the three years of the agreement, a total of between 44·1 million bushels and 55·1 million bushels of wheat, in annual lots of between 14·7 million bushels and 18·4 million bushels. The exact amounts to be purchased in the second and third years will be determined by the Government of the U.S.S.R., taking into account the volume of Soviet goods sold to Canada. The total for the three years, however, is guaranteed to be not less than 1,200,000 tons and the amount in any individual year will not be less than 400,000 tons. The Russian purchases of wheat are to be made at the prices and on the terms at which the Canadian Wheat Board is making sales to its major customers at such times as the Soviet purchases take place. Already the U.S.S.R. has purchased more than 400,000 tons for delivery this year. Although the agreement is to terminate at the end of three years, the two Governments could agree to extend it at that time, depending on the experiences during that period.

As I said, this will be of great value to our country, and I am sure it will be agreed that neither our political nor economic interests will suffer thereby. We are not, for example, putting ourselves into a position which would make us unduly dependent on the Soviet market for our wheat. That would be a very dangerous thing to do; and it would create uneasiness if this market were too large in proportion to our total sales. As I have already pointed out, our commitment in any one year amounts to between 15 and 18 million bushels, which compares with our exports to Belgium or to the Federal Republic of Germany. We shipped 31 million bushels to Japan last year.

We must develop our trade lines in every possible direction and into any market that develops; safeguarding, of course, above and beyond anything else, our national interests, and avoiding export of any strategic material. We are not giving to the U.S.S.R. anything which we have not already given to many other countries, and this agreement will be of immense value to us, particularly in disposing of surplus wheat. For the Russians it is also a good business deal, because it is much cheaper to ship wheat across the Pacific to the far eastern part of their country than to transport it overland from the wheat-growing areas in Western Russia.

While the emphasis is on wheat, the agreement may encourage the development of more trade with the U.S.S.R. in non-strategic goods which that country needs. Our countries unfortunately produce many of the same types of commodities, and the market for Canadian goods in Russia may be somewhat limited. However, the agreement opens a door to new trade channels through which many of our exporters may wish to pass and take advantage of this new development. I think it will be of mutual benefit to both countries and I trust it will find approval with all members of this house.

Hon. Senators: Hear, hear.

Hon. Mr. Burchill: What are the chief commodities that Canada would purchase from Russia?

Hon. Mr. Macdonald: The trade has not developed as yet, but there will doubtless be some trade in furs, and possibly some in certain forms of metal. This is for the future to determine. As I have said, Canada gives no undertaking to purchase any specific goods from Russia. The only undertaking is on the part of Russia to purchase wheat from us, and she has given no undertaking to purchase any other form of goods. The agreement will be in effect for three years, during which time we will have an opportunity of observing the trade that develops. There are safeguards in this agreement, should trade develop unfavourably for Canada in any particular line of goods.

Hon. Thomas Reid: Honourable senators, before the debate is adjourned may I have the indulgence of the house for two or three minutes to make a few comments on the agreement before us? I do not rise at this

time to oppose the agreement, for I do not feel that anyone could conscientiously oppose such an agreement. At the outset of his remarks the honourable leader said the fact that we are dealing with a country which has a different kind of political government than ours should be no reason for us to refuse to trade with them. If that were entirely the case I would let it go, but I think it should be forcefully pointed out to the people of Canada that it is not just a matter of different forms of political government. The Soviet Union would not like to see even a communistic system of government in Canada, unless Russia was in control of it. That country is out for world domination, and I think we should be practical and recognize that fact.

However, it is all to the good to have this trade between the two countries, particularly when we have a surplus of wheat. I would like to suggest that our overseas broadcasting service inform whatever listeners in Russia this service may have of our great sources of food supplies in Canada. It should broadcast to these people that Canada will be providing them with millions of bushels of wheat. I feel sure that if the shoe was on the other foot and Russia was supplying us with wheat, she would certainly tell the world about supplying this food commodity to a "decadent western nation".

We can take pride in our accomplishments but the ordinary people in Russia will never know what is being done. Reliable reports from well-known former Russian people are to the effect that Russia cannot feed her great population and so needs more food.

Honourable senators, I want to protest against one article which Canada is now importing from Russia. I thought there were enough alcoholics in this country, something like 100,000, but I am told that we are now importing vodka from Russia. If we are going to trade our good wheat for Russian vodka let's tell the people that we are forced to sell our wheat. In future our law enforcement authorities are going to have more difficulty in dealing with intoxicated motor car drivers, for it is said that when a person has become intoxicated with vodka it cannot be smelled on his breath. However, I would leave this problem to the legal authorities who will be prosecuting these cases.

Hon. Mr. Euler: Perhaps it could be tried out.

Hon. Mr. Reid: Well, I will not say that I would like to try it out. I might be able to find some honourable senators to form a committee and give it a test, but I would not be among them.

I was perturbed to hear that Canada, having 100,000 alcoholics, is importing vodka from Russia. If it is not, I think the honourable leader should contradict the statement. Of course, Russia will be delighted to supply vodka to us, so long as she is getting good wheat in return. Perhaps the overseas radio station in New Brunswick or Nova Scotia might broadcast to the Russian people the good news we have heard, and tell them we have such an abundance of wheat that we are not only able to sell it but to give it away. It might cause them to think that, after all, free countries like Canada are rather worth while.

Honourable senators, I have misgivings about Russia; that country will not be content unless and until it can get world control. The Soviet has never lost the hope of world domination. As I know from delegates, the Russian representatives at the United Nations, although they speak in nice terms, are nevertheless putting it all over us.

Hon. Mr. Euler: Referring to my friend's concern about the importation of vodka, it occurs to me that perhaps vodka might displace the beverage of his native land.

Hon. Mr. Reid: Well, I do not know of any better alcoholic beverage than that manufactured in Scotland.

Hon. Mr. Isnor: May I ask a question before the debate is adjourned? I would like the leader to explain briefly the general principle underlying the most-favoured-nations agreements.

Hon. Mr. Macdonald: There are, shall I say, three divisions of our tariff. The first is the general tariff. That rate applies to certain countries including Russia—at least, it did before she entered into this agreement. Secondly, there is a lower tariff that is granted to certain countries. That is done by agreement, and such countries give Canada the benefit of their lower tariff rates. That class of countries is known as the most-favoured-nation class. The third division is the British preferential tariff, which is lower again than the most-favoured-nation tariff.

Hon. Mr. Hackett: And it is reciprocal?

Hon. Mr. Macdonald: It is granted under a reciprocal arrangement, with specific reference to certain articles, all of which are mentioned in the agreement.

Prior to this agreement Russia came under the general list, but now in its dealings with Canada that country must get the same tariff consideration as any other country which is entitled to most-favoured-nation treatment. Commonwealth countries, however, come under the British preferential tariff.

Hon. Mr. MacKinnon: It must give and get.

Hon. Mr. Macdonald: It must give and get, as my honourable friend has said.

Commonwealth countries come under the British preferential tariff.

Hon. Mr. Isnor: Is the honourable leader in a position to state what class the United States comes under?

Hon. Mr. Macdonald: The United States comes under the most-favoured-nation agreement.

Hon. Mr. Isnor: Then Russia would be on a par with the United States?

Hon. Mr. Macdonald: As far as tariff is concerned, yes.

Hon. Mr. Kinley: The honourable leader referred to shipping privileges under the treaty, and I think he said that we grant shipping privileges similar to those granted to other countries. Does he mean all other countries?

Hon. Mr. Macdonald: I do not think we discriminate against the ships of any country. It may be that we have an agreement with the United States concerning certain ports. However, I prefer not to make a statement on that at the present time. I will look into the matter and give the information to the house when I reply later on.

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

PRIVATE BILL

CANADIAN PACIFIC RAILWAY COMPANY—FIRST READING

Hon. James A. MacKinnon presented Bill Q-8, an Act respecting Canadian Pacific Railway Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. MacKinnon: With leave, next sitting.

CANADIAN BROADCASTING CORPORATION

TELEVISION PICTURES OF WORKMEN LOADING PLANES FOR SHIPMENT TO EGYPT

On the Orders of the Day:

Hon. Thomas Reid: Honourable senators, I would like to direct a question to the Leader of the Senate (Hon. Mr. Macdonald). On March 14, before the Orders of the Day were proceeded with, I directed a question to the leader regarding C.B.C. television. My question has remained unanswered. The C.B.C. refused to answer, and I said there will be a showdown with them unless they do answer. It is almost five weeks since I first put the question, and I am wondering if the honourable leader could obtain an answer.

Hon. Mr. Macdonald: I am sorry I was not able to get in touch with the honourable senator from New Westminster (Hon. Mr. Reid) yesterday, but I gave the information then.

Hon. Mr. Reid: Thank you.

DIVORCE BILLS

THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill J-7, an Act for the relief of Jean Benoit Maille.

Bill K-7, an Act for the relief of Jeannette Cowan Weinstein.

Bill L-7, an Act for the relief of Rina LeBreton Fleurent.

Bill M-7, an Act for the relief of Hazel Annie Palmer Martel.

Bill N-7, an Act for the relief of Phyllis Matilda Clayton Sawyer.

Bill O-7, an Act for the relief of Leonora Cancelli Desgroseilliers.

Bill P-7, an Act for the relief of Eugenia Towstuk Podilchuk.

Bill Q-7, an Act for the relief of Rose Rother Lewartt.

Bill R-7, an Act for the relief of Marie Germaine Muguette Andree Brunet Sievert.

Bill S-7, an Act for the relief of Joan Noble Rusk.

Bill T-7, an Act for the relief of Joseph Edouard Walter Gerard LeBlanc.

Bill U-7, an Act for the relief of Marie Jeannine Eda Codere Azaria.

Bill V-7, an Act for the relief of Mary Margaret Florence Bradley Green.

Bill W-7, an Act for the relief of Mary Wyllie Johnston Haan.

Bill X-7, an Act for the relief of Christina Walsh McBrearty.

Bill Y-7, an Act for the relief of Marie Anne Roy Suess.

Bill Z-7, an Act for the relief of Ray Israel Lieder.

Bill A-8, an Act for the relief of Lillias Cushnie Dowden Grande.

Bill B-8, an Act for the relief of Angelina Heylen Thirion.

Bill C-8, an Act for the relief of William James Munden.

Bill D-8, an Act for the relief of Robert Raymond.

Bill F-8, an Act for the relief of Jacqueline Gagne Brothers.

Bill F-8, an Act for the relief of Nathan Fishbine.

Bill G-8, an Act for the relief of Dorothea Atkinson Bosse.

Bill H-8, an Act for the relief of George Evangelinelis.

Bill I-8, an Act for the relief of Tatiana Holowko Kuczynski.

Bill J-8, an Act for the relief of May McMullin Bjornson.

Bill K-8, an Act for the relief of Adrienne Cote Souliere.

Bill L-8, an Act for the relief of Imogene Eva Patricia Hayes Knox.

Bill M-8, an Act for the relief of Maria Domany Cap.

Bill N-8, an Act for the relief of Elfrieda Eggert Nowinski.

The motion was agreed to, and the bills were read the third time, and passed, on division.

CANADA SHIPPING BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Farris for the second reading of Bill H-7, an Act to amend the Canada Shipping Act.

Hon. Arthur W. Roebuck: Honourable senators, it is not my intention, nor indeed am I competent at the moment, to review this bill in detail, as has been done by the honourable senators who have preceded me in the debate. I perhaps am unfortunate in that my father and grandfather were not captains of sea-going ships, as in the case of the honourable senator from Queens-Lunenburg (Hon. Mr. Kinley). Nor have I had the particular knowledge which was yesterday exhibited so acceptably by the honourable senator from Queens-Shelburne (Hon. Mr. Smith). I wish to congratulate him on his maiden speech; it was full of information, eloquently delivered, and showing that quality of the student and the man of affairs which means so much in this chamber.

So I have no intention of going through the details of the bill or of making a long speech at this time. There is, however, a most important and interesting subject in the bill which I would like to discuss, and perhaps I can give some information which would be useful on this and other occasions. I refer to Part VIIA of the bill, headed Oil Pollution, and the new section 495A, which reads:

> The Governor in Council may make regulations (a) to carry out and give effect to the provisions of the international convention for the prevention of pollution of the sea by oil, 1954, set out in the fourteenth schedule; . . .

That is to say, we are asked to give power to the executive to carry out the terms of a convention, treaty or agreement by order in council.

This section raises some interesting questions, which were discussed with great effect and wide knowledge by the honourable senator from Vancouver South (Hon. Mr. Farris) when he explained the bill and moved the second reading.

I should like to discuss the question of treaty making, which comes before us not only in this bill but in other measures which we frequently have to deal with. For instance, earlier this afternoon we discussed a resolution for the ratification of a trade treaty. In the present bill we are dealing with a treaty made with a foreign state.

It is a curious thing, honourable senators, that the great legal authority in Canadian law on the matter of treaties was a judgment of the Privy Council, delivered before we abolished appeals to that body, on a case in the argument of which both the senator from Vancouver South and I took part. Shortly before the Government under the late Prime Minister Bennett went to the country, in 1935, it brought before Parliament a number of measures of doubtful constitutional validity. They were passed, and after the Liberal Government took office, these acts were referred first to the Supreme Court of Canada and later, on appeal, to the Privy Council. I think the leading appeal was by the Province of Ontario; at all events, Ontario led in the argument, because that province has, as honourable senators know, number one precedence.

I should like to refer to a judgment of the Privy Council which is reported in 1937 A.C., 326, intituled: the Attorney General for Canada, appellant, and the Attorney General for Ontario and others, respondents. That judgment settled the question with regard to treaties and how they should be handled by legislatures, and as well the position of the provinces in the matter of treaties.

May I point out that the matter is one of great antiquity. In England,—and in Canada we have the common law of England—treaties were made by the King without reference to Parliament, if any was in existence at the time. When a treaty was signed by the King, and the King was the last word in the making of the law and the law was the word of the King, the treaty was the law of the land. But, as constitutional developments took place, and the King was no longer able to make laws without the consent of Parliament, a new situation arose. The King was still in a position to make a foreign treaty, but if he wished to have it implemented by an alteration in the law of the land, the King had to come to Parliament for such legislation. There is no power in the English law, or in any of the countries having parliamentary procedure, for either the executive in the name of the King, or the King himself, to change the law of the land by entering into a treaty. If the executive or the monarch

enters into a treaty with a foreign country which involves a change in the law, he takes the chance of being able to carry it out.

In the United States, a treaty to become effective must be ratified by a two-thirds majority of the Senate. When the executive in the United States enters into a foreign agreement, everyone concerned knows that it does not become law until it is so ratified by the Senate.

In our own country, when our executive enters into an agreement, such as the one which was placed before us earlier today, or the one at present before us, or scores of others which I might name, the parties know that any proposed changes in the law is subject to the will of Parliament, and that Parliament is not bound by agreements of that kind, but is perfectly free to pass or not to pass the legislation implementing the obligations set forth in the agreements. Furthermore, Parliament can revoke a law of the kind, or from time to time amend it, as it sees fit, without any violation of rights or good faith. That is the rule with which all diplomats are familiar.

The great authority on this question so far as Canada is concerned is the case to which I have already referred. In that case an agreement was entered into at Geneva by a number of countries with regard to the Weekly Rest in Industrial Undertakings Act, the Minimum Wages Act, and the Limitation of Hours of Work Act. These three acts, you will notice, are with respect to labour questions, and were passed by Parliament prior to the election of 1935 in order to implement the Government's treaty obligations.

The Privy Council decision of 1937 says:

> There was no existing constitutional ground for stretching the competence of the dominion Parliament so that it became enlarged to keep pace with enlarged functions of the dominion executive. If the new functions affected the classes of subjects enumerated in s. 92 legislation to support the new functions was within the competence of the provincial legislatures only . . .

That is to say, honourable senators, the Dominion of Canada through its executive cannot enter into an agreement which changes the law set forth in section 92, which sets forth the exclusive legislative jurisdiction of our provinces. As the Privy Council put it:

> The dominion could not, merely by making promises to foreign countries, clothe itself with legislative authority inconsistent with the constitution which gave it birth.

And then again:

> Lastly, in totality of legislative powers, dominion and provincial together, Canada was fully equipped to legislate in performance of treaty obligations, but the legislative powers remained distributed, and if in the exercise of her new functions derived from her new international status Canada incurred obligations, they must, so far as legislation was concerned, when they dealt with provincial classes of subject, be dealt with by the totality of powers—by co-operation between the dominion and the provinces.

In the argument I spoke for the Province of Ontario and I was in a rather difficult position. I did not wish to oppose that labour legislation and I argued that the conventions were validly entered into and the enactment of legislation to perform the obligations was the function of the Parliament of Canada because, I argued, the legislation in question affected the general well-being of Canada and came within the overriding class of subjects in section 91. I did not argue it too strongly. I said I was not arguing that the dominion had the right to enter into an agreement affecting the provincial jurisdiction, but rather that the provincial jurisdiction was set aside because of the importance of the subject. I said that I was unfortunate in that I was called upon to deal with a bad principle in connection with a good measure.

Hon. Mr. Reid: Did you win?

Hon. Mr. Roebuck: No, I am glad to say I did not.

The honourable senator from Vancouver South, who was Mr. Farris, K.C. at that time, representing British Columbia, would have none of it and he said, as reported at page 338 of the case:

> British Columbia also wishes to dissociate itself from the submissions of Ontario supporting the legislation on the ground that it is *intra vires* the dominion Parliament under the power conferred by s. 91 to make laws for the peace, order and good government of Canada.

That was his submission.

Lord Atkin delivered the judgment of the court, and I would like to call attention to what he said, at page 347:

> Within the British empire there is a well-established rule that the making of a treaty is an executive act, while the performance of its obligations, if they entail alteration of the existing domestic law, requires legislative action. Unlike some other countries, the stipulations of a treaty duly ratified do not within the empire, by virtue of the treaty alone, have the force of law.

That is a very important statement; it is fundamental common law and applies to Canada and all other self-governing dominions.

Hon. Mr. Reid: What year was that?

Hon. Mr. Roebuck: 1937. Fairly recently. The judgment continued:

> If the national executive, the Government of the day, decide to incur the obligations of a treaty which involve alteration of law they have to run the risk of obtaining the assent of Parliament to the necessary statute or statutes. To make themselves as secure as possible they will often in such cases before final ratification seek to obtain from Parliament an expression of approval. But it has never been suggested, and it is not the law, that such an expression of approval operates as law . . .

Let us remember that.

We are asked by this bill to approve an agreement or convention for the prevention of the pollution of waters. Our expression of approval of the convention will not make it law. We have to pass it in the usual way if it is to be law.

Hon. Mr. Euler: May I ask my friend a question, for the sake of clearness? I am not quite sure what he is objecting to, but I understood him to say this treaty does not come into effect until it is ratified. Is that it?

Hon. Mr. Roebuck: An expression of approval by us will not pass a law to prevent pollution of waters.

Hon. Mr. Euler: Would ratification constitute the law as you have it in mind?

Hon. Mr. Roebuck: I do not think so.

Hon. Mr. Euler: On page 17 of the bill it is stated that the convention was signed for the Government of Canada by Alan Cumyn, "subject to ratification". That means subject to ratification by Canada. Is that not sufficient to satisfy the ideas of my honourable friend?

Hon. Mr. Roebuck: No, I do not think so. I do not think mere ratification or approval of the treaty passes a law under which somebody may be prosecuted and fined for doing something denounced in the treaty.

Hon. Mr. Euler: What form would the law have to take?

Hon. Mr. Roebuck: It ought to be in an Act of Parliament. If we are going to subject our people to prohibitions, the enactment should be in form such as the Criminal Code or other such prohibiting statutes. We should not attempt to make convention into statutory law, and I will give the reasons later on.

I will continue reading the passage from the Privy Council's judgment, at the point where I digressed:

> But it has never been suggested, and it is not the law, that such an expression of approval operates as law, or that in law it precludes the assenting Parliament, or any subsequent Parliament, from refusing to give its sanction to any legislative proposals that may subsequently be brought before it. Parliament, no doubt, as the Chief Justice points out, has a constitutional control over the executive: But it cannot be disputed that the creation of the obligations undertaken in treaties and the assent to their form and quality are the function of the executive alone. Once they are created, while they bind the state as against the other contracting parties, Parliament may refuse to perform them and so leave the state in default.
>
> In a unitary state whose legislature possesses unlimited powers the problem is simple. Parliament will either fulfil or not treaty obligations imposed upon the state by its executive. The nature of the obligations does not affect the complete authority of the legislature to make them law if it so chooses. But in a state where the legislature does not possess absolute authority, in a federal state where legislative authority is limited by a constitutional document, or is divided up between different legislatures in accordance with the classes of subject-matter submitted for legislation, the problem is complex. The obligations imposed by treaty may have to be performed, if at all, by several legislatures; and the executive have the task of obtaining the legislative assent not of the one parliament to whom they may be responsible, but possibly of several parliaments to whom they stand in no direct relation. The question is not how is the obligation formed, that is the function of the executive; but how is the obligation to be performed; and that depends upon the authority of the competent legislature or legislatures.

Then their Lordships differentiate between the cases to which I referred, by saying that legislative subjects are taken out of section 92 and brought under the general powers of peace, order and good government only in very special circumstances; and they call attention to such phrases as "abnormal circumstances", "exceptional conditions", "standard of necessity", "some extraordinary peril to the national life of Canada", "highly exceptional", "epidemic of pestilence" and so on. Those phrases are worth carrying in our minds when we discuss that same question as to whether we have jurisdiction, by reason of "the general benefit of Canada". Their Lordships conclude the judgment with this statement:

> . . . if in the exercise of her new functions derived from her new international status Canada incurs obligations they must, as far as legislation be concerned, when they deal with provincial classes of subjects, be dealt with by the totality of powers; in other words, by co-operation between the dominion and the provinces. While the ship of state now sails on larger ventures and into foreign waters she still retains the watertight compartments which are an essential part of her original structure.

Now, turning to the subject in question in this bill, we find, in section 495A, that:

> The Government may make regulations
>
> (a) to carry out and give effect to the provisions of the International convention for the prevention of pollution of the sea by oil, 1954, set out in the fourteenth schedule;
>
> (b) for regulating and preventing the pollution by oil from ships of any inland, minor or other waters of Canada; and
>
> (c) prescribing a fine . . .

I think I have made it perfectly clear that Parliament is not under any obligation to honour any agreement which is entered into by the executive. We may do just as we please in that regard, and everyone knows that to be the fact.

I am opposed to one of the methods we sometimes employ, that of passing a bill ratifying a treaty and in that way making it the law of Canada. I object to that method for this reason: the phraseology of treaties, conventions and understandings is not the phraseology of legal documents—of bills and acts of Parliament. Treaties are usually the result of long negotiations, and in an endeavour to satisfy this party and that, and not with the sole object of stating in the clearest possible terms the law which it is expected

the citizen will observe and follow. So I do not like legislation which simply ratifies a treaty and calls it law. Whenever we pass legislation in pursuance of a treaty entered into by the executive, we should implement the treaty in detail by act of Parliament.

I do not approve of the compromise of allowing the executive to implement the treaty by order in council. In view of the historic implications of this subject, I am of the opinion that we should not pass this particular bill in that form. The honourable senator from Vancouver South is by no means strongly favourable to the course followed in the bill. I asked him some questions, and he suggested that I hold them over until we go into committee. Seemingly he was not strongly favourable to the passing of a bill which gives the executive power to carry out an executive agreement. That is a function we in Parliament should reserve for ourselves, with the right at any time to change the law which we pass.

I thought it worth while to make these remarks because of the nature of this subject-matter. It is so important, when we are dealing with treaties, to understand the fundamental law upon which we act, for we must preserve the rights of Parliament at all times. It is all right to give approval to the general principle of a treaty, but when it comes to enacting the detail and making it the law of the land, we should insist, I believe, that this be done by Parliament, not by the executive. The executive has gone far enough when it enters into such an agreement without taking to itself the making of the law to carry out the treaty obligations.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Macdonald, the bill was referred to the Standing Committee on Transport and Communications.

SENATE RULES

NEW RULE AUTHORIZING DIVORCE COMMITTEE TO DIRECT EVIDENCE OF OFFENCE TO LAW-ENFORCEMENT AGENCY

The Senate resumed from Thursday, March 22, the adjourned debate on the motion of Hon. Mr. Roebuck:

That the Rules of the Senate of Canada be amended by inserting therein immediately after Rule 143 a new Rule 143A as follows:

"143A. The Standing Committee on Divorce, whenever in its opinion there has been disclosed in any evidence given before it or any of its sub-committees an offence against the Criminal Code of Canada or the violation of any other law in force in Canada, may direct that such evidence, or a part thereof, be drawn to the attention of such law-enforcement or other agency in Canada as the Senate Committee may deem appropriate, for such action as such agency may deem requisite."

and on the amendment the said motion proposed by Hon. Mr. Hackett:

That all the words after "attention of" in the proposed Rule 143A be struck out and the following words substituted therefor "the Minister of Justice, that he may act as he deems wise in the circumstances".

Hon. Arthur W. Roebuck: Honourable senators, this matter was debated at some length prior to our adjournment for the Easter recess. However, it may be there are some in the house now who were not present at that time, and with your indulgence I should like to make a few comments about the general motion which is sought to be amended in the terms that you have just heard read.

First of all, what does the motion itself mean? Section 248(1) of the Criminal Code reads as follows:

A defamatory libel is matter published, without lawful justification or excuse, that is likely to injure the reputation of any person by exposing him to hatred, contempt or ridicule, or that is designed to insult the person of or concerning whom it is published.

So it will be observed that *prima facie* were the Senate committee to send a report on a case to the crown attorney of a district or to the Attorney General of a province, or were it to take action with regard to some child of which it gets knowledge, or something of that nature, it would run the risk of committing a defamatory libel. I do not suppose, of course, the risk is very grave as far as we ourselves are concerned. This is not a great matter we are arguing now, but merely an attempt to make legal what we do in that regard.

According to section 249(c) of the Criminal Code a person publishes a libel when he:

Shows or delivers it, or causes it to be shown or delivered, with intent that it should be read or seen by the person whom it defames or by any other person.

Section 250 provides that:

Every one who publishes a defamatory libel that he knows is false is guilty of an indictable offence and is liable to imprisonment for five years.

And section 251:

Every one who publishes a defamatory libel is guilty of an indictable offence and is liable to imprisonment for two years.

There is this saving clause in section 256 (b):

No person shall be deemed to publish a defamatory libel by reason only that he

(b) publishes by order or under the authority of the Senate or House of Commons or of a legislature, a paper containing defamatory matter . . .

Observe the words "publishes by order or under the authority of the Senate or House of Commons or of a legislature".

Honourable senators, I am asking on behalf of my committee that we be given a certain

authority so that a defamatory libel will not be committed by us. There are other provisions in the Code which will protect the members of the committee. We are not afraid, but none of us desire to be guilty of a criminal libel, even though we could avoid it by showing that it was published bona fide, with just cause and excuse. We do not want to be guilty of a criminal libel, and we should not be placed in this position.

Let me say that this matter was first brought to our attention by our Law Clerk and Parliamentary Counsel, who drafted the proposed new rule after consultation with other Senate officials. The matter was then thoroughly discussed with leading authorities in the Department of Justice. We feel the proposed new rule will give us the protection we require, and we would like to have it adopted. We would then send copies of it to the solicitors who practise before us, so they will know that if their clients are concocting false statements, fabricating evidence, or conspiring to mislead us, they had better look out. They will know we may refer the matter to the Crown Attorney of the district.

The amendment to the motion is to the effect that the committee should not have the right to refer evidence to a crown attorney or other law-enforcement agency, but only to the Minister of Justice. Well, I can say with a good deal of assurance that the Minister of Justice has no desire to be involved in trivialities of this kind. He has nothing to do with law enforcement. It has been argued that we can refer evidence of any offence to this house. In order to do that we must try the case first, and that is not our function. If perjury has been committed it is the responsibiilty of the crown attorney and the courts to deal with it; it is not our responsibility. We do not wish to refer it to the house prior to the proper authorities passing upon it, and we do not wish to refer it to the Minister of Justice, because he should not be asked to assume the responsibility.

It has been argued in connection with the amendment that we should proceed through the proper channels; that is to say, in communicating between governments we should adopt the usual protocol. However, this is not a communication between governments. The Province of Ontario provides a service in the crown attorney who administers not a provincial but a dominion act. The various provinces provide many services; for instance, Ontario provides a railway service into the north. When we propose to use that service there is no communication between governments; there is merely the use of a service. Schools are a municipal service. If it were imaginable that the committee had a child to send to school, the committee would not go through the Secretary of State. It would send the child to a school. Putting it on the other foot, the Dominion of Canada provides many services for its people, such as the post office service. A person in the government of a province proposing to make use of the dominion postal service would not go through the Secretary of State or the Solicitor General to buy a postage stamp. He would simply use the post office service. That is all. The office of the crown attorney is a service that anyone may use. I do not have to ask permission of this house to go to the crown attorney or the Attorney General. I can supply either with any information I desire and nobody can stop me from doing so. It is my right of common law as well as statutory law. But I do not want to place myself in the position—even though I do so without great risk—of having committed a defamatory libel which is contrary to the Criminal Code.

I am sure nobody desires the members of the committee to be embarrassed in the carrying on of their work, or that they should not have the greatest of freedom in protecting themselves against perjury, the fabrication of evidence, or other shenanigans of that kind. We should be very strict about it, and when there are indications of wrong-doing of that nature we should be quite free to hand over the responsibility to the official who is appointed for the purpose, and let him bear the responsibility of whether there should be a prosecution or not.

I am opposed, therefore, to the limitation contained in the amendment. I will speak to the motion later.

Hon. W. D. Euler: Honourable senators, I happen to be a member of the Divorce Committee, and have been for years, although I have not attended regularly for the past two years because I asked to be excused from the committee—

Hon. Mr. Macdonald: You usually attend if your services are required.

Hon. Mr. Euler: If it is necessary, yes.

Hon. Mr. Roebuck: The honourable senator from Waterloo (Hon. Mr. Euler) is far too modest, for he attends frequently, and always when he is asked to do so.

Hon. Mr. Euler: I attended for years.

There is a question I wish to ask. The proposed rule would authorize the committee itself to direct that evidence may be drawn to the attention of such law-enforcement or other agency in Canada as the Senate committee may deem appropriate. If the rule is not adopted and the committee so acted, would it make itself liable as a committee or would the members individually be liable?

Hon. Mr. Roebuck: I think the liability would be individual.

Hon. Mr. Euler: Even though perhaps a member of the committee was not present?

Hon. Mr. Roebuck: Oh, yes. Supposing we sent an officer to the crown attorney with evidence and asked him to read it—

Hon. Mr. Euler: Would you say that every one of the 25 members on the committee might be liable to a charge of criminal libel?

Hon. Mr. Roebuck: Oh, no.

Hon. Mr. Euler: I am just asking for information.

Hon. Mr. Roebuck: The whole committee might be accused of conspiring with the officer whom they sent to the crown attorney to commit an offence against the Criminal Code, if they did that without the authority of the house.

Hon. Mr. Euler: As a matter of fact, I think they ought to hold the chairman liable, if anybody!

Hon. Mr. Roebuck: Of course.

The Hon. the Speaker: Honourable senators, the question is on the amendment of the honourable Senator Hackett, seconded by the honourable Senator Haig:

That all the words after "attention of" in the proposed Rule 143A be struck out and the following words substituted therefor "the Minister of Justice, that he may act as he deems wise in the circumstances",

Those in favour of the amendment will please say "Content."

Some Hon. Senators: Content.

The Hon. the Speaker: Those against, "Non-content".

Some Hon. Senators: Non-content.

The Hon. the Speaker: In my opinion, the Non-contents have it.

The question now is on the motion of the honourable Senator Roebuck, seconded by the honourable Senator Burchill:

That the Rules of the Senate of Canada be amended by inserting therein immediately after Rule 143 a new Rule 143A as follows:

"143A. The Standing Committee on Divorce, whenever in its opinion there has been disclosed in any evidence given before it or any of its sub-committees an offence against the Criminal Code of Canada or the violation of any other law in force in Canada, may direct that such evidence, or a part thereof, be drawn to the attention of such law-enforcement or other agency in Canada as the Senate Committee may deem appropriate, for such action as such agency may deem requisite."

Is it your pleasure to adopt the motion?

Hon. Jean-François Pouliot: Honourable senators, I have something to say. I have listened with a great deal of interest to this debate. In the first place, I must tell the honourable the Chairman of the Divorce Committee (Hon. Mr. Roebuck) that he has the admiration of the house for the splendid way in which he performs his exacting duties on the committee.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Pouliot: The same can be said of his confrères—and there is no dissenting voice about it. The chairman has the satisfaction of having accomplished his duty in every case. That is the greatest satisfaction that a man can enjoy.

As the chairman knows and realizes, the Divorce Committee is a committee of this house, and acts only on the instruction of the house itself. After the members of the committee have performed their task they cannot report outside of the Senate; they report to the Senate itself, through the chairman. I have every sympathy for my honourable colleague, but if this rule were adopted it would be the first instance where a committee was asked to report to someone other than the house that has instituted it. I hope I make myself clear.

The proposal is the more extraordinary because the administration of justice in virtue of the Criminal Code does not belong to the Divorce Committee, does not belong to the Senate, does not belong to the Minister of Justice and does not belong to the Government of Canada; it belongs to the provincial government, it belongs to the Attorneys General of the provinces, in virtue of the Constitution itself. This is my second point. Therefore, although I have every sympathy for the members of the Divorce Committee, I am inclined to think that what they are asking now is in contradiction of the provisions of the Constitution itself.

I hope honourable senators will pardon my use of this valuable flashlight that I have in my hand. My sight is not very poor, but I want to be sure I can read what is on this paper.

Hon Mr. Reid: You are just throwing light on the subject?

Hon. Mr. Pouliot: Yes. The suggested new rule reads as follows:

143A. The Standing Committee on Divorce, whenever in its opinion there has been disclosed in any evidence given before it or any of its sub-committees an offence against the Criminal Code of Canada or the violation of any other law in force in Canada, may direct that such evidence, or a part thereof, be drawn to the attention of such law-enforcement or other agency in Canada as the Senate Committee may deem appropriate, for such action as such agency may deem requisite.

That is quite different from the provisions of the British North America Act itself. There may be violations of the Criminal Code or

some other law by persons who appear before the Divorce Committee, but I wonder how the committee or any members of it could designate themselves to draw a matter to "the attention of such law-enforcement or other agency in Canada as the Senate Committee may deem appropriate". The members may be confronted with a shocking situation at times, but they have their recourse, which has not been used but which is in their hands, without any amendment of the rules. They can ask the Clerk of the Senate to put the names of the Attorney General of each of the 10 provinces of Canada on the mailing list for the evidence of the Divorce Committee. It is just as simple as sunlight at noon, except in this chamber.

If the honourable gentleman who has just spoken is ready to withdraw his proposed amendment to the rules, the Clerk of the Senate can be asked to put the names of the 10 provincial Attorneys General on the mailing list for the reports of the proceedings of the Divorce Committee, and they will be informed, just as well as it can be done, of what has occurred in the proceedings. It will be up to them to decide whether action should be taken, and against whom. The solution is just as clear, simple and practical as it can be.

There is one matter that I find hard to understand. I give credit to all those who served on the committee for the revision of the Criminal Code. They did their best to improve the functioning of the law and to make the provisions of the Code clearer, and they deserve credit for it. But, on the other hand, there is a wind of folly that goes around the world. It is the folly of human rights and fundamental freedoms. Everybody claims human rights and fundamental freedoms, without thinking of their own responsibilities; and there is the Civil Liberties League, which floods the country with pamphlets and articles of every description claiming liberty.

What has happened in this case? It is in order to give more liberty, freedom and human rights to scoundrels that the members of the Senate Divorce Committee are afraid of being arrested for libel and slander because of sending reports of the proceedings of their committee to a law-enforcement agency. It is unbelievable. But evidently it is on account of changes made in certain sections of the Criminal Code, changes due to the pressure of the Civil Liberties League and all the people who forget that those who have public duties to perform must have the right to act independently, as they have done since the time of King John.

There will be no libel and no slander against anyone if the Clerk of the Senate sends the reports of the proceedings of the Divorce Committee, which are printed by the Queen's Printer, to the various Attorneys General. Under that simple procedure the honourable chairman and the members of the committee would be relieved in knowing that they have no more responsibility with regard to the action to be taken against those who have violated the Criminal Code or any other law of the land. It will then be in the laps of the Attorneys General of the provinces, who must have in their offices an organization good enough to take cognizance of such important matters. The decision would be left to them who, by virtue of the Constitution, have the right to take whatever action they think necessary.

Hon. Donald Cameron: Honourable senators, my experience as a member of the Divorce Committee is relatively short, and I have not had the advantage of being trained in the law as have some of my honourable colleagues. But in the short time that I have had the opportunity of sitting as a member of the committee, the suggestion has been made on more than one occasion that some of the evidence submitted seemed to be of an improper order; in other words, that it might be fabricated. A number of us have been concerned about this situation.

The suggestion has been made in the public press, and has been bandied about in discussions with a view to discrediting this activity of the Senate, that after all the senators are being hoodwinked continuously with fabricated evidence.

Now, I for one would be very unhappy and would feel that I was wasting my time on the committee if we did not have some authority to initiate disciplinary action against people who are guilty of fabricating evidence. I am not competent to discuss the constitutional aspects of the question, but as a person who tries to bring honesty, integrity and common sense to discussion, I feel that what we are asking for in this amendment is not a tremendous thing. It is the kind of authority that should accrue to this committee under any circumstances. It seems to me that if this committee of the Senate is to continue to function as a Divorce Committee or court it must have all the authority necessary to assure it that proper standards of honesty and truth are observed by those who come before it.

This is something with which we are all concerned. As to the legal means of bringing about desired results, I would have to leave that to others more competent than I; but I feel very strongly that if we are not to have the kind of protection which I understand this resolution asks for, we have no business whatever to function as the Divorce Committee of the Senate.

Hon. Mr. Roebuck: Honourable senators—

The Hon. the Speaker: If the honourable senator speaks now he will close the debate.

Hon. Mr. Roebuck: If nobody else wishes to speak, perhaps I will say the few words I have to say. First of all, I wish to thank the honourable senator from De la Durantaye (Hon. Mr. Pouliot) for the very kind remarks he has just made. He has been a great addition to our debating force and to the personnel of the Senate. I welcomed him when he came here; and I am pleased to have his friendship.

The honourable gentleman has raised two points. One is that we should send copies of the divorce evidence to the Attorneys General of the various provinces. Well, I think there is something to be said in favour of that, because it would certainly provide them with plenty of nice Sunday reading. I do not know how thankful they would be for the flow of copies, some 500 this session, I think.

Hon. Mr. Reid: They would not read them.

Hon. Mr. Roebuck: They could not, even if they tried.

There is something else, however, more serious than that. It would require a change in the rules of the house to enable the Clerk to mail the evidence. The committee cannot instruct the officials of our house to do that, because they are faced with Rule 135, which reads:

> Evidence taken before the committee shall be printed apart from the Minutes of Proceedings of the Senate, and only in sufficient numbers for the use of senators and members of the House of Commons, that is to say, one copy for distribution to each senator or member, 10 copies for the parties and their counsel, and 25 copies to be kept by the Clerk of the Senate for purposes of record and reference.

So far as the committee itself is concerned, we take the greatest of care, honourable senators, that these reports do not get into general circulation. I know we are not completely successful, but only this last session we had our officials write to all members of the House of Commons and to all senators asking them if they wished to receive these reports because we felt that they should not be kicked around in the offices of the members and used perhaps for salacious purposes. In any event, without going back to the Senate and asking for a change in the rules such as we are making now, we could not do what my honourable friend suggests, even if it were wise to do so.

Now the next point was that we should report, not to somebody else, but back to the Senate. I think that is a good point and it shows a fundamental grasp of Parliamentary procedure. The Senate Divorce Committee is a creature of this house and can only do what it is directed by this house to do, and its direction, as found in the rules, is to hear these cases and report back our recommendation to the house. Under the present rules our only recourse, in the circumstances I have described, is to report back to the house and then leave it to open debate and the record of the house. It is to remedy that very situation that this motion is before you. It proposes that the committee may direct that the evidence be drawn to the attention of the proper authorities. If the motion is passed, the commitee, which is the creature of the house, will get that power from the house.

Hon. Mr. Reid: Through the motion?

Hon. Mr. Roebuck: Yes. The motion, if passed, would give us authority to do the very thing that we are proposing to do, but we would retain our authority to report back to the house in any circumstances, if we so wished.

The motion was agreed to, and the rule was adopted.

CANADIAN BROADCASTING CORPORATION

TELEVISION PICTURES OF WORKMEN LOADING PLANES FOR SHIPMENT TO EGYPT

On the motion to adjourn:

Hon. Mr. Macdonald: Honourable senators, earlier in the day the honourable senator from New Westminster (Hon. Mr. Reid) asked me about an inquiry that he had made concerning the Canadian Broadcasting Corporation, and I stated that I had answered it yesterday. Upon looking at yesterday's *Hansard* I do not find the answer to that question, but I see the answer to another one by my honourable friend. I am in further difficulty in that I cannot find on the Order Paper the inquiry to which my honourable friend refers.

Hon. Mr. Reid: It is in *Hansard* of March 14.

Hon. Mr. Macdonald: It was not a written question?

Hon. Mr. Reid: No.

Hon. Mr. Macdonald: I apologize to the honourable senator for saying I had answered the question. I will look it up in *Hansard* and obtain the answer as soon as possible.

The Senate adjourned until Tuesday, April 24, at 8 p.m.

THE SENATE

Tuesday, April 24, 1956

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

Prayers.

Routine proceedings.

NATIONAL CAPITAL

JOINT COMMITTEE ON FEDERAL DISTRICT COMMISSION—SUBSTITUTION OF COMMONS MEMBER

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved, that a message be sent to the Senate to acquaint their Honours that this house has substituted the name of Mr. Ellis for that of Mr. Noseworthy on the special Joint Committee of both houses on the Federal District Commission.

CANADA-DENMARK INCOME TAX AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill No. 8, an Act to implement an agreement between Canada and the Kingdom of Denmark, for the avoidance of double taxation with respect to income tax.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

TRANS-CANADA HIGHWAY BILL

FIRST READING

A message was received from the House of Commons with Bill 214, an Act to amend the Trans-Canada Highway Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Honourable senators, I understand there is some urgency about this measure. If it meets with the approval of the house, I would ask that the bill be placed on the Order Paper for second reading as the first item of business tomorrow.

CANADIAN BROADCASTING CORPORATION

ANSWER TO INQUIRY

On the Orders of the Day:

Hon. W. Ross Macdonald: Honourable senators, before the Orders of the Day are proceeded with may I refer to a question that was asked of me on March 14 by the honourable senator from New Westminster (Hon. Mr. Reid). He brought to the attention of the house the fact that the C.B.C. television cameras had covered the loading at Halifax of nine Canadian Harvard training planes destined for Egypt, and he inquired:

In view of the serious situation in the Middle East, what specific purpose had the C.B.C. in mind for filming of such a controversial subject?

The answer is that the C.B.C. thought that this matter was of considerable public interest because it was being discussed at that time in the House of Commons.

PENAL REFORM

DISCUSSION CONTINUED

The Senate resumed from Wednesday, March 21, the adjourned debate on the inquiry of Hon. Mr. Croll calling to the attention of the Senate the present position with respect to penal institutions in Canada and in particular discussing the need for further reforms in the Canadian penal system.

Hon. Thomas Reid: Honourable senators, I am very pleased indeed to have the opportunity of taking part in this debate, and I am glad that the honourable senator from Toronto-Spadina (Hon. Mr. Croll) is present on this occasion, because I intend before I close my remarks to deal with certain statements contained in his speech of March 5. It is quite true that I was not present to hear it, but I have read it two or three times. In my opening remarks I want to put first of all the following statement on record:

The modern prison as we know it has been established only in the past 150 years. Between the twelfth and the twentieth centuries western "civilization", so-called, inflicted forty different kinds of torture on human beings, death being always in those times the ultimate aim in view. In 1780 there were in England 240 offences punishable by death, among them such trivial acts as fishing in the wrong stream, pickpocketing, prostitution and stealing bread. During the reign of Henry VIII some 72,000 persons were executed, and in the same period waves of unprecedented lawlessness occurred. In 1820 the number of capital offences had shrunk from 240 to 160, and history records that lawlessness had decreased proportionately. As late as 1847, fifteen offences carried the death

penalty in the United States. There are now, of course, no galley slaves. The penalty of death by boiling, burning, branding or mutilation was abolished in the year 1790. In 1808 the British Parliament abolished the death penalty for pickpocketing because, it was stated, of the fact that at the festivities during the executions so many pickpockets picked so many pockets by way of protest against the execution of pickpockets.

Hon. Senators: Oh, oh.

Hon. Mr. Reid: Two years later, in 1810, the death sentence for prostitution was abolished, for, it has been said, a similar reason.

Even as late as 1947 there existed on the statute books of the 48 states to the south of us some fifteen offences carrying the death penalty. We have, however, progressed a long way in Canada and have put into effect many humane improvements. We may have to be careful, though, not to make a prison too desirable a place for certain classes of violators. Dr. George Stevenson, in commenting on this matter, has said that many drug addicts do not mind going to jail; indeed, that some welcome it because of the security it offers. He said that drug addicts are basically a happy people and some of them are glad to get away from the rat race of their street life and into prison with its security and good food.

I now come to the speech made by the honourable senator from Toronto-Spadina. Some of his statements were rather remarkable. He presented figures in comparing Canada's penal system with that of Great Britain. Well, figures can be misleading. Honourable senators who were members of last session's special committee on the traffic in narcotic drugs in Canada will recall that we had this same type of comparative figures thrown at us. Witnesses from Vancouver compared what was being done in Canada with what was being done in Great Britain in handling the traffic in drugs. They pointed out that Great Britain, with a population of some 45 million, had only 300 drug addicts; whereas Canada, with a population of from 15 to 16 million, had some 5,000. Even today some people around Vancouver are saying: "Why don't you use the British system in handling this drug problem? If you did, you might have only 300 addicts instead of 5,000."

Such statements are very misleading. If the honourable senator from Toronto-Spadina had dug a little deeper when securing figures on convictions in Canada and Great Britain he would have found that a great number of the convictions registered in Canada were for infractions of motor vehicle acts, which are not what we consider to be really criminal offences.

At one point the honourable senator stated:

> To judge from the record, we have only barely heard of the probation system.

I cannot quite agree with that remark. To be fair I think he might have added that a committee appointed by the Minister of Justice, the Honourable Mr. Garson, has been studying this very problem. On January 20 the following question was put to Mr. Garson:

> Mr. J. M. Macdonnell (Greenwood): I should like to direct a question to the Minister of Justice. Will the minister tell us when he expects to have the report of the Fauteux commission on correctional services which last July he hoped might be made in October, and will he lay on the table the documents containing the terms of reference of that commission?

May I say that the terms of reference of that committee are very wide. I have here the letter setting out its duties. The committee is quite a competent one. It has been sitting and carrying on its studies since 1953, and the other day the minister said he expected to have a report in two weeks.

The minister replied to the question as follows:

> I wish to thank my honourable friend for giving me notice of this question. So far as the presentation of the report is concerned, I was talking to Mr. Justice Fauteux recently, and I think that the best I can say, conservatively, at the present time . . . is that it will be made during the present session of Parliament.

I would remind honourable senators that that statement, made on January 20 of this year, fits in with the statement made the other day, that the report could be expected in two weeks.

The minister continued:

> With regard to the instructions, perhaps the quickest way to deal with that question is to read into the record my letter to Mr. Justice Fauteux, the chairman of the committee.

The letter, dated December 11, 1953, reads in part as follows:

> This will confirm the arrangement under which you have been good enough to undertake to act as a member of an informal committee established to investigate and report upon the principles and procedures followed in the remission service of the Department of Justice in connection with the exercise of clemency and to recommend what changes, if any, should be made in those principles and procedures.

I do not want to take time this evening to read the whole of the letter, but merely to point out that if one were to read the speech of the honourable senator from Toronto-Spadina carefully he perhaps would not realize that Canada is really moving ahead in the remission service. I am very hopeful, and I am sure the honourable senator will be, too, that when that report is made our best hopes will be met in regard to certain transgressors who are incarcerated in some jail or penitentiary.

I would point out here that the Commons *Hansard* of March 20 contains tables dealing with tickets of leave granted in Canada from 1950 to 1955.

If the honourable senator from Toronto-Spadina had been fair in putting the whole matter before us I think he could very well have explained to the house that in Canada one of the great difficulties arises from the fact that prisons are administered by provincial governments, while penitentiaries are administered by the federal Government. I think the honourable member mixed up prisons with penitentiaries. As far as the general public is concerned, when a man is in prison he is thought to be in the penitentiary, but honourable members of the Senate and the House of Commons realize that jails or prisons are provincial, while penitentiaries are federal institutions.

I have before me a copy of the Report of the Royal Commission to investigate the penal system of Canada, issued in 1938, and I think honourable senators would be interested in hearing what the report says on this very question. I am reading from page 339:

> Section 3 of the 1842 statutes is the earliest provision to be found fixing the two-year period as a dividing line. That statute was passed for the "better proportioning of punishment to the offence in certain cases, and for other purposes therein mentioned".

I would like to place the following statement also from the report on the record. I am reading from page 340:

> There is no doubt in the minds of your commissioners that uniformity of administration and the application of scientific principles to such administration, if made applicable to all those who are incarcerated in penal institutions in the dominion of Canada, would provide a better penal system and one to which the recommendations of your commissioners could be most fittingly applied. It is obvious, for example, that if different treatment than that recommended by your commissioners is given to the prisoners in provincial institutions, if classification and segregation are not uniformly instituted, if a different discipline is in effect, and the administration is not supervised by the same authorities, the success of the system recommended by your commissioners would be jeopardized, and the evils discerned in the antiquated treatment at present in existence would be permanently extended. The federal authorities would be handicapped in the proper treatment of those who come to federal institutions already stamped with the imprints of the multiple provincial institutions.

At that time there were 22 adult reformatories, 7 penitentiaries, and 118 county jails.

Hon. Mr. Euler: Are you reading from the Archambault report?

Hon. Mr. Reid: Yes. I think that in fairness this matter should be placed on the record. It is one thing to condemn what has been done, but when criticizing one should make sure to what the criticism is being directed. In a moment I am going to show the advance that has been made since 1932 in the treatment of prisoners in our penitentiaries.

I wonder how many honourable senators have visited penitentiaries. I have made it my special business or duty to visit them once or twice a year ever since I first entered Parliament, in 1930. I did so because I wanted to see what is going on, although I realize that one cannot see all that is going on in an institution by just walking through it. However, as one who is in public life and responsible to the people, I have always felt that it did something for the prisoners themselves to see their member of Parliament passing through. It showed that he had an interest in them, and it seemed to me that a little morale might be instilled by the visit. On any occasion when I have visited a penitentiary I have never warned the warden of my arrival, but have just dropped in. Last fall I had the pleasure of welcoming the Leader of the Government in the Senate (Hon. Mr. Macdonald) to New Westminster and I had the honour and privilege of going through the penitentiary with him. I believe he travelled from Newfoundland, visiting the various penitentiaries from coast to coast. No doubt in this debate he will tell us something about what he saw.

There is, as I say, a distinction between prisons and penitentiaries, and to classify them all as one, as was done by the honourable senator from Toronto-Spadina, is not, in my opinion, exactly fair. In prisons in the province of Ontario perhaps some stern methods are used, but I am speaking of the penitentiaries, about which I know something.

The honourable senator spoke about a second volume of the Archambault report. I do not know just what he means by that. Since I first same to Ottawa it has seemed to me that it might be worth while for the Senate to look at some of the reports of past commissions, find out what they recommended, and ascertain how many of the recommendations have actually been carried out. Now I think I can safely say, without fear of successful contradiction, that many if not all of the recommendations contained in the Archambault report, which I hold in my hand, have been put into effect. There may be some not yet in effect, and if so I stand subject to correction.

I have already mentioned that the Senate last year appointed a special committee to look into the narcotic drug traffic in Canada. The committee wrote a report of which its members can, I think, be justly proud, and I shall have something more to say about it in a moment. My present point is that the Archambault report as it relates to drug

addicts almost parallels the report of our special committee. It lays the problem directly before us, for as far as we know there has not so far been found a complete solution. The Archambault report says:

> It is simple to give these prisoners all the medical treatment they require. They are "weaned" from the drug in a short time, and almost invariably gain in weight and general physical condition during the period of their confinement. Although they are "weaned" as long as they are confined in prison and cannot get access to drugs, we can find no evidence that they are ever cured.

Perhaps our committee's report did not use exactly the same language, but certainly we expressed doubt as to how many addicts had been cured, including even those who were treated at that great institution at Lexington, Kentucky, which has been functioning for many years.

One further word about the report of the special committee, the issuance of which I consider was very timely. I suspected there was something wrong with police administration in Vancouver, and I know some of the members of the committee wondered why we were in a hurry to extend our sittings to that city. But our report helped to blow the lid off the drug or crime situation there, and coincided with an attempted suicide by a city policeman. True, the report was criticized by quite a number of persons, and even some newspapers were not too friendly, but in the light of what ultimately happened we can take pride that the work of the committee did contribute to cleaning up Vancouver. At least, I hope so.

Our report pinpointed the city of Vancouver, when we said that in our opinion the lack of police enforcement was one of the great causes for the large number of drug addicts in that area. That statement in the report resulted in increased activity in the apprehension of drug addicts around the city of Vancouver. I was telephoned and asked if I thought the reason for this activity was the report of the committee. I came right out and said that I knew of no reason other than the report, which blamed the lack of police enforcement for drug and crime conditions.

I had expectations that, as chairman of the special committee, I might be called before the commission investigating the police in Vancouver. In that investigation, as everyone knows, the main witness, Police Chief Mulligan, disappeared, and now the whole matter is left in some doubt. I lay some blame on the Attorney General of British Columbia for allowing the Chief of Police to get out of the province. Mr. Tupper, who presided over the investigation, should have had the chief placed under subpoena to prevent his leaving the province. It is hard to understand how a man who was under indictment for graft and corruption was able to procure a landing certificate to allow him entry into the United States. The American authorities are for the most part very careful about granting landing certificates. Yet this man, faced with many accusations of graft, was able to secure a landing certificate, and is now in the south enjoying his ill-gotten gains. There are still some divided opinions as to whether he was innocent or guilty. But, as I have always said, an honest man has nothing to fear: A really honest man can stand before the world and say, "Let them bring on all the inquiries they want to". The fact that Mr. Mulligan has fled to the United States lends credence to my belief, at least, that there was considerable guilt on his part.

Before I leave this matter of the report of the committee on drug traffic, I should like to place a few figures on the record. In 1954 there were 214 drug addicts, and in 1955 some 256 addicts. The increase in numbers followed our report having reached Vancouver. May I say to the honourable Leader of the Government (Hon. Mr. Macdonald) that I hope before this session concludes he will be in a position to give us some assurance that the recommendations made by our committee will be carried into effect. As those of you who have read the report will have observed, we place certain phases of responsibility on the provincial governments and certain other aspects of it on the shoulders of the federal Government.

I understand the province of Ontario has already taken steps to put in a small treatment plant—I use that term in its widest sense—to take in, I think, some 15 or 16 drug addicts in an effort to find out if they really can be cured. From inquiries I have made of the federal authorities, they have no information as to what the province of British Columbia has done, if anything, by way of establishing a pilot institution for the treatment of drug addicts. I do warn the federal Government that we need heavier sentences, as proposed in our report.

Since coming east I was amazed to learn of an incident concerning a drug seizure in the city of Montreal, where a man was picked up for having in his possession 442 ounces of heroin, which represented 800,000 doses, valued it is said at $10 million. Yet, on his conviction, this man was given only five years' imprisonment. I think the Minister of Justice should take note that some judges, it would seem, do not have the intestinal fortitude—I could use stronger language—to give the sentences which the law or crime demands or requires. Such a convicted person should not be let off with less than fourteen years. It was said to me the other

day that the provincial authorities of Quebec have challenged the sentence, and that something may be done about it. For my part, I say it is a scandal. I hope, as I have said, that the honourable Leader of the Government will be able to tell us during this session what the Government intends to do regarding the recommendations contained in our committee's report. I assure honourable senators that the report was made in all seriousness; a great deal of time and effort was spent on it, and it contains provisions which the federal Government could and should carry out.

I come back now to the speech by the honourable senator from Toronto-Spadina (Hon. Mr. Croll)—I thought I had better get in my remarks about the drug committee before it was too late. He said, with regard to prison reform, that we are 50 years behind the times. That is a very strong statement. In fact, with respect to our federal penitentiaries, it is not correct; as to the provincial prisons or jails, we may agree to disagree.

The Archambault report of 1938, which I read from, made a large number of recommendations regarding prisoners and parole, and since that time many improvements have been carried out in the penitentiaries. I wish to cite one or two from my own knowledge. Up to 1932 prisoners in penitentiaries were put on what was called the silence file, which was pretty tough treatment. Canada is one of the nations, as I suppose all honourable senators know, which keeps prisoners singly in cells, and that is done for a reason; it is a much better system than that employed in the United States, where two or three are lodged in a cell. Before 1932 prisoners were not allowed to speak, they were paraded in single file to the penitentiary yard for half an hour, and if a man dared to speak to his neighbour either behind or before him he was severely reprimanded. That treatment began to disappear in 1932, and today, I think, the treatment accorded prisoners could hardly be criticized—at least not honestly, shall I say. One might criticize the fact that segregation has not reached the point it should have reached. In this respect, I was amazed by what the warden of a penitentiary told me—in effect it is a condemnation of the youth of today—that because of complaints received from the older prisoners they are separated from the younger men. The general public have the idea that younger prisoners should not be forced to associate with older ones in case the young ones should become contaminated, but now the older prisoners are complaining that they cannot stand the boldness and badness of the young ones. Of course, something further has to be done about segration, but what is being done is proceeding nicely. There is hardly a penitentiary you can visit now but you will find there that throughout the day, apart from their work, prisoners are allowed one to two hours' exercise together, when they can play volley ball, football, or other sport, or lie down on the grass, or walk around, speaking freely to one another. Absolute freedom prevails. The guards have no guns.

Now I wish to say a few words in regard to employment. Prisoners in penitentiaries are being taught trades. Some men are learning to be carpenters, some to be cabinet makers; some are learning plant engineering, others electrical work; and if they are confined for a reasonable length of time they leave prison fairly proficient in the trade they took up. However, I have one criticism to voice to the public, because after all the public have a responsibility, of which I want to speak of a little later. A man who has been in penitentiary for from four to ten years, and who has become thoroughly proficient in his trade, whether it be that of electrician, cabinet maker or draughtsman, for instance, is not given credit by the unions for the time he has spent in being trained in the penitentiary, as qualifying him for a journeyman. Now, if the public are to have nothing at all to do with released prisoners, but say to the Government, "They are entirely your responsibility", it is going to be a relatively hard task for any government to carry out. I met one man after his release—in fact just before I came here after the Easter recess—and he said to me: "What would you do, Senator Reid? I have been around ten plants looking for work. They asked me where I had been, where I had worked, and when I told them I was just out of the pen they said to me 'No job'." So it is extremely difficult for these men to become rehabilitated. You can talk about ticket of leave, and about doing everything for the men—or the women, for that matter—inside the penitentiary, yet when they are released after having paid their debt to society, what can be done for them if they are denied the right to honest work?

Hon. Mr. Hackett: May I ask the honourable gentleman a question?

Hon. Mr. Reid: Yes.

Hon. Mr. Hackett: Did you come across any restrictions placed upon trades being plied in the penitentiaries? At one time boots and shoes were made for other civil servants, at another time binder twine was manufactured, but these activities were restricted and later stopped because the trades objected to continuation of them.

Hon. Mr. Reid: What the honourable senator has said is true. There was a time when these articles were made in the penitentiaries, but protests came from industry and the unions, to the effect that inmates of the penitentiaries should not be employed in making articles similar to those manufactured in industrial fields. I maintain that as the taxes paid by the public are maintaining these people in the penitentiaries, they surely should be allowed to make furniture and other supplies solely for Government institutions. At present penitentiary inmates are confined to making mail bags, and in the British Columbia provincial jail they make licence plates for motor cars. Governments right along have always been chary about running against the criticism of organized labour, which refers to penitentiary labour as cheap labour and state labour. That is the reason, I think, why the making of shoes and binder twine in penitentiaries, as mentioned by the honourable senator, has been stopped.

I come back to the many improvements that have been made in penitentiaries. While there is room for many more, still those that have so far been made have been a great advance. Most of these have been put into effect since General Gibson became Commissioner of Penitentiaries.

I happened to pick up an article by news reporter Stanley Handman—and I suppose all honourable senators have seen it—that appeared a short time ago in *Weekend* Magazine dealing with the penitentiary at Collin's Bay. I ask all honourable senators, and especially the honourable senator from Toronto-Spadina (Hon. Mr. Croll), to read that article. It contains a splendid account of the treatment given to the prisoners within the penitentiary at Collin's Bay. The other day the Minister of Justice intimated that the Government is building a model farm a few miles out from Kingston and that Kingston Penitentiary is going to be reserved for incorrigibles, where they will be treated. I have long held, since I began to make visits to the penitentiaries, that perhaps not more than 10 per cent, if that many, of the inmates of our penitentiaries require armed-guard supervision. Of course, there is a hard core of incorrigibles who will have to be kept under close custody. We have built our institutions of solid concrete and masonry, and at the four corners of the establishments you will find a guard with a rifle, and guards with rifles at certain other spots. I maintain that many men could be left to work in the fields and kept industrious without the presence of any armed guards.

I do object, however, though I give this only as a personal view, to an article which appeared in a Kingston Penitentiary publication; and I am glad that the honourable senator from Kingston (Hon. Mr. Davies) is present to hear this:

> One of Kingston Penitentiary's inmates, masquerading under the pen name of "Schlemiel", set down a few pointers on bank robbing in the latest issue of *The K.P. Telescope.*

He there outlines in great detail how to go about holding up a bank. For instance he tells them "never to use their finger stuck in their pocket—a gun is best".

Hon. Mr. Hayden: How to rob a bank unsuccessfully—in his case.

Hon. Mr. Reid: But he was unsuccessful only once.

Hon. Mrs. Hodges: Anyway, he is an authority.

Hon. Mr. Reid: While the article makes interesting reading, and would not of course tend to corrupt any honourable senator or member of Parliament, it might influence someone, because the procedure is all laid down in some detail. Although I never held up a bank, after I read that article it gave me a good knowledge of how to do so if one felt like it.

Hon. Mr. Bouffard: The paper would not be circulated outside the penitentiary, would it?

Hon. Mr. Reid: Yes; I believe copies are sent out to friends of inmates.

Hon. Mr. Roebuck: Is not the article a travesty? Is it not just a joke? I think I read it some time ago. It is not seriously stated, nor does it profess or appear to be serious.

Hon. Mr. Reid: The honourable senator may be right, but I took the story rather seriously, for the information, whether given by way of a joke or not, appeared pretty fully as a news item. We, of course, might take it as a travesty or a joke, but the case might be different if it fell into the hands of certain persons—

Hon. Mr. Hackett: Senators!

Hon. Mr. Reid: Perhaps youthful senators—if such there be. It might give them ideas.

Hon. Mr. Davies: I should like to ask the honourable senator whether this article appeared anywhere except in the penitentiary paper itself. Was it copied in papers outside?

Hon. Mr. Reid: What I have read is a press item, circulated by the British United Press.

Hon. Mr. Euler: What paper did it appear in?

Hon. Mr. Reid: It was circulated right across Canada. I think it appeared first in the Ottawa *Citizen.*

Hon. Mrs. Hodges: It appeared simultaneously in a good many papers. Other honourable senators, no doubt, have read it.

Hon. Mr. Reid: I took it as a news item coming from the east.

Hon. Mr. MacKinnon: You are right.

Hon. Mr. Reid: I thought I was right in taking it seriously when I read it, and it occurred to me at the time that if the warden of the penitentiaries had passed it he should look at such articles more carefully, because they could do harm. That, however, is my own view. On the same principle, the committee on the drug traffic took the stand that information as to how to use narcotics should be withheld from children.

But, returning to the matter of rehabilitation: at the Collin's Bay Penitentiary, it is said, the prisoners are happy in learning useful occupations. What is troubling them, however, is the fact that the public generally might not want them to work at the trades they have learned.

This supports the statement I made a few minutes ago that a man who learns a trade and becomes very proficient has difficulty, upon his release, in making a living at it, because the unions take note of where he obtained his training. From information I have, there are some wonderfully efficient teachers of trades in our penitentiaries.

The honourable senator from Toronto-Spadina remarked that no one was born a criminal. Of course not; and not all are born good. From time immemorial there have been bad as well as good parents, and no doubt heredity is an important factor. Dr. Alvarez, an emeritus consultant in medicine, has said that many psychiatrists follow the fad of never taking heredity into consideration. To those who pin all their faith to psychiatry, let me quote Dr. Alexander Paterson, the British expert who put into effect the Borstal system, remodelled British prisons and received a knighthood for his services: He says:

> There is a mistaken tendency to regard the study of human conduct as an exact science, to describe and define with too great a facility and accuracy subject matter that is incapable of such exactitude. This leads to the illusion that when every offender has after examination been relegated to a type, a problem has been solved, and the task of dealing with him will be made easier because a phase has been discovered to explain his guilt.

Dr. Elliott Emmanuel, of McGill, writing in *The Canadian Medical Journal*, blames psychiatrists for overselling their specialty, and advises them to modify their claims based on grandiose fantasies of reforming the world. There is a tendency today to put members of this profession on a high pedestal and to assume that their methods will solve most of our social ills. They may help, but I repeat that, in my opinion, the heredity factor must be taken into account. Bear in mind that some men and women are incorrigible: they cannot be reformed. In my opinion there are two classes of criminals. In one class are those who have made up their minds that they will not work and that the holding up of banks or other forms of robbery will be their means of livelihood. This class poses a very serious problem. There is another kind of criminal, which may be said to have fallen by the wayside and will profit by being allowed out on probation. For instance, there is the man who, in a moment of weakness, perhaps when he is "up against it", has embezzled funds. To keep such an offender in jail for five to ten years may do him great injustice, for he cannot be classed with those who, in Canada and elsewhere, have resolved to live by thuggery or the exercise of their wits.

Juvenile delinquency is one of our great problems; it is also a problem in Russia, and from much the same cause. I am told that because of the large number of women who are required to work in industrial plants, children are allowed to run loose. Delinquency is, of course, no new problem. The ancients knew how to control it; and when I quote a passage from their recorded wisdom I can expect to have a number of letters from those slobbering sentimentalists who, perhaps by way of covering up their own weaknesses or sins, affect to think that the day of the strap has gone. Let me cite Holy Writ. First may I say without fear of successful contradiction that, to my mind, the human race has not changed a particle during the past five thousand years. It has the same weaknesses and strengths, faults and virtues. Oh, people now have cars and airplanes and all kinds of electrical gadgets, and are living a fast life, but they themselves have not changed. I say to those slobbering sentimentalists who decry punishment for disobedient children that if they ever go to church they should think about what the Bible says, in the Book of Proverbs, chapter 19, verse 18:

> Chasten thy son while there is yet hope, and let not thy soul spare for his crying.

And in chapter 13, verse 24:

> He that spareth his rod hateth his son: but he that loveth him chasteneth him betimes.

It is often put in another way: "Spare the rod and spoil the child" .

This sort of teaching has been taken away from our schools. I expect to receive letters from people telling me that I am a barbarian and that I talk as though I were living in the Dark Ages. Well, I stand by what I have said. Human beings are just the same as they always were, and if you do not discipline

them when they are young you cannot expect to cure them when they reach the age of fourteen and fifteen. That is far too late.

Honourable senators, I am going to close with a quotation from Sir Alexander Paterson's book on prisons. Sir Alexander was an outstanding authority on prisoners and prison reform. He said:

> In order to afford anything in the nature of permanent protection, either the prison must keep the offender within its walls for the term of his natural life, or it must bring such influence to bear upon him while in custody that he will, on the day of his discharge, be an honest, hard-working and self-controlled man, fit for freedom and no longer an enemy of society. Public opinion still revolts from the idea of life-long imprisonment, save in exceptional cases. It is a sentence of living death, beside which a speedy end on the scaffold would usually be a more merciful alternative. It remains, therefore, the duty of a prison administration to secure permanent protection for society by the reformation of the offender. Can the murderer of thirty be taught in the course of years to control his temper? The answer is a hopeful affirmative. Can the middle-aged thief, who has avoided prison for fifteen years and has now been laid by the heels for the first time, or the hardened failure of all the reformatory and training schools be trained for the humdrum life of an honest labourer by a long period of imprisonment? The answer is less hopeful. But whether the prospect is hopeful or not, common sense suggests that if the prison administration is designed to protect society against its dangerous and mischievous elements, its first duty, after securing the safe custody of the offender, is to ensure at least that a man or a woman on emerging from prison is not more depraved than when he entered it. Within his cell he may degrade himself, within the walls he may be degraded by others. Prison can so easily become an unhealthy little cesspool. It is unnatural that men should live apart from women and children, unnatural that they should be solitary for so many hours in so small a space, that their movements should be so confined and their daily doings so minutely routined.

Incidentally, the latest custom in the New Westminster Penitentiary is to allow the inmates to do handicraft work and attend night schools in the penitentiary.

Sir Alexander continues:

> In such an artificial surrounding it is difficult for men to develop or retain a normal social habit and attitude of mind. They may well become more hardened and anti-social, and return to the freedom that must come some day firmly pledged to prey rather than co-operate.

That word is *prey*, not *pray*. Perhaps they do not pray very much.

> In some well-ordered prisons a more insidious process operates. The man who comes in as a criminal is made into a prisoner. All initiative and self-reliance are lost, obeying every order given him he comes in time to wait for an order. He develops a desire to please, which makes him furtive and sycophantic. In the external show of order and cleanliness his conduct is model, but in the inner things that matter he may be at heart still a thief and a waster, actually more useless and dangerous because he has cloaked dishonesty with the paint and plaster of a well-behaved inmate of an institution.
>
> Furthermore, prison may well do an infinity of harm to the casual beginner in crime by forcing him day by day into an association he cannot escape with men whose very speech at times is vile. It will not be long before he learns their slang, adopts their scale of values, and is infected with their attitude towards authority within and society without the walls. Once he is accepted as a member of a gang, only a miracle will regain him from their clutches.
>
> The prison administration, therefore, that hopes to reform its criminals, has to start well "behind scratch"; it has a great deal to do before it can be reasonably sure that by the ordinary operation of cause and effect its men are not growing steadily worse every month they spend in prison. To counter the natural consequences of imprisonment, the administration must insist upon as close a classification as is humanly possible. Ideally it should be the case that no man meets in a prison any other more depraved than he is himself. Separation by sex is axiomatic, separation by age is nearly everywhere made in civilized countries, but the importance of separation by degree of criminality is not yet sufficiently recognized by the prison administrations of the world.

Honourable senators, in conclusion I have one more statement by Sir Alexander Paterson, which it is just as well to remember: Man is not primarily sent to prison in order to be reformed. Were that the case the court might send there numbers of wealthy and important citizens in need of such training.

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

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 213 to 247, which were presented on April 19.

Hon. Arthur W. Roebuck, Chairman of the committee, moved that the reports be adopted.

The motion was agreed to, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, April 25, 1956

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

Prayers.

Routine proceedings.

PRIVATE BILLS

GRAND FALLS CENTRAL RAILWAY COMPANY LIMITED—FIRST READING

Hon. A. B. Baird, for Hon. Mr. Pratt, presented Bill Y-9, an Act to incorporate Grand Falls Central Railway Company Limited.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Baird: Tuesday next.

FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA—REPORT OF COMMITTEE

Hon. Paul H. Bouffard, Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill F-7.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (F-7) intituled: "An Act to incorporate The Fellowship of Evangelical Baptist Churches in Canada", have in obedience to the order of reference of March 21, 1956, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Bouffard: With leave, I move the third reading now.

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

CANADIAN CITIZENSHIP BILL

REPORT OF COMMITTEE

Hon. Cairine R. Wilson, Chairman of the Standing Committee on Immigration and Labour, presented the report of the committee on Bill B.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Immigration and Labour, to whom was referred the Bill (B), intituled: "An Act to amend the Canadian Citizenship Act", have in obedience to the order of reference of April 18, 1956, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 2, lines 1 and 2: Delete the words "and his parents have not intermarried".

2. Page 2, line 5: Delete the words "either his mother or".

3. Page 2: Delete lines 20 to 26, both inclusive, and substitute therefor the following

"4. (1) Subsection 4 of section 10 of the Act is amended by deleting the word 'or' at the end of paragraph (b) and placing this word as the last word of paragraph (c) and by adding a new paragraph immediately after paragraph (c) as follows:

'(d) a British subject under the Naturalization Act, chapter 138 of the Revised Statutes of Canada, 1927;' ".

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mrs. Wilson: Next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill R-8, an Act for the relief of Islay Isobel Campbell Jones.

Bill S-8, an Act for the relief of Audrey Joan Atkinson Hanson Hanson.

Bill T-8, an Act for the relief of Marie Eglantine Victoria Laurenza Gagne Holowaty.

Bill U-8, an Act for the relief of Barbara Helen Major Kaye.

Bill V-8, an Act for the relief of Hazel McJanet Thompson Stewart.

Bill W-8, an Act for the relief of Patricia Marion Cook Townsend.

Bill X-8, an Act for the relief of Helen Joan Franks Manley Sellen.

Bill Y-8, an Act for the relief of Lily Kite Herscovitch.

Bill Z-8, an Act for the relief of Mary Bagdonas Roselle.

Bill A-9, an Act for the relief of Arthur Telford Bates.

Bill B-9, an Act for the relief of Marjorie Pennell Robinson.

Bill C-9, an Act for the relief of Joseph Henri Andre Lessard.

Bill D-9, an Act for the relief of Sheila Joan Mencher Morantz.

Bill E-9, an Act for the relief of Frances Marie Ware Ami.

Bill F-9, an Act for the relief of Shirley Field Schleider.

Bill G-9, an Act for the relief of Jeannine Cecile Marie Tessier Davies.

Bill H-9, an Act for the relief of Madeline McIsaac Metayer.

Bill I-9, an Act for the relief of Gloria Ann Hazelton Stewart.

Bill J-9, an Act for the relief of Clifford Acland Barber.

Bill K-9, an Act for the relief of Hilda Louise Prewer Shaver.

Bill L-9, an Act for the relief of Gertrude Earle Bell.

Bill M-9, an Act for the relief of Leba Lee Black Lichtenstein.

Bill N-9, an Act for the relief of Helen Walker Seivewright Edwards.

Bill O-9, an Act for the relief of Gertrude Hayes Renaud.

Bill P-9, an Act for the relief of Isabell Jones Page.

Bill Q-9, an Act for the relief of Joyce Burgess Lewis Cloutier.

Bill R-9, an Act for the relief of Marie Yvonne Blais Leger.

Bill S-9, an Act for the relief of Jeanne Fleury Touchette.

Bill T-9, an Act for the relief of Doris Cammy Lapkoff.

Bill U-9, an Act for the relief of Thea Anna May Laskowski.

Bill V-9, an Act for the relief of Thelma Barton Taylor McPhee.

Bill W-9, an Act for the relief of Olga Pritula Memi.

Bill X-9, an Act for the relief of Ethel Elizabeth Margaret Ritchie Campbell.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

TRANS-CANADA HIGHWAY BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 214, an Act to amend the Trans-Canada Highway Act.

He said: Honourable senators, the act which this bill purports to amend was passed in 1949 and came into effect on the 10th day of December of that year. The act originally provided for the completion of the highway within seven years. In other words, the act expires on December 9, 1956. The proposed amendment would extend the period for completion of the highway from seven to eleven years, that is to December 31, 1960. The road is well under construction and is being built by all the provinces except Quebec under a federal-provincial agreement. The federal Government is not invading provincial jurisdiction, and the road is considered to be the direct concern of the provincial governments. I might point out that each province is building that part of the Trans-Canada Highway which runs through its boundaries, which part will remain the property of and be maintained by the province. The highway is to conform to standards of construction mutually agreed upon by the provinces and the dominion Government.

The original act and agreements provided that the federal Government would make contributions of 50 per cent of the construction costs over a seven-year period and pay one-half of the cost of a highway constructed prior to that date which could qualify for inclusion in the Trans-Canada Highway. I should point out that this was not to be one-half of the actual construction costs but one-half of the fair value of the expenditure made on that part incorporated into the highway. As honourable members will understand, it has required a lot of negotiation between the federal and provincial governments to determine that value. Incidentally, the agreements being entered into now to take effect from the end of this year do not provide for any further payments for highway that was constructed prior to 1949. All the provinces have agreed to this.

Under the federal-provincial agreement provisions were made respecting terms and conditions for inviting tenders and determining routes. Each province suggested the route through its boundaries and the federal Government either agreed or disagreed with it. There are also provisions respecting standards and inspection.

Honourable senators will be interested to learn that the length of the highway through the nine provinces which have entered into the agreement is to be 4,497 miles, together with 83 miles in the national park, making the total length 4,580 miles. Up to date, 2,850 miles have been paved, but the equivalent of only 1,600 miles, or 35 per cent, has been constructed to Trans-Canada standards. Approximately 1,545 miles of the highway are unpaved, although some work has probably been done on it, and there are gaps totalling 185 miles on which no work of any kind has been done.

I have a table which shows the breakdown by provinces of the length of the highway, together with the distances now paved, the equivalent mileages that have been built to Trans-Canada highway standards and the distances for which there is no road of any kind. With permission of the house I should like to place this table on *Hansard* instead of reading it.

Hon. Senators: Agreed.

Hon. Mr. Quinn: To what province does the table refer?

Hon. Mr. Macdonald: To all the provinces.

Hon. Mr. Quinn: What about the 185 miles?

Hon. Mr. Macdonald: The gaps on which no work of any kind has been done are in only two provinces: Newfoundland, 50 miles, and Ontario, 135 miles.

Hon. Mr. Quinn: Thank you.

Hon. Mr. Dupuis: Is that mileage in the western part of Ontario?

Hon. Mr. Macdonald: I understand it is in northern Ontario.

I indicated earlier that the estimated cost of the original highway was $300 million, of which the federal Government would be required to pay $150 million.

Hon. Mr. Haig: If my honourable friend would read out those distances, which are short, it would help us, because they are very important.

Hon. Mr. Macdonald: To make myself clear, I will go back to my statement that there are 185 miles on which no work has been done. In Newfoundland the length of the highway is 610 miles. Of that mileage, 70 miles have now been paved and 216 miles have been graded according to Trans-Canada Highway standards. There are 50 miles on which no work at all has been done so far. Do honourable senators wish me to read the figures as to all the provinces? If not, may I now place them on the record? The figures can be explained and elaborated on in committee.

—	Length of highway	Distances now paved	Equivalent mileages built to trans-Canada highway standards		Distances with no road of any kind
			Grading	Paving	
	miles	miles	miles	miles	miles
Newfoundland	610	70	216	—	50
Prince Edward Island	74	55	55	52	—
Nova Scotia	310	268	33	19	—
New Brunswick	388	370	67	60	—
Ontario	1,412	781	417	351	135
Manitoba	305	231	152	154	—
Saskatchewan	414	330	367	305	—
Alberta	292	242	214	196	—
British Columbia	692	497	204	177	—
Totals	4,497	2,844	1,725*	1,316*	185

* Note.—The equivalent of approximately 1,600 miles constructed.

Hon. Mr. Euler: May I ask a question? What is the nature of the pavement, grading and so on?

Hon. Mr. Macdonald: I have a copy of the original agreement which I could table or, if honourable senators prefer, I could have it made an appendix to today's *Hansard*.

Hon. Mr. Euler: In the general sense, is it a hard-top pavement?

Hon. Mr. Macdonald: Yes, hard top.

Hon. Mr. Euler: Not concrete?

Hon. Mr. Macdonald: This is a rather long and somewhat technical agreement. Perhaps I should place it on *Hansard*.

Hon. Mr. Haig: Yes, have it published as an appendix.

Hon. Mr. Macdonald: For your information, honourable senators, this is the original agreement under the Trans-Canada Highway Act, 1949, between the Government of Canada and the Government of the province in each case. The agreements with every province is the same.

See appendix to today's Hansard, *pp. 418-23.*

Hon. Mr. Barbour: Is it your intention to move that the bill be referred to a committee?

Hon. Mr. Macdonald: I think honourable senators would like to have an opportunity to discuss it in committee.

May I refer back to a question asked by the honourable senator from Waterloo (Hon. Mr. Euler)? I now find that the provisions with regard to construction of highway calls for a 24-foot pavement of either concrete or asphalt.

Hon. Mr. Euler: Is the width uniform throughout the various provinces?

Hon. Mr. Macdonald: Yes, the width is uniform. In addition there is to be a 10-foot shoulder.

Hon. Mr. Crerar: Does the agreement recite anything about the base of the road?

Hon. Mr. Macdonald: Yes, it is in the agreement itself, which I have now handed over to *Hansard*.

Hon. Mr. Roebuck: Do the standards require a 10-foot shoulder on each side of the pavement?

Hon. Mr. Macdonald: Yes, on each side.

From what I have said, I think it will be obvious to honourable senators that the Trans-Canada Highway will not be completed by the end of 1956. Among the reasons given for the delay were lack of engineers, and the encountering of unfavourable weather conditions that were not anticipated when the period in which the road was to be built was set at seven years. It must also be recalled that the Korean War interfered to some extent by causing a labour shortage, and that certain physical obstacles were more serious than had been expected.

I should also say that some provinces have proceeded with their local highway work rather than construction of the Trans-Canada Highway.

Hon. Mr. Euler: Who has the say as to which project is to take precedence?

Hon. Mr. Macdonald: Under the original agreement all work on the Trans-Canada Highway was to have been completed by the end of the current year.

Hon. Mr. Euler: But who takes the initiative as to what work is to be done, the provincial or the federal authorities?

Hon. Mr. Macdonald: The provincial authorities.

Hon. Mr. Euler: So if the authorities in a particular province had not chosen to proceed with the Trans-Canada Highway work, there might not have been anything done on the highway in that province?

Hon. Mr. Macdonald: That is right.

Hon. Mr. Roebuck: But that is not the case.

Hon. Mr. Macdonald: That is not the case. The nine provinces have done quite well. It is quite understandable that some provinces would feel it necessary to serve first the areas adjoining big cities to and from which people have to travel in the course of their work. And if in certain rural districts there were very bad roads the province concerned might feel it was more necessary to spend its money there than on the construction of the Trans-Canada Highway. It is for reasons such as these that the provinces did not complete their work. One might say that in no province does the gap exceed 10 per cent of the total mileage of the road within the province's boundary. The federal Government's aim is to encourage the provinces to close up these gaps as soon as possible, so that people will be able to travel across Canada on a paved highway; and although there is no suggestion that we should depart from agreed standards it is considered advisable that a through highway should be in existence, even if not every mile of it measures up to those standards.

Hon. Mr. Roebuck: But the intention is that it shall measure up finally, I presume?

Hon. Mr. Macdonald: This agreement will expire at the end of 1960. Any province which by that time has a highway without gaps going through it as part of the Trans-Canada Highway and on which all the new construction accords with Trans-Canada Highway standards will receive the benefits of this bill.

As to what will happen after 1960 I cannot say. This bill would extend the period of time for completing the highway from December 9, 1956, to December 31, 1960, with five months additional for the purpose of receiving accounts and so forth. The work, however, must be completed by 1960.

Now, honourable senators, a very interesting feature of this bill is that it provides an increased contribution to the province for highway construction, the higher payments being limited to 10 per cent of the provincial mileage. The formula is that the federal Government will pay not only 50 per cent of the cost of the construction of the highway, but an additional 40 per cent, that is a total of 90 per cent, of the cost of a portion of the highway limited to 10 per cent of the total provincial mileage. On this basis the federal Government will pay 90 per cent of the cost of approximately 449 miles of highway. The

mileage on which the various provinces will be paid 90 per cent of the cost is as follows:

Newfoundland	61 miles
Prince Edward Island	7 miles
Nova Scotia	31 miles
New Brunswick	39 miles
Ontario	141 miles
Manitoba	31 miles
Saskatchewan	41 miles
Alberta	39 miles
British Columbia	69 miles

Hon. Mr. Euler: Will the federal Government share in the maintenance of the highway?

Hon. Mr. Macdonald: The federal Government will not share in the maintenance once the highway is built. It must be maintained by the provinces.

Hon. Mr. Hackett: Before the honourable gentleman proceeds further would he permit a question? He stated that the total mileage of the proposed Trans-Canada Highway is 4,580 miles, less short gaps in two provinces, Newfoundland and Ontario. May I be told if any mileage in the province of Quebec is included in the total mileage of 4,580?

Mr. Macdonald: No, mileage in Quebec is included. The total comprises the mileage given in proposals submitted by the provinces, and as Quebec has submitted no proposal there is no mileage included for that province.

Hon. Mr. Hackett: No payment has been made to the province of Quebec for roads it has constructed across that province?

Hon. Mr. Macdonald: No payment has been made to Quebec under an agreement with that province pursuant to the Trans-Canada Highway Act.

Hon. Mr. Hackett: When did the Trans-Canada Highway first come into existence?

Hon. Mr. Macdonald: In December of 1949.

Hon. Mr. Roebuck: What is the distinguishing principle by which 90 per cent of the cost rather than 50 per cent is paid by the federal Government?

Hon. Mr. Macdonald: There are certain sections of any highway which are probably more costly to build than other sections, and in order to encourage a provincial Government to complete the highway across those gaps the bill provides that the federal Government will pay 90 per cent of the cost. Of course, that is limited to a comparatively small mileage. Selection of a section to which the 90 per cent formula will apply must be approved by the federal Government, and each section must be at least five miles in length. There might be a very short section of a highway which has not been built because, let us say, a bridge is required in that section; and if this five-mile provision were not in the bill the federal Government would be called upon to pay for the cost of building the bridge. The provision of a five-mile limitation is made so that there will not be gaps over portions of the highway difficult or costly to build.

Hon. Mr. Barbour: Can the honourable gentleman state why the limit is set at five miles?

Hon. Mr. Macdonald: That was considered to be a reasonable length. It could have been seven miles or three miles, but the provinces, sitting in conference with the dominion Government, were prepared to accept the five-mile proposal.

Hon. Mr. Barbour: Can the honourable leader tell us if bridges will be taken into account in the cost of constructing these gaps —bridges costing as much as $3 million and even more?

Hon. Mr. Macdonald: Bridges come into the cost of the construction of the highway, but the form of the bridges and the nature of their construction must be approved by the federal Government.

The provincial Government concerned will be responsible for the construction of portions in respect of which they get 90 per cent, in the same way as for other parts of the highway, and this provision will remain in effect until December 31, 1960. In order to take advantage of this formula of increase, the provincial Government must agree that its section of the route will be completed by that date, which is also the date of expiration of the present measure.

Hon. Mr. Roebuck: Are progress payments made or must the work be completed before anything is paid?

Hon. Mr. Macdonald: Progress payments are made. Later on I propose to put in a table showing what payments have been made.

I indicated earlier that in 1949, when the Trans-Canada Highway Act was passed, the estimated cost of the highway was $300 million, of which the federal Government was to be required to pay $150 million. As of April 14, 1956, the nine participating provinces had awarded contracts totalling $227,231,-474.85 for construction work. Of this amount the federal Government's share was $113,615,-737.43, and up to April 24 it had paid claims in the total of $78,934,163.95.

The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) asked me about progress payments. I have a table which, with the consent of the house, I should like

to place on *Hansard*. It shows the total commitment in respect of each province, and the claims paid.

Province	Total commitment	Claims paid
Newfoundland	$19,797,411.05	$ 7,343,009.96
Prince Edward Island	5,126,620.24	1,625,910.87
Nova Scotia	4,780,615.00	309,903.60
New Brunswick	9,533,934.14	3,577,757.77
Ontario	76,146,801.70	22,785,104.94
Manitoba	18,466,371.91	6,820,576.17
Saskatchewan	21,336,039.85	9,008,746.43
Alberta	25,307,306.93	10,029,209.42
British Columbia	46,736,374.03	17,433,944.79

There are always claims outstanding, because some have not been put in, and in other instances contracts have been made but the work has not been completed.

Hon. Mr. Euler: Has the federal Government any say with regard to the letting of contracts, or is that done entirely by the provinces?

Hon. Mr. Macdonald: The provincial Government lets the contract. Although the contract is exhibited to and must be approved by the federal Government, it is the provincial government that lets the contract and determines the cost.

Hon. Mr. Hackett: Did the estimated cost of $300 million include provision for any construction in the province of Quebec? I am willing to wait for an answer.

Hon. Mr. Macdonald: My information is that it did not include the estimated cost of any construction in Quebec. My reason for saying so is that Quebec was not represented when the dominion and the provinces were considering the construction of a trans-Canada highway, and the estimate was confined to the requirements of provinces which were likely to participate in the agreement.

Hon. Mr. Haig: The Manitoba portion of the highway runs in part from Winnipeg straight west for about 56 miles on the north side of the Assiniboine River. Because flooding occurs every spring in that area, and owing to other conditions east of Winnipeg, the provincial Government decided to construct a highway half a mile south of the Assiniboine River and run it straight to the Ontario border. That involves the building of a new highway 56 to 60 miles long. I assume that the provincial Government was paid many years ago for the road on the north side. If it builds another highway on the south side will it be paid for that road too?

Hon. Mr. Macdonald: Was the original highway built before 1949?

Hon. Mr. Haig: Oh, yes, 25 years before.

Hon. Mr. Macdonald: The provincial Government would not be paid for the cost of any part of that highway if it is not incorporated in the Trans-Canada Highway.

Hon. Mr. Haig: The fact is that right up to now it has formed part of the Trans-Canada Highway, because it is the number one highway, and it is so shown on the map. But as I have mentioned, because of flood conditions and engineering difficulties the main highway has been transferred half a mile south of the river and about one mile south of the earlier road. The land to the south is higher, suffers less from flooding, and permits the straight-line construction. On the north side the road weaves in and out along the Red River. From an engineering standpoint, and generally, I admit that the construction of the new road is one of the best things which has been done in our province, but my concern is whether it will be aided by the federal Government.

Hon. Mr. Macdonald: I am not an expert in this matter, but I would think that, if the route of the highway has been changed—

Hon. Mr. Haig: It has.

Hon. Mr. Macdonald: —the province will be paid for any new work it may do.

Hon. Mr. Haig: That is what I thought, but I was not sure.

Hon. Mr. Macdonald: That is my off-hand opinion; I am not speaking as an expert. Probably it would be a matter of negotiation between the provincial and the federal Governments.

Hon. Mr. Haig: Thank you.

Hon. Mr. Macdonald: The federal Government's commitments on approved highway projects have been approximately $20 million a year. With the application of the 90 per cent formula this figure will be increased by $10 million to $15 million each year for the next five years. Construction costs have also increased during the past six years, requiring a revision of the total cost of construction, so that the federal Government's share is now estimated to be $250 million. The different basis takes into consideration changed costs of labour and material and, probably, purchases of land and other things. In any event there will be a considerable increase, and the federal Government's share has been raised under this bill from $150 million to $250 million.

I am sure there is unanimity in this chamber that this project should be encouraged, and completed as soon as possible. The highway will serve all those Canadians who drive in automobiles. It will serve all of Canada as a means of transportation in times of peace and, if necessary, in times of national emergency.

I have no hesitation in commending the bill to honourable senators for their approval.

Hon. Mr. Roebuck: I understand the proposed increased cost to the federal Government is from $150 million to $250 million. Is this based on an estimate of the various costs in the different provinces and from time to time? Could the honourable leader give the house a breakdown as to costs of labour and material?

Hon. Mr. Macdonald: I am afraid I am unable to do that, but doubtless there are officials in the department who can. The figure is only an estimate and the work being done for which the federal Government is paying 90 per cent might well prove to be more costly than anticipated. It involves construction work on the most difficult sections of the road in each province. As I say, the figure is only an estimate but it has been calculated by representatives of the provincial and federal Governments, all of whom are specialists in this line of work.

Hon. John T. Haig: Honourable senators, in rising to take part in this debate I want to deal first with the situation in Manitoba. I have nothing but praise for the work done by the Manitoba engineers. I have no criticism to make at all. In fact, I heartily approve of building the highway south of Winnipeg straight east to Ontario. It will be more convenient and will shorten that part of the road by some seven to ten miles.

I do not want to get into any dispute or discussion that will lead us nowhere, but I am hopeful that Quebec will eventually enter into the Trans-Canada Highway plan.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: Before I finish I shall state why I entertain this hope. I feel that this Trans-Canada Highway bill is one of the finest pieces of legislation to come before us for a very long time. I do not question whether the road costs are too high in some places or whether sections of the road will prove to be substandard. I approach this question from a national viewpoint. The Leader of the Government (Hon. Mr. Macdonald) said that the highway will serve Canadians who drive automobiles. I think it will do far more than that. It will mean, for instance, that people from Manitoba can drive to the Maritime provinces or other parts of Canada. During the past winter I visited New Brunswick and Nova Scotia and was delighted to find that the people there were just as nice as the people of Manitoba. It did me good to find this out, and I am prouder than ever of being a Canadian.

I presume that that part of Ontario where the road is not built is east of Fort William around Lake Superior. That section has great scenic beauty for Canadian travellers and tourists alike and should not be neglected. Hundreds of thousands of American tourists will be travelling the highway every year. This is not just guesswork. The park in Manitoba has drawn the second largest attendance of any park in Canada for the last number of years. Our province is known for its waterways and many Americans visit it every year.

The construction of the Trans-Canada Highway will help the people from the west and east to visit each other's part of the country. That is why I want Quebec to come in. Quebec is part of Canada and the rest of this great nation wants the predominantly French-speaking province to join in this project. Our Constitution protects minority rights and I have never seen any indication that one section of Canada has been unwilling to give another a fair deal. If Quebec comes into the agreement it will make it easier for other Canadians to visit the wonderful historic sights of French Canada. I just read in the *Monthly Letter* of the Royal Bank of Canada about the outstanding historical sites in Quebec, places once occupied by famous figures of Canadian history. I know it would be educational for my grandchildren to visit, for instance, the house where Montcalm lived and the old building where many early political meetings were held. Those were some of the starting points in Canadian history.

It is sometimes difficult to overcome political differences, but we should do everything we can to get the people of the various sections of Canada to mingle with one another. We members of the Senate are better off for being able to meet with each other; we have a far wider appreciation of Canada as a nation than we otherwise would have had. I may not have too long to live but I hope to see the day when Quebec enters into this agreement. I do not care what the terms might be, but I think the federal Government should go a long way to induce Quebec to take part.

Honourable senators, for the reasons I have outlined I am strongly in favour of this bill. I know a good deal about highways, for this subject has always been of extreme importance in Manitoba. We have two main rivers, one flowing north and one flowing east, and all highway traffic has to be diverted to the southern part of the province because of the many lakes in the north. I read that a member of the other house has claimed there should be two Trans-Canada highways through the west—one starting at Portage la Prairie, about 60 miles west of Winnipeg, and running through Edmonton, and the other running straight west from Winnipeg through

Calgary. I do not suggest that the federal Government should attempt to build these roads now because I do not believe that to be feasible, but we should lay our plans on the basis that some day we will build a branch of the highway from Portage la Prairie through Edmonton, along the route of the Canadian National Railway, to Vancouver.

I do not think we can estimate how wonderful it will be to have large numbers of people from the great nation across the border—a nation with a population of 162 million or 163 million, which will probably increase to 200 million in the future—coming to visit our new northern country. Most tourists come by automobile and they want good roads. On one occasion I drove with some people through Manitoba to The Pas, on the way to Flin Flon. The trip was an inspiration to me. Among our party were an American couple and they were delighted with the beauty of the country. They said, "We didn't know you had such scenery in Manitoba." I told them that we were not noted for scenery in Manitoba, that we felt it was a plain province, but that it did have some beautiful points. The man replied, "Well, this trip has been one of great happiness to both my wife and me—I think it is a lovely part of Canada."

American tourists spend money here. Our stores in Winnipeg have increased their business from tourists for years. If these people come and find that our roads are poor they will not bother to come back. We want them to come back every year, and to bring their friends with them too.

Honourable senators, in supporting this bill I have two hopes to express. The first is that this project will be pressed by the Government. It is now in the hands of the Department of Public Works. I intend no criticism of former ministers when I say I know that the present minister will push the undertaking in an endeavour to have the present gaps eliminated and the highway completed across Canada. My second hope is that some influence such as patriotism will move Quebec to rise above politics in this matter. I realize it is hard to do that kind of thing—at least, it is in my own province. However, for the sake of uniting Canada by a great highway system, and in addition attracting many thousands of tourists travelling by motor—most of them never travel any other way—I hope the obstacles will be overcome.

I am entirely in accord with the provisions of this bill and I congratulate the Government on introducing it. I know a little about this highway business, because Manitoba has been very much mixed up in it for years and years. A good start has been made. The cost to the federal Government is always governed by the fact that each province concerned has to pay half of it. I cannot speak for other provinces, but in Manitoba great care is always exercised in the letting of a contract, because, as the honourable leader has said, it often happens that municipalities want a road somewhere else than along the route of the Trans-Canada Highway. In Manitoba the provincial Government was supported not only by the Opposition but by the reeves and councillors of the municipalities in having roads built as economically as possible, and good contracts were let under the direct supervision of provincial engineers for construction of a proper highway through our country. We are happy, especially in the eastern part of Manitoba, that the route was moved south of the river. That will cost a little money, but it will be very much more convenient, especially for my own city of Winnipeg. Ordinary traffic does not need to go through Winnipeg at all now, but can go south now if it wants to.

Hon. Mr. Roebuck: May I ask the honourable member a question?

Hon. Mr. Haig: Yes.

Hon. Mr. Roebuck: The honourable gentleman has made a plea to Quebec to enter into the agreement. Can he inform the house why that province has not already done so?

Hon. Mr. Haig: I think the honourable leader explained why. The municipalities are pressed to build roads to the local markets. The Trans-Canada Highway would meet that need for some of the people, but not for the majority. If you were a farmer living five or six miles out of town, having to travel there over an earth road, and saw a good highway going in the other direction, you would say: "Why does the Government spend all this money for tourists, instead of for the farmer? He pays taxes as well". There may be political motives mixed with all this, but I want to get above that for the sake of the country as a whole. In our province we have benefited greatly by the highway, and we have found through the highway development that money has flowed in from the tourists. For instance, a highway was built from Winnipeg to Emerson—it is about 65 miles in length—an extremely good highway. Of course, everybody said it was far too expensive for a province to build. Well, we built it, and I think it has paid for itself already by the influx of tourist traffic. However, the local farmers objected strenuously, because they wanted a highway alongside their farms.

Honourable senators, I hope second reading will be given and that the bill will go to

committee, where I am sure officials of the Department of Public Works will be able to explain to us the whys and wherefores of the various provisions.

Hon. Mr. Hackett: May I ask the Leader of the Opposition (Hon. Mr. Haig) if he is aware that there are first-class highways across the province of Quebec at many points?

Hon. Mr. Haig: So I understand; but I want Quebec also to get the benefit of this 50 per cent contribution. I think the people of that province should have it in common with the rest of us, for they pay taxes too. I want them to have a highway standard which fits in with the Trans-Canada system. We have it in Manitoba, and Saskatchewan and Alberta have it. Around Edmonton that is what is wanted. The Trans-Canada Highway will attract more tourists to the various provinces.

Hon. Gordon B. Isnor: Honourable senators, I think we are all very pleased to have this measure supported by the Leader of the Opposition (Hon. Mr. Haig). Like him we are all anxious to see Quebec enter into this agreement, so that we may have a highway linking up our country from the extreme east to the extreme west.

Hon. Mr. Hackett: The link is constructed already.

Hon. Mr. Isnor: In Nova Scotia we are anxious to have people from the other provinces travel over a Trans-Canada highway, especially from the thickly populated centres of Quebec and Ontario, to enjoy the beauties of our province. Since 1914 Nova Scotia has been fortunate to have a good system of highways; I think it is generally recognized throughout Canada by tourist associations and others, and especially by American tourists, that our highways are almost at a point of perfection. We hear repeatedly how glad people are to leave certain provinces for Nova Scotia, knowing that they will enjoy travelling on our good highways.

There are two reasons for the bill. The first is the extension of time, as already stated, over which we have no control, and the second is the authorization of an additional expenditure of $100 million by the Government. I think we are all in accord with the plan of linking up the different parts of Canada by a highway. Although it has not been stressed, one of the important functions of the highway will be to permit Canadians to travel across the country without having to drive south through certain sections of the United States.

Notwithstanding what the honourable senator from Victoria (Hon. Mr. Hackett) has said as to the connecting link in his province, it is unfortunate that Quebec has not chosen to take part in this agreement. I am sure its participation would have resulted in better feeling, and the province would have benefited financially.

For tourist purposes, I think the construction of this highway is a fine move. I recall very well when the Trans-Canada Highway bill was introduced in this house in 1949. In that connection I should like to correct an impression that may have been in the mind of the honourable Leader of the Opposition (Hon. Mr. Haig) as to the minister in charge of the project at that time. The bill was presented by the present Minister of Public Works, then the Minister of Reconstruction and Supply. I think I am correct on that point.

Hon. Mr. MacKinnon: I introduced the bill in the other house.

Hon. Mr. Isnor: Thank you. I hasten to compliment the honourable gentleman for having initiated this project, which has since been carried on in a most efficient manner. The agreements between the provinces and the federal Government have to a large extent been supervised by the present Minister of Public Works, and he has done an exceptionally fine job. The whole project is a very desirable one.

I am particularly interested in the part being played by the federal Government in the building of a road through the national parks. For my part I should like to see a paved road through every park, for I believe it would draw still greater traffic to the area. I regard this bill as somewhat in the class of national housing legislation: it is not an expenditure, but an investment of money on which we shall have a return as the years go by.

With that brief expression of my thoughts on the subject, I repeat that I am happy that the honourable Leader of the Opposition (Hon. Mr. Haig), without injecting any political thoughts into the discussion, has approved the principle of this bill.

Hon. John T. Hackett: Honourable senators, I am happy to concur in the passage of this bill. I should like it to be quite clear—and there is a healthy representation from my province in this house to contradict me if I err—that the roads in the province of Quebec are good, there are plenty of them and they are of high-class construction. One may travel to the eastern and western extremities of the province, on both sides of the St. Lawrence, or north to the region of the snows, in comfort and safety.

Roads are provided in Quebec in a large percentage of cases on a *per capita* basis.

They are thoroughly and frequently travelled by the denizens of the province and by people who come from a distance to view its beauty and enjoy its hospitality. I repeat that the roads of Quebec are good. As I understand it, that subject is not under debate at the moment.

Hon. Mr. Euler: May I ask my friend a question? I do not know much about roads in Quebec, but the Leader of the Opposition has commented on the fact that that province has failed to join with the other provinces in the construction of the Trans-Canada Highway. In my friend's opinion is the reason for Quebec's failure to join the other provinces that all its highways are already sufficiently good to make participation in this project unnecessary? Does Quebec think the expense of participating in the Trans-Canada Highway scheme is not warranted because its people regard the present highways as safe and adequate for their needs? I should like to have my friend's opinion on that.

Hon. Mr. Hackett: I am quite willing to answer the question.

I am pleased to give such support as I can to the construction of the Trans-Canada Highway. But I am very loath to have go abroad a belief that Quebec is a sort of Indian reserve in which there are no highways. There are excellent highways in the province of Quebec, they are of good construction, they have been paid for by the province and they are travelled by many millions of people. When it is said that highways are lacking in Quebec, I feel that a motion for particulars might embarrass the gentlemen who, out of goodness of heart, have intimated that because moneys have not accrued from one source they have failed at another.

I merely reiterate that roads in Quebec have been built at strategic points; they traverse the province east and west, north and south; they connect the province with the United States at many points, and many people travel between the two countries.

Hon. Mr. Euler: If I may say so, my friend has not quite answered my question. In view of the fact that, as he says, there are excellent highways in the province of Quebec, why does that province not come into the Trans-Canada Highway scheme? If he knows the answer, will he tell us?

Hon. Mr. Roebuck: I guess it doesn't need the money.

Hon. Thomas Vien: Honourable senators, I had no intention of taking part in this debate. I am now prompted to do so because many references were made to the province of Quebec and her contribution to the construction of the Trans-Canada Highway.

I concur in the wish expressed by so many honourable senators that the province of Quebec may be induced to fall in line and participate in this project. I think that wish will be fulfilled shortly after June 20 next.

Some Hon. Senators: Oh, oh.

Hon. Mr. Vien: According to public rumour, that is the date fixed for provincial general elections in Quebec.

I agree with the honourable gentleman from Victoria (Hon. Mr. Hackett) that the province of Quebec has a creditable network of good roads, built during the past forty years. I recall being in Paris in 1911 when Sir Lomer Gouin, then Prime Minister of Quebec, visited les Chateaux de la Loire. On his return he remarked to a group of people, of whom I was one, that he would cause a bill to be introduced in and enacted by the Legislature of Quebec enabling him to start construction of a system of good roads in that province. At the session of 1912, an act was passed, and since then Quebec has constructed a network of good roads, of which we are justly proud. However, some political upheavals have occurred in the province which have had the effect of slowing down the progress made in that direction.

The Trans-Canada Highway is a national undertaking; it should follow a course as straight as possible so as to provide the best and shortest means of highway travel from coast to coast. Honourable senators, I am not here to discuss provincial politics, but we have been asked why the Trans-Canada Highway is not being built in Quebec. Well, it has been emphatically stated in the Legislature of Quebec that the present Government will not build a highway in or through a county which is not represented by a member who belongs to the National Union party.

Honourable senators will agree, I am sure, that we could not very well urge the federal Department of Public Works to build the Trans-Canada Highway so as to follow the winding course determined by the political allegiance of the people of a region, namely, the boundaries of the counties represented in the Legislature by National Union members.

Under the present Quebec administration contracts for road building, bridges, etc., are given, without tenders being called for, to people who had never built roads before, and according to specifications which do not provide for proper foundations or adequate drainage. The specifications for construction of the Trans-Canada Highway should not be different in Quebec from those in other provinces. When the cost of this important public

work is finally figured out, it may well amount to $400 million or $500 million. It must be a highway of which the whole of Canada will be proud and which, first and foremost, will promote travel from one part of Canada to the other and attract a multitude of tourists as well.

I am sorry to say, honourable senators, notwithstanding what the honourable senator from Victoria (Hon. Mr. Hackett) has said, that some of our highways recently built are not a credit to the province of Quebec or to Canada. I invite my honourable friend to drive by motor car from Montreal to Quebec along the north shore of the St. Lawrence. After that experience, I am sure, he will speak more reservedly than he has done this afternoon on the quality of some of our roads and their state of maintenance.

There are numerous bridges on these highways; some of them have collapsed. There are roads that break up every spring because their drainage is faulty, because they were not given a proper foundation, and the frost causes the surface to heave, or because some of the contractors had no other road-building qualifications than being friends of the present administration. The specifications were not properly studied; the contracts were awarded without tenders; the execution of the work was not properly supervised, and a lot of money was wasted. We do not want anything of that sort on the Trans-Canada Highway. The present provincial Government will not agree to a federal system of highways from Halifax to Vancouver to be built in the provinces by the Highways Department of each province according to proper specifications, under proper supervision, and after tenders have been called and contracts given to men of experience and ability, who will "deliver the goods".

Honourable senators, that is my answer, given in a hurry, to the questions which have been raised here this afternoon. I share with honourable gentlemen who have spoken the hope that conditions will change. But if they want their desires to be something more than pious wishes they will come and assist us to clean up the Augean stables and give the good old province of Quebec a better and more progressive provincial administration that will co-operate with our federal Government in the development of a great country for a great Canadian people.

Hon. Mr. Euler: Honourable senators, may I just be permitted to interject a remark? I merely wish to thank my honourable friend for giving an answer to the question I asked, as apparently one could not be obtained from the senator from Victoria (Hon. Mr. Hackett).

Hon. Mr. Roebuck: I have heard that the Prime Minister of Quebec is suffering from fallen arches. Would that be the explanation?

Hon. Mr. Vien: Well, I hope the health of the present Prime Minister of Quebec will improve and that he will be able to enjoy a very long life in a well deserved retirement.

Hon. Mr. Quinn: This is getting very political!

Hon. Mr. Macdonald: Honourable senators—

The Hon. the Speaker: Honourable senators, if the honourable Leader speaks now he will close the debate.

Hon. Mr. Macdonald: Honourable senators, I am sorry that I did not realize when I introduced this bill this afternoon that the original Trans-Canada Highway Act was introduced into Parliament by our colleague the honourable senator from Edmonton (Hon. Mr. MacKinnon), when he was Minister of Mines and Resources. I assure honourable members that had I realized that I would have asked him to explain the bill, and thus have saved myself several hours of labour in trying to become familiar with the details. We all congratulate the honourable gentleman on his success in piloting it through the House of Commons.

The honourable senator from Waterloo (Hon. Mr. Euler) asked about the specifications of the Trans-Canada Highway. Since then I received copies of the general specifications. I do not intend to read them all, but they will be included in the agreement which is to form an appendix to *Hansard* of today. Perhaps I should mention the provision with regard to the right of way, about which a question was asked. The specification in this regard reads as follows:

> The minimum width of the right of way shall be 100 feet. Where the highway runs through densely populated areas, thus involving heavy expenditures, a minimum initial width of 66 feet will be acceptable.

The provision as to pavement reads as follows:

> The width of pavement shall be a maximum of 24 feet and a minimum of 22 feet. The pavement shall be a bituminous-mineral type generally described as a bituminous hot plant-mix with graded aggregate. The compacted thickness of the bituminous-mineral pavement shall be three inches. Where it is desirable to lay concrete pavement, the thickness and type customarily used by the provinces will be acceptable.

The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) asked about the shoulders. Here is the provision in the specifications:

> The width of the shoulders on each side of the pavement shall be 10 feet where it is economically possible to construct to this width. Lesser widths

will be acceptable to a minimum of 5 feet where terrain and/or economy makes this necessary.

There is also a provision as to obstructions.

Provision is also made for a stone base course, the gradient of the road, and sight distances.

An honourable senator asked about the bridges. As I said, the cost of the bridges does form part of the cost of the highway. Some of the provisions with regard to bridges are: The overhead clearances for full width between curbs, will be 14·6 feet. For length of bridge of 30 feet or less, the roadway between curbs shall be the aggregate width of pavement and shoulders. For length of bridge over 30 feet and up to 100 feet, the minimum roadway between curbs shall be 27 feet and the minimum width of curbs on each side shall be 18 inches, or the deck design shall provide equivalent clearance. Finally, for length of bridge over 100 feet, the minimum width between curbs shall be 24 feet, and the minimum width of curbs on each side shall be 18 inches, or the deck design shall provide equivalent clearance.

There are further details here, and also a number of schedules which describe the route of the Trans-Canada Highway in each of the provinces. If it is the wish of honourable senators I will have them also included with the agreement which is to form an appendix to *Hansard*.

See appendix to today's Hansard, *pp. 423-6.*

Hon. Mr. Isnor: Can the honourable leader tell us whether there is any provision for four-lane highways to the entrance of cities?

Hon. Mr. Macdonald: I am posing today almost as an expert, and I can give that information. There is no provision for four-lane highways. If they are to be provided it must be by the municipalities in conjunction with the provincial Government.

I wish to thank honourable members for the interest they have shown in this bill. We are unanimously in favour of it. I am sure it will receive second reading, and if it is the wish of the house I shall then move that it be referred to the Standing Committee on Transport and Communications. The passing of the bill is a matter of some urgency, for spring weather is coming throughout Canada and the Highway Departments of the various provinces would like to start work as soon as possible. Therefore it has occurred to me that if the arrangement will suit the convenience of honourable senators the bill might be considered tomorrow in committee, and if it is returned without amendment the house could then consider whether it shall receive third reading tomorrow.

Hon. Mr. Haig: Agreed.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Macdonald, the bill was referred to the Standing Committee on Transport and Communications.

TRADE AGREEMENT WITH RUSSIA

On the order for resuming the adjourned debate on the motion of honourable Mr. Macdonald:

Resolved: that it is expedient that the houses of Parliament approve the ratification by Canada of the agreement on trade between Canada and the Union of Soviet Socialist Republics signed at Ottawa on February 29, 1956, and that this house do approve the same.

Hon. Mr. Haig: I would like to have this matter taken up as the first order tomorrow.

Hon. Mr. Macdonald: Very well.

The Hon. the Speaker: The order stands.

PRIVATE BILL

CANADIAN PACIFIC RAILWAY—
SECOND READING

Hon. James A. MacKinnon moved the second reading of Bill Q-8, an Act respecting Canadian Pacific Railway Company.

He said: Honourable senators, in reading the bill that is before us you can see that if one deals only with the construction of the 20 miles of railroad in western Canada which is proposed, a very short explanation is all that is needed, but I think the whys and wherefores of the construction of this road, the industrial development and the improvement of the economy of Canada, as well as the specific industrial benefits to Alberta, should be given some consideration at this time. With the permission of honourable senators I would like to present that information.

The purpose of this bill is to grant authority to the Canadian Pacific Railway Company to build a branch line of railway a distance of approximately 20 miles from a point near Brocket, Alberta, southerly to a property in the southwest quarter of section 23, range 29, township 4, west of the 4th meridian, Alberta. Brocket is on the secondary main line of the Canadian Pacific between Vancouver and Medicine Hat. This is the line which runs through the Crowsnest Pass. The branch line will be built in a southerly direction to a property owned by Canadian Gulf Oil Company, where, at the present time, a plant is in course of erection to process the natural gas developed from the Pincher Creek field by Canadian Gulf Oil Company.

The Canadian Pacific Railway Company must come to Parliament for authority to

build this branch line, because, by section 183 of the Railway Act, it is not entitled to construct a branch line longer than six miles without such authority.

It is estimated that the cost of constructing the branch line would be somewhere in the neighbourhood of $1,500,000. It is not expected that the construction of the line will create any great difficulty. Part of the territory is fairly level. There is some rolling country in the southerly section. There will be one stream crossing, over Fishburn Creek, approximately 17 miles south of Brocket. I understand that it was necessary to make arrangements with the Peigan Indian Council, over whose lands the first five miles of the new branch line will pass. This has been satisfactorily arranged with the Indian band.

At Brocket there are business tracks, and a railway employee is in charge of the station and other facilities for handling traffic there. Each day two or three freight trains, I am told, pass through Brocket travelling both east and west.

Honourable senators will be particularly interested in the purpose for which the line is required. One of the significant sources of natural gas in Alberta is in the Pincher Creek field in the southwest portion of the province of Alberta. This field was discovered and has been developed by the Canadian Gulf Oil Company. The gas at Pincher Creek is a sour wet gas. It contains approximately 10 per cent hydrogen sulphide. In the formation the pressures are in the order of 5,000 pounds per square inch. Because of these pressures and because of the large percentage of hydrogen sulphide which the gas contains the gas is very corrosive.

In its natural state this gas cannot be placed in transmission lines for sale as a fuel. It must first be purified. Purification means removing all the hydrogen sulphide, almost all of the carbon dioxide, and a large percentage of the liquefiable hydrocarbons. From the process of purification the following products will be obtained: sulphur; propane; butanes; and natural gasoline.

The removal of these products requires the installation of a plant of considerable magnitude, and involves the installation of precision equipment. As a matter of fact two plants must be built. One will recover the stabilized condensate, and the hydrogen sulphide. When these products are removed, the other plant will recover from the material taken from the hydrogen sulphide gas, the elemental sulphur.

I should point out to honourable senators that if the Trans-Canada project for the sale of gas in eastern Canada were in existence, the purified gas thus obtained could then be sold to the Trans-Canada system. However, since Trans-Canada is not yet in being, Canadian Gulf must re-inject the purified gas into the formation from which the sour gas was obtained.

Construction of the Gulf plant at Pincher Creek began on April 1, 1956. It is hoped that the plant will be completed by September 1 of this year. The cost of the facilities which I have described, including the two plants, the gathering system and the facilities to re-inject the clean gas, will be approximately $7 million.

It is expected that the stabilized condensate to be recovered from the Pincher Creek wells will be shipped to the Calgary refineries for blending purposes to make gasoline for commercial use.

I perhaps can say that the important purpose of establishing the plant now at Pincher Creek is to recover the elemental sulphur. A company known as Northwest Nitro-Chemicals is now completing a plant at Medicine Hat, Alberta. This plant will produce a fertilizer with an ammonium base. To produce this fertilizer sulphuric acid will be required. The acid will be manufactured from the elemental liquid sulphur supplied by Canadian Gulf Oil. This elemental sulphur will be shipped in a liquid state, in tank cars, from the Pincher Creek plant to Northwest Nitro-Chemicals at Medicine Hat.

The sulphur will be produced at the rate of 225 long tons per day. The sulphur is 99·5 per cent pure by weight. The stabilized condensate will be produced at the rate of 2,190 barrels per day, or to put it another way, at the rate of 76,650 imperial gallons per day. This condensate, as I have said, will be shipped to the refineries at Calgary.

While the immediate customer for sulphur is the new fertilizer industry established at Medicine Hat by Northwest Nitro-Chemicals, there will be a market for the additional sulphur produced by Gulf in the pulp and paper industry to the west and to the south of Pincher Creek. Northwest Nitro-Chemicals plant will be in production, it is expected, by about September 1 of this year.

The only feasible way to ship the volume of by-products from the Pincher Creek gas field is by rail. If trucks were to be used, trans-shipment at the secondary line of the Canadian Pacific would be required and the multiple handling of these products would be more expensive. Moreover, climatic conditions in Canada can affect the roads, and sometimes road bans are imposed when the frost is leaving the ground. As a result there would be interruptions in the trucking service, which could not be accepted by the sulphur supplier.

By way of additional information only, honourable senators might be interested in a little more discussion about the Pincher Creek gas field. During the period being discussed in connection with this application, the daily volume of gas that will be processed in the projected plant is some 60 million cubic feet per day. As I have explained, after the by-products are removed the purified gas will be re-injected into the wells and then it will mix with the sour gas.

When the Trans-Canada Pipe Lines project comes into being the facilities at Pincher Creek will require to be expanded to process 130 million cubic feet each day during the first year, and 240 million cubic feet each day during the following years. The estimated reserves in the field are 2·9 trillion cubic feet. Before the gas can be put into the Trans-Canada system most of the liquefiable hydrocarbons and sulphur will have been removed and the residue will then be sold to Trans-Canada.

I have a small table which I would like to place on *Hansard* for the information of honourable senators, if I could have unanimous consent to do so.

Hon. Senators: Agreed.

Hon. Mr. MacKinnon: This table shows the amount of gas that will be sold to Trans-Canada Pipe Lines in the first year of that company's operation, as well as the amount of butanes, propanes, natural gasoline, condensate and sulphur. The table will also show the volume of gas and the by-products to be produced in the years after the first year of the operation of Trans-Canada Pipe Lines.

	First year of Trans-Canada's operation	Following years
Residue Gas (cu. ft./day)	100,000,000	170,000,000
Butanes (Imp. gal./day) ..	25,679	46,575
Propane (Imp. gal./day) ..	25,589	45,205
Natural Gasoline (Imp gal./day)	19,370	37,000
Condensate (Imp gal./day)	160,400	265,329
Sulphur (Long tons/day) .	450	800

All of this production, I am told, will come from the Pincher Creek field. In 1953 Canada consumed approximately 352,000 long tons of sulphur. The production of sulphur from the initial stage at Pincher Creek will be approximately 82,000 long tons per annum, or approximately 23 per cent of the Canadian requirement for sulphur in 1953. It should be remembered that sulphur is merely a by-product of the Pincher Creek gas. This is another example of the tremendous resources in the petroleum industry being developed in western Canada, more especially Alberta. The Shell plant at Jumping Pound, west of Calgary, now produces approximately 15,000 long tons of sulphur per year. The Royalite plant at Turner Valley, south of Calgary, produces approximately 10,000 long tons of sulphur per year.

The economics of the building of the proposed branch of railway line of some 20 miles as contemplated by this bill are based upon markets for the by-products of the Pincher Creek gas only. In turn one only of these by-products will supply the important ingredient for the fertilizer plant, a new industry now being established by Northwest Nitro-Chemicals at Medicine Hat. The production of these by-products will be tremendously increased when it becomes possible to produce the Pincher Creek gas through the operation of Trans-Canada Pipe Lines.

I have said that in the initial stage the sulphur production at Pincher Creek will be approximately 23 per cent of the total Canadian requirement for sulphur in 1953. This is the last year for which figures are available to me. When the Trans-Canada pipe line is set up, from the Pincher Creek gas field alone 83 per cent of the 1953 requirement for all of Canada will be produced.

I am sure that this project will commend itself to the members of this chamber as an important economic project for all of Canada. I propose that if this bill is given second reading it be referred to the Standing Committee on Transport and Communications. Representatives of the railway would be present there to explain further details of the project, and representatives of Canadian Gulf Oil Company would be able to answer other questions which might occur to the members of the committee.

Hon. Mr. Hackett: Did the honourable senator say that the length of the line is to be 20 miles?

Hon. Mr. MacKinnon: Yes.

Hon. Mr. Davies: In the district which will be served by this new branch of the Canadian Pacific Railway are there any potential coal mines? I ask that question because three or four years ago large advertisements appeared in many newspapers in Ontario signed by some syndicate—

Hon. Mr. Croll: Brown.

Hon. Mr. Davies: That is right. It said there was plenty of western coal that could be brought down cheaply to Ontario provided a railway ran in there. Is that in this district at all?

Hon. Mr. MacKinnon: I think the honourable senator has reference to Mr. Vern Brown, formerly of Medicine Hat and latterly of Toronto, whom I knew very well. He

represented coal interests. In answer to the question, I would say this gas field is 50 miles west of Lethbridge, where there are coal deposits being mined. It is approximately southwest of Fort Macleod. I do not believe coal is mined in this area in extensive quantities. Then, of course, there is coal in our county in the Crowsnest Pass.

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

On motion of Hon. Mr. MacKinnon, the bill was referred to the Standing Committee on Transport and Communications.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 405*)

FORM OF ORIGINAL FEDERAL-PROVINCIAL AGREEMENT UNDER TRANS-CANADA HIGHWAY ACT

MEMORANDUM OF AGREEMENT entered into this

in the year 195

BETWEEN:

THE GOVERNMENT OF CANADA
(hereinafter called "Canada")

OF THE FIRST PART

and

THE GOVERNMENT OF THE PROVINCE OF
(hereinafter called "the Province")

OF THE SECOND PART

WHEREAS the Governments of Canada and the Province recognize that the completion of a Trans-Canada highway is necessary to assist in creating a better means of communication between all provinces in Canada, and in promoting the economic development of Canada generally;

AND WHEREAS it is agreed by the said Governments that a Trans-Canada highway should be completed as early as possible, that the actual construction of such a highway within the Province of should be undertaken by the Province and the cost thereof shared by Canada and the Province;

AND WHEREAS His Excellency, the Governor in Council, by Order in Council, P.C. 2034 of April 21, 1950, pursuant to the Trans-Canada Highway Act, has authorized the Minister of Resources and Development of Canada to execute this Agreement on behalf of Canada;

AND WHEREAS His Honour, the Lieutenant-Governor in Council, by Order in Council of , 195 , has authorized the Minister of of the Province to execute this Agreement on behalf of the Province.

NOW THEREFORE the Parties hereto agree as follows:

1. In this Agreement, unless the context otherwise requires,

(a) "construction period" means the period commencing on the date of this Agreement and ending on the ninth day of December 1956;

(b) "contractor" means a person, other than a municipality, who enters into a contract with the Province to furnish labour, materials and equipment or any of them for the purpose of and that are necessary for constructing the Highway;

(c) "cost of new construction" means the amount determined pursuant to section seven;

(d) "cost of prior construction" means the amount determined pursuant to section eight, in respect of a designated highway or a component thereof;

(e) "designated highway" means a portion of highway, or any component thereof, constructed by the Province during the period commencing on the first day of April, 1928, and ending on the ninth day of December, 1949, that the Provincial Minister and the Minister, with the approval of the Governor in Council, agree shall form part of the Highway;

(f) "Highway" means the highway, including culverts, bridges and grade separations, that the Province agrees to provide in accordance with this Agreement;

(g) "Minister" means the Minister of Resources and Development of Canada;

(h) "Provincial Minister" means the Minister of of the Province.

Construction of the Highway

2. The Province undertakes

(a) to provide a highway along the route specified in Schedule A annexed to this Agreement as part of a Trans-Canada Highway;

(b) that the Highway shall be completed on or before the ninth day of December, 1956; and

(c) that on completion the Highway shall conform to the general specifications set out in Schedule B annexed to this agreement except to the extent that the Minister, in any case where he has expressed in writing the opinion that compliance with a specification in respect of a part of the highway would entail excessive expenditure, has authorized a deviation therefrom, provided the deviation does not prejudice the construction of a highway of high standard across Canada.

Provincial Contracts and Arrangements

3. (1) Except as otherwise provided in this section, the Province will arrange for the

construction of the Highway by awarding contracts pursuant to tenders invited by public advertisement.

(2) Where in the opinion of the Minister and the Provincial Minister any part of the construction of the Highway is so small an undertaking that it would be unsuitable to award a contract therefor pursuant to public advertisement and tender, the Province may, with the prior consent in writing of the Minister, award a contract for that part of the construction pursuant to tenders invited from not fewer than two persons designated by the Minister and the Provincial Minister.

(3) Where the Minister, on the certificate of the Director of Special Projects of Canada, and the Provincial Minister are of the opinion that it is, for reasons of economy or efficiency, expedient to undertake any item of work by day labour, the Province may, with the prior consent in writing of the Minister, undertake that work by day labour employed by the Province.

(4) Where a part of the Highway is to be constructed within a municipality the Province may arrange with the municipality, on terms previously approved in writing by the Minister, for the construction of that part of the Highway pursuant to a contract awarded by the municipality or by the Province, and the Province shall be responsible for the satisfactory completion of the work.

(5) In approving the terms of an arrangement between the Province and a municipality mentioned in subsection four, the Minister shall have regard to the previous practice of the Province with respect to contributions to that municipality by the Province for the construction of highways, and the Province will disclose to the Minister all existing or previous agreements and records relating to those contributions and will otherwise assist the Minister in determining the practice of the Province with respect thereto.

4. Notwithstanding anything in this Agreement, Canada shall not be liable to make any payment in respect of a contract mentioned in section three unless

(a) before tenders were invited the form of advertisement for tenders, the tender forms and the specifications, plan and profiles and the proposed terms of that contract were approved in writing by the Minister;

(b) that contract has been awarded pursuant to tenders invited in the manner provided in section three;

(c) at the time when that contract was entered into the contractor was a resident of Canada or if the Contractor is a corporation, it was for a period of at least one year immediately prior to that time, incorporated and carrying on business in Canada;

(d) the construction to be performed under that contract is to be paid for either at a lump sum price or unit prices or both;

(e) it is a term of that contract that the contractor and any sub-contractor of the contractor will, in respect of the construction to be carried out under that contract,

(i) employ only residents of Canada, and

(ii) in employing persons, refrain from discriminating against any person by reason of his race, religious views or political affiliations;

(f) entry into that contract was agreed to in writing by the Minister before it was entered into; and

(g) the Provincial Minister has certified and the Minister is satisfied that the work in respect of which the payment is to be made has been completed in accordance with that contract.

Program of Construction

5. (1) The Minister and the Provincial Minister shall forthwith determine the construction that is necessary to complete the highway along the route and in accordance with the general specifications in Schedules A and B.

(2) Unless it is otherwise agreed in writing between the Minister and the Provincial Minister in respect of a specified part of the Highway, the Province will complete the construction of those parts of the Highway that are not paved at the date of this Agreement before beginning to construct those parts of the Highway that are paved.

(3) No work shall be done that affects a portion of existing Highway that is to form part of the highway until the cost of prior construction in respect of that part of the highway has been determined.

Contribution by Canada

6. (1) Subject to this Agreement, Canada will pay to the Province

(a) one-half of the cost of new construction, and

(b) in respect of each designated highway, an amount, not exceeding one-half of the cost of prior construction of the designated highway, to be determined in accordance with subsection two.

(2) Subject to this section the amount payable by Canada in respect of a designated highway shall be determined as follows:—

(a) Where the designated highway conforms to the general specifications in

Schedule B and becomes part of the Highway without alteration or addition, the amount will be one-half of the cost of prior construction of the designated highway;

(b) where paragraph (a) does not apply, the amount will be determined in accordance with the following principles:—

(i) where surfacing, base course or fill is used as such in completing the Highway, the amount is one-half of the cost of prior construction of the surfacing, base course or fill, as the case may be;

(ii) where surfacing is used as base course or fill in completing the Highway, the amount is one-half of the amount that would have been the cost of prior construction of the surfacing if it had originally been used as base course or fill, as the case may be, in constructing the designated highway; and

(iii) where surfacing or base course is used as fill in completing the Highway, the amount is one-half the amount that would have been the cost of prior construction of the surfacing or base course if it had originally been used as fill in constructing the designated highway.

Cost of Construction

7. Subject to this Agreement, the cost of new construction in respect of which Canada will contribute shall be the amount determined as the aggregate of expenditures, in the following classes, incurred by the Province during the construction period:

(a) payments made pursuant to contracts for construction of the Highway entered into by the Province with contractors in accordance with this Agreement;

(b) payments in respect of construction materials purchased by the Province that are necessary for the construction of the Highway and are furnished to a contractor and used in constructing the Highway pursuant to the contract between the Province and the contractor, to the extent that the cost thereof to the Province does not exceed the aggregate of the current market price of those materials prevailing in the locality where and at the time when the Province acquired them and the actual cost to the Province of delivering these materials to the place at which they are used by the contractor for construction of the Highway;

(c) payments to a municipality, pursuant to an arrangement approved by the Minister in accordance with section three in respect of the construction of that part of the Highway that is within the municipality;

(d) payments in respect of wages and salaries of members of the engineering staff employed by the Province while they are engaged in field engineering operations in connection with the construction of the Highway and their necessary transportation and living expenses while so engaged if those expenses are paid in accordance with the established practice of the Province;

(e) where the Province undertakes work by day labour employed by the Province pursuant to subsection three of section three;

(i) payments in respect of the wages and workmen's compensation claims of the day labour forces engaged in that work,

(ii) payments in respect of the normal operating, maintenance and transportation expenses incurred by the Province for equipment owned by the Province that is used to perform that work including allowance for depreciation at generally approved rates if that equipment is brought to the work in good repair, or payments for the use of such equipment based on a schedule previously approved by the Minister and representing the over-all expenses incurred by the Province for normal operation, maintenance, and depreciation,

(iii) payments in respect of the rental of equipment not owned by the Province in accordance with terms and rates of rental that have been previously approved in writing by the Minister, and

(iv) payments in respect of materials, other than materials obtained from property owned by the Province prior to the date of this Agreement, and furnished by the Province and used in constructing the Highway;

(f) payments in respect of the rental of obstructions such as power, telephone and telegraph lines, buildings, trees, brush, debris and the like that is necessarily incidental to the construction of the Highway;

(g) payments in respect of the restoration and repair of real property destroyed or damaged in the course of constructing the Highway and in respect of the construction of walls and other works necessary for the protection of the Highway or adjacent property;

(h) payments in respect of the inspection and testing of materials used in the construction of the Highway if, in the opinion of the Minister, the inspection and tests were necessary and were not required in connection with any other use.

8. (1) Subject to this Agreement, the cost of construction of a designated highway shall be the amount determined as the aggregate of expenditures, in the following classes, incurred by the Province in the construction of the designated highway:

(a) payments pursuant to contracts for construction of the designated highway entered into by the Province with other persons;

(b) payments in respect of construction materials purchased by the Province that were necessary for and used in constructing the designated highway, to the extent that the cost thereof incurred by the Province did not exceed the aggregate of the current market price of these materials prevailing in the locality where and at the time when the Province acquired them and the actual cost to the Province of delivering those materials to the site of construction;

(c) payments to a municipality in respect of the construction of the designated highway within the municipality;

(d) payments in respect of wages and salaries of members of the engineering staff employed by the Province while they were engaged in field engineering operations in connection with the construction of the designated highway and their necessary transportation and living expenses while so engaged.

(e) where construction of the designated highway has been undertaken by employees of the Province,

(i) payments in respect of the wages and workmen's compensation claims of the day labour forces while they were engaged in the construction of the designated highway, and

(ii) payments in respect of the normal operating, maintenance, and transportation expenses incurred by the Province for equipment owned by the Province that is used to perform that work including allowance for depreciation at generally approved rates if that equipment is brought to the work in good repair; or payments for the use of such equipment based on a schedule previously approved by the Minister and representing the overall expenses incurred by the province for normal operation, maintenance, and depreciation.

(f) payments in respect of the removal of obstructions such as power, telephone and telegraph lines, buildings, trees, brush, debris and the like, that was necessarily incidental to the construction of the designated highway;

(g) payments in respect of the restoration and repair of real property destroyed or damaged in the course of constructing the designated highway, and in respect of the construction of walls or other works necessary for the protection of the designated highway or adjacent property; and

(h) payments in respect of the inspection and testing of materials used in the construction of the designated highway, if in the opinion of the Minister, the inspection and tests were necessary and were not required in conection with any other use.

(2) Notwithstanding anything in this section, where in the opinion of the Minister

(a) the accounts and other information furnished by the Province are insufficient for the purpose of determining the true expenditures by the Province in respect of a designated highway, or

(b) the expenditure by the Province in respect of the construction of a designated highway, by comparison with market costs prevailing when the construction was undertaken, are excessive,

the Minister and the Provincial Minister shall cause an appraisal to be made of the cost of the construction in question at the time when the construction was undertaken and that appraisal shall form the basis of the determination of the cost of construction of the designated highway.

(3) Notwithstanding anything in this section, the cost of prior construction of each component of a designated highway shall not exceed the amount that it would have cost the Province at the time substantial construction of that component was last undertaken, to construct it to the specifications to which it then conformed as though it had not previously existed, taking into account costs prevailing when the construction was undertaken corresponding to the classes of expenditures specified in subsection one.

9. Notwithstanding anything in this Agreement, the cost of new construction and of prior construction shall not include expenditures by the Province in respect of

(a) wages, salaries and expenses of officers or servants of the Province, except those specified in sections seven and eight;

(b) the acquisition of land or any interest in land in connection with the construction of the Highway including compensation or damages for the compulsory taking thereof or for injurious affection of other lands;

(c) fencing the Highway or installing gates in existing fences;

(d) a designated highway or a component thereof, that cannot be incorporated to advantage or in accordance with good engineering practice, in the Highway or does not reduce the cost of the construction that is necessary to bring the Highway into conformity with the general specifications in Schedule B;

(e) the amount of any payment made by the Province in respect of the construction of the Highway that, in the judgment of the Minister, exceeds the amount that was necessary, in respect of the matters for which the payment was made, for the purpose of constructing a two-lane highway in accordance with the general specifications in Schedule B;

(f) water works, sewers, electrical conduits and other public utilities installed for the province or a municipality;

(g) highway signs and highway marking devices; and

(h) any matter, to the extent that the Province is reimbursed from any source in respect of that matter.

10. The cost of new and prior construction shall be determined in accordance with the Trans-Canada Highway Act, Chapter 40, of the Statutes of Canada 1949.

Presentation and Payment of Provincial Claims

11. When the Minister and the Provincial Minister have determined the program of construction in accordance with section five they shall forthwith agree upon an estimate of the total cost of new construction and of the total cost of prior construction, and shall from time to time revise these estimates as may be necessary.

12. (1) The Province may, after the end of each calendar month, submit to the Minister a claim for a payment on account of the cost of new construction incurred by it before the end of that month for which no claim has previously been made by it.

(2) A claim by the Province shall be for one-half of the cost of the new construction in respect of which the claim is made and shall be accompanied by such statements of accounts certified by the Provincial Auditor, in such reasonable form as the Comptroller of the Treasury of Canada may from time to time require.

13. (1) Subject to this section, when the Minister receives a claim for a payment to the Province on account of the cost of new construction, Canada will make an interim payment to the Province equal to the amount of the claim.

(2) No payment will be made pursuant to this section in respect of any item of cost that is not specified in section seven and that is not properly supported by vouchers and other documents, and that has not been incurred in respect of work certified by a representative of the Minister as satisfactorily performed.

(3) From an amount payable to the Province pursuant to this section the Minister may cause to be held back until satisfactory completion of the part of the Highway to which the claim relates, an amount not exceeding ten per cent of the amount payable in respect of each item of cost for which a claim is made.

14. The Provincial Minister shall, as soon as may be after the program of construction has been determined in accordance with section five, submit to the Minister a statement of the cost of prior construction in respect of each designated highway for which the Province intends to claim a contribution by Canada, accompanied by statements of accounts and such other information in such reasonable form as the Comptroller of the Treasury of Canada may require.

15. (1) Where a part of the Highway has been completed and accepted by the Minister as conforming to the route and general specifications in Schedules A and B, the Province may submit a claim to the Minister in respect of a designated highway that has been incorporated in that part of the Highway and subject to this section, Canada will thereupon pay to the Province an amount in respect of the designated highway determined pursuant to section six.

(2) Where a payment is made pursuant to this section in respect of a designated highway, there shall be deducted from the amount that would otherwise be payable, the amount of any payment by Canada to the Province subsequent to the thirty-first day of March, 1928, and prior to the date of this Agreement, in respect of that designated highway.

(3) The total amount paid by Canada to the Province in respect of the cost of prior

construction shall not, at any time, exceed the amount that, at that time, is in the same ratio to the total cost of prior construction estimated in accordance with section eleven as the total of the payments made by Canada to the Province at that time in respect of the cost of new construction is to the total cost of new construction estimated in accordance with section eleven.

16. (1) When the Minister is satisfied that the Highway has been completed in accordance with this Agreement Canada will pay to the Province the balance of the amount payable in respect of the cost of new construction and of prior construction for which a claim has been made by the Province.

(2) If Canada pays to the Province an amount that exceeds the amount payable pursuant to this Agreement, the Province will refund the excess, and Canada may, in addition to any other recourse, recover any such amount from amounts payable by Canada to the Province on any account.

17. Notwithstanding anything in this Agreement, no claim for payment in respect of the cost of construction of the Highway may be made by the Province after one year has elapsed from the end of the construction period, or any extension thereof.

Records, Inspections and Disputes

18. (1) The Province will maintain full records of all expenditures relating to the cost of construction of the Highway incurred by it together with all proper documents and vouchers relating thereto and will make all or any of such records, documents or vouchers available to the Minister for examination and audit and will give the Minister all reasonable assistance with his examination and audit.

(2) The Province will keep intact for a period of five years from the end of the construction period all records, documents and vouchers specified in subsection one.

19. (1) The Minister may appoint representatives of Canada to report on all phases of construction of the Highway and they may make any inspections, enquiries and tests that they consider necessary to assist them in reporting on construction and determining the cost of construction of the Highway, and may discuss with the appropriate representatives of the Province any matter concerning the completion of the Highway in accordance with this Agreement.

(2) Where, in order to give effect to this Agreement, the Minister considers it necessary to inspect or appraise any lands or works, the Minister may cause such inspections and appraisals to be made as he deems advisable and the Province will afford the Minister and his representatives every facility for the purpose.

(3) The approval of the Minister of any engineering or construction matter involving expenditure of Federal funds under this Agreement shall be a condition precedent to such expenditure of Federal funds by Canada.

General

20. This Agreement shall not be construed so as to vest in Canada any proprietary interest in the Highway.

21. The maintenance of the Highway shall be the responsibility of the Province.

22. The Province shall indemnify and save harmless Canada against all claims of whatsoever nature arising from or out of or in connection with the construction of the Highway.

23. All expenditures by the Province in the construction of the Highway shall be made in legal tender or by cheque or other instrument drawn on a chartered bank.

24. Payments of contributions by Canada under this Agreement are hereby excepted from the operation of Section 5 of the Fair Wages and Hours of Labour Act, 1935, and it shall be the responsibility of the Province to see that all persons employed in the construction of the Highway are paid fair wages, and the hours of work to be observed shall be those from time to time determined by the Province but shall be generally those covering similar work undertaken by the Province in the district.

IN WITNESS WHEREOF the Honourable Robert H. Winters, Minister of Resources and Development, has hereunto set his hand on behalf of Canada, and
Minister of has hereunto set his hand on behalf of the Province.

SIGNED on behalf of Canada
by the Honourable Robert H. Winters,
Minister of Resources and
Development
IN THE PRESENCE OF

SIGNED on behalf of the Province
by
Minister of
IN THE PRESENCE OF

SCHEDULE "A"

(*See p. 414*)

ROUTE OF TRANS-CANADA HIGHWAY

NEWFOUNDLAND

The route along which the Province will provide a highway in accordance with this

Agreement shall be the route specified hereunder. Where location of a part of the route is not clearly described, the route shall follow the shortest practical distances successively between the places mentioned. The route may follow the shortest practical diversion around any place mentioned hereunder.

Commencing at the western boundary of the city of St. John's thence via Manuels, Upper Gullies, Holyrood; thence via the existing road crossing between Whitbourne and Blaketown; thence in the vicinity of Chapel Arm and the West Side of Broad Lake, Goobies, Deep Bight, Clarenville; thence in close proximity to Port Blandford, Gambo and Gander, Glenwood, Notre Dame Junction, Norris Arm, Bishop's Falls, Grand Falls, Badger, Wolf Cove, North end of Sandy Lake, Deer Lake, South Brook, Corner Brook, East Side of Lake George, Stephenville Crossing, Main Gut, South Branch, Tompkins to Port Aux Basques.

NOVA SCOTIA

The Trans-Canada Highway in Nova Scotia shall proceed generally from the New Brunswick—Nova Scotia border via Route 4 to the Strait of Canso, crossing the strait via the proposed causeway, and thence to the Newfoundland ferry terminal at North Sydney via a route to be determined as a result of further surveys.

The Trans-Canada Highway in Nova Scotia shall also include that portion of highway from the junction of the West River, Pictou, road at Route 4, to Pictou, and thence to the Prince Edward Island ferry terminal at Caribou.

(Sgd.) M. D. Rawding
"R.H.W."

PRINCE EDWARD ISLAND

The route along which the Province will provide a highway in accordance with this agreement shall be the route specified hereunder. Where the location of a part of the route is not clearly described, the route shall follow the shortest practical distances successively between the places mentioned. The route may follow the shortest practical diversion around any place mentioned hereunder.

Commencing at Wood Islands Ferry, the terminal of the Prince Edward Island—Nova Scotia Ferry; then through Millview to the east boundary of the city of Charlottetown; again from the north boundary of the city of Charlottetown through the villages of Cornwall, Bonshaw, Tryon, to the town of Borden, the Prince Edward Island terminal of the ferry system to Cape Tormentine, New Brunswick.

NEW BRUNSWICK

The route along which the Province will provide a highway in accordance with this agreement shall be the route specified hereunder. Where the location of a part of the route is not clearly described, the route shall follow the shortest practical distances successively between the places mentioned. The route may follow the shortest practical diversion around any place mentioned hereunder.

Commencing at the intersection of provincial highway number two with the Nova Scotia-New Brunswick boundary; thence in a westerly direction to the village of Aulac, thence in an easterly direction along provincial highway number sixteen, through the villages of Pointe de Bute, Baie Verte, Port Elgin, Melrose, and Bayfield, to the village of Cape Tormentine; again from the village of Aulac along provincial highway number two, through the towns of Sackville and Dorchester, and the villages of Upper Dorchester, College Bridge, Memramcook, Memramcook West, Fort Folly, and Fox Creek, to the eastern boundary of the city of Moncton; thence from the western boundary of the city of Moncton along provincial highway number two, through the villages of Salisbury, and Anagance, to the town of Sussex; thence westerly from the town of Sussex, approximately two miles to a junction of provincial highways numbers two and nine; thence along provincial highway number nine, through the villages of Coles Island, Young Cove, Jemseg, Sheffield, and Maugerville to the eastern boundary of the city of Fredericton; thence from the western boundary of the city of Fredericton through the villages of Kingsclear, Long Creek, Hawkshaw, Pokiok, Temple, and Meductic, through the town of Woodstock, thence approximately three miles to a junction of provincial highways numbers two and two B; thence along provincial highway number two B to a junction of provincial highways two B and two, approximately one mile south of Hartland; thence along provincial highway number two, through the town of Hartland through the villages of Peel, Stickney, East Florenceville, Bristol, Bath, Upper Kent, Kilburn, Perth, Andover, Aroostock, the town of Grand Falls, the town of St. Leonard, the villages of Green River, St. Basile, the town of Edmunston, the village of St. Jacques, thence to the intersection of provincial highway number two with the New Brunswick-Quebec boundary.

ONTARIO

The route along which the Province will provide a highway in accordance with this agreement shall be the route specified hereunder. Where the location of a part of the

route is not clearly described, the route shall follow the shortest practical distances successively between the places mentioned. The route may follow the shortest practical diversion around any place mentioned hereunder.

Commencing at the west boundary of Hawkesbury, Ontario, and following highway seventeen to a point one mile west of Green Creek; thence on a new location to the eastern boundary of the city of Ottawa; again from the west boundary of Ottawa, by a new location joining highway fifteen southwest of Graham Bay Station; thence along said highway fifteen through the town of Carleton Place, to the north boundary of the town of Perth; again from the west boundary of the town of Perth along highway seven to the eastern boundary of the city of Peterborough; again from the northern boundary of the city of Peterborough along highway seven to the south boundary of the town of Lindsay; again from the west boundary of the town of Lindsay to the termination of highway seven; thence northerly along highway twelve through the town of Orillia, to the village of Waubashene; thence northerly on a new location to the town of Parry Sound; thence following along highway sixty-nine to the village of Britt, thence along a new location to connect with highway sixty-nine at the village of Burwash; thence following highway sixty-nine to the south boundary of the city of Sudbury.

From Sudbury to Chapleau the route will either follow approximately the route of the Canadian Pacific Railway, or will follow an alternative route via Thessalon, Ontario, depending on surveys yet to be made.

From Chapleau the route will follow approximately the route of the Canadian Pacific Railway to Schrieber, thence westerly via highway seventeen through Nipigon, Port Arthur, Ignace, Dryden, and Kenora to the intersection of highway seventeen with the Ontario-Manitoba Boundary.

MANITOBA

The route along which the Province will provide a highway in accordance with this agreement shall be the route specified hereunder. Where the location of a part of the route is not clearly described, the route shall follow the shortest practical distances successively between the places mentioned. The route may follow the shortest practical diversion around any place mentioned hereunder.

Commencing at the intersection of provincial highway number one with the Ontario-Manitoba boundary; thence westerly south of the main line of the Canadian National Railway, to the east boundary of the city of St. Boniface; again from the west boundary of the city of Winnipeg westerly on highway number one to a point of diversion approximately four miles west of the village of Headingly; thence westerly to the city of Portage la Prairie by the said highway or by a divergence south of the Assiniboine River (to be determined by detailed field and soil surveys); thence through the city of Portage la Prairie on highway number one in the proximity of the villages of Bagot, MacGregor, Austin, Sidney, Melbourne, Carberry, Douglas, to the eastern boundary of the city of Brandon; again from the west boundary of the city of Brandon on highway number one in the proximity of the villages of Kemnay, Alexander, Griswold, Oak Lake, Virden, Hargrave, Elkhorn, Kirkella, to the intersection of highway number one with the Manitoba-Saskatchewan boundary.

SASKATCHEWAN

The route along which the Province will provide a highway in accordance with this agreement shall be the route specified hereunder. Where the location of a part of the route is not clearly described, the route shall follow the shortest practical distances successively between the places mentioned. The route may follow the shortest practical diversion around any place mentioned hereunder.

Commencing at the intersection of provincial highway nuber one, through the village Saskatchewan boundary; thence in a westerly direction along provincial highway number one through or near the towns of Fleming, Moosomin, Wapella, Whitewood, Percival, Broadview, Grenfell, Wolseley, Sintaluta, Indian Head, the village of McLean, and the town of Balgonie to the eastern boundary of the city of Regina; again from the western boundary of the city of Regina, along provincial highway number one, through the village of Belle Plaine, to the eastern boundary of the city of Moose Jaw; again from the western boundary of the city of Moose Jaw, along provincial highway number one, through the villages of Boharm, Caron, the town of Mortlach, the villages of Parkbeg, Secretan, Chaplin, the towns of Morse, Herbert and the village of Waldeck to the eastern boundary of the city of Swift Current; thence from the western boundary of the city of Swift Current along provincial highway number one through the villages of Beverley, Webb, Antelope, the town of Gull Lake, the villages of Carmichael, Tompkins, and Piapot; thence to the intersection of provincial highway number one with the Saskatchewan-Alberta boundary, one mile east of Walsh, Alberta.

ALBERTA

The route along which the Province will provide a highway in accordance with this

agreement shall be the route specified hereunder. Where the location of a part of the route is not clearly described, the route shall follow the shortest practical distances successively between the places mentioned. The route may follow the shortest practical diversion around any place mentioned hereunder.

Commencing at the intersection of provincial highway number one with the Saskatchewan-Alberta boundary; thence westerly along said highway number one approximately one-half mile through the town of Walsh; thence through the villages of Larmour, Irvine, and Dunmore, to the eastern boundary of the city of Medicine Hat; again from the western boundary of the city of Medicine Hat through the town of Redcliff, the villages of Suffield, Alderson, Kininvie, Tilley, Bantry, the town of Brooks; thence in a northwesterly direction on a new location through or near the village of Southesk to the town of Bassano; thence again along provincial highway number one, through the villages of Crowfoot, Cluny, Gleichen, and the town of Strathmore, to the eastern boundary of the city of Calgary; again from the western boundary of the city of Calgary through the villages of Cochrane, Radnor, Exshaw, and Canmore to the intersection of the provincial highway number one with the Alberta-National Park boundary at the Banff Park East Gate.

BRITISH COLUMBIA

The route along which the Province will provide a highway in accordance with this agreement shall be the route specified hereunder. Where the location of a part of the route is not clearly described, the route shall follow the shortest practical distances successively between the places mentioned. The route may follow the shortest practical diversion around any place mentioned hereunder.

Commencing at the intersection of provincial highway number one with the west boundary of Yoho National Park, approximately seventeen miles east of the town of Golden; thence westerly through the town of Golden; then folowing the Big Bend section of highway number one along the east side of the Columbia river to Canoe Flats at the northern arc of the Big Bend; thence southerly along the east side of the Columbia river through the city of Revelstoke; thence west along highway number one through the villages of Malakva, Sicamous, the cities of Salmon Arm, Kamloops, the villages of Savona, Cache Creek, Spences Bridge, Lytton, Boston Bar, Yale, Hope, the towns of Chilliwack, Abbotsford, Langley, to the east boundary of the city of New Westminster; again from the west boundary of the city of New Westminster approximately five miles north-westerly to the eastern boundary of the city of Vancouver; again commencing in the city of Nanaimo at the intersection of Ravine Street and Nicol Avenue on provincial highway number one; thence southerly along provincial highway number one through the city of Ladysmith, the city of Duncan to the northerly boundary of the city of Victoria, the western terminus of the Trans-Canada Highway.

SCHEDULE "B"

(*See p. 414*)

GENERAL SPECIFICATIONS OF THE HIGHWAY

1. Right of Way

The minimum width of the right of way shall be one hundred (100) feet. Where the highway runs through densely populated areas thus involving heavy expenditures, a minimum initial width of sixty-six (66) feet will be acceptable.

2. Pavement

(a) The width of pavement shall be a maximum of twenty-four (24) feet and a minimum of twenty-two (22) feet.

(b) The pavement shall be a Bituminous-Mineral type generally described as a Bituminous Hot Plant-Mix with graded aggregate.

(c) The compacted thickness of the bituminous-mineral pavement shall be three (3) inches.

(d) Where it is desirable to lay concrete pavement, the thickness and type customarily used by the provinces will be acceptable.

3. Shoulders

The width of the shoulders on each side of the pavement shall be ten (10) feet, where it is economically possible to construct to this width. Lesser widths will be acceptable to a minimum of five (5) feet where terrain and/or economy makes this necessary.

4. Obstructions

The minimum distance between the edge of the pavement and any obstruction on the shoulders shall be one (1) foot less than the width of the shoulders.

5. Stone Base Course, Sub Base, Elevation of Water Table Level

The construction of the stone base course, the sub base and the drainage system controlling the elevation of the water table level shall be constructed in such a manner that combined, they will produce a roadway having a load bearing capacity for a repeating 18,000 pound axle load.

6. CURVATURE

The curvature of the centre line of pavement shall not exceed six (6) degrees, except where terrain does not permit this with reasonable economy. Where possible, it is considered desirable to reduce the maximum curvature to three (3) degrees.

7. GRADIENT

The maximum gradient on the highway shall not exceed six (6) per cent, except in cases where this is not economically feasible, where seven (7) or eight (8) per cent will be acceptable for short distances.

8. SIGHT DISTANCES

Where terrain permits, the minimum horizontal sight distance, and the minimum vertical sight distance, shall be six hundred (600) feet. This means that a driver of a vehicle will be able to see an object six inches high on the pavement ahead of him at a distance of 600 feet, when his eyes are four (4) feet six (6) inches above the pavement.

9. BRIDGES

(a) Loading H20-S16.

(b) Overhead clearances, for full width between curbs, 14 feet 6 inches.

(c) For length of bridge of 30 feet or less, the roadway between curbs shall be the aggregate width of pavement and shoulders.

(d) For length of bridge over 30 feet and up to 100 feet, the minimum roadway between curbs shall be 27 feet and the minimum width of curbs on each side shall be 18 inches, or the deck design shall provide equivalent clearance.

(e) For length of bridge over 100 feet, the minimum width between curbs shall be 24 feet, and the minimum width of curbs on each side shall be 18 inches, or the deck design shall provide equivalent clearance.

67513—28½

THE SENATE

Thursday, April 26, 1956

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

Prayers.

Routine proceedings.

TRANS-CANADA HIGHWAY BILL

REPORT OF COMMITTEE

Hon. W. D. Euler, Acting Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill 214.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications to whom was referred the Bill (214) from the House of Commons intituled: "An Act to amend the Trans-Canada Highway Act", have in obedience to the order of reference of April 25, 1956, examined the said bill and now beg leave to report the same without any amendment.

The report was adopted.

THIRD READING

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

Hon. Mr. Euler: With consent of the house, I move the third reading now.

Hon. Mr. Barbour: Honourable senators, I was unable to attend this morning the committee meeting at which this bill was considered, as I was busy on another committee, so I wish to ask the honourable Leader of the Government (Hon. Mr. Macdonald) a question. In Prince Edward Island there remains to be completed a ten-mile stretch of the Trans-Canada Highway, including a bridge, which will cost in the vicinity of $2 million to $3 million. Will the cost of this bridge be included under the bill before us?

Hon. Mr. Macdonald: The honourable senator from Prince (Hon. Mr. Barbour) was good enough to give me notice of this question. I have just received certain information from the Department of Public Works with respect to the Hillsboro bridge, to which he refers. Prior to any consideration of the suggestion that the federal Government should bear 90 per cent of the cost, the Province of Prince Edward Island and the federal Government made an agreement whereby the latter would pay two-thirds of the cost of the bridge. Since then there have been certain negotiations looking to the suggested increase to 90 per cent, but up to the present time no change has been made.

Hon. Mr. Barbour: The agreement for payment of two-thirds of the cost was not in effect in 1949, when the first agreement was signed. Was this agreement made at a later date?

Hon. Mr. Macdonald: The agreement for the two-thirds payment by the federal Government was entered into some time subsequent to 1949 but prior to consideration of the 90 per cent payment.

Hon. Mr. Reid: Like the honourable senator from Prince (Hon. Mr. Barbour) I was unable to attend the committee meeting dealing with this bill, having had to attend another committee meeting. May I ask the honourable leader if the total payment of 90 per cent will apply to all work from now on?

Hon. Mr. Macdonald: No. It will apply to not more than 10 per cent of the roadway in any province.

Hon. Mr. Reid: Ten per cent of the unfinished road?

Hon. Mr. Macdonald: No. The bill provides for an increased contribution to the provinces for highway construction, the higher payments being limited to 10 per cent of the provincial mileage. The 90 per cent will apply only to those sections on which no construction has taken place or where construction is difficult and might not be completed on account of the cost.

Hon. Mr. Hackett: Could the honourable leader tell us if the suggested payment of 90 per cent will supersede the agreement made with the provinces on the two-thirds basis?

Hon. Mr. Macdonald: No. I take it the agreement for 66⅔ per cent would prevail where agreement was entered into prior to the suggested 90 per cent. The honourable senator from Prince raised that question. Prince Edward Island made an agreement with the federal Government some time ago whereby the latter would pay two-thirds of the cost of the Hillsboro bridge. That agreement is still in effect. However, negotiations are going on between the provincial and federal Governments as to whether there can be some change.

Hon. Jean-François Pouliot: Honourable senators, I wish to make a few remarks with reference to some things that were said in this debate yesterday afternoon. In Quebec, in my former constituency of Temiscouata, from Rivière du Loup to the boundary of New Brunswick, through Notre Dame du Lac, Cabano and other places, the highway is narrower than the standard width established

for the Trans-Canada Highway. At Notre Dame du Lac part of the highway, though narrow and winding, is beautiful. Any honourable senators who have travelled from Montreal to Quebec City along the north shore of the St. Lawrence will have noticed that in many of the municipalities in the County of Portneuf, and near Three Rivers and other places, the highway is very, very narrow. The cost of expropriating the houses and other buildings which are close to the highway would be enormous, and it occurs to me that perhaps this is one reason why the federal proposals for construction of the Trans-Canada Highway were not acceptable to the Province of Quebec.

However, I invite my colleagues to visit eastern Quebec, where they will find very good roads, narrow in some places, but mostly wide enough. In the County of Temiscouata particularly the highway is standard in most places, and my honourable friends would enjoy their trip very much.

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

PRIVATE BILL

CANADIAN PROVINCIAL INSURANCE COMPANY—REPORT OF COMMITTEE

Hon. Paul H. Bouffard, for Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill R-6.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (R-6) intituled: "An Act to incorporate The Canadian Provincial Insurance Company", have in obedience to the order of reference of April 18, 1956, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

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

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

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 248 to 253, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

PRIVATE BILLS

CONSTRUCTION OF BRIDGE OVER ST. LAWRENCE RIVER NEAR TROIS-RIVIÈRES—FIRST READING

Hon. J. M. Dessureault presented Bill Z-9, an Act respecting the construction of a bridge over the St. Lawrence river near the city of Trois-Rivières.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Dessureault: Wednesday next.

TRANS-PRAIRIE PIPELINES OF CANADA, LTD.—FIRST READING

Hon. T. A. Crerar presented Bill A-10, an Act respecting Trans-Prairie Pipelines of Canada, Ltd.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Crerar: Wednesday next.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate I move that when this house rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

The motion was agreed to.

INQUIRIES

On the Orders of the Day:

Hon. Mr. Pouliot: Honourable senators, with reference to inquiries I have made, may I ask the honourable Leader of the Government if it will be possible for him to give information next week as to whether the pictures and paintings in this chamber will be removed, and if so what will replace them? Further, what will be done with respect to the unfinished condition of this chamber when the pictures are removed? I understand the walls behind the pictures are just canvas. Also, when will the paint on the inside of the windows of the chamber be cleaned off, and when will the artificial lighting be improved?

I should like also to ask whether the Post Office Department will supply the Senate with a postmark which will be as good as the one which the honourable leader purchased for the House of Commons when he was Speaker of that house, and if the imprint of the postmark will be in red, the Senate colour.

And when will the worn-out red carpet on the floor of this chamber be replaced?

Finally, if I am permitted under the rules I will ask permission to amend Inquiry No. 2 on the Order Paper by adding a third question, as follows:

What pictures have been loaned by the National Gallery of Canada to institutions other than various departments of the Government?

Hon. Mr. Macdonald: Honourable senators, the question of whether these pictures should be taken down and replaced by other pictures or by murals or other objects of art, is a question which would first have to be considered by the Standing Committee on Internal Economy. That answer applies also to the honourable senator's question regarding the green and pink colour on the upper windows, and as to the rug and the Post Office stamp. I can assure him I will see that these subjects are brought to the attention of the committee at its next meeting. As he knows, they will receive very careful consideration there.

The honourable senator referred to the lighting of the chamber. I believe I mentioned once before that the honourable senator from Stadacona (Hon. Mr. Dessureault) has already spent considerable time on that question, and is at present in consultation with an official of the Department of Public Works. The matter having been referred to the honourable senator from Stadacona, it is in very capable hands, and I am sure we will receive a report soon.

Hon. Mr. Pouliot: I thank the honourable leader warmly and I much appreciate what he has said. Unfortunately, I forgot to mention the very bad acoustics of this chamber.

Hon. Mr. Macdonald: That is also a question that has been referred to the honourable senator from Stadacona.

Hon. Mr. Pouliot: Thank you.

TRADE AGREEMENT WITH RUSSIA

APPROVAL OF RATIFICATION

The Senate resumed from Thursday, April 19, the adjourned debate on the motion of Hon. Mr. Macdonald:

Resolved, that it is expedient that the houses of Parliament approve the ratification by Canada of the agreement on trade between Canada and the Union of Soviet Socialist Republics, signed at Ottawa on February 29, 1956, and that this house do approve the same.

Hon. John T. Haig: Honourable senators, I do not intend to delay the house this afternoon by a lengthy discussion of this subject. I made a similar remark yesterday with regard to the Trans-Canada Highway Bill and we got into a whole afternoon's debate. I hope that will not happen today.

I have had read to me the agreement made between the Government of Canada and the Soviet Government published in *Hansard* of February 29 last, together with the letters exchanged between our Secretary of State for External Affairs and the First Deputy Minister for Foreign Trade of the Union of Soviet Socialist Republics in Ottawa, which set out the whole matter of the agreement.

I wish to say only a word or two about it at the moment.

The important thing, of course, to a person like myself who comes from western Canada is the provision in the agreement whereby the Russian Government will buy a certain quantity of wheat from Canada. The provision is not quite as clear as I would like to see it. In the second and third years of its operation the agreement will be partly conditional on the volume of our purchases of Russian goods. That is something we should not forget.

However, I want first to congratulate the Government upon any trade agreement with the Soviets. I am persuaded that the agreement will not have the great results that we Canadians would like to see, because I think Russia's products, certainly its natural products, are much the same as our own, and that therefore it will be difficult to build up a large trade between the two nations. Be that as it may, I for one am going to support the agreement. I think it is a step in the right direction, and I hope that before I finish my remarks this afternoon I shall have convinced any doubting member of this house that that is so.

In the first place, I am pleased that we have got to the stage of making at least an agreement with the Soviet Government. But more particularly I support the agreement because I believe, and strongly, that the best way to reach Russia or the people of the Communist nations is by trade.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: We probably could reach them with guns or war planes, though I hope we are never driven to that, and I think we should use all avenues of negotiation to prevent that from happening at any time.

Honourable senators, I think this is the first time since I entered this house that I have been able to see a dim ray of light penetrating the Iron Curtain behind which the Russian nation and its satellites live. I sincerely

hope that this agreement will prove a successful effort by a western nation to make at least an approach toward better relations with Russia.

Trips that I have made to various parts of my own country, to the United States and to Europe have taught me that there is much to be gained by visiting your friends. May I be permitted to make a personal reference?

I visited New Brunswick this past winter for the first time. True, I had once before passed through Saint John, but on this occasion I had a comparatively long visit in Moncton. I saw the people of that city at play, at church services, at business and other places, and I tell you I felt very proud that New Brunswick was a part of Canada and I was a Canadian. Personal visits are equally helpful in international affairs. It is probable that this trade agreement will provide an opportunity for Canadian business people to go to Russia and meet the Russian people. Likewise, it may result in business people of Russia coming to Canada and seeing how we do business. Such visits would be all to the good. I doubt if the visits of a group of farmers or professors of one country to the other mean very much, but I do believe that visits by representative groups of our business people would produce excellent results.

We of the western nations have a Christian civilization. We speak of it as that. I am not now trying to say that we are all that we should be. The communists can pick out many faults in our civilization. They can point to dishonest men and women among our people, some of whom are not a credit to our country. But by and large the people of Canada and of the western world believe that the Christian nations, by reason of their belief in the teachings of Christ, have something that no other nations have to offer to the world. Make no mistake, the Christian story must be "got over" to Russia if we are to make any impression on its people. I may be asked, "How can Christianity be preached through trade channels?" At least, now we are able to get to Russia, and its people will see how a Christian nation does business. I do not doubt that some Canadian businessmen will make mistakes; some may even engage in shifty transactions; but if Russians meet Canadian businessmen in Russia or over here they will discover not a few high-class people, proud to be Canadians, proud to be Christians. It is through men and women of our faith, exhibiting that type of character, that Russians may be influenced. I do not pretend that the fate of the world hangs on what we can do, but I am persuaded, and very deeply persuaded, that along these lines the most effective contacts will be made. Indeed, I know of no other way by which we shall reach mutual understanding. The Russians do not seem to know that the practice of Christian doctrines gives men and women something they can get from no other source.

I cannot forget the kind of life to which the peoples of Poland and the Ukraine are subject, behind the Iron Curtain. Manitoba contains a large population whose origins are either Polish or Ukrainian. We in that province are very proud of the young men and women, born in our country of Ukrainian parentage, who, having gone to our schools and universities, are taking part in public life. For the most part they are imbued with the same spirit of fair play and the same love of humanity as are Canadians of other stocks, and they cannot forget that forty million people of their own blood and lineage are still suffering under the yoke of the Soviet regime. Some say that that system is breaking down. I do not know; but I am convinced that by means of trade we can get an entrance to the Ukraine which is impossible in any other way. True, this is a development beyond the scope of the agreement before us, but it may come about before very long.

What I have said of the Ukrainians applies also to the Poles and Czechoslovaks. Many Czechs and Slovaks live in our province; I know quite a number of them, and there are no nicer or better people. But if I ask them about life in the old land, they say: "Mr. Haig, we don't want to speak of it. It is so awful that words fail to describe what our people over there are suffering. We wish they had the freedom we have in Canada."

In this treaty I see, for the first time in eleven years—since the end of World War II —some hope of making an impression on the Soviet nations. I attended the first meeting of the United Nations Assembly in 1946, at New York, and came away disappointed with the organization; but after thinking further about it I realized that what troubled me was not the Assembly itself but the attitude of the Russian representatives there. I think they offended through ignorance. They have not seen our side of life; they do not know what we can do. The history of the past two months shows us how Soviet officialdom behaves abroad: first when a former premier, Mr. Malenkov, visited Britain, and now during the visit there of Premier Bulganin and party secretary Krushchev. There is no doubt that the first visitor showed up in a much better light than the others, who are the kind of fellows I met at the United Nations gathering in 1946—the ones who made me very downhearted over the situation at that time.

We in Canada have a tremendous task. I am reluctant to repeat what has been said a dozen times before; but it is true that today Canada has a unique place in the world. We should not take undue credit to ourselves on that account. We are a nation of only 15 or 16 millions, living beside a nation of over 160 millions; but we are also a part of the British Commonwealth of Nations, whose members are scattered all over the world. Even India, when she became a republic, decided to retain her membership in the commonwealth; and other countries are making the same decision. There must be something in our position which inspires others with confidence.

I have mentioned this incident before, but I will tell it again. In 1946 the U.N. had its headquarters out in the green meadows, not in the big building it occupies now. A young delegate from Iran had lunch with me in a nearby cafeteria. When he learned that I was a Canadian he asked me if we could have a talk. There was ample time during the two-hour lunch interval, and I said, "Yes." Then he asked, "What do you think of the United States?" "Well," I replied, "What do I think of my brother, of my neighbour, of the man who lives in the province west of mine? I think they are all good Canadians. And as far as the Americans are concerned, we Canadians regard them in the same way. Sometimes they do things we do not like; sometimes we object to some act or policy of theirs; but by and large we feel they are the same sort of people as we are, and that is true also of the peoples of Great Britain and the British Commonwealth of Nations generally." My point is that this young man from Iran did not direct his inquiries to Americans or to Britishers. Why did he pick out a Canadian? He did not know me. He had never seen me before; the only way he could identify me was by the badge I wore. We had never met, for we were not on the same committees; I was serving on the legal committee, and he was with the foreign affairs group. But he felt that if he could meet a Canadian alone he would get a fairly honest opinion as to what Canada, a relatively small nation, thinks of the American people and how the two countries react to each other.

Now that is the kind of thing we hope for in relation to Russia; and perhaps it is why Russia approached us, ahead of any other nation outside her union, to make an agreement. So ours is an opportunity which no nation in modern times has had before, and if we make a serious mistake probably few nations will have a similar opportunity. I trust that our Government and our officials will appreciate the terrific responsibility which rests upon them to make a success of the agreement, not primarily in terms of money returns, but by having the Russian people feel that they are dealing with men and women who are honest and want to make a fair deal under equitable conditions. One only has to read the agreement itself and the letters which follow it—two of them written by the Minister of External Affairs and two by the Russian representatives—to understand how very clear Mr. Pearson has made the meaning of the agreement. He took no chance as to a misinterpretation of the legal term in the document, for he incorporated a letter explaining exactly what he understood the legal terms to mean. That is all to the good.

Honourable senators, I hope this agreement will establish a new basis which will enable the ordinary people of our two countries to meet and judge each other for themselves. The Russians will be able to see just what kind of people we are; they will be able to judge whether Christianity really means anything to us. If we maintain our relatively high standard of living we will be able to convince the Russian people that our system of government is superior to theirs; that it allows freedom and liberty of conscience to individuals of all classes, from the highest to the lowest.

Honourable senators, for the reasons stated I have much pleasure in supporting this agreement.

Hon. Senators: Hear, hear.

Hon. W. D. Euler: Honourable senators, I am particularly pleased to hear the Leader of the Opposition (Hon. Mr. Haig) support this agreement. His reasons are almost the same as my own. First of all, I believe it to be in the best interests of our country to trade as much as possible with as many nations as possible.

I am especially pleased that an agreement has been made with Russia, for it will help to relieve the tensions under which the world, and Canada in particular, has been labouring. I hope it will create an atmosphere leading to relations with Russia that will be beneficial to everyone, and remove to some extent at least the fears and uncertainties that have been bedevilling the world.

A slogan used in a general election in this country quite a number of years ago was "No truck or trade with the Yankees". I do not believe we should have in our minds the thought "No truck or trade with the Russians". It is my opinion that the commonsense thinking of the Canadian people is getting us gradually away from that sort of sentiment.

I do not expect any startling results from this agreement from the point of view of trade. However, trade is always important to us, for our prosperity is largely dependent upon our exports.

If I may make a personal reference here I might mention that I visited Russia in 1936, just twenty years ago, when I was connected with the Department of Trade and Commerce. The purpose of my visit was to make some sort of trade agreement. An agreement was effected but it had no great degree of significance. As the honourable leader opposite has suggested, there is not much Canada can sell to Russia or purchase from her, because the two countries produce the same kind of commodities. My relations were largely with two officials, the Commissar for Foreign Trade, Mr. Rosengoltz, and Mr. Kristinsky, the Deputy of the then Foreign Minister, Mr. Litvinoff.

My visit to Mr. Kristinsky was satisfactory to a degree, although I was not received with warm enthusiasm. He claimed that we had been responsible for cutting off all trade relations with Russia, and he said "Now you are coming here trying to make a trade arrangement with us." As no politics are involved in this I will be pardoned, I am sure, for repeating what I said to him. I replied, "Those relations were cut off when we were under another government, but we are now coming to you as representatives of the present Government of Canada." Mr. Kristinsky then said, "Yes, but you waited nearly a year before coming to see us." He was not particularly friendly, but anyway my dealings were principally with Mr. Rosengoltz.

The agreement we then made had to do mostly with the importation of anthracite coal from Russia. We were in need of the coal at the time and we agreed that Russia could export to us something like 200,000 tons. Not much came of this agreement, because of World War II. In passing, I might add that Mr. Rosengoltz and Mr. Kristinsky were among twenty persons who in 1938, just two years after my visit, were lined up and shot during a purge in Russia. On the cessation of war Russia and Canada embarked almost immediately on a cold war and have had practically no business relations since.

I am glad that we are entering upon an agreement to sell Russia some of our wheat. I do not think it will be anything but a temporary arrangement, for I cannot imagine the Russians buying our wheat in perpetuity. They have wheat-growing lands in the Far East, and perhaps in the not too distant future they will be able to supply all their own needs. But we have broken the ice and that is a good thing.

What I like about this treaty is that it opens the door to good relations with a country with which we must live. In a speech in the Senate last year I said that there were just three courses that we could choose from. I think that not everyone agreed with me at the time. The first course was to continue the cold war, spend our money, our treasure, and remain under all sorts of restraints, fears and uncertainties. We can still do that. The second course open to us was to engage in a real shooting war which, if the hydrogen bomb is all it is claimed to be, would be universal suicide. To my mind that is unthinkable, and I do not believe we shall have another war. I might say, however, that when the First World War threatened I did not believe it would come. I thought that the peoples of the earth would not be foolish enough to make war, but they were. After that I felt they had had their lesson and there would be no Second World War, but we had it nevertheless. Now I do not believe we shall have a Third World War, but I might be wrong again.

Hon. Mr. Macdonald: I hope not.

Hon. Mr. Euler: Surely the western nations and Russia and her satellites must realize that with the modern instruments of hydrogen and atomic warfare no one could win a war, that war now would destroy civilization as we know it.

I have no sympathy with the philosophy or policy of carrying a country to the brink of war and then avoiding it. The boast of such a policy reminded me of a story I heard in my boyhood, before there were any automobiles. A gentleman desirous of hiring a coachman interviewed three applicants, to each of whom in turn he put the question: "How near can you drive to a precipice in safety?" The first man replied he could drive to within three feet of it; the second one said he could drive to within one foot; but the third one declared he would stay as far as possible away from it. He got the job.

The third course that I said last year was open to us was to continue the cold war, with the risk of its developing into an actual war, or else to get along as well as possible with the communist countries. I think the latter is the only course that can be followed. Some people do not like the word "co-existence", but we must co-exist. We could not wipe out the Russian countries completely, even if we were to try. Surely, then, even if some people feel we cannot trust them entirely, the best thing we can do—and this trade agreement is the entering wedge—is to get along with them in a spirit of good will and as much

confidence as possible, rather than to be constantly designating them as liars and proclaiming that we cannot trust them, and all that sort of thing. There may be some truth in the belief that we cannot trust them, but an old saying admonishes us, "Always tell the truth, but do not always be telling it."

During the course of my previously mentioned speech of last session I stated that two events would have a tremendous influence upon the course of civilization and the progress of world affairs. The first was the invention of the hydrogen bomb, which it seemed to me would make war absolutely impossible. The other was the death of Stalin, and as to this I think I was somewhat prophetic. Most of the tragedies and difficulties that hindered world progress—the creation of the Iron Curtain, and so on—occurred when Mr. Stalin was in control. Since his death there has been, at least apparently, an entire reversal of policy on the part of the Russians. This was first exemplified at the Geneva meeting, where at first a very good impression was created but later a coolness developed because of remarks made by the Soviet leaders. That conference was followed up by visits to Russia of Canadians, including Mr. Pearson, and also Mr. Duncan, a prominent business man. That was all to the good. And now, during the last few days, two Soviet leaders have been in Britain. Their visit, which is just drawing to its end, does not seem to have been so successful as that of Mr. Malenkov was a little earlier, but I hope some good may come out of it and that there may be no friction to make the situation worse instead of better. Since the reversal of Stalin's policy the attempts of these leaders to come to improved relations with the west appear to be sincere. I am bold enough to say that we cannot afford to ignore those attempts and should go at least half way to meet them. "Keep your powder dry," if you like, but let us use every opportunity of trying to remove the friction that has existed between the peoples living on either side of the Iron Curtain.

I support this agreement, mainly, because I hope that out of it may come a succession of visits and treaties, a renewal of good relations, and perhaps even friendly relations later on. Our enemy of today may be our friend tomorrow. Only a few years ago when Germany was at war with us the hatred engendered toward that country and its people seemed permanent and unchangeable. Yet, as I more or less predicted, we have again become friends of Germany and now welcome her assistance.

Honourable senators, we do not know what may happen nowadays, for changes are inevitable. Anything we can do, either through trade or in some other way, to replace international friction by good will, to remove the threat of war and restore to our people a sense of security, will certainly be in the best interest of Canada and the whole world.

Hon. Senators: Hear, hear.

Hon. T. A. Crerar: Honourable senators, it is a pleasure to say that I find myself in almost complete agreement with my colleague and deskmate (Hon. Mr. Euler), because from past experience I have found that when I am in disagreement with him I am usually wrong.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Crerar: "Honest confession is good for the soul"—and so I make mine. I am equally in agreement with the Leader of the Opposition (Hon. Mr. Haig). There are two reasons why it appears to me that we should have no hesitation in ratifying this agreement. About a hundred years ago there was a school of political thought in Britain which advocated that the way to promote peace and harmony in the world was to remove trade restrictions and let the individuals of various nations trade as freely as possible with one another. That philosophy has always appealed to me as very sound, because through trade people get to know one another. Ignorance is the basis of a great deal of misunderstanding in the world. Although I am not optimistic that this agreement will produce any great increase in the volume of our trade, nevertheless, I do think it is a move in the right direction.

The second reason that I wish to advance is that great changes are undoubtedly taking place in Russia. For 25 years Russia was under the iron rule of a despot. There can be no doubt that Stalin was one of the very able leaders of his time, but his methods were utterly and absolutely ruthless. In opposition to what were the real professed tenets of communism, Stalin slowly gathered into his own hands complete power of administration in his great country, and he exercised it ruthlessly. Fear was the dominating emotion in Russia during his time, and it increased with the passing of the years. It was fear of the police and fear of liquidation that led to the nauseating wholesale adulation of Stalin in every corner of Russia and in every department of its activities. He was represented as all powerful and all wise in the fields of literature, education, science, history, philosophy and the practical arts. Everyone was paying him tribute. Even the gentlemen who today are the custodians of the secrets of the Kremlin were among those who praised him most highly.

Now, after Stalin's death there was a popular revulsion against all this sort of thing, and

without any question there are great upheavals and seethings going on in Russia today. In the long run it could not be otherwise. I am enough of a liberal to believe that it is impossible over a protracted period of time to circumscribe and tie down the human spirit. Sooner or later there was bound to be a revulsion against the tyranny that rested upon that immense country. After Stalin died there was a temporary struggle for power, but as communism in its philosophy never rested upon a personal dictatorship, we see in its place today a collective cabinet. Russia is indeed in a stage of transition.

Moreover, I should like to draw to your attention the spread of education taking place in that country. All the observers who have visited there in recent years report that there has been a tremendous stimulation of interest in education. Books—perhaps not in the sense that we have them—are widely read in Russia today; doctors, nurses, engineers and people in other branches of learning are being trained. To me that situation seems obvious, for you cannot open the windows of the mind through the process of education without stimulating in the individual new ideas and new thoughts. Sooner or later they had to come in Russia, and they are coming now. So we see the present rulers of Russia paying more attention than has ever been paid before to the recent Congress of Soviets that was held in Moscow a few months ago. This leavening is going to spread, no question about it.

When the Russian farm delegation visited the United States and Canada, almost a year ago, they experienced a revelation. For the first time they appeared in these countries and mixed with ordinary people; they saw what ordinary people on the farms were doing. No one can tell me that they did not go back to their homeland without some new ideas. That is what comes from this type of intercourse among people who meet each other and travel to each other's countries. One of the reasons why I support this agreement is that it will tend to promote that very thing.

Honourable senators, I think we need have no hesitation in unanimously supporting the agreement.

I have just one more thought to add. The agreement itself does not provide for the sale of the wheat that has been so much discussed in recent months. In an exchange of notes between the Russian and the Canadian Governments it is provided that over a period of three years Canada will sell from 1,200,000 to 1,500,000 metric tons, which is roughly 40 million to 50 million bushels, or something of the order of 13 million to 15 million bushels a year. That is a good thing. But, for the reason which I shall give now, I am not deceiving myself that this necessarily means a new outlet for this volume of Canadian wheat.

The only all-year ocean port in Russia, except the Black Sea ports, is Vladivostok, on the Pacific Ocean. The distance from Vancouver, an all-year port, to Vladivostok is about 4,300 miles; from Moscow to Vladivostok, all rail, is about 4,600 miles. It is a well-known fact that the great wheat- producing area of Russia is west of the Volga River—in other words, west of Moscow. Therefore, to transport wheat from Russia's wheat-producing area to Siberia and Vladivostok means at least two to three times the cost of transporting it from Vancouver to Vladivostok. On the other hand, the Black Sea ports of Russia, which are adjacent to her great wheat-producing plains, are open the year round, and navigation from, say, Odessa, on the Black Sea, to such places in western Europe as Liverpool and Rotterdam, is an all-year proposition.

So, if Russia has good harvests, we will be sending western Canadian wheat to Vladivostok in the Far East, and Russia will sell some of its wheat from the Black Sea area to the markets of western Europe. That is not a bad thing. Indeed, there is nothing new about it; it was happening even before the First World War. But again, it is a good thing to have this type of intercourse. I for one have always had confidence in the common sense of the average man, once he understands the situation; and I am enough of a liberal and have sufficient belief in the philosophy of liberalism to know that you cannot give people education and keep their spirits for ever cribbed, cabined and confined.

Honourable senators, this agreement that we are ratifying today is a step in the direction of promoting friendly intercourse with a great country. I feel convinced that as we promote that friendly interest, as we trade with each other, as we get to know each other, the tensions of the cold war are bound somewhat to relax.

Hon. Senators: Hear, hear.

Hon. Arthur W. Roebuck: Honourable senators, I would like to make one or two comments. The first is to say that I could not be better pleased than I am with the very broad liberalism of the three speeches which have just preceded mine. I will not be able to contribute much more in that direction than has already been said, but it does strike me that we in Canada have four great neighbours and we must recognize that they are neighbours because the facts of geography make them so. One is Russia, which is across the Pacific Ocean, the

one to the west is China, another is the United States, and the fourth is Great Britain.

Now in the question before us the argument is not whether trade brings about friendly relations, good feeling and knowledge; that must be admitted by everyone who knows anything about the subject. The question is, do we wish to be friendly with Russia, one of our greatest neighbours. In my opinion we certainly should be friendly.

There are a number of reasons why the people of the western nations have been afraid of the people behind the Iron Curtain. One is the possibility of war. Another is that a good many of those who are wedded to our particular type of civilization fear that our people may learn something from the Russians which would not be to their class interest.

The contest between the western people and those of Russia has not, in my humble judgment, been properly described as a contest between socialism on the one hand and capitalism on the other hand. The real contest is between the non-landlord conditions in Russia and its imperialism, on the one hand, and the landlordism of the west, on the other hand. That is the real contest.

There are those who so like our present conditions, from which they benefit personally, that they are afraid lest our people learn something from one of the greatest experiments in the history of the world; that is the revolution which took place in Russia, an element of which was abolition of the owners of the land who simply charge rents to tenants. Now, I am not at all afraid of letting our people know anything that may be to their own good. Of course, there is a great deal that I do not like in Russian civilization, in Russian methods, in Stalinism and so forth. There is very much that I like and love and approve of in our own methods of living, but I am not so hidebound that I think we have lost the ability to learn, or that other people have not something to teach us; and so I like to see an interchange of people between the nations behind the Iron Curtain and Canada. I would like to see more people come from those countries to Canada so that they may observe and learn from us, and I would like to see a large number of our people go to the Soviet Union so that we may pick up something useful from them. There is no nation that is all bad.

And so, honourable senators, the question is not whether trade will bring about an interchange of thought and understanding—that is admitted—but rather whether such interchange is desirable. I am strongly of the opinion that it is desirable, and so I support this measure. I thank those who preceded me for the remarks they have made and for the broad, kindly, sound liberalism they have expressed.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Honourable senators,—

The Hon. the Speaker: Honourable senators, if the honourable leader speaks now he will close the debate.

Hon. Mr. Macdonald: Honourable senators, I do not rise this time to make any extended remarks. When I introduced this motion on Thursday of last week I explained the agreement and answered a considerable number of questions.

At that time I received considerable support for the agreement, but today the support is overwhelming and I am indebted to those who have spoken. When one introduces a bill or a resolution he expects to have some opposition, so it has been very pleasing this afternoon to listen to four honourable senators give complete support to this agreement.

I rise at this time, therefore, merely to answer a few questions that were asked of me last Thursday. I was asked whether Russia is now a party to GATT. At that time I indicated that it was my belief that she is not, and that has been confirmed. I might add that the only so-called Iron Curtain country which is a signatory to that agreement is Czechoslovakia.

The honourable senator from Queens-Lunenburg (Hon. Mr. Kinley) raised the question of what privileges were granted to Russia under this agreement with respect to entry of merchant ships into our ports. He asked me whether Russia was discriminated against, or words to that effect, and I said that no country was discriminated against. I did say that possibly the United States has some special rights in our lake ports. I find, however, that at the present time all countries have equal rights in our ports with the exception of countries trading under the British preference. That condition has been in existence from our colonial days; ever since then we have given special rights to ships carrying the flag of countries in what is now the Commonwealth of Nations.

The question therefore comes down to this: if Russia is getting no further rights in our ports now than she had previously, why is reference made to them in the agreement? The reason is that the rights which the Russians have now must be effective throughout the term of this agreement. A change could be made in respect of the right of ships of any other nation to enter our ports, but now

this agreement is binding so far as Russia is concerned throughout the term of the agreement.

Hon. Mr. Roebuck: Will Russia be in the most-favoured-nation class?

Hon. Mr. Macdonald: Yes. Under the terms of the agreement Russia gets the benefit of our customs tariff to a similar extent to that afforded all countries which receive most-favoured-nation treatment.

I stated last Thursday that I thought the United States possibly had certain shipping rights in our lake ports. I find I was incorrect. United States shipping has no special rights in that connection; in fact, international shipping rules apply to trading on the Great Lakes, just as at ocean ports.

One other question which was asked was with respect to the goods which Russia is likely to sell to Canada. That is very difficult to foresee. It is true that, as was mentioned this afternoon, the two countries produce to a large extent the same types of goods. It is anticipated, however, that certain raw materials for semi-manufactured goods will enter Canada under this agreement. For the most part these raw materials are already non-taxable. In other words, the commodities that will come to us now could have been sold here prior to this agreement, although the Russians made no real attempt to sell them. I might mention that a rough estimate of the differential between the two categories —most-favoured-nation and general duties— is about 20 per cent.

The honourable senator from New Westminster (Hon. Mr. Reid) asked whether vodka would be imported. All I can say in reply is that it will depend on the taste of our liquor-drinking citizens. If they want to drink vodka, there is nothing to prevent the Russians from shipping it in, although I doubt whether large quantities will be sold. It is possible that, as cement is manufactured somewhat more cheaply in Europe than in Canada, a considerable quantity of cement will come in.

That is all the information I can give as to what goods Russia may ship here. The quantity is very uncertain, and little is known about the types of products which will be offered.

Hon. Mr. Euler: The leader said that no special privileges are granted to United States vessels in respect of Canadian ports. Is not the law or the regulation the same in both countries: that Canadian vessels cannot ply between one United States port and another, and neither can United States vessels do business between one Canadian port and another, without a government permit?

Hon. Mr. Macdonald: I believe the honourable senators' statement is correct. I should point out that foreign ships entering Canada under the general tariff or the most-favoured-nation tariff have the same rights. That condition could be changed, but not, so far as Russia is concerned, during the life of this agreement. Ships flying the flags of countries subject to these tariffs cannot trade between Canadian ports. For instance, ships of the United States which are subject to the most-favoured-nation clause may not trade between Canadian ports. However, ships flying the flag of the commonwealth countries operate under the British preference clause, and have rights over and above those of the most-favoured-nation countries; so they are entitled to trade between Canadian ports.

Hon. Mr. Roebuck: Is there any possibility of this trade treaty and the exchanges which may follow it leading to some improvement of conditions in the matter of migration? There are people in Canada with relatives behind the Iron Curtain who would very much like to have family reunions. No doubt many families in communist countries have relatives over here, and are anxious about their friends abroad. Is there any prospect that this trade agreement will lead to a better interchange of that kind between our country and Russia?

Hon. Mr. Macdonald: All I can say in that respect is that the agreement contains no provisions with respect to migration. As to what the future may hold in store, the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) knows as much as I do. We all hope for more friendly relations between the U.S.S.R. and Canada. If the peoples of the world have toward one another as kindly a spirit as honourable senators have displayed here today, one can have good hope for general peace, more intercourse and greater freedom of migration between all the nations.

I am in full agreement with the honourable senator from Churchill (Hon. Mr. Crerar) that we should have no hesitation about ratifying this agreement; and I thank honourable senators for their support.

The motion was agreed to.

DIVORCE

BILLS—SECOND READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved, with leave, the second reading of the following bills:

Bill R-8, an Act for the relief of Islay Isobel Campbell Jones.

Bill S-8, an Act for the relief of Audrey Joan Atkinson Hanson Hanson.

Bill T-8, an Act for the relief of Marie Eglantine Victoria Laurenza Gagne Holowaty.

Bill U-8, an Act for the relief of Barbara Helen Major Kaye.

Bill V-8, an Act for the relief of Hazel McJanet Thompson Stewart.

Bill W-8, an Act for the relief of Patricia Marion Cook Townsend.

Bill X-8, an Act for the relief of Helen Joan Franks Manley Sellen.

Bill Y-8, an Act for the relief of Lily Kite Herscovitch.

Bill Z-8, an Act for the relief of Mary Bagdonas Roselle.

Bill A-9, an Act for the relief of Arthur Telford Bates.

Bill B-9, an Act for the relief of Marjorie Pennell Robinson.

Bill C-9, an Act for the relief of Joseph Henri Andre Lessard.

Bill D-9, an Act for the relief of Sheila Joan Mencher Morantz.

Bill E-9, an Act for the relief of Frances Marie Ware Ami.

Bill F-9, an Act for the relief of Shirley Field Schleider.

Bill G-9, an Act for the relief of Jeannine Cecile Marie Tessier Davies.

Bill H-9, an Act for the relief of Madeline McIsaac Metayer.

Bill I-9, an Act for the relief of Gloria Ann Hazelton Stewart.

Bill J-9, an Act for the relief of Clifford Acland Barber.

Bill K-9, an Act for the relief of Hilda Louise Prewer Shaver.

Bill L-9, an Act for the relief of Gertrude Earle Bell.

Bill M-9, an Act for the relief of Leba Lee Black Lichtenstein.

Bill N-9, a Act for the relief of Helen Walker Seivewright Edwards.

Bill O-9, an Act for the relief of Gertrude Hayes Renaud.

Bill P-9, an Act for the relief of Isabell Jones Page.

Bill Q-9, an Act for the relief of Joyce Burgess Lewis Cloutier.

Bill R-9, an Act for the relief of Marie Yvonne Blais Leger.

Bill S-9, an Act for the relief of Jeanne Fleury Touchette.

Bill T-9, an Act for the relief of Doris Cammy Lapkoff.

Bill U-9, an Act for the relief of Thea Anna May Laskowski.

Bill V-9, an Act for the relief of Thelma Barton Taylor McPhee.

Bill W-9, an Act for the relief of Olga Pritula Memi.

Bill X-9, an Act for the relief of Ethel Elizabeth Margaret Ritchie Campbell.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

CANADIAN CITIZENSHIP BILL

COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Immigration and Labour to Bill B, an Act to amend the Canadian Citizenship Act.

Hon. Cairine R. Wilson moved that the amendments be concurred in.

Hon. Jean-François Pouliot: Honourable senators, we are being asked to approve a number of amendments to the Canadian Citizenship Act. On April 18 I expressed certain views about Canadian citizenship and my remarks on that occasion appear at page 379 of *Hansard*. I wonder if the amendments that the committee is asking us to approve are sufficient to make clear the position of a Canadian citizen? Part IV of the Canadian Citizenship Act deals with the status of Canadian citizens and the recognition of British subjects. Section 21 of that act says:

> A Canadian citizen is a British subject.

This provision was passed in 1946, seven years prior to the sanction of the Act respecting the Royal Style and Titles, which was assented to on February 11, 1953. That act, which is chapter 9 of the Statutes of Canada, 1-2 Elizabeth II, is not long but it is very illuminating. It states:

> Whereas the Prime Ministers and other representatives of Commonwealth countries assembled in London in the month of December, in the year one thousand nine hundred and fifty-two, considered the form of the Royal Style and Titles, and, recognizing that the present form is not in accordance with present constitutional relations within the Commonwealth, concluded that, in the present stage of development of the Commonwealth relationship, it would be in accord with the established constitutional position that each member country should use for its own purposes a form suitable to its own particular circumstances but retaining a substantial element common to all;
>
> And whereas the said representatives of all the Commonwealth countries concerned agreed to take such action as is necessary in each country to secure the appropriate constitutional approval for the changes now envisaged;

And whereas, in order to give effect to the aforesaid conclusion, it is desirable that the Parliament of Canada should assent to the issue of a Royal Proclamation establishing the Royal Style and Titles for Canada:

Therefore, Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. The assent of the Parliament of Canada is hereby given to the issue by Her Majesty of Her Royal Proclamation under the Great Seal of Canada establishing for Canada the following Royal Style and Titles, namely, . . .

—and this is most important—

"Elizabeth the Second, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith".

My point is this. We have taken the oath of allegiance to Her Majesty, the Queen of the United Kingdom, Canada and her other realms and territories, and so on. I personally have taken my oath of allegiance to the Queen of Canada, and I wonder how it is that I am a British subject. We love Queen Elizabeth and are loyal to her. She is our Queen, the Queen of Canada. Why should we consider ourselves to be British subjects when in reality we are Canadian subjects as well as Canadian citizens? There is nothing in this question that could offend Her Majesty. She herself has acknowledged that she is Queen of Canada by virtue of a proclamation which came from her. Yet we ignore this fact and we remain British subjects. In raising this point I may be a little premature, for some Canadians, according to the way their minds work, believe they would not be as good Canadians if they were not British subjects. That is ridiculous. We are subjects of the Queen and she is the Queen of Canada. Why should we not be Canadian citizens I shall not persist in this now, and I do not intend to bring forth any amendment at this time. I am merely giving the house food for thought and discussion by all who are open-minded. To those who say that if we were Canadian subjects we would not be loyal to the Queen, I would point out that every member of the Parliament of Canada takes an oath of allegiance to the Queen of Canada, not to the Queen of the United Kingdom. She is one and the same person. Nobody could be offended by this. We are loyal to the Queen, but in her capacity that interests us most.

Naturally, there are some people who are more British than Canadian. I do not speak for them, I speak for myself. I put myself on record this 26th day of April, in the year of grace 1956, as predicting that, after all, some day, Canadians will call themselves Canadian subjects as well as Canadian citizens, though they will forget that I have said this.

Hon. Arthur W. Roebuck: Honourable senators, I am glad that my honourable friend said that he did not speak for anyone except himself, because I think his objection is based on a misunderstanding of the meaning of the two words in question. I am sure he will accord to me that I am just as good a citizen of Canada, and just as loyal a Canadian, as he is. I know he comes from a line of people who have been in this country for probably some 300 years or thereabouts; but I also am a Canadian of the fourth generation on both sides of the house. I think I am pretty thoroughly acclimatized and just as loyal to and interested in Canada as he is. I put Canada's interests ahead of all other interests, in the same way as he does. However, the idea of "British subject" conveys to me that Canada is a part of the British Commonwealth of Nations.

Hon. Mr. Macdonald: Commonwealth of Nations.

Hon. Mr. Roebuck: That is what I said, did I not?

Hon. Mr. Pouliot: No.

Hon. Mr. Roebuck: I thought I expressed myself correctly, and if I did not it was a slip of the tongue. I said that Canada is a part of the British Commonwealth of Nations. Am I not right in that?

Hon. Mr. Macdonald: I do not think so.

Hon. Mr. Roebuck: And that consists in all self-governing countries.

Hon. Mr. Macdonald: The Commonwealth Nations.

Hon. Mr. Haig: "British" is not used now.

Hon. Mr. Roebuck: Well, I thank you for the correction. At all events, this Commonwealth of Nations consists of Australia, New Zealand, Canada, some other countries, and Great Britain herself. It is the greatest league of nations in the world; its members get along with perfect understanding and a bond of sympathy, and share a fellow feeling and outlook. Of course, little difficulties arise, but fundamentally we are the same in outlook. The term "British subject" signifies that this fellowship and understanding exist between us and that we are part of that great organization, formerly comprised of dominions and now of self-governing countries. I do not think anything would be gained by dropping the words "British subject". The people of Australia and New Zealand call themselves British subjects, and they are just as concerned about their rights of self-government as we are. The English people call themselves British subjects, and they appreciate that we, too, are British subjects, equal in all respects to themselves, both in domestic and foreign affairs. I think the words "British

subjects" add something to rather than detract from our citizenship. If we stated that we were Canadian subjects as well as Canadian citizens, we would deny to ourselves the membership in that broader brotherhood to which I have referred.

Now, if anybody imagines that when I call myself a British subject I am in any way defining myself as a citizen of Great Britain or of any of the other dominions, he is very much mistaken. I am a Canadian—first, last, and all the time—but I am also proud and happy to be part of the commonwealth, which is so influential in world affairs, and which may be even more influential in years to come. The commonwealth is an influence for enlightenment, peace and understanding among nations, and it is the finest league of nations that has ever been devised. Those words "British subject" signify our membership in that great fraternity.

I hope my friend will see no real difference between us in our respective attitudes toward these two ideas of Canadian citizen and British subject.

In closing, may I ask the Chairman of the Committee on Immigration and Labour (Hon. Mrs. Wilson) to inform us of what was done by that committee, before we are asked to vote for passage of the bill? When the bill was before us for second reading I made objection to the phraseology in section 2, which defines Canadian citizenship under certain circumstances. I understand that some revisions have been made to that clause. I also raised objection to that part of section 4 which places a limitation on our present rule with regard to the use of the English language and the French language. Would the Chairman of the committee please tell us what the committee has done?

Hon. Mrs. Wilson: With regard to the honourable senator's first objection, it will be observed that the words in section 2(B), "and his parents have not intermarried" have been deleted.

Hon. Mr. Roebuck: Yes.

Hon. Mrs. Wilson: And in section 2(C) the words "either his mother or" have been deleted.

Hon. Mr. Roebuck: So the substance has been left, but the phraseology has been improved?

Hon. Mrs. Wilson: Yes. The wording of section 4(1) provoked quite a discussion in Committee. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) objected also to that section, which required an adequate knowledge of the English or French language. In committee the minister said that at first blush he was willing to extend the time of application from 1961 to 1965, in order to discover if any hardship would be imposed. Now it has been deleted altogether.

Hon. Mr. Roebuck: That is good.

Hon. Mrs. Wilson: Yes. Two or three members of the commitee objected to that.

Hon. Mr. Roebuck: No doubt they felt there was nothing to be gained by that limitation.

Hon. Mrs. Wilson: Has the honourable gentleman any further questions?

Hon. Mr. Roebuck: No, thank you. I raised just the two objections, and I am glad that both of them have been satisfied.

The motion was agreed to and the amendments were concurred in.

THIRD READING

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

Hon. Mrs. Wilson: With leave, I move the third reading now.

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

The Senate adjourned until Tuesday, May 1, at 8 p.m.

THE SENATE

Tuesday, May 1, 1956

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

Prayers.

Routine proceedings.

CRIMINAL LAW

JOINT COMMITTEE ON CERTAIN QUESTIONS—SUBSTITUTION OF COMMONS MEMBER

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved, that a message be sent to the Senate to acquaint their Honours that this house has substituted the name of Miss Aitken for that of Miss Bennett on the special Joint Committee of both houses of Parliament appointed to inquire into and report upon the questions of capital punishment, corporal punishment and lotteries.

PRIVATE BILL

THE CHURCH OF ENGLAND IN CANADA—REFUND OF FEES

Hon. A. K. Hugessen moved, with leave:

That the Parliamentary fees paid upon the Bill D, intituled: "An Act respecting The General Synod of the Church of England in Canada, The Missionary Society of the Church of England in Canada, the Woman's Auxiliary of the Church of England in Canada and the Church of England Consolidated Trust Fund", be refunded to the petitioners, less printing and translation costs.

The motion was agreed to.

PRIVATE BILL

OGDENSBURG BRIDGE AUTHORITY—FIRST READING

Hon. Arthur W. Roebuck presented Bill D-10, an Act respecting Ogdensburg Bridge Authority.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Roebuck: Thursday next.

DIPLOMATIC STAFFS

INQUIRY AND ANSWER

Hon. Thomas Reid inquired of the Government, pursuant to notice of March 21:

What is the total number of all staff located or residing in Canada and attached to either embassies, legations or high commissioners' offices of the following countries: United Kingdom; United States of America; Soviet Union; Germany; France; China; and Austria.

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

Mission	Diplomatic	Non-Diplomatic Personnel		Total
		Canadians	Other Nationalities	
United Kingdom	29	86	44	159
United States	25	32	45	102
France	11	16	19	46
Germany	10	—	36	46
Austria	1	—	5	6
China	3	1	2	6
U.S.S.R.	23	2	27	52

N.B. The above figures do not include the staff of consulates, information offices and trade commissioners' offices located outside of Ottawa.

NATIONAL GALLERY PAINTINGS

NUMBER ON LOAN TO DEPARTMENTS—VISITORS TO GALLERY AND PARLIAMENT BUILDINGS—INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice of March 22:

1. How many pictures and paintings belonging to the National Gallery of Canada are on loan to the various departments of the Government of Canada?

2. During the last five years what was the yearly average of visitors to (a) the Parliament Buildings, and (b) the National Gallery of Canada?

and pursuant to notice of April 26:

3. What pictures and paintings have been loaned to other institutions than Government departments?

Hon. Mr. Macdonald: I have the answers to the first two parts of the honourable gentleman's inquiry, as follows:

1. 257.

2. (a) 258,300; (b) 135,000.

DIVORCE BILLS

THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill R-8, an Act for the relief of Islay Isobel Campbell Jones.

Bill S-8, an Act for the relief of Audrey Joan Atkinson Hanson Hanson.

Bill T-8, an Act for the relief of Marie Eglantine Victoria Laurenza Gagne Holowaty.

Bill U-8, an Act for the relief of Barbara Helen Major Kaye.

Bill V-8, an Act for the relief of Hazel McJanet Thompson Stewart.

Bill W-8, an Act for the relief of Patricia Marion Cook Townsend.

Bill X-8, an Act for the relief of Helen Joan Franks Manley Sellen.

Bill Y-8, an Act for the relief of Lily Kite Herscovitch.

Bill Z-8, an Act for the relief of Mary Bagdonas Roselle.

Bill A-9, an Act for the relief of Arthur Telford Bates.

Bill B-9, an Act for the relief of Marjorie Pennell Robinson.

Bill C-9, an Act for the relief of Joseph Henri Andre Lessard.

Bill D-9, an Act for the relief of Sheila Joan Mencher Morantz.

Bill E-9, an Act for the relief of Frances Marie Ware Ami.

Bill F-9, an Act for the relief of Shirley Field Schleider.

Bill G-9, an Act for the relief of Jeannine Cecile Marie Tessier Davies.

Bill H-9, an Act for the relief of Madeline McIsaac Metayer.

Bill I-9, an Act for the relief of Gloria Ann Hazelton Stewart.

Bill J-9, an Act for the relief of Clifford Acland Barber.

Bill K-9, an Act for the relief of Hilda Louise Prewer Shaver.

Bill L-9, an Act for the relief of Gertrude Earle Bell.

Bill M-9, an Act for the relief of Leba Lee Black Lichtenstein.

Bill N-9, an Act for the relief of Helen Walker Seivewright Edwards.

Bill O-9, an Act for the relief of Gertrude Hayes Renaud.

Bill P-9, an Act for the relief of Isabell Jones Page.

Bill Q-9, an Act for the relief of Joyce Burgess Lewis Cloutier.

Bill R-9, an Act for the relief of Marie Yvonne Blais Leger.

Bill S-9, an Act for the relief of Jeanne Fleury Touchette.

Bill T-9, an Act for the relief of Doris Cammy Lapkoff.

Bill U-9, an Act for the relief of Thea Anna May Laskowski.

Bill V-9, an Act for the relief of Thelma Barton Taylor McPhee.

Bill W-9, an Act for the relief of Olga Pritula Memi.

Bill X-9, an Act for the relief of Ethel Elizabeth Margaret Ritchie Campbell.

The motion was agreed to, and the bills were read the third time, and passed on division.

PENAL REFORM

DISCUSSION CONTINUED

The Senate resumed from Tuesday, April 24, the adjourned debate on the inquiry of Hon. Mr. Croll calling to the attention of the Senate the present position with respect to penal institutions in Canada and in particular discussing the need for further reforms in the Canadian penal system.

Hon. W. Rupert Davies: Honourable senators, in dealing with the subject of penal reform, to which attention was called on March 5 by the honourable senator from Toronto-Spadina (Hon. Mr. Croll), I wish first of all to congratulate him on his address, and also on the interest he has taken in various matters which have come before this house since his appointment.

Hon. Senators: Hear, hear.

Hon. Mr. Davies: The Ottawa correspondent of *Saturday Night,* an old-established, well-written cultural magazine published semi-monthly in Toronto, stated in a recent article that the Senate was treated by the Press Gallery "with more or less contempt". The correspondent is an old and warm friend of mine, and a scholarly and very able writer, but I do not agree with that statement of his. So far as I know there have not been any complaints from the Senate about its treatment by the press. When the Senate does something which merits publicity, it gets it; and when a senator makes a speech of importance, it also gets publicity.

It must always be remembered that Canada is a large country; and while the news agencies try to serve this house very well, with a representative of the Canadian Press always in our gallery, the news columns of the daily papers are so crowded that a speech by a western senator might get big play in western papers and be hardly mentioned by eastern papers. Similarly, it is doubtful if an eastern senator would get any publicity in western papers unless he discussed a subject of vital interest to the west.

In any event, we must not blame the Press Gallery. Correspondents of various newspapers and news services may do a very good job in reporting the debate on some bill or measure before the Senate, but when their copy reaches the editorial desk it may be severely cut. However, if there is some measure of truth in the statement that the gallery does treat the Senate "with more or less contempt", I think the active interest which the honourable senator from Toronto-Spadina has taken in the affairs of this house since he became a senator will do a great deal to lessen that contempt. The honourable

senator from Toronto-Spadina asked for an all-out debate on the problems involved in this far-reaching subject of penal institutions in Canada. I am sure he did not expect or hope for a one-sided discussion. This is a question well worthy of the attention of Parliament, and the introduction of the question into the Senate has inspired other senators than myself with a desire to discuss its ramifications.

In discussing the present administration of our jails and penitentiaries, and reforms which might be introduced in an effort to make a larger number of the inmates respectable and respected members of society when they have served their sentences, and also in the matter of probation instead of sentences, I feel we should remember that there are two sides to this question.

We should never forget that in Canada no man or woman is committed to jail or penitentiary without just cause. Every one of those so committed has had a fair trial. After a person has been found guilty by a judge or jury, if the sentence passed upon him or her by the judge is not satisfactory an appeal can always be made to a higher court. It is interesting to note in this connection that as late as April 10 last the Ontario Court of Appeal cut four years and a day off a seven-year penitentiary term given to a man convicted of robbery and attempted robbery.

I feel also, honourable senators, that before we let ourselves get carried away on a flood of sentimentality about those people in our land who have broken the law—some of them cruel and desperate criminals—we should save some of our sympathy for those who have been wronged. I am thinking of people who have been assaulted and robbed, of women and young girls who have been raped, of widows who have been deprived of their savings by slick, crooked and cruel operators, of people who have suffered at the hands of forgers, of families who have been robbed of their bread-winner by the brutal crime of murder, and of other families whose little circle has been broken by the same horrible crime.

As I have said, no man is sent to jail or penitentiary in Canada without a fair trial. We have distinguished and honourable judges, who try always to be fair; we have hard working and painstaking solicitors and brilliant barristers, who always give of their very best, whether acting for the prosecution or for the defence. No one is railroaded to prison in this country. Perhaps mistakes are made occasionally but they are very rare, and, as I have said before, there is always the right of appeal to a higher court.

Now, although I have said that, do not think that I am entirely heartless with regard to the criminal. I am not. The prisoners may not have an alumni association, lobby groups or fan clubs, as the honourable senator from Toronto-Spadina says, but they have the John Howard Society for men and the Elizabeth Fry Society for women constantly working on their behalf. I have been a supporter of the John Howard Society for some years and I know from their reports and from the contact I have had with their officials and their workers what a good job they are doing.

Hon. Senators: Hear, hear.

Hon. Mr. Davies: I know many of the workers in both the John Howard Society and the Elizabeth Fry Society, and I know much of what they are trying to do to rehabilitate prisoners when they are released.

The John Howard Society in a recent statement said that it was in a position to point to many hundreds of people who have received their services over the years and who have become successfully rehabilitated and are now productive citizens, both in an economic and a social sense. They hear occasionally by letter, by Christmas card, by the occasional visit or a telephone message from many of these people, and the society is pleased and encouraged by the number of evidences which they have of the help that it has been able to give. The society does not attempt to follow too closely those who have been set on the road to useful living again. It is always ready to help when called upon, but for reasons which it thinks wise it does not attempt to keep an accurate record of or to card-index the careers of rehabilitated people. The society feels that this is the better way. If it lets them work out their own problems they feel more independent and are the more quickly assimilated into society again.

While we are referring to the groups who devote a lot of time to the welfare of those sentenced to prison terms by our courts, we must not forget the Salvation Army. The Salvation Army is a wonderful organization, which includes in its work the comfort and care of prisoners who have served their sentences. It might surprise senators to know that in Metropolitan Toronto alone during the year 1955 the Salvation Army held 10,222 interviews with prisoners, made 1,670 visits to police courts, spoke on behalf of 853 prisoners, had 695 of these men and women turned over to their care, provided 394 with clothing, gave beds to 3,510, provided 10,920 meals, found employment upon discharge from prison for 319, met 351 upon discharge, and made 762 visits to friends and relatives

of prisoners. That is the fine record of the Salvation Army in 1955, in one area in Canada.

Now, to turn for a few minutes to the comparison which the senator from Toronto-Spadina made between Britain and Canada. There is no doubt, at all, as the honourable senator says, that the United Kingdom, or rather England and Wales, is far ahead of Canada in the matter of putting prisoners on probation instead of sending them to prison. Why this is so, I am not prepared to say, but it is a matter which has given many others besides the senator from Toronto-Spadina a great deal of food for thought.

The honourable senator from New Westminster (Hon. Mr. Reid) reminded us last week that a committee of responsible men has been giving detailed study to the operation of the Ticket of Leave Act and various reforms for more than two years. Its report has now been made to the minister and will be published in about ten days. The committee was composed of outstanding men, particularly well suited to the work they had in mind. Mr. Justice Fauteux, of the Supreme Court of Canada, was chairman. The other members were Mr. W. B. Common, Q.C., Director of Public Prosecutions for Ontario; Mr. Joseph McCulley, Warden of Hart House, University of Toronto, formerly attached to the Dominion Penitentiaries Branch, and Mr. J. Alex. Edmison, Q.C., assistant to the Principal of Queen's University, and for many years a very active and earnest worker in the John Howard Society.

I do not like to hear of instances where comparison between our country and England and Wales make Canada appear to be lacking in what we might call humanitarianism, but an honest appraisal of facts does not do us any harm. Britain is a much older country than Canada, and we must realize that a great respect—I was almost going to say fear—for the law has grown up in Britain over the centuries. To some extent the administration of justice there is different from our own system. As you know, in the smaller places there are boards of magistrates who serve without any salary. In sixteen places there are stipendiary magistrates; and in all the large cities there are what are known as recorders, who for the most part, I believe, are barristers and Queen's Counsel. Whether the fact that most of the misdemeanours in the smaller boroughs and counties are tried by fellow-citizens who are unpaid laymen has any effect on inclining people to avoid trouble with the law, or on the number of those found "not guilty," I do not know, but it might have. It would certainly be more humiliating to appear for trial for breaking the law before a group of friends and acquaintances than it would be before a paid magistrate, who is often far removed from one's daily life.

Then, too, in comparing the two countries and the incidence of crime in those countries, we must not forget that England and Wales is the southern part of a tight little island. If a man commits a crime and gets away from the scene of the crime, it is possible to keep him within a very limited area by having the airports and seaports carefully watched. In Canada we have 3,000 miles of border running along the north of the United States. Not only does the close proximity of the United States make it easy for Canadians who have broken our laws to escape to that country, but unfortunately it makes our country too often a haven for criminals on the run from the United States. Britain does not have this problem to contend with.

There are other factors which, in fairness, we should take into consideration if we are comparing the crime record of England and Wales with that of Canada. I do not think the honourable senator from Toronto-Spadina included Scotland or Northern Ireland in his references. I am not doing so either. Scotland has a completely different administration with different laws. England and Wales has an area of approximately 60,000 square miles, and it has a uniformed police force of 65,836. Every village and rural district is adequately policed. Canada has an area of just under four million square miles, including, as we all know, a large area of water. Even so, it has a much smaller police force, and of course it has a smaller population. In the province of Ontario we have 1,540 uniformed provincial policemen. I have not the figures of the provincial police in the other provinces, but I assume that Quebec has about the same number. Now, if we also assume that each of the other provinces has 1,000, that gives us about 11,000 uniformed provincial policemen. The total police force in Canadian municipalities of 4,000 population or over is 10,796 men and 83 women. Let us add another 4,000 for the smaller places, which is perhaps a fair figure—I am speaking now, of course, of uniformed policemen, not town and village handymen—and we have a total of just over 25,000—25,296, to be exact—as compared with 65,836 in England and Wales.

Despite all these favourable factors to which I have referred, do not let us assume that England and Wales are free from crime or even that crime there is diminishing. It hurts me to use any harsh words about dear old Wales, but facts are facts and figures are figures. In 1935 the total number of offences of all kinds in England and Wales was 759,424. By 1943, nine years later, it had gone down to 569,825. By 1953, ten years later, it had climbed again to 704,441. These are the

figures for all offences. Naturally, many of them were more or less petty offences. For instance, 54,000 were for drunkenness, and 15,000 were for offences against the Gambling Act. That surprised me, because I was under the impression that if there was one country where one could gamble to one's heart's content, it was Britain; but apparently that is not so.

Let us look for a minute at the most serious offences. I do not think that Canada shows up too badly. In the year 1953, of the 704,441 of all kinds of offences in England and Wales, 472,989 were indictable offences committed by persons over 16. Of those who committed these 472,989 offences, 84,252 were brought to trial and 77,726 were convicted. Of these 77,226, 18,000 were sent to prison and 10,798 were put on probation. That leaves about 48,000 unaccounted for. I presume they satisfied justice by paying fines. I read in a British paper only the other day that two farmers were very heavily fined because the inspector had found traces of hypochlorites in their milk churns. I have not got the Canadian figures for 1953—they were not available—but I was able to get the figures for 1952, which will, I expect, not differ very much from 1953. Those figures also refer to persons over 16 years of age, of whom there were in Canada in that year about 9,800,000. The records show that 29,761 were convicted of indictable offences. Of these, 14,603 were sentenced to confinement of one kind or another; 10,782 were sent to jails; 1,904 were sent to reformatories, and 1,917 were sent to penitentiaries. It is interesting to note at this time that there were on March 31 this year 5,507 prisoners in our penitentiaries, of whom, sad to relate, 694 were under the age of 21. However, this is something less than one-twentieth of 1 per cent of our population of those over 16 years of age, which I do not think is a record we should be ashamed of.

Now I will agree that the population of those over 16 in Canada is not quite one-third that of England and Wales in the same age group. Even so, I do not think a comparison shows Canada in too bad a light. Whereas we had about 14,000 sentenced to imprisonment in 1952, in 1953 England and Wales had about 29,000, of which nearly 11,000 were put on probation. As the honourable senator from Toronto-Spadina has pointed out, England and Wales are far more liberal in the matter of probationery periods than so far we are in Canada. I lived for 25 years in Kingston, where one of the largest penitentiaries is located. For 23 of those years I lived next door to the penitentiary property. During that period I knew all the wardens; I knew the chaplains, both Catholic and Protestant; I knew the physicians, the dentists, a number of the guards and some of the trade instructors. All of them were men much the same age as we are; decent honest citizens who were trying to do their duty. I do not think I am stretching the truth when I say they were trying to do their duty in a kindly and fair way—a way not easy at all times, I can assure you.

As the honourable senator from New Westminster has said, do not let us assume that the prisoners in the penitentiaries are badly treated. So long as they obey the laws of the institutions, they are well treated. There are some people, possibly, those who have suffered at their hands, who might think that they are too well treated. Today is a far, far cry from the debtors' prisons of Charles Dickens' day, or indeed from our own penitentiaries of 50 or even 25 years ago.

I cannot agree with the honourable senator from Toronto-Spadina that the prisoners in our jails and penitentiaries are forgotten men and women. I do not think it is a fair statement to say they exist in a sort of half life, or that there is still a Bastille complex in our prisons and penitentiaries. Admittedly we lock up the prisoners. They are locked up partly to punish them and partly for the protection of society.

Today, however, the prison authorities very definitely do not overlook the important question of what is going to be done for the prisoners while they are locked up. I would like to tell you something of the improvements that have been made.

In each of our penitentiaries today we have well-stocked libraries available to the inmates, each containing some thousands of books, and in our annual estimates each year there is provision of funds for the purchase of new books, as well as for subscriptions to current magazines. In addition, inmates are permitted to subscribe to approved magazines of their choice from their own funds, and they are also permitted to subscribe to the daily newspaper of their choice. A large variety of correspondence courses is available to inmates free of charge through the facilities of D.V.A. and the various provincial departments of education.

With regard to sports and recreation in our penitentiaries, organized sports are carried on at each institution both during daily exercise periods and over the weekends. Intramural leagues in softball, hockey and soccer are carried on according to season, and in most institutions a penitentiary team competes in one of the local outside municipal leagues. All games, of course, are home games but the contact of the penitentiary teams with outside players has been a great morale booster, and although many such

games have been played over the past five or six years I am told there has never been an occasion when any untoward incident or lack of good sportsmanship toward the guests has been evidenced.

In addition to the standard games there are many other forms of sports and exercise, such as weight lifting, boxing, shuffle board, handball, horseshoe pitching, etc. Most institutions hold an annual field day either on Dominion Day or Labour Day when a full day's program of track events and competitive games is arranged. Each institution has a recreational director on the staff, and an Inmate Sports Committee.

I think honourable senators will agree with me that we are not lagging behind in Canada so far as providing sports and recreation in our penitentiaries. But that is not all by any means.

Today there is practically completed at all institutions the installation of radio ear phones in the individual cells on a two-channel circuit, replacing the former radios which blared out in the cell blocks, often disturbing those who wished to read or study. Now an inmate can listen to the radio or not as he pleases. We have not yet introduced TV sets, by the way. Except for the fact the inmates cannot go home at night I cannot see very much difference in the way they spend their evenings from the way most people spend theirs: reading favourite newspapers and magazines and listening to the radio.

There is an extensive program of hobby crafts permitted during leisure hours when the inmates are in their cells. This appeals to many who find greater relaxation and relief from tension in working with their hands rather than in reading. Many beautiful articles are made which are sold or sent home to their relatives. I think that is a pretty good record, but even that is not all.

Improvement has been made with regard to segregation. There are in Ontario and Quebec separate institutions—Collin's Bay near Kingston and the Federal Training Centre near Montreal—to which young and trainable offenders are transferred from the older institutions at Kingston and at St. Vincent de Paul. In that way they are separated completely from the hardened criminals. Within a single institution complete segregation is difficult, although in most cases the young inmates are celled in a separate cell block and carry on most of their activities separate from the older inmates. With the very small population in the Women's Prison it is not possible to segregate the inmates and the present building does not lend itself for segregation. Many improvements have been introduced at Collin's Bay Penitentiary in recent years. The institution itself is of modern construction. I watched it being built and I recollect that for some years before walls were built it was surrounded only by a high wire fence. It is of modern construction, having been built within the past 25 years.

I would like honourable senators to listen carefully to this. In 1949 a new accommodation building containing 100 outside rooms, each with its own door instead of a grilled barrier, and with wide corridors in which the inmates may gather for recreation and diversion in the evenings, was completed, thus permitting those who wish to read or study in their own rooms a degree of privacy. Since then there have also been constructed two dormitories which provide, for those who desire it, an opportunity of living in association with others rather than in the isolation of a cell. Recently completed also is a new boiler house and power plant, a modern well-equipped stores building, a new laundry and change room with modern equipment, an automotive building with all facilities for training in the automotive trades, and a series of modern workshops for trade training with all necessary machinery and equipment.

When taking part in this debate, the honourable senator from New Westminster (Hon. Mr. Reid) referred to a paper published in one of our penitentiaries. I do not know the name of it nor have I ever seen it. However, I have here a copy of The *Diamond* for April, 1956. I do not know how often it is published but it is written and edited, without official interference, by the men of Collin's Bay penitentiary. It is printed in the printing office of the Kingston Penitentiary. The *Diamond* is quite a bright little magazine. It has its amusing side, too. *Kampus Kwerries*, edited by a man who calls himself "The Marshall", has some very funny queries and answers. I wish time would permit me to read a few, for I know honourable members would enjoy them.

As I said earlier, I agree with the honourable senator from Toronto-Spadina that we do lag behind England and Wales in the matter of probation, but I am sure there is some good reason for it, and that it is not due to lack of interest in the rehabilitation of prisoners, or rather those convicted in our courts to prison sentences.

At the moment we have a very limited probation, but as I shall point out in a few minutes it is improving all the time. It is hoped that the Fauteux Committee which had very broad terms of reference will give us some light and leading on this matter in its anxiously awaited report. This report, as you have probably read, has just been

presented to the Minister of Justice and, as I said earlier, it is expected that it will be published in about ten days.

I have received from the Howard League for Penal Reform in England, of which the Right Honourable Viscount Templewood is president, the figures for several years past with regard to the number of indictable offences, the number of offenders sent to prison and the number put on probation in that country. They are so complicated, however, that I will not attempt to read or explain them here, but they do indicate a very liberal attitude to first offenders; and, strange as it may seem, for the years 1953 and 1954 the number of offenders who were put on probation and given a second chance exceeded by several thousands the number sent to jails and penitentiaries.

I would like now to touch briefly on our parole and ticket of leave system in Canada. It is well that we should know how these two remission services work.

If a prisoner behaves well and co-operates with the prison staff he has six days per month remitted from his sentence for the first year he is in prison. When he has accumulated 72 days' remission for good time—that is, 12 months, not necessarily consecutive, for good conduct—he may have 10 days per month remitted thereafter.

Parole is a provincial responsibility under the present laws. It is administered in Ontario by a permanent parole board consisting of five provincial appointees, of whom one is a woman. Apart from British Columbia, Ontario is the only province which has a parole system.

A prisoner is eligible for parole only after he has served the definite part of his sentence. In other words, parole is only applicable to a prisoner who has an indefinite term tacked on to his definite sentence.

Ticket of leave is the name for the process by which a prisoner in a federal penitentiary, that is, a prisoner serving a sentence of over two years, may serve some of his sentence on the outside, and by which a provincial prisoner may be released to authority whilst serving a definite sentence in any provincial institution. In theory, he is eligible for ticket of leave the moment he enters the prison, but the practice is to consider only those people who have served one-half of the sentence imposed. After a man has served one-half of his total sentence he can request ticket of leave. This is processed through the Remission Service of the Department of Justice, and reports on the prisoner made by outside agencies such as the John Howard Society, as well as reports by the prison officials, are taken into account. Each man who applies for ticket of leave is interviewed by a person from the Remission Branch of the Department of Justice, who visits prisons every six months for this purpose.

Hon. Mr. Euler: May I ask the honourable member a question? Does that apply to people or criminals who have been convicted of a crime of violence?

Hon. Mr. Davies: I could not say definitely, but I would not think so. As we all know, in every institution there are a number of incorrigibles who do not become entitled to any of these privileges.

The new Director of the Remission Service of the Department of Justice is having good results in liberalizing previous policies. The percentage of people who have violated ticket of leave is less in the last three years, though the percentage of prisoners out on ticket of leave is considerably more.

I would like to place on record a statement showing the total number of persons released from various penitentiaries throughout Canada under the ticket of leave act, and the number of violations of the act, in the years 1950 to 1955:

	1950	1951	1952	1953	1954	1955
Total Released ..	924	754	736	825	904	1309
Violations	36	29	46	37	36	67

I said something about the Collin's Bay prison a little earlier. It is used almost entirely for first offenders, although some other prisoners, capable of rehabilitation, are sent there. It has a very good vocational training program in operation, where a man can learn such trades as sheet metal work, plumbing, carpentry, and so on. Some indication of the difference in results between Kingston penitentiary and Collin's Bay is shown by the fact that 7 out of 10 of the prisoners released from Kingston penitentiary return there. Since the new program was put into effect at Collin's Bay nearly 10 years ago only 3 out of 10 who did the vocational course have returned to that institution; the rest have had no brush with the law at any level—even for speeding.

The new Women's Prison which is to be built on part of the present Collin's Bay property will release the present Women's Prison in Kingston, which will become a reception centre for the area from which different types of criminals will be sent to the different institutions. Old lags, incorrigibles and the dangerous men will be sent from here to the present Kingston Penitentiary, which will become a maximum security institution with no outside gangs of any kind. Those people who seem to be capable of rehabilita-

tion and reform and also mentally capable of undertaking a vocational training program will be sent to Collin's Bay, as many of them are now.

At least 50 or 60 prisoners in Kingston Penitentiary work outside on the farm, or care for the lawns and grounds of the warden's residence, and the training centre for guards, and so on. I understand that those prisoners are chosen for outside duties not necessarily because they are serving either short or long sentences but because they are considered to be the best escape risks.

As honourable senators have read in the press recently, there is to be a new penitentiary at Joyceville, which will be a medium-security prison with a farm program and other outdoor activities. To this penitentiary will be sent people who receive a short sentence and who may not be intelligent enough to reap the benefit of the Collin's Bay program. The new penitentiary will be 10 miles north of Kingston on highway 15.

In conclusion—and I am sure honourable senators will be glad to hear me use those two words—I want to say something about Canadian probation. I am not able to give the Senate a complete record of the situation with regard to probation for the whole of Canada. However, I find the situation in Ontario, at any rate, quite good. Since the honourable senator from Toronto-Spadina secured his figures, which gave the number of probation officers in Ontario as 85, there has been a nice increase.

In 1953, in Ontario, there were 13 probation officers; there are now 114, all on full time. It is very encouraging to note, too, that the budget assigned to the chief probation officer for the coming year is $550,000. In 1955 there were on probation in Ontario approximately 10,000 persons, of whom 6,100 were convicted adult criminals; the rest were juveniles.

To fully appreciate what the 114 full-time probation officers in Ontario are doing we should take two very important factors into consideration. One is that they collected from the 6,100 convicted adult criminals $43,000 by way of restitution to those who had suffered at their hands. More startling, however, is the fact that instead of the 6,100 adults costing the province and the Dominion of Canada money for their keep and care while in places of detention—and this bears out the contention of the honourable senator from Toronto-Spadina—records were kept of their earnings since they were put on probation, and the last figure obtainable showed that they had earned over $10 million. When I learned that, I thought it was an exaggerated figure but I worked it out, and it comes to an average of about $33 weekly for a year, which would be $10,467,600, so I presume it is correct.

I am sure honourable senators will be glad to know that the probation officers have also done a very good work in our family courts. The last audited figures show that $2,375,000 has been collected for the support of deserted wives and children. This, up to date, is the record for Ontario.

In British Columbia the number of probation officers still stands at 12. In Alberta and Saskatchewan there are two each. In Manitoba there are no probation officers at the present time, but I am informed that the money is in this year's budget for the establishment of a probation office with three officials. In Nova Scotia there are two probation officers, and the money is in the budget for two more. In Newfoundland there is also a probation officer.

This, honourable senators, is a record of which Canada has no reason to be ashamed, in my opinion. As a matter of fact, I would go so far as to say it is a record of which we should be proud. Admittedly, it is not as good as that of some countries. However, it is expected that the report of the Fauteux committee will recommend a number of progressive reforms.

I would again like to thank the honourable senator from Toronto-Spadina for bringing this matter before the Senate. I am sure we all hope that in a few years from now we will be dealing with those convicted of minor crimes and misdemeanours of the less serious kind in a much more advanced and humanitarian manner than we are doing at the present time.

Hon. Jean-François Pouliot: Honourable senators, this inquiry of the honourable senator from Toronto-Spadina (Hon. Mr. Croll) has unquestionably been inspired by a very generous heart, and the debate so far has been very interesting, although academic. I say that not because honourable senators who have taken part in the debate did not draw any conclusions, but because the inquiry itself suggests no conclusions. The intention of the sponsor was to bring the case of the prisoners to the attention of the Canadian people in order that some reforms could be made to the present situation in prisons and penitentiaries.

There is a distinction to be made between prisoners who suffer their fate by virtue of federal legislation, namely the Criminal Code, and those who are sentenced to jail by virtue of other legislation passed by legislatures or organizations such as municipal councils. Prisoners sentenced under the latter type of legislation may find themselves in jail because

they have committed crimes or have not paid a fine. Certainly, there is a distinction to be made.

There are some prisoners who come under the jurisdiction of the Honourable the Solicitor General for a ticket of leave, and others who can be released by the attorneys general of the provinces, or even by the chief of police who can open the cell in the morning and say to a prisoner: "You have been in jail one night; that is enough, you may go now." There are an infinity of cases. What I wish to stress to honourable senators is that some cases are administered from Ottawa, others by the attorneys general of the provinces, the recorders, and even the chief of police, who, when he is a Good Samaritan, is a parole officer and a probation officer.

There are a great many more probation officers than the honourable senator from Toronto-Spadina indicated. He mentioned about 100. To that there should be added nearly 300 more because each member of Parliament is in effect a probation officer and a parole officer. He looks after all those poor people who are in distress. Parents come to him and say, "Our son is suffering very deeply in his heart; we did our best to educate him, but see what bad companions have done to him; he was induced to do things that we reprove, and he is suffering for it." They say they are an honourable family and ask for help. The member of Parliament does his best to secure a certificate from the mayor of the municipality and have it countersigned by the local parish priest or clergyman. This he sends to the Solicitor General, pointing out that the prisoner is a good fellow, that he comes from an honourable family, and that because of certain circumstances he did things forbidden by law, and he implores clemency. I know this to be so because for many years when I was in active practice I tried to get my clients out of jail, and after I was elected to Parliament I found I was called upon to look after all my legal confrères' clients who had met sad fate before the courts and were in jail. I too made recommendations, supported by certificates from leading people in the community, in an attempt to have prisoners released.

In making such recommendations, what I noticed most was the care taken by the Department of the Solicitor General and by the Department of Justice to examine each case carefully. Sometimes it is desirable to have a favourable answer as soon as possible so that the prisoner, if he is to be released, may more quickly get a job and support his family who have become a charge on the state. It is hoped that if he is released he will be an asset to the community. But in each case the Department of the Solicitor General wants to have all particulars about the prisoner and is most anxious to keep a complete file for the purpose of probation and parole.

Incidentally, some countries have a probation system which keeps persons who have committed offences against the law out of jail. The whole case of the prisoner is studied, including his family connections, what he has done in the past, if he has erred or if he has behaved well; all this information is brought together in a big file for each prisoner, and it shows how meritorious his case may be. But how many civil servants would have to be employed by the Department of Justice or by the Honourable the Solicitor General in order to achieve that result for every prisoner? The aim seems to be perfection. Is it possible to do that in each case? I do not think so. It would take a great army of civil servants to check all the pertinent facts about each prisoner.

I have not had as much patience to compile statistics as did honourable senators who have addressed this chamber, but I did get some information. When I heard the sponsor of the inquiry say that Canada sent some 100,000 people to jail last year I was shocked and thought that that was a very large number for such a small country as ours. I wanted precise information as to the number of prisoners in this country. I was told by well informed people that the number of prisoners in Canada, not only in the penitentiaries but in the jails as well, at the beginning of the year was approximately 15,000 and at the end of the year also it was 15,000; and although during the year there were a considerable number of discharges, the reason why there were as many inmates at the end of the year as at the beginning was that many of the persons convicted during the year were recidivists. These people like the atmosphere of the jail and want to return time after time. There are some people in this country who appear before a police court magistrate every second week or every month charged with the same offence. Usually it is that of being found drunk on the street. For being in that condition they are arrested, convicted, sentenced to a week or two or three weeks in custody, or given the option of paying a fine, which they do not pay, because they would rather go to jail. While in there they earn money, they do not pay anything for their board or shelter, and they are happy about the whole thing. Of course, they are not in the majority, but there are many people like that in all parts of the country, and in fact in every country of the world. They are sad cases, but life is that way.

In my experience I have had occasion to deal with cases that were most deserving of sympathy, and at other times with cases in which I felt no sympathy at all for the prisoner, but nevertheless I did what I could to help them, as a penance for the remission of my own sins.

Something I could not quite comprehend at times, honourable senators, was that in the case of a man being sent to jail for cruelly beating his wife, she would be the first one to apply for a ticket of leave for him. She would ask for her husband's release even though her own life would sometimes be in danger. In this regard I had some strange recommendations made to me, and one in particular was noteworthy. It was signed by the mayor of the municipality and countersigned by the parish priest, and was to the effect that they were recommending that So-and-so be granted a ticket of leave, provided he would never return to the district! I did not forward that letter to the department, and I refer to it only because it serves to show how difficult it is at times to help those people.

I would like to say a word or two about the conditions in the prisons, but I must say I am not in a position to talk about this feature in a precise manner because I have not visited many of these institutions. I have seen the inside of some of our jails when I was called in by a prisoner, and I must say that in eastern Quebec a large number of jails now offer excellent accommodation, largely as a result of having been rebuilt. The Rivière du Loup jail was under reconstruction during the administrations of Mr. Taschereau and Mr. Godbout, and under the administration of Mr. Duplessis the work has been completed. It is a very fine building now, and all the prisoners there are well treated. The jail at Chicoutimi is a magnificent building. I can say the same for the jails at Rimouski and Montmagny. In fact, the judge who visits Montmagny on circuit told me that the court house there was well built, that the jail was in very good condition and that there were no complaints at all about it. I intend to follow the example of the honourable senator from New Westminster (Hon. Mr. Reid) and the honourable senator from Fredericton (Hon. Mrs. Fergusson), and visit the penitentiaries, to see what they are like. I will make it a point to listen to the prisoners and hear what they have to say. I consider that to be part of my duty. I may say that up to the present those inmates whom I have met say they have been well treated and have no ground for complaint.

Sometimes I receive letters from outside the province of Quebec. Some years ago I had a letter of complaint from some prisoners in New Brunswick and I could not do anything else but send the letter to the Attorney General of that province.

The Honourable the Minister of Justice and the Honourable the Solicitor General are extremely solicitous and very careful to do their very best to help those unfortunate people who are deprived of their liberty in this way.

I come now to discuss the question as to why people are in prison. They are in prison because they have been found guilty of committing an offence. I speak now of those who come under the jurisdiction of the federal Government, the inmates of penitentiaries. They have been sentenced to a prison term as a result of having been found guilty of committing an offence forbidden by a law passed by Parliament, by the Senate as well as the House of Commons. It is Parliament which has set the minimum and maximum penalties for each offence. In the first place the offence or the crime was defined by Parliament and set out in the Criminal Code. Crimes set out in that code are not to be committed if one wants to stay out of jail.

And now, honourable senators, we come to the consideration of an institution of which we must be proud. It is the right to trial by jury, won from King John by the Barons.

The Hon. the Speaker: Honourable senators, may I request that, out of consideration for the honourable gentleman who is speaking, honourable senators refrain from audible conversation?

Hon. Mr. Pouliot: I thank you, Mr. Speaker. I could speak louder, but I do not think it is necessary.

The duty of the jury is to decide whether the prisoner in the box is guilty or not. British justice is admirable; it requires that a prisoner shall enjoy the benefit of the doubt; before he is found guilty he is not deemed to be so. That is an excellent principle. A man is accused of some crime. He is before the court and the jury; he has a lawyer to defend his case. If he has not committed the crime he has every opportunity to prove to the satisfaction of the jury and the court that he is not guilty. If he is not guilty he shall not be punished. If, although innocent through some mistake of the court in addressing the jury, or of the jury itself, he is found guilty, he has a right of appeal, even to the Supreme Court of Canada, the highest tribunal in the land. Thus he has every opportunity to defend himself in order to enjoy the liberty which is the greatest gift of British justice.

If he is found guilty, there are certain considerations to be borne in mind in the imposition of the penalty. A margin is provided

between the minimum and the maximum of a sentence, and it is left to the judge to decide whether the maximum or the minimum or something between the two is the proper penalty for his offence. So variations in the severity of the sentence are provided for—a principle which accords with the true spirit of the law. Everything is taken into consideration—to the advantage alike of the prisoner and of society—so that no one shall suffer an injustice in this land.

Sometimes one has to be forceful in maintaining respect for the law. From time to time the criticism is heard that nothing is done in the Senate. This is unjust. I shall not attempt to cover all the ground from the institution of this body as a legislative chamber; but I will say, honourable senators, that one of the most important things which has been done by or on behalf of the Senate was the work of the special committee on the traffic in narcotic drugs. We had been reading in many Canadian papers that young children were the victims of peddlers of narcotics, and that nothing could be done to stop the traffic. But a committee was appointed; a committee consisting of serious, honest, courageous and intelligent people, who determined to get to the bottom of the scandal and to see if there was some way of stopping this continuous offence against society, and our youth in particular. The success of the committee, honourable senators, was tremendous; and it is no more than justice to affirm that this body has every reason to be proud of having appointed it, because of the good work done by its members. The committee had to be firm; in the nature of things it could not be tender-hearted. Although it was not an inquisition, it could not do other than it did and be true to the commission imposed on it by the Senate. Its work for the good of the state has proved so successful that, following the example of Canada, other countries have decided on similar investigations.

A service of this kind is at times ignored. I do not think it can be called too often to attention, so that no honourable senator, when he reflects on accomplishments of this kind, need have any inferiority complex.

As I have said, sometimes it is impossible to be tender-hearted. The examination into and revision of criminal procedure is more difficult in Canada than, for example, in Great Britain. With us, complications arise because of the various jurisdictions exercised respectively by the federal Department of Justice and the departments of the provincial Attorneys General. Some matters come exclusively under Ottawa, others under the provinces. So, when difficulties arise, the only way to a satisfactory conclusion is to bring together a group of composed representatives of the federal Justice Department and the departments of the Attorneys General of the provinces, to discuss possible reform. We are about to get it. Last night the Honourable the Minister of Justice announced in the House of Commons that during that day he had received from Mr. Justice Fauteux a copy in English of the report of the committee appointed on December 11, 1953, to inquire into the principles and procedures followed in the remission service of the Department of Justice. The minister also stated that the report of Mr. Justice Fauteux and his associates on the committee, men thoroughly familiar with criminal law, will be tabled in Parliament as soon as the necessary printing and translation is completed. The report will be published in both English and French, and all members of Parliament will have full opportunity to peruse it. But there have been further announcements about this subject. Not long ago I read in one of my favourite newspapers, the Halifax *Chronicle-Herald,* that a meeting of great importance is to take place between representatives of the federal Department of Justice and representatives of the Attorneys General of the various provinces. These officials will sit down together and review the whole subject. It will be a timely meeting and it is certainly called for. It should result in the elimination of any question as to different jurisdictions, for the types of cases which come under different jurisdictions will be dealt with by these representatives from provincial and federal jurisdictions. I hope that I have made my point clear.

Honourable senators, I do not wish to prolong this discussion now because we shall only have to start anew after we have studied Mr. Justice Fauteux's report, and certainly after we have studied the report of the meeting between the federal and provincial representatives on the very matter now before the Senate.

Those who have taken part in this debate so far have spoken in a manner that would be creditable to the Minister of Justice himself. Their material has been gathered with utmost care and their arguments have been presented in a clear manner. There have been slight differences of opinion, but on the whole the debate has shown that the Senate of Canada has every sympathy for prisoners who are deserving of it. Of course, I would not say that every prisoner is deserving of sympathy. There have been some shameful cases where men have behaved badly with youth, men who have killed young people, men who are abnormal. I wonder what is to be done with them. They do not deserve any sympathy, and it is wrong to forget that the Criminal Code, the Department of Justice,

the offices of the provincial Attorneys General, the police forces and the Royal Canadian Mounted Police have been established to protect society against these criminals. There is not only the jail, there is the rope. And I wonder if the rope is enough. People show sympathy for a victim of a crime, but I am shocked by the sympathy these same people later display for the criminal after the poor victim has been forgotten. I cannot at all understand this change of attitude, and I have found it discouraging.

If we are to be a happy country our citizens must abide by the laws of the land. We all know what is right and what is wrong. Our Criminal Code is really based on the Ten Commandments of God, together with many rules and regulations. When we think about it, perhaps the many laws on our statute books may explain the commission of some misdemeanours or *delits*. We may have too many laws, but each of us knows right from wrong. It is not the Criminal Code that tells us this, it is our own conscience. Sometimes unfortunate incidents occur because one is absent-minded and does not think beforehand of the consequences of an act. This sort of thing should be taken into consideration when assessing the degree of an offence. It is left to the jury composed of humble men like myself to decide whether an accused is guilty or not. In my experience before the bar I was always satisfied with the verdict of the twelve honest men serving on the jury.

The important thing today is to segregate prisoners so that a young man will not be corrupted by being placed with a hardened criminal. I leave this to honourable senators to think about, for it concerns one of the most urgent needs in penal reform today. Is there enough room in the penitentiaries and jails? The Department of Justice is building another penal institution now just to give more space to criminals so that they may be segregated. I consider this a very good thing and I hope it will be successful. If we give a prisoner the chance to rehabilitate himself and to become a good citizen, instead of being a liability to the state he will become an asset, and perhaps a good citizen; but it requires a lot of thought, a lot of prudence and a lot of tact, and above all a lot of common sense. I do not believe at all that psychiatrists can do everything. I believe in a good heart, and in good judgment. If prisoners are approached by men who are gifted with a kind heart and good sound judgment, the number of those who appear before the courts for doing otherwise than they should be will be much less numerous.

Honourable senators, I am sorry to have spoken at such length, although I could speak much longer on this subject. We cannot look after a certain number of people for a great many years without having a deep sympathy for them and trying to improve their lot, but it is impossible to do so at the expense of the whole community, of the whole country; it cannot be done that way. They have to be reformed, they have to be helped by the state, but they must not forget, at the same time, that what they have done is wrong. This debate has proven that the Senate is equal to its high reputation in discussing so important a problem.

Before concluding, I wish to express my thanks to and admiration for the present Solicitor General (Hon. Mr. Macdonald) and to all his predecessors, from the time of the Honourable E. J. McMurray, who came here from Winnipeg thirty-odd years ago. They have done a good job and they deserve the respect of their country. Their work has been most painstaking, and they have done it according to their consciences and for the good not only of prisoners but of society. That is the way to deal with such difficult problems.

Hon. Senators: Hear, hear.

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

PRIVATE BILL

GRAND FALLS CENTRAL RAILWAY COMPANY LIMITED—SECOND READING

Hon. A. B. Baird, for Hon. Mr. Pratt, moved the second reading of Bill Y-9, an Act to incorporate Grand Falls Central Railway Company Limited.

He said: Honourable senators, this bill affects a great many people in the interior of Newfoundland. The Anglo Newfoundland Development Company, at the time of its incorporation, had special rights pertaining to the operation of a railway. The railway was constructed to enable the company to carry on its pulp and paper operations, and there are now some 22 miles of track servicing the towns of Windsor, Grand Falls, Bishop's Falls and Botwood. The railway which carries the company's products from its Grand Falls mill is used for the transportation of ore concentrates from Buchan's Mines and as well the transport of miscellaneous goods and passengers. The magnitude and diversification of the Anglo Newfoundland Development Company's operations requires that its activities be carried on through other than a single corporation. The railway, more and more, is employed as a common carrier of goods for the purpose other than those of the A.N.D. Company, and it is desirable that its operations should be in a separate corporation.

The railway company, servicing as it does four towns in Newfoundland, has an operational character quite distinct from that of the A.N.D. Company itself. One of the main reasons, therefore, for seeking a special bill to incorporate a railroad company is to divorce, corporationwise, the rail activities from the A.N.D. Company.

In addition, after the company is subjected to federal authority in its railway operations, it will be a common carrier; and shippers, including not only the A.N.D. Company, but all others at present existing and in future to come will be given the benefit of the Maritime Freight Rates Act.

The Maritime Freight Rates Act, Chapter 174, Revised Statutes of Canada, arbitrarily grants to industries shipping in and out of the Maritime provinces a 20 per cent federal subsidy on rail movements. The statute was enacted to assist industrial growth in the Maritime provinces of Canada and by section 12 of the act is applicable to the province of Newfoundland. The act was applied to the province in keeping with the terms of union of Newfoundland with Canada.

The A.N.D. Company railway at the present time is a "provincial railway", being owned and operated by a company subject only to provincial authority. The operation of the A.N.D. Company railway by a company incorporated by federal act will subject the railway to federal authority in every regard. Principally, the maintenance and operation of the railway and the tariffs charged by the railway will be subject to the provisions of the Railway Act and the jurisdiction of the Board of Transport Commissioners. The enactment of this act will bring this railway, which is in many regards public in its scope, within the standard pattern of railway operations found throughout Canada.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Baird, the bill was referred to the Standing Committee on Transport and Communications.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 248 to 253, which were presented on April 26.

Hon. Mr. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 2, 1956

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

Prayers.

Routine proceedings.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 254 to 290, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

Hon. Mr. Haig: May I have the permission of the honourable senator to ask a question?

Hon. Mr. Roebuck: Certainly.

Hon. Mr. Haig: How many petitions has the committee yet to deal with?

Hon. Mr. Roebuck: I have not the figures with me but I shall get them and give the information to the Senate at the next sitting, if that will be satisfactory.

Hon. Mr. Haig: Thank you.

The motion was agreed to, on division.

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill C-10, an Act for the relief of Edith May Robertson Thompson.

Bill D-10, an Act for the relief of Hans Christian Anderson.

Bill E-10, an Act for the relief of Raffaele Polissena.

Bill F-10, an Act for the relief of Hilda Evelyn Charlton Carlson.

Bill G-10, an Act for the relief of Dorothy Pilkington Wilson.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

CANADA-DENMARK INCOME TAX AGREEMENT BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. Salter A. Hayden moved the second reading of Bill 8, an act to implement an agreement between Canada and the Kingdom of Denmark for the avoidance of double taxation with respect to income tax.

He said: Honourable senators, this bill approves a tax agreement or convention entered into between Canada and Denmark, and declares the provisions of the agreement to have the force of law. In addition, the bill provides that if there are any inconsistencies between the agreement and the general law in relation to income tax in Canada and Denmark respectively, the provisions of the agreement shall prevail.

For those honourable senators who were in the house last session, I may say that the provisions of this tax agreement are similar in all substantial aspects to the tax agreement between Canada and Ireland which Parliament approved about a year ago. However, perhaps I should take a few minutes to tell the house the salient features of the agreement now before us.

The agreement is annexed as a schedule to the bill and, as I have said, the bill gives it the force of law. It applies to income taxes and surtaxes in Canada and corresponding taxes in Denmark. So, by the passage of this bill Parliament is enacting legislation that affects the income tax law of Canada.

The term "Denmark" excludes the Faroe Islands and Greenland for the purposes of this agreement. I think possibly the reason for that is that these islands do not have what would correspond to an income tax law at this time; but there is provision in the agreement for their inclusion if that becomes advisable, important or necessary in the future.

The basis for determination of what is taxable and to what extent it is taxable is to be found in the agreement. Generally, it is this: the expression "Danish enterprise" means an enterprise carried on by a resident of Denmark; and "Canadian enterprise" means an enterprise carried on by a person resident of Canada. Now, where you have a Danish enterprise operating in some fashion in Canada, or a Canadian enterprise operating in some fashion in Denmark, what is the incidence of taxation, if any? As a basis for determination of that the agreement provides, first, that the profits of a Canadian enterprise in Denmark will not be taxable unless the enterprise has what is called a "permanent establishment" in Denmark. Similarly, the profits of a Danish enterprise carrying on trade or business in Canada will not be subject to Canadian income tax unless the enterprise has a "permanent establishment" in Canada.

The term "permanent establishment" encompasses a variety of things. As will be seen

from the definition section, article II, at the bottom of page 3, it means:

> A branch office, factory, or other fixed place of business, a mine, quarry or any other place of natural resources subject to exploitation. It also includes a place where building construction is carried on by contract for a period of at least one year, but does not include an agency unless the agent has, and habitually exercises, a general authority to negotiate and conclude contracts on behalf of the enterprise or has a stock of merchandise from which he regularly fills orders on its behalf.

For instance, if a Canadian enterprise were operating through an agency that it maintained in Denmark and that agency was one that habitually and generally represented the Canadian enterprise in Denmark, then it would be carrying on business and maintaining a permanent establishment in Denmark. And, in reverse, the same rule would apply to a Danish enterprise maintaining an agency in Canada.

But there are certain exceptions. First of all, the profits that are taxable where there is a permanent establishment are the profits attributable to the operation of that permanent establishment, and they bear the income tax rates that prevail respectively in Denmark and Canada. Now, a Canadian enterprise might have a permanent establishment in Denmark, and if that permanent establishment was used only for the purpose of purchasing supplies, goods and merchandise for its operations elsewhere, it would not be such a permanent establishment as would attract tax. That is easy to understand, because if you are only on the buying end of something in Denmark or Canada the transaction that produces profits must occur somewhere else.

Then, if a Canadian enterprise uses an agent in Denmark or a Danish enterprise uses an agent in Canada, for the sale of its goods or merchandise, and that agent acts in the same capacity for any number of people, that is not regarded as maintaining a permanent establishment in Denmark or in Canada, as the case may be, so the question of being subject to tax in those instances would not arise. Of course, if a Canadian enterprise operates through a subsidiary company in Denmark, that subsidiary company would bear its own incidence of tax in Denmark, but the fact that it was a subsidiary company and had a permanent establishment in Denmark would not make the parent company subject to tax on the basis of the subsidiary company's permanent establishment. And in the reverse case this rule would apply to a Danish enterprise operating through a subsidiary in Canada.

I do not propose to deal with all the exceptions. I have stated how profits are determined. Now, if you have the very close and comfortable relationship of a parent company and a subsidiary, or an enterprise of one country operating a branch in the other, there may be as between those two operations such a relationship or agreement as to leave a larger proportion of the profits in Canada or in Denmark, as the case may be. In those circumstances the country in which the subsidiary or branch operates has the right to look into the transactions, so as to determine the profits attributable to the permanent establishment in that country, on the basis of what those profits might be if there were a really independent operation there.

With respect to dividends which may come from an operation in Denmark or in Canada, respectively, if they are paid out of the profits to the extent that these dividends are paid to persons who are not residents of the country wherein they are earned, they are not subject to any tax. Profits, of course, have already been taxed.

Generally speaking, either country may impose a withholding tax on dividends, interest, rents or royalties that are derived in the other country if these are not attributable to the maintenance of a permanent establishment in that country.

So far as ships and aircraft are concerned, there is the same provision as in the convention with Ireland. That is, as respects ships and aircraft of a Canadian enterprise operating in Denmark, the tax on profits on the operations of the enterprise would be based on the residence of the enterprise. In other words, if a Canadian enterprise operates ships and aircraft not only in Canada but in Denmark, the profits of those operations would be taxable only at the residence of the enterprise, which would be Canada; and in the reverse situation, they would be taxable only in Denmark.

So far as the withholding tax is concerned, the general convention is that, with respect to dividends, interest, rents or royalties derived from sources within Canada, or derived from sources within Denmark, either country may impose a 15 per cent withholding tax, and if such enterprise, whether Canadian or Danish, owns a subsidiary company operating in the other country, and there are dividends passing from the subsidiary to the parent company, and the subsidiary-parent relationship arises by reason of ownership of 50 per cent or more of the shares, the withholding tax may be 5 per cent instead of 15 per cent. The same provision is in the Irish convention.

Copyright fees, royalties in respect of the production or reproduction of any literary, dramatic, musical or artistic work—excluding motion picture film—derived from sources in the other country by for instance a Canadian enterprise, obtaining income of that kind from

sources in Denmark, would be exempt from the Danish tax; and in the reverse situation they would be exempt from Canadian tax.

The remuneration for the services of a Danish citizen who is in Canada performing governmental functions, or of a Canadian citizen performing similar functions in Denmark, is taxable only in the person's country of residence, not in the place where he is doing the work. If, however, an individual is working for a concern which earns profits, that, of course, is a difference story and this exemption does not apply. So if perchance a crown company of Canada or a similar Danish corporation had operations in the other country, this provision will not be applicable, since either company might earn a profit.

So far as personal and professional services are concerned, a Danish citizen, for instance, may perform personal services of a professional character in Canada, and if he does so for a Danish resident he is subject to no Canadian tax on those earnings, provided he is not here for a period or periods longer than 183 days in a year. That applies in the reverse situation where a Canadian performs such services in Denmark.

I should point out there is an exception. An exemption is not allowed in the case of public entertainers or professional athletes. In other words, an exemption is not allowed to a Danish public entertainer or professional athlete who comes to Canada, and in the reverse situation it is not allowed to a Canadian public entertainer or professional athlete who goes to Denmark. The earnings made in one country by public entertainers and professional athletes of the other country are subject to the ordinary laws of taxation.

A pension or annuity derived from sources within Canada by a resident of Denmark is exempt from Canadian tax, and likewise any pension or annuity derived from sources within Denmark by a resident of Canada is exempt from Danish tax.

Article XI of the agreement provides that professors or teachers from Canada or from Denmark, as the case may be, who receives remuneration for teaching, during a period of temporary residence not exceeding two years, at a university, college, school or other educational institution in the other country, is exempt from tax in that other country in respect of the income derived in those circumstances. For instance, a Canadian professor or teacher instructing in Denmark is exempt from tax in Denmark; and in the reverse situation a Danish professor or teacher instructing in Canada is exempt from tax in this country.

Article XII of the agreement deals with students or business apprentices. If a Canadian student or business apprentice goes to Denmark and receives full-time education or training in that country he will be exempt from tax in Denmark on payments made to him by a person or persons in Canada who are financing his education or training in Denmark. In the reverse situation, a Danish student or business apprentice who comes to Canada for full-time education or training will be exempt from Canadian tax.

Under article XIII a Canadian resident when paying his Canadian tax is entitled to an exemption on income earned in Denmark to the extent of the Danish tax. In other words, he may offset the Danish tax on that income earned in Denmark when he comes to pay his Canadian income tax. Danish residents when paying tax in Denmark are similarly given an exemption to the extent of the Canadian tax paid on income earned in Canada.

In a very general way I have outlined the sections dealing with exemptions. Then we come to a type of section that I have never been happy to see in any document, particularly a Canadian statute applying to Canadian citizens. Article XIV provides for exchange of information between the two countries. It says:

> The competent authorities of the contracting Governments will upon request exchange information of a fiscal nature which is available to them, or which they are able to obtain under their own legislation and which would be useful to assure the regular assessment and collection of the taxes referred to in this agreement, as well as the application with respect to these taxes of the legal provisions relative to the prevention of fiscal fraud.

That is the only place where the expression "fiscal fraud" appears, but I would point out that the wording of the section has quite a significance. It may not mean very much in its practical aspect so far as it applies to Canada and Denmark, for the amount of revenue involved would not be large, but that would not affect the principle. It occurs to me that the following situation might develop from an exchange of information. A resident of Denmark might earn income in Canada and have to pay income tax in both countries, and the Danish authorities might request the appropriate Canadian officials to supply them with information as to the Canadian operations and earnings of the Danish citizen. Under article XIV of the agreement Canada would supply such information. It might very well be that this Danish individual has satisfied all the legal requirements of the laws in Canada in relation to his earnings here. I do not know what examination would be made as a basis for a request from the Danish officials, but let us assume that they say, "We are looking into the possibility of a fiscal fraud here".

The significance of such an incident, as I see it, is that by virtue of this exchange of information Canada would be giving what I would call an extraterritorial sanction to possibly the criminal law of Denmark. And of course in the reverse situation Denmark would be giving a similar sanction to Canadian law.

Hon. Mr. Euler: Do we not do that with the United States?

Hon. Mr. Hayden: Yes, but the fact that we do it is no reason why I should not express my views on it. It is also no reason why I should not say that in its broad aspect I have difficulty in accepting the principle.

Hon. Mr. McKeen: Do we allow United States tax collectors to come into Canada to examine records of Canadian citizens or do we just provide them with the information? If the department allows the American authorities to come in and examine certain records, then I think the department is going beyond its rights, even under a treaty such as this. It is a trespass on the constitutional rights of our citizens. Giving information in returns is one thing, but to allow the American authorities to come right in and look over files and take anything they want from them is another thing. I understand this is being done at the present time, and I am wondering whether such a procedure is provided for in this agreement.

Hon. Mr. Hayden: There are some questions that I can answer, some that I cannot. As to the method that is employed, I assume the honourable senator from Vancouver (Hon. Mr. McKeen) has heard the same things I have. But I would want something more definite than that before I would make reference to it here. There is provision for exchange of information.

Hon. Mr. McKeen: I read in the press some years ago that FBI agents went into a certain office in Canada and took over the files. A Canadian court order was issued and the FBI agents were kicked out, but they had been allowed to go into the office first.

Hon. Mr. Hayden: I am not dealing with that aspect. It would appear from the facts as related by my honourable friend that the FBI agents acted in excess of the law, and therefore the courts corrected the situation. I am not attempting to discuss any extension or excess of authority. I am only outlining what the article provides. Naturally, one would not expect that an excess of authority would be sanctioned by the Canadian officials, but if it occurred the courts would correct it.

Hon. Mr. McKeen: I am wondering if this legislation provides an authority that did not exist at the time I am speaking of, which was some years ago.

Hon. Mr. Hackett: May I ask the honourable senator from Toronto (Hon. Mr. Hayden) a question at this time?

Hon. Mr. Hayden: Yes.

Hon. Mr. Hackett: Some years ago a certain treaty was entered into between the United States and Canada. It was probably negotiated in a hurry, but to my vast astonishment and dismay I found it contained a provision that smuggling was an extraditable offence. That had a profound influence upon a very respectable portion of my electors and constituents.

Hon. Senators: Oh, oh.

Hon. Mr. Hackett: It was a type of national enterprise which had gained some status. If the people living on the border were going to be extradited, with the aid of the courts, it seemed to some of us—and I must say quite candidly to some of the ministers of the Government—to be something that had been overlooked. In the course of time that was corrected and the treaty was rewritten. As to the agreement before us, I am not so sure that the courts would have great power in the matter if the agreement were passed by Parliament and we consented to disclosure of that secret of secrets, the integrity of which the Government through its tax collector is supposed to preserve. Just how a judge would decline to issue an order of the court permitting someone with a status and a right under the law to examine the books of the Income Tax Department is something that it seems to me should be made quite clear, because we are surrendering a bit of our sovereignty, and at the moment we have not a great deal to spare.

Hon. Mr. Hayden: I think that what the honourable senator has said is very apt at this time. In section 1 of article XIV providing for the exchange of information there are two aspects. In the first place, the contrasting Governments agree to exchange information "which would be useful to assure the regular assessment and collection of the taxes". That means by either country. I can quite understand that. Then it goes on to say, "as well as the application with respect to these taxes of the legal provisions relative to the prevention of fiscal fraud." It is the second aspect that I find very bothersome, for I have already cited a case where, so far as Canada is concerned, there may be no element of legal fraud and no violation of the provisions of the Canadian Income Tax Act in relation to the income, say, of a Danish citizen, yet the

section would appear to give Denmark the right to ask Canada to furnish information in relation to the Danish citizen's operations in Canada, which information might be used by Denmark for the purpose of application of the Danish income tax law in relation to fiscal frauds in that country.

Having explained the effect of the article, as I see it, I do not propose to extenuate, except to call attention to the following words contained in article XIV:

> The information so exchanged shall retain its secret nature and shall not be disclosed to persons other than those charged with assessment and collection of the taxes referred to in this agreement.

That reminds me of the chap who was told a secret, and he was cautioned very seriously that he must not mention it to any person. Later it was found that he had told it to a number of people, but he justified himself very simply by saying: "Well, I thought it was all right. I only told it to people who I thought would keep a secret."

It would appear that here we are widening the doors of access to secret information. I do not know the effect this would have in the long run but I am prompted to suggest, partly facetiously, that if the lonely Shakespearean Dane should decide for some purpose or other to find an asylum or haven in Canada, and if this agreement becomes law, he might find that so far as his fiscal problems were concerned the asylum in Canada gave him no guarantee against the troubles that might pursue him from Denmark; and his loneliness would not be any the less profound nor would his asylum be any the more secure in Canada than if he had stayed in Denmark.

The only other thing I have to say is that if the agreement is proclaimed this year it will come into force in Canada on January 1, 1957, and in Denmark on April 1, 1957.

The agreement is a continuing thing—it goes on until somebody gets tired of it and either country gives notice of termination. Notice may be given before June 30 in any year, and then the agreement will cease to be effective so far as Canada is concerned, on January 1 in the next year, and so far as Denmark is concerned, on April 1.

That is the sum and substance of the agreement. How to translate it into dollars I do not know, but it seems to be part of Canadian fiscal policy to make tax conventions with as many countries as possible. We already have them with the United States, the United Kingdom, France, Ireland, Sweden. In countries where we do more business many features of the tax convention are undoubtedly very beneficial. In relation to the operations of this country's residents elsewhere, there is a definite and positive advantage arising by virtue of having tax conventions with governments in whose countries we conduct substantial business operations.

Hon. Mr. Euler: May I ask my honourable friend a question? He stated that the withholding tax of 15 per cent may be applied by either country. Supposing one country applied the tax, would it then become reciprocal? Would the other country necessarily have to apply it?

Hon. Mr. Hayden: No; the other country could steer its own course.

Hon. W. Rupert Davies: Honourable senators, I hope this bill will go to a committee and that the committee will make sure there is no joker in it. In 1946 we passed a convention with Great Britain, and there was a joker in it, a very serious one. Prior to that we made a convention with the United States. As we all know, hundreds of Canadians have fine homes in Florida, but are not subject to United States income tax. Well, I happen to have a small summer home in Britain, and for that reason I am liable to British income tax under certain conditions. When we passed the convention with Britain I thought my troubles were over. I had had a settlement with the tax authorities there just a year before. Recently, however, a very bright inspector came into our district—a graduate from Cambridge University, who has the firm intention of becoming a high official in the Internal Revenue Department. He has given me a lot of trouble.

Hon. Senators: Oh, oh.

Hon. Mr. Davies: I discovered something which I did not know before. I knew that anyone who maintains a residence in Britain is liable to income tax there, but I did not know that anyone who goes to Britain for four consecutive years is also liable to income tax in that country. What has given me the most worry is the fact that in our convention with Britain there is no definition of the word "capital". In Canada if we earn a certain amount of money, on which we pay the federal, provincial and municipal taxes, we look upon any balance we save as capital. But that is not so in Britain. There they take the view that capital is inherited money. I have argued this matter with the British authorities to quite an extent, but got practically nowhere. I find there have been rulings in their courts with respect to it.

Now there may be in this country some citizens of Danish origin who want to own a little home in Denmark in which to spend a month or two each year. What is their

position with respect to income tax? For instance, in Great Britain one is required first to submit his Canadian income tax return. That is translated into sterling and is assessed at the British rate of tax. Then if the amount of money which he brings into that country is greater than the difference between the Canadian tax and the British tax, he has to pay income tax on the balance.

The joker is that a Canadian may take into Britain all the money he likes from his capital account, but he may not take in any money from his income account. However, the authorities over there maintain that he does not have any capital account unless it is inherited money. I pointed out to them that in Canada we do not inherit money, we earn it, but that argument does not seem to affect them at all.

I repeat, let us make sure there is no joker in this agreement with respect to Denmark. The word "capital" is not defined. Had it been defined in the British agreement we would know where we stand with the authorities there; but they take it upon themselves to determine its definition. In spite of the convention between the two countries, our interpretation of capital is different from theirs.

I rise to suggest that when this bill goes to committee we should try to avoid the chance of having in the agreement a joker such as that to which I have referred. The matter has given me a great deal of worry and annoyance, and cost me quite a lot of money. But as far as the convention with Britain is concerned, nothing much can be done about it at present. Had it been a convention with the United States I am sure something would have been done, because there are hundreds of influential Canadians who would want to have such a situation corrected. I doubt if there are many who are interested as far as Britain is concerned. That is why it seems to me useless to try to have that agreement amended.

Honourable senators, I strongly feel that the word "capital" should be defined in a convention of this kind.

Hon. Arthur W. Roebuck: Honourable senators, I have some observations to make with regard to this agreement in its broadest application, rather than in its detail. I have not had an opportunity to study its various clauses, as did the member for Toronto (Hon. Mr. Hayden), and so there is much on which my comment at this time would be immature. However, I should like to call the attention of the Senate to this type of procedure.

In a recent debate in this house I called attention to the history and law with regard to the change of law by reason of an executive agreement. At that time I pointed out that many years ago, when the King had both the right to make a treaty and to enforce it in his own country so as to make changes in the substantive law, there was no difficulty; but as we have taken away from the executive the law-making power and left in its hands the treaty-making power, complications now arise. When the executive enters into an agreement such as this, it must still come to Parliament for implementation of the treaty through changes in the substantive law of the land.

What I said on that earlier occasion has application here. The executive makes a treaty, which is within its power, and then must come to Parliament asking for changes in the law, changes which affect particularly the individual citizen. Here we have a sweeping declaration that the whole treaty is the law of the land.

I submit to this house that that is not the way to draft the substantive law of this country. Goodness knows, the law is complicated enough now. When one wants to see what is the law of Canada, he goes in the first instance to the Revised Statutes of Canada, and perhaps looks over the statutes which have been passed since the last revision. But here we have a long agreement with Denmark, in the terms of which we find changes in the law affecting the individual citizen. The agreement is drawn in the terms of agreements, and was no doubt phrased by delegates sitting around a table and making concessions back and forth to suit the two parties and to bring about an agreement. The phraseology therefore is not that of the Criminal Code or of any other statute drawn by lawyers for the purposes of clarity and for carrying out the intention of Parliament with regard to our own citizens.

We have now before us an illustration of what happens when we adopt a procedure of declaring the terms of a treaty to have the force in the law of a statute of Parliament. The honourable senator from Kingston (Hon. Mr. Davies) says he hopes there is no joker in this thing. Well, neither he nor I nor anybody else in this house can say whether there is a joker in this phraseology. It is indefinitely phrased when used for the purpose of changing the law. It may perhaps be quite definite as a matter of agreement between the executive in Canada and the executive in Denmark, but so far as it applies to a change of law affecting our own citizens it is utterly verbose, indefinite and unreadable.

The senator from Victoria (Hon. Mr. Hackett) told us of an agreement of this kind,

which had been made law, in which there appeared an extradition clause. There was not an amendment to our Extradition Act, but only a part of an agreement between one nation and another, which changed the substantive law with regard to extradition as it applies to our citizens. As one goes through these agreements he will find much phraseology that is indefinite for the purposes of a legal enactment, phraseology which is quite unsuitable to be made into law applying to our own citizens. I say that is not the way to do the job.

Take for instance, the last section which the honourable senator from Toronto (Hon. Mr. Hayden) so ably described. He said "it would appear to" do such and such. I agree with him that it would appear to do what he says, but no one knows what it does say. It uses the words "prevention of fiscal fraud". Now, I do not suppose any well educated draftsman of statutes, charged with drawing a section with regard to fraud in the matter of income taxes, would use the words "fiscal fraud". I have never seen it; what its definition is, I do not know, and I am sure no one else does. I know something about the word "fraud", but how the word "fiscal" limits it I do not know. I could guess at it. Does it mean that any Danish citizen who comes to Canada may be interrogated by the officials of our Income Tax Department with regard to his actions in Denmark or to some memorandum or return that he has made to the taxation department in his own country, and that if certain information is obtained he may be extradited? How far it goes, nobody knows.

If we insisted, as I think we should, that when changes are to be made in our law they be incorporated in a bill or bills and be brought before us after revision by the Department of Justice, then we would have some assurance as to what we were asked to do. But to pass this bill and thereby to make this agreement the substantive law of Canada—well, I tremble at what might happen. It is not the way to do it.

I see that the department has taken care of itself, for that very article XIV says:

> Neither shall these provisions be considered as imposing on one of the two contracting Governments the obligation to perform an administrative act which would be contrary to its regulations or practices.

The department has taken care of itself indeed, but it does not extend any such protection, that I can see, to the individual in Canada affected by its provisions.

Now, take clause 2 of this bill:

> The agreement entered into between Canada and the Kingdom of Denmark, set out in the schedule, is approved and declared to have the force of law in Canada.

That is to say, if there are violations of this agreement by an individual in Canada he may be hauled into a police court or sued in the civil courts and have this long document pleaded against him. The citizen of Canada is supposed to know the law, and it is no excuse for him to plead that he did not know that we in Parliament had enacted a thing of this kind. Honourable senators, this is not the way to proceed.

Then clause 3.

> In the event of any inconsistency between the provisions of this act, or the agreement, and the operation of any other law, the provisions of this act and the agreement prevail to the extent of the inconsistency.

That is to say, all the protections which we may have enacted from time to time for the interests and the safety of the individual of Canada are set aside if they are inconsistent with the provisions of this act or this agreement. The thing is extraordinary. It is frightening. We should not proceed in this way.

The bill goes on to say, in clause 4:

> The Minister of National Revenue may make such orders and regulations as are, in his opinion, necessary for the purpose of carrying out the agreement or for giving effect to any of the provisions thereof.

So to the very executive that made this agreement we are passing over power to extend the provisions as they apply in Canada and to our own people.

Honourable senators, I say if there are any inconsistencies between this agreement and the substantive law of Canada this is the time for us to know what they are and all about them. If this legislation is to override the common law of this country and the statutory law of this country, it should be in statute form making clear beyond peradventure just what are the inconsistencies. We ought to know, and who should be in a better position than those who have drafted this bill to tell us where the inconsistencies lie? Why should we guess about it in this chamber? Let them bring in a bill stating in precise terms where the law of Canada is changed and let us see if we wish to adopt it as a new statute or as an amendment to existing statutes.

Remember, honourable senators, that in these matters the rights of Parliament are involved. It is our duty above all things to protect the parliamentary procedure of our country. We must not keep on handing over to the executive extraordinary powers which set aside the rights of Parliament and relieve Parliament of its responsibilities and duties. We as members of Parliament should be most jealous in this regard.

I see this phrase in article XVII of the agreement:

> The agreement shall be ratified by the contracting parties, and the instruments of ratification shall be exchanged at Copenhagen with the shortest delay.

If those who drew this agreement realized that they have not the right to ratify the agreement, but Parliament has that right, and if they had said that this agreement shall not come into force until it is ratified by Parliament they would have been much more respectful to Parliament and very much nearer the constitutional facts of our country.

Take also article XV:

> The present agreement may be extended, either in its entirety or with modifications, to the territories of the Faroe Islands and Greenland . . . The extension of the agreement and the modifications thereto shall be specified and agreed between the contracting parties in notes to be exchanged for this purpose.

Now, it may be unimportant that this agreement does or does not extend to the Faroe Islands. I do not know anything about that, but I do say that if this agreement is to be the law of the land, and is proposed in this bill, surely we should not allow it to be extended to another territory by order in council, secretly, behind green-baize doors and without notice to our citizens. It should be by act of Parliament and not by an order in council that any extension or modification of this agreement can be made applicable in law to our citizens.

I have looked through this bill and the scheduled agreement but cursorily. I did not study it before coming here because it had not been explained to us, but now I think we should give very serious consideration, not only to this agreement but to agreement after agreement as they come before us. I think we should take the definite stand that we will not approve an international agreement and at the same time call it law. I have no objection to approving an agreement, but if the executive wishes to change the law, let it bring in a bill stating what the law is and the changes proposed to be made, in the regular form. If the executive cannot do that, well then it had better not make the agreement. It is all right to make an agreement between executives so that each executive may carry it out to the extent of its ability, but when our executive undertakes to make an agreement on behalf of Parliament, then let it satisfy us beyond peradventure that the proposed changes in law are proper and satisfactory. I do not like the method of procedure now proposed.

Hon. A. K. Hugessen: Honourable senators, after listening to my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) one would rather imagine that this bill was some desperate design to interfere with the liberty of the subject.

Hon. Mr. Roebuck: I do not think you can take that out of my words, that it is a desperate design.

Hon. Mr. Hugessen: I really want to go back to what the basic purport of this bill is. It is a relief measure designed to be of benefit to people who happen to have income both in Denmark and in Canada. It is designed to relieve them to some extent of what they would otherwise have to pay in double taxation in both countries. So to my way of thinking it is the sort of measure which Parliament should, as a general principle, approve.

I direct the attention of the house to the fact that this is by no means the first agreement of this kind which has been entered into by the executive and approved by Parliament; if anything, it is more probably the ninth or tenth. It may well be, as the honourable senator from Kingston (Hon. Mr. Davies) and the honourable senator from Victoria (Hon. Mr. Hackett) mentioned a few minutes ago, that some of these agreements have contained undesirable loopholes and that certain individuals have not derived from them all the benefits they expected to receive, but it has always been the general principle of agreements of this kind that they are for the benefit of people who have incomes in the two countries involved. As to the bill before us, though I fully agree with my honourable friend from Toronto-Trinity that we should inquire into this agreement and see whether it really carries out what we and the Government of this country and the Government of Denmark obviously want to carry out—the avoidance of double taxation of our citizens—in general, it seems to me, it can be said to be beneficial legislation.

I was interested in the discussion which the honourable senator who explained this measure (Hon. Mr. Hayden) raised with respect to article XIV, and in particular the interjection of the honourable senator from Vancouver (Hon. Mr. McKeen), who asked whether the article would permit representatives or fiscal authorities of the other country to come into Canada and examine into our own fiscal records. As I read article XIV it cannot be construed as permitting anything of the kind. All it states is that—

> 1. The competent authorities . . . will upon request exchange information of a fiscal nature which is available to them, or which they are able to obtain under their own legislation . . .

That proceeding, it seems to me, would be confined to a case where, say, the fiscal authorities of Denmark asked our Department

of National Revenue to furnish them with part of the information on its files with respect to some individual. I am quite sure that the article would not permit them to come into our own fiscal offices and examine the returns.

And there are a number of safeguards. My honourable friend from Toronto (Hon. Mr. Hayden) referred to the element of secrecy, about which I do not need to say more. But there is a third paragraph of this article which, I think, affords further protection. It states:

> The provisions of this article shall not in any case be considered as requiring one of the contracting Governments to disclose to the other Government, either, information other than that which its own fiscal legislation permits it to obtain, or information the furnishing of which would involve the disclosure of industrial, commercial or professional secrets or trade processes.

So the amount of information which under this provision could be given to the Government of Denmark would be no more than the Government of Canada had already obtained under our Income Tax Act.

Hon. Mr. Hayden: Is my honourable friend stating that correctly? Did he say that "it did" obtain or "it could" obtain?

Hon. Mr. Hugessen: "Permits it to obtain".

Hon. Mr. Hayden: No; but the honourable senator said that the information to be given under this section would be no more than our income tax authorities "had obtained" or "could obtain". Which did he say?

Hon. Mr. Hugessen: Or which they can obtain under our legislation. That is quite correct.

Hon. Mr. Roebuck: Can the honourable senator tell us what are the limitations on how much information can now be obtained under our law?

Hon. Mr. Hayden: There is no limit.

Hon. Mr. Roebuck: Is there any limitation on it?

Hon. Mr. Hayden: No.

Hon. Mr. Roebuck: Cannot our department ask for any information with respect to your income—where you got it, what you have done with it, and all the rest of it—as many questions as it likes? There is no limitation.

Hon. Mr. Hugessen: That may be so. But I would not think that, in answering a question which the Government of Denmark might choose to ask, our fiscal authorities would go out of their way to try to get further information from the individual. The department would merely give what information it had on its own files.

Hon. Mr. Roebuck: There is no limitation of that kind in the bill, is there?

Hon. Mr. Hugessen: Referring to the criticism of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) of the form of this legislation: as I have said, it is the form which is invariably adopted when application is made to Parliament for sanction of a treaty. Under our constitutional procedure, I think my honourable friend will agree, treaties between countries are matters for the executives of the countries concerned.

Hon. Mr. Roebuck: That is so.

Hon. Mr. Hugessen: And in order to be implemented, in so far as any legislation is required, they must be approved by Parliament. That is why the agreement comes to us in this form. It is a treaty made by the Governments of the two countries. It is true that it cannot go into effect until Parliament gives its approval; and that is what we are now being asked to do. In other words, it is no more or no less than a treaty of the type of those which over the past 15 years Parliament has had before it, each of which was entered into by the executive and submitted to Parliament for ratification.

Hon. Mr. Roebuck: This is not an approval of the contract. Are there not two methods of procedure? One is to approve the document, the agreement; and I think there is clear law that that action does not make the agreement the law of the land. Mere approval by Parliament does not make it substantive law. This measure goes much further, does it not, than a request for mere approval? It declares in its opening paragraphs that the agreement shall have the force of law. I have no objection to approving an agreement; my objection is to making the agreement law.

Hon. Mr. Hugessen: That of course is the precise object of giving the relief to the individuals who thereby will be relieved from taxation; who otherwise, under income tax law, would have to pay higher taxes. This agreement reduces their taxes in the relevant cases; and the legislation we are asked to pass is the law in that connection.

Hon. Mr. Davies: I am confused about this agreement. It is stated to have been signed on the 30th of September, 1955, but from the first page of the bill it appears that the agreement will not become law until proclaimed by the Governor in Council. So it is not law at the present time and will not become law until Parliament makes it so. Is that not right?

Hon. Mr. Hugessen: That is so, yes. That is why the article of the agreement quoted by the honourable gentleman from Toronto-Trinity provides that the agreement shall be

ratified by the contracting parties, and that the instruments of ratification shall be exchanged at Copenhagen with the shortest delay. That refers to the agreement between the executives and it means that they will mutually submit the agreement to their respective Parliaments for approval, and if the Parliaments refuse to give approval then of course the agreement will not come into force.

Hon. Mr. Davies: Parliament has no right to change the agreement.

Hon. Mr. Hugessen: No. It can either accept or reject it.

Hon. Jean-François Pouliot: Honourable senators, some years ago I shared the view that has been expressed this afternoon by the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck). I still feel that theoretically he may be right, but in practice what he suggests is impossible to do. For instance, do you think that the Parliament of Canada could pass legislation before the *entente* is made with another country? Do you think that in international matters like this Parliament should pass legislation without an understanding with the other country concerned, and that the Parliament of the other country should pass similar legislation, and then have the *entente* made after passage of legislation by both Parliaments? That procedure would not work.

Hon. Mr. Hugessen: Ratification is the final step. First of all, you have the making of the agreement by the executives. If it is approved by the two Parliaments then the final step is ratification.

Hon. Mr. Pouliot: I want to make myself clear. I share the views of the honourable senator from Inkerman (Hon. Mr. Hugessen) and not those of the honourable gentleman from Toronto-Trinity, for in my humble opinion the agreement must be made before legislation can be passed by the two legislative bodies to ratify the understanding—the *entente cordiale*, if you wish. I do not see any other way to proceed. The Canadian Parliament has always proceeded in the way it is proceeding now with this agreement. One may agree theoretically with the honourable senator from Toronto-Trinity, but when we come to a practical application of the facts we cannot do otherwise than agree with our colleague from Inkerman.

On motion of Hon. Mr. Aseltine, for Hon. Mr. Hackett, the debate was adjourned.

PRIVATE BILL

TRANS-PRAIRIE PIPELINES OF CANADA, LTD.—SECOND READING

Hon. T. A. Crerar moved the second reading of Bill A-10, an Act respecting Trans-Prairie Pipelines of Canada, Ltd.

He said: Honourable senators, I think this measure will prove quite acceptable to the house but perhaps a few words of explanation would enable honourable members to reach a speedier decision on it.

It will be recalled that at the last session of Parliament several pipe line bills were introduced and passed. Three of the companies which were incorporated at that time were the Trans-Prairie Pipelines, Ltd., the Westspur Pipe Line Company and the Saskatchewan & Manitoba Pipeline Limited.

Last year the promoters of the Trans-Prairie Pipelines Limited were operating a pipe line in the Virden district of Manitoba under a Manitoba charter. They wanted to cross into Saskatchewan, where prospective oil wells are developing, and in order to do so it was necessary for them to get authority from Parliament and to come under the control of the general Pipe Lines Act, which is administered by the Board of Transport Commissioners. In September the company applied to the board for authority to proceed, but at the same time two other applications covering the same territory were also presented. The board then had to decide which of these companies it would authorize to build a pipe line to serve this particular area, and it finally decided in favour of the Westspur Pipe Line Company, a subsidiary of the Imperial Oil Company. Trans-Prairie Pipelines was then unable to proceed, because it had no authority to do so. When it applied to Parliament for incorporation it intended to serve a comparatively local area. Now it has hopes of entering the field in a much wider area. I understand that the company has properties in northwestern Alberta, and no doubt it is felt that the designation "Trans-Prairie Pipelines" might be a limiting factor. At any rate, the company want to obtain a name that will more closely correspond with its possible activities in the future. All that is sought by this bill is parliamentary approval to change the name from Trans-Prairie Pipelines of Canada, Ltd., to Northwest Transmission Company Limited. The powers and obligations of the company under the present act will remain the same.

Honourable senators, I think this bill should go to the Committee on Transport and Communications and be held over for at least a week before third reading, so that anyone who might object to the new name of the

company would have an opportunity to appear before the committee and voice his objection. However, it is not anticipated that any objection will be raised.

Hon. Mr. Aseltine: Can the honourable senator tell me if any other transmission company bears a similar name to the new name proposed for this company?

Hon. Mr. Crerar: I do not know of another company with a similar name, but if there is it would be drawn to the attention of the committee.

Hon. Mr. Haig: May I ask the honourable senator if the change in name has anything to do with the fact that the transmission companies have been doing well, while the pipeline companies are having trouble?

Hon. Mr. Crerar: I think not. Of course, the company still retains its authority under the act passed last year, and although I am not competent to say whether it plans expansion immediately or not, I am informed that it has in mind the possibility of operating in a wider field, and so wishes to have authority for a change of name.

Hon. Mr. Reid: Honourable senators, I am glad to hear this bill is going to committee, because my curiosity is aroused with regard to the word "transmission". When the bill to incorporate the company came before us last session I think we all had it clearly in our minds that we were dealing with a pipe line. In the mind of the layman pipe lines are built for the transportation of gas. The proposed change of the name of the company to Northwest Transmission Company Limited seems to imply entry into a larger field. I would like to hear further explanation in committee, because to my mind the word "transmission" has no relation to the word "pipelines".

Hon. Mr. Crerar: In reply to the honourable senator from New Westminster, I would point out that even if the name is changed the company will still have to operate under the powers already granted to it by Parliament, which powers were specifically for the operation of pipe lines. The company would have to come back to Parliament for an amendment to its charter if it wished to engage in other forms of transmission.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Crerar, the bill was referred to the Standing Committee on Transport and Communications.

DIVORCE

STATISTICS

On the motion to adjourn:

Hon. Mr. Roebuck: Honourable senators, earlier this afternoon the honourable Leader of the Opposition (Hon. Mr. Haig) asked how many divorce petitions remain to be heard. The answer is that 75 petitions are now pending.

The statistics to date are as follows:

	Petitions
Heard and recommended	281
Rejected	4
Withdrawn	9
Total disposed of	294
Yet to be heard	75
Grand total for session	369

Hon. Mr. Haig: Thank you, very much.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 3, 1956

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

Prayers.

Routine proceedings.

STAFF OF THE SENATE

CIVIL SERVICE COMMISSION REPORT

The Hon. the Speaker: Honourable senators, I have the honour to present to the Senate a report of the Civil Service Commission of Canada respecting revision of salary ranges.

The Clerk Assistant: (Reading): The Civil Service Commission has the honour—

Hon. J. Adélard Godbout: Honourable senators, as the report will appear in the *Minutes*, I suggest we dispense with the reading of it.

Hon. Senators: Agreed.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Godbout, with leave, the report was referred to the Standing Committee on Internal Economy and Contingent Accounts for consideration and report.

ST. LAWRENCE SEAWAY AUTHORITY BILL

FIRST READING

A message was received from the House of Commons with Bill No. 216, an Act to amend the St. Lawrence Seaway Authority Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Godbout: With leave, next sitting.

PRIVATE BILL

CANADIAN PACIFIC RAILWAY—
REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill Q-8.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (Q-8) intituled: "An Act respecting Canadian Pacific Railway Company", have in obedience to the order of reference of April 25, 1956, examined the said bill and now beg leave to report the same without any amendment.

Hon. Mr. Gershaw: Honourable senators, I would like to ask the sponsor of this bill if the railway runs into the town of Pincher Creek and, if not, has this been considered?

Hon. Mr. MacKinnon: Honourable senators, the railway runs from Brocket to the centre of the gas field. I do not think it runs into the town of Pincher Creek. There are no doubt other towns in the area which would like to have the railway start from their particular location. But without arguing the point one way or the other, I think the town of Brocket was chosen on account of the suitability of its terrain for railway building.

Hon. Mr. Gershaw: May I ask if representations by the Board of Trade of Pincher Creek were made to the committee which considered the bill?

Hon. Mr. MacKinnon: I do not know whether representations were made to anyone else, but I heard nothing whatsoever until after the committee met this morning. I have since heard that representations had been made to certain quarters in Ottawa suggesting that it might be advisable, from the standpoint of the town of Pincher Creek, to have the railway start at that point instead of Brocket. But, as I say, no representations came to me directly or indirectly until after the committee considered the bill this morning.

Hon. Mr. Hugessen: Perhaps I should say that no representations of any such character were made to the committee this morning.

The report was adopted.

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

Hon. Mr. MacKinnon: Next sitting.

ADJOURNMENT

Hon. Mr. Godbout: Honourable senators, with leave of the Senate I move that when this house rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

The motion was agreed to.

CANADA-DENMARK INCOME TAX AGREEMENT BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill 8, an Act to implement an agreement between Canada and the Kingdom of Denmark for the avoidance of double taxation with respect to income tax.

Hon. John T. Hackett: Honourable senators, I am grateful to the honourable senator from Rosetown (Hon. Mr. Aseltine) for moving adjournment of this debate yesterday on my behalf. The discussion yesterday afforded some very enlightening and helpful suggestions on the part of the honourable senator from Kingston (Hon. Mr. Davies) and the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck).

I do not intend to make any extended remarks. I wanted answers to two or three questions. The first is: What is the taxing power in Denmark? Does it reside in a unitary power or in provinces or states, as we know them in this country and in the United States? If there are two or more taxing powers are they affected by the treaty which is the substance of the bill?

Hon. John T. Haig: Honourable senators, I do not intend to delay the house at any great length. I would not have taken part in the debate at all if it had not been for the speeches made by the honourable senator from Kingston (Hon. Mr. Davies) and the honourable senator for Toronto-Trinity (Hon. Mr. Roebuck). These two speeches very much disturbed me.

It was my impression that the honourable senator from Toronto (Hon. Mr. Hayden), who sponsored the bill in his usual clear and lucid way, was troubled by the provision which gives the right to income tax authorities in Denmark to obtain certain information from our income tax branch for taxation purposes in Denmark, and *vice versa*. Those of us who have been in this chamber for some time know that when the honourable senator introduces a bill he is very careful to make the meaning plain, and to support it fully; and if he is doubtful about any section, the least he does, and does very ably, is to direct our attention to what he thinks it means and make it plain that he is not too satisfied with it.

I support to the limit the honourable senator from Kingston in his remarks concerning the tax agreement with Britain. If what he said is correct—and I see no reason to suppose it is not—the situation is disturbing. It means that officials of another country can demand that our citizens pay to the British exchequer taxes of a kind which are not levied on their nationals here, because the word "capital" means one thing in one country and something else in the other. If that is the state of things, we may have to revise the tax treaty with the United Kingdom and similar agreements with other countries, in order that this inequality shall no longer continue.

In the next place, I do not approve of legislation which allows any persons other than the appropriate officials of our country to examine the income tax returns of our citizens. The information in these returns belongs to our Department of National Revenue and to it alone. We are careful and strict not to permit examination of our income tax returns by anyone outside the department. This is as it should be.

Coming to the speech of the honourable senator from Toronto-Trinity, I am in entire agreement with what he has said. If a client were to consult me, as a lawyer practising in the city of Winnipeg, concerning the tax situation as between Denmark and Canada, upon the basis that sometimes he was engaged on business in one country and sometimes in the other, it would be only because I happen to be a member of Parliament that I could tell him what is the Canadian income tax law in that respect. We are now required, through a special enactment embodied in a special statute, to make law with which the general statute does not deal at all. That is what it amounts to, and I think it is all wrong.

It is true that I voted for the legislation of which the honourable senator from Kingston complains, and having done so I am as much to blame as anyone else. But in my wildest moments I had not foreseen a situation such as the honourable member has described. Or rather let me say that, though treatment of this sort might be expected from some foreign states, it never occurred to me that the British authorities would raise a point such as he has described, to the prejudice of our citizens. But apparently they have done so.

The issue raised by the honourable senator from Toronto-Trinity is vital to the administration of our law. Speaking generally, our procedure has been very strict. *Ignorantia legis neminem excusat*—"ignorance of the law is no excuse"—but in looking up the law even the most capable lawyer, unless he has had experience in dealing with these things, would hardly search through eleven different statutes enacted over a number of years.

Hon. Mr. Aseltine: You mean eleven different agreements.

Hon. Mr. Haig: Well, the statutes make the agreements part of the law. That is the trouble. I am willing to ratify the agreement but I am not willing to change the law, and it is the law that is required to be changed in order to put the agreement into force. I assume the bill will go to committee. If it does I will ask the legal officers of the crown why, instead of drafting legislation that not only ratifies an agreement but proposes to change the law, they do not bring in general legislation covering the whole matter so that

people can understand precisely what the amended law would be. I would like them to explain why the general principles of the law cannot be put on the statute books where they can be readily found, rather than in some private bill—for that is really what this is. I know that technically it is a public bill, but it has to do with what is really a private matter between Denmark and Canada and the ordinary legal person would not think of looking among the public statutes to find what the law on the matter is.

Honourable senators, I am in favour of the agreement being ratified if it is going to facilitate business between Canada and Denmark. I am in favour of all such agreements between Canada and the United States, Great Britain and other countries, but I feel that we must have a uniform law and not give any of these countries any power that we do not give our own officials to examine the income tax returns of Canadian citizens.

Hon. Mr. Hackett: Honourable senators, possibly I did not raise my voice to a sufficiently high pitch, but I had asked the Acting Leader of the Government (Hon. Mr. Godbout) a question, and I thought it was going to be answered. If it is not too late I would like to have the question answered now.

Hon. Mr. Godbout: What exactly was the question?

Hon. Mr. Hackett: Is the high contracting party Denmark a country within which there is more than one legislative power? Has it states or provinces which may enact legislation imposing taxes? If so, would those taxes fall within the purview of the law that is presented in the form of the agreement appended to the bill before us?

Hon. Mr. Godbout: I believe, though I am not certain, that there is only a single taxing authority in Denmark. The honourable member could get this information in committee. If the bill is given second reading today I will move that it be referred to the Standing Committee on Banking and Commerce. However, at this time I would like to remind the house that, as the honourable gentleman from Inkerman (Hon. Mr. Hugessen) pointed out yesterday, this agreement would not increase the taxing powers of Canada and Denmark, but would limit them. Whether it may be possible to limit those powers still further I am not in a position to say, but I am sure that information also could be obtained in committee.

Hon. Mr. Hackett: Honourable senators, this bill is designed for the purpose of giving effect to an agreement which is said to be "for the avoidance of double taxation". We are told that, "resident of Canada" means "any person who is resident in Canada for the purposes of Canadian tax". I make no attempt at subtlety in this question. In Canada income taxes are imposed by the federal Government and by the Government of at least one province. Under the treaty would a Dane residing in that province who is taxed by both the federal Government and the provincial Government be able to deduct his combined income tax from his Danish tax?

Hon. Mr. Godbout: I am not in a position to answer that question definitely, but I am under the impression that he could not deduct the amount of the provincial tax. This is another question which could be answered fully in committee.

Hon. Mr. Hackett: From what has been said I assume that the bill will go to the Banking and Commerce Committee. We are not all members of that committee, and those who are not members will not have the benefit of the discussion which takes place there. Perhaps at a more opportune time we might consider whether it would not be wise to discuss measures of such importance as this in committee of the whole.

The Hon. the Speaker: Honourable senators, the question is on the motion of the Hon. Senator Hayden, seconded by the Hon. Senator Macdonald, that bill 8 be read the second time. Is it your pleasure to adopt the motion?

Hon. Mr. Roebuck: On division.

The motion was agreed to, and the bill was read the second time, on division.

REFERRED TO COMMITTEE

Hon. Mr. Godbout: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Haig: Honourable senators, I would like to point out to the honourable gentleman from Victoria (Hon. Mr. Hackett) that we have a clear understanding in this house that any senator can attend any committee of which he is not a member and ask questions of anybody and get his questions answered. The only thing he cannot do is vote. That matter was settled some twenty years ago, on an occasion I was the culprit. I went to a committee, asked questions and was stopped. When I came back to this house permission was asked to postpone a debate and I objected. At that time Senator Dandurand was Leader of the Government in the Senate and Senator Meighen was

Leader of the Opposition. They said: "What is the matter with the new senator from Winnipeg? He wants to stop everything." I replied, "Yes, I want to stop everything until I have the right to go to any committee and ask questions and get information from it, since we do not make a practice of going into committee of the whole house." Senator Dandurand then stated: "You have the right to go to any committee and ask questions and get information. That has always been a rule in this house, and it is the rule now." The Right Honourable Mr. Meighen entirely agreed with the leader. The rule as stated by Senator Dandurand still holds good. Therefore I say to my honourable friend from Victoria, that he can go to any of our committees, ask any questions he wishes to, and pursue any matter he is interested in until he secures the information he desires.

Hon. Mr. Euler: Honourable senators, while it is perfectly true that any member of this house can ask questions in any of our standing committees, it is also true that he cannot always manage to be present when something he is interested in is being dealt with in committee, for he may be a member of another committee that is sitting at the same time. But when the house goes into committee of the whole, every member is supposed to be present and can ask questions. I think that is a much better arrangement. It is all right for every senator to have the privilege of asking questions in standing committees, although he cannot vote in a committee of which he is not a member, but when an important bill is under consideration it is well to throw the matter wide open for discussion, and that can only be done properly in committee of the whole house. I should like to see that done occasionally.

Hon. Mr. Roebuck: Honourable senators, any member can move that the house go into committee of the whole. Of course, he probably would require a seconder to his motion. I made a motion to that effect on one occasion, and I recall that a whole afternoon was spent in committee of the whole. That course is still open to any member who feels that thereby better progress could be made with the subject under discussion. We do not customarily go into committee of the whole because of the looseness—I do not use the word critically at all—of our debates. In this house we do not draw the lines very close. A member can always ask permission to question the senator who is speaking, and I have never known a senator to object to the asking of a question or to refuse to answer. In most of our debates we get along much as we would if the house were in committee of the whole, and that probably is why the house is seldom moved into committee of the whole. But I repeat that it is always wide open to any senator to make the motion.

Hon. Mr. Quinn: It has been done often.

Hon. Mr. Roebuck: Yes, it has been done often, but new members who have not seen the house move into committee of the whole should be advised that at any time they desire so to move they may do so.

Hon. Mr. Euler: Of course, it does not necessarily follow that the motion will carry.

On motion of Hon. Mr. Godbout, the bill was referred to the Standing Committee on Banking and Commerce.

PENAL REFORM

DISCUSSION CONTINUED

The Senate resumed from Tuesday, May 1, the adjourned debate on the inquiry of Hon. Mr. Croll calling to the attention of the Senate the present position with respect to penal institutions in Canada and in particular discussing the need for further reforms in the Canadian penal system.

Hon. Fred A. McGrand: Honourable senators, on rising to address this chamber I wish to congratulate the honourable senator from Toronto-Spadina (Hon. Mr. Croll) upon having brought the question of penal reforms before this house, and I want to commend all honourable senators who have contributed to this debate.

The question of penal reform is a live topic wherever a group of serious-minded citizens gather to discuss crime and its consequences. It is a frequent topic of discussion by sociologists and mental hygienists and has been debated in Parliament many times.

In any discussion on this subject, the object of our attention is one of the end products of crime, the offender, who is called upon to pay his debt to society. We are concerned with the offender because he is left on our hands. No discussion of penal reform is complete without a wider knowledge of crime, its causes and cure. No discussion of crime is complete without investigation of the broader aspects of mental health.

Dr. John Griffin defines the mentally healthy person in this way:

> The mentally healthy person is a productive and unalienated person; the person who relates himself to the world lovingly, and who uses his reason to grasp reality objectively; who experiences himself as a unique individual entity; and at the same time feels one with his fellow men; who is not subject to irrational authority, and

accepts willingly the rational authority of conscience and reason; who is in the process of being born as long as he is alive, and considers the gift of life the most precious chance he has.

The late Dr. Grant Fleming said:

Mental disease is subject to the same national laws as any part of the body. There is nothing mysterious about the mental side of life except our great ignorance regarding this part of the life of man.

I like the statement made by the late Dr. Charles Mayo:

Medicine must turn its attention to the control and study of mental disease, that man's mind may last as long as his body.

There is no doubt that the burden on a community due to mental and emotional maladjustments is equal to the burden of all physical disease taken together. The thousands of human beings groping now in fear and misunderstanding of each other, the so-called stress diseases, the disorders related to man's social and emotional environment, constitute the major social problem of our day.

Some six of every thousand persons are completely incapacitated by mental disorders; about one in ten shows some degree of emotional distress. That is one group. There is another group equally large and more threatening, our criminal population. Together, they make up the legion of the lost, the legion of the mentally ill.

Most of the criminals started out as maladjusted boys with some frustration or lack of security, and behind prison walls they sit, outcasts of our social order. Many people accept a false explanation about juvenile deliquency: that heredity is to blame for the crime of children; that the child's heredity was his fate and that the young offender had received a moral weakness which he could not overcome.

Responsibility is personal; crime cannot be laid at the door of biological inheritance. Mankind is not divided into two predetermined classes: those who were born good and those who were born bad.

Dr. R. B. Cattell says:

To talk of the inheritance of crime, or even character traits, is obviously absurd. An act cannot be inherited, but only a susceptibility to being easily provoked to certain broad kinds of act.

Another false theory concerning juvenile delinquency attributes it to economic conditions, principally poverty. It is argued that low-income homes in slum areas, without sufficient recreation facilities, are a nursing ground for crime.

That economic conditions are not the chief cause of juvenile delinquency is evident from the following consideration; two identical homes in poor areas produce totally different children—one, law-abiding and religious; the other, criminal and vicious. If economic conditions were the cause, they would produce identical effects. The difference in the children is due rather to the home influence than to the want of money and luxuries. Many of the nation's leaders who have done most to uplift its citizenry were brought up in good homes in poor areas. Nothing can take the place of good parents. Also, juvenile delinquency is on the increase in middle and upper-class homes; and in spite of the fact that we in Canada have the second highest standard of living in the world, our juvenile delinquency rate in general is going up. Juvenile delinquency does not follow the pattern of infant mortality. The family allowance has provided our children with better-fed bodies but not better-nourished minds.

An inmate of a mental hospital and an inmate of a penitentiary are brothers under the skin. They reacted differently to the same frustration. As one permitted these frustrations to sacrifice his own happiness, the other sought to destroy the happiness of others. The criminal is made, not born. His life is a reflection of his home, his school, and what he learned from his associates. At birth a child has no knowledge. He learns by perception. He gets most of his knowledge by what he sees and hears. His early home life is the most important factor. The child learns to speak the language of his parents and usually adopts his parents' religion; often he sympathizes with his parents' political views. He has his own will and intellect, with the knowledge acquired by perception. He establishes his own goal and freely works toward it, regardless of whether he was rocked in a cheap cradle or an expensive one.

Emotional upsets start in childhood. Much of them are due to parental delinquency, ignorance, neglect, lack of understanding between parent and child and the feeling of insecurity, and it all adds up to frustration of the child. In one child the frustration causes him to lose confidence in himself. He becomes an introvert, bottles up his emotions and eventually blows up with a mental disorder. In another child the same frustration causes him to lose confidence in others. He develops a grudge against society, starts his life in public as a delinquent, and later on becomes a criminal.

The uncertainty and tensions of modern living contribute to the unhappiness of human relations. What is called "mental health" or "mental illness" is a function of living people, and so far as any person is concerned it is gone when that person ceases to live. While he lives, the evidence of mental health exists outside a person's skin; it exists in what he thinks, in what he feels, in what things mean

to him; in how he behaves in regard to life and death, joy and sorrow, shame and praise, love, hate and fear. These are the units by which we measure mental health. Love, hate, fear, shame, and praise are the elements which tie one person to another. If a man can handle these elements in reaction to those around him and be happy, he is mentally healthy.

We can define mental health as the ability of one human being to live with another human being, in any situation in which he may be placed, without having to sacrifice his own happiness or destroy the happiness of those around him. Taking a broader view, we can say that the strength or weakness of a nation's health is as strong or weak as the mental health of its citizens. The foundation of the democratic way of life, as well as the basis of mental health, is respect for the dignity and the worth of individuals as human beings, and respect for other creatures on the earth.

Each individual responds differently to suggestion because each is an individual. So is each generation an individual with a group pattern. The present generation is different from the past ones. The last generation knew a depression and a world war; the present one has better-fed bodies but its minds have been nourished by comic books and television.

Adolescence is the appropriate time to experiment with one's own conscience at one's own risk. Growing up must include a bit of toying with the forbidden. It used to be smoking behind the barn or being bad in school. The present generation has much greater variety to choose from—car theft or murder with rape. The suspected killer of a 13-year old girl spends his time in jail reading comic books. All the technique of how to commit any crime and how to stare down a judge can be obtained in a crime comic for a few cents. There are some 90 million comic books read in the United States. Dr. Frederick Wertham, author of *Seduction of the Innocent* and several other books on the same subject, has handled thousands of juvenile delinquents during his many years of research. He says the comic books are an invitation to illiteracy, create an atmosphere of cruelty and deceit, stimulate unwholesome fantasies, suggest criminal and sexually abnormal ideas, create a readiness to temptation and suggest forms of delinquent impulse and supply the details of technique.

The Fredericton Council of Churches, recently reporting a survey made of reading habits, says that the literacy level of Canadians is alarmingly low:

> They have an I.Q. of 12 years of age and get the bulk of their reading from comic books.

In the corruption of youth, the comic book has been ably assisted by television programs. In one week in 1954 or 1955 a Chicago television station gave to the youth of America: 93 murders, 79 shootings, 9 kidnappings, 9 robberies, 44 gun fights, 33 sluggings, 2 knifings, 2 whiplashings, 2 poisonings, 2 bombings. This kind of teaching has had a response in the United States: a murder every 41 minutes, a rape every 30 minutes, a robbery every 7 minutes, an assault every 6 minutes, a burglary every minute, a larceny every 24 seconds and an auto theft every 2½ seconds.

In one week in 1954 there were 7,064 acts or threats of violence on New York television stations alone. An article in a recent issue of *Parents' Magazine* states that children spend between 22 and 27 hours each week before television sets. One-quarter of the time between 4 p.m. and 10 p.m. is spent on crime and violence. It quotes Dr. Ralph Banay, director of a clinic associated with the District Attorney's office in New York, as saying:

> For many disturbed adolescents, television is the preparatory school for delinquency.

Great social changes took place during the last century. Early in that century not more than 10 per cent of the white population of the world could read or write. By the close of the century universal education was the right of everyone. Illiteracy was virtually abolished, but not enough was done to develop our literature to the proper level of the needs of the average individual. As a result, cheap literature, which was produced and sold for the purpose of profit, exploited the baser side of one's nature and made a special appeal to those of lower intelligence. As a right to read was a necessity of that day, then the right to read that which best develops the individual is a "must" of this period.

There are different schools of thought on how to approach the study of man's mind and emotions. The science of the human mind is young, but mental disease is as old as man himself.

The whole world was horrified and shocked by the cruelty practised in many concentration camps during the last war. At one camp a woman had a beautiful lampshade made with the "tattooed skin of a human victim", but there is no reason to suppose that in other respects she was wanting in good taste; she simply had a blind spot on the subject of Jews and anti-Nazis, in accordance with the sentiment prevailing in the circle in which she moved. Why did German citizens fail to rise up in wrath to make these crimes impossible? The answer to this question is instructive. It lies in the effect of familiarity,

and of conformity to an authorized moral code, in blinding the conscience to abuses that become customary.

John Newton, in his *Thoughts upon the African Slave Trade,* describes the treatment of slaves on the way to American slave markets. On board the ship they were piled in rows like books upon a shelf, with hands and feet in irons, and many a slave reached the land of the free chained to another slave who had been dead for many days. The captain was often a religious man who would permit no swearing among the sailors and read the Bible to them on Sundays. The founders of the slave trade were worthy men. One of them, John Hawkins, sailed a ship named *The Jesus,* and on this respectable business-of-the-day founded the wealth of Bristol.

In ancient Rome crucifixion was a normal punishment for slaves and foreigners. In ancient Jerusalem a humane society provided wine and myrrh to quench the thirst of victims going to death by crucifixion. Yet the majority of citizens regarded it all as customary and did nothing about it.

It is only a hundred years ago that children from the poorhouses of England were used as climbing boys to clean chimneys. Undersized boys were selected because some chimneys were nine inches or less in width. Many boys died as a result of their work. No inquests were held, because these children were expected to do some useful work. It took half a century of agitation before reform was accomplished. Property owners declared that their chimneys would deteriorate without this type of cleaning. Proponents of the slave trade declared that this business was essential to the economy of Bristol and the manufacture of cheap rum. Iron workers protested the banning of thumb screws and slave shackles as bad for business. Yet these apparently callous ancestors of ours were decent, civilized people like ourselves. They simply had blind spots toward cruelties that were sanctioned by custom.

Major C. W. Hume, Chairman of the Universities' Federation for Animal Welfare, says:

> There are many blind spots in the Anglo-Saxon conscience, with some practices in which we see no harm which will be classed by our descendants along with the slave trade and crucifixion.

A well known psychiatrist who has worked for 15 years with the criminally insane offers this opinion:

> The chief objective of mental health is not only to see that such conditions be treated and cared for in a proper and efficient manner or that methods be developed to deal with them once they have become firmly established, but that the multiplicity of factors which contribute to such undesirable results be looked into, studied further, eradicated and done away with once their baneful influences have been recognized. It should be clearly recognized that in the course of development from birth to maturity, chiefly, an individual grows and develops and, in so doing, he learns. His learning depends on other people who have, can and do teach him. Also there are a great many objects or so-called media from which any one picks notions, ideas and views on life which develop into attitudes and, later, fixed habits. In this respect, I want to refer here especially to means of possible influence on the minds, particularly of the young, afforded by TV scenes depicting slaughter of some kind, killing, murdering and other forms of sadistic behaviour, and I am led to wonder if such could not have any influence on developing, nurturing and fostering aggression and in such a way, through previous exposure to such deeds, though it may have been by other media. One is led to wonder how much sadistic crime will be motivated as a result of all this.

It is disturbing to most people interested in crime prevention to know that much of our amusement is built around acts that are cruel and sadistic and on the increase. Seventy million fans watch wrestling. Some time ago the Athletic Commission of California, cognizant of the brutality of the sport, sent out questionnaires to the fans for their opinions on its merits. They could vote for a return to the pressure and leverage of the ancient sport, or for the modern style. For each person who voted for the pressure and leverage style, ten voted for eye-gouging and all the holds that make wrestling brutal but spectacular. Some years ago boys of good homes were advised to stay away from that part of the town where men beat and kicked each other. Now this brutality is brought into the living room under the best of auspices.

Adolescence is the period of life when one starts experimenting with one's own conscience. All mental abnormalities have their roots in selfishness. All happiness has its roots in kindness. Society is made by man, so man as he moves about in society is a composition of his thoughts, his desires and his choices. Nothing ever happened to the world that did not first happen inside the mind of some man. Our ways of life are but the ideas of certain people that become the opinion of many others and are sanctioned by custom.

The child starts out in life with no knowledge of his environment or his heritage. He has only the instincts to be fed and to protest pain. He learns by perception, and in time he accumulates knowledge and his will makes decisions. He has opinions of his own as to his rights and the rights of others. His opinions are usually the result of suggestion by others. If these suggestions do not carry him beyond the mental age of 12 he grows to an adult in body but remains an adolescent in mind. This is equally true of one sex as of the other. If boys are

presented with Davy Crockett and Wild Bill Hickock as their heroes in history and a modern wrestler as a present-day hero, and if girls regard a young woman who fights a bull in Mexico as an American heroine, then how can you criticize the young for delinquency? All crime is learned. Much of it is based on cruelty and brutality.

A boy of 5 gets a toy pistol. Even at that age he masters the idea of the lethal power of the weapon. At the age of 12 he gets a BB gun and practises the act of killing on small birds and animals. By 16 he gets a high-powered rifle. He is now conditioned to kill for pleasure. He can make use of all the sadisms our heritage has provided for him. Man was a hunter before he was a herdsman. His food and clothing depended upon his ability to capture and kill animals. This is not so today. The necessity of hunting to eat did not pass on to this generation but the lust to kill has been handed down from generation to generation. This continent was settled by people who knew little about the lust to kill, because hunting was restricted in the old land as a sport for gentlemen. It was on this continent that hunting for food was adopted as a means of livelihood, and hunting for fun a means of pastime.

There is a difference between the emotional reactions of people. Hunting for food gave the satisfaction of providing the body with nourishment. Hunting for fun gave an emotional satisfaction of having killed something, a gratification of our baser instincts.

Of all the creatures that travel the woods, only civilized man hunts for the pleasure of killing. Most animals hunt only for food. If the carnivorous animals hunted for pleasure, all wild life would have been destroyed long ago. Has this disrespect for animal life had anything to do with developing in some human beings a disrespect for the life and limb of others? Is there a difference between our crime pattern and that of older cultures? Reference has been made to penal reform in England. It is also well to remember that the work of humane societies is much more advanced in England than in Canada. The slaughtering of animals for food is done much more humanely in lands where crime is at a minimum. Norway, Sweden, Finland and Germany have abolished the steel-jawed trap for fur-bearing animals, and in England it will be outlawed after 1958.

In any study of penal reform the whole problem of crime, its causes and preventions must be considered.

A mentally healthy person is a productive and unalienated person who uses his reason to grasp reality objectively. Criminals and juvenile delinquents do not grasp reality objectively. They do not respect the rights of others, and do not respect the dignity of the human being. Any youth watching wrestling on television cannot help becoming inured to the low regard our society places on the human body and the emphasis it places on pain in others as a source of amusement. It does not "grasp reality objectively".

All mental abnormalities have their roots in selfishness; all happiness has its roots in kindness. Dr. J. Cotter Hirschberg, a noted psychiatrist, writes in his article Physiological Aspects of Cruelty:

> Cruelty implies a deviation from the accepted standards of behaviour, as embodied in the laws representing the social code of behaviour of a particular community.

He goes on to say:

> Cruel people are unhappy, dissatisfied people. In the light of our understanding about cruelty, what can be done to change the attitudes of the cruel individual, how can we reorient him to himself, to his community, and to the privilege and responsibilities of living with his fellow men and creatures? Cruelty which comes from excessive guilty feelings can be directed against animals as well as people. This kind of cruel person feels weak and incapable of dealing with the external world on its own reality terms. Feeling guilty over his inability to cope with the world around him, he conquers, captures, and kills fishes, animals and birds. Having no confidence in his ability to win out in daily tasks of living, he gains substitute achievement through hunting.

Dr. Carl Menninger, of the world famous Menninger Clinic, says:

> The joy of killing or inflicting pain is a product of an erotic, sadistic motivation.

Jonathan Fieldston declares:

> The great crime of the sport hunter is not that he kills—necessity may justify killing—the great crime is that he enjoys killing. Cruelty, like kindness, is indivisible. Children and men cannot be taught simultaneously to take pleasure from cruelty to some living creatures and abhor cruelty to others.

Criminals and cruel persons are unhappy and dissatisfied; they have little sympathy, compassion, charity, or mercy, and they are selfish and resentful.

At birth, a child has no habits. Habits, like taste, are acquired. Cruel habits are acquired slowly, and they become acceptable by indoctrination. The small boy may resent putting a worm on a hook, but he accepts the idea that the worm does not feel. Few housewives would do to a live salmon what they do to a live lobster. Custom has given it sanction.

Cruelty destroys sympathy. It weakens compassion, which is the desire to help someone or something in distress. Cruelty is the negation of mercy; it dulls charity, weakens faith in oneself and in the motives of men. Without these virtues, what is man but a savage? He has only hate, fear and

anger left, and these guide him for the rest of his life. He has lost self restraint. All the restraint he knows is the restraint applied by others. He develops his ego with these credentials of his worthlessness, and he tries to purchase licence against the restraint of others. He has no respect for life: it is a monopoly that he thinks is his.

The right to live is not the monopoly of man alone. Dominion over animals for his use and benefit does not include the right to torture for amusement. The commandment, "Thou shalt not kill", may well have meant, "Thou shalt not kill for pleasure". Man has the liberty to kill for food, because the right to eat is basic. The licence to kill for pleasure is an invention of society.

The boy of 5 who gets a toy gun, and who at 12 gets a BB gun, to sharpen his marksmanship on birds and small animals, is being educated to become callous to suffering. He is being conditioned to inflict suffering without sympathy. Supplement this by what he reads in the comics and sees on television, give him a poor home, bad companions, and an aggressive drive, and he soon goes from bad to worse, as conditions permit.

Many criminals, such as bank robbers, are not killers. They refuse to take life, even to avoid capture. They are selfish, lazy, with lots of ego, but they are not cruel. They started at the top, not at the bottom of crime; they did not become conditioned by small doses of cruel behaviour. Such persons do not respect personal property but they still respect life.

The children of delinquent parents suffer from psychological cruelty. They live in torment and fear. Their parents are adult in body but their mental age has been arrested at the age of 12 by what they have read and seen, which leaves them with no ability to manage their teen-age children. Yet they worry about them and blame others for the children's shortcomings. From the cheap literature they read and the programs they see and hear on television and radio they know the turmoil of similar homes where a temporary solution was obtained by divorce.

It is generally believed that crime is centred in the large cities. They are the locale of organized vice. Our rural communities have their share of dilinquency. Many of our run-down rural settlements harbour the personnel that carry on small crimes and rackets.

Of the eleven crimes of violence committed in New Brunswick during 1955, nearly all were in such communities. The pattern is usually the same: a house on a partially-abandoned farm or a shack in an untilled field. In the door yard are the head or legs of a deer shot out of season, in the custody of a dog frequently kicked out of doors. The house is untidy, with comics on the floor, a BB gun on the window sill, a high-powered rifle in the place of honour over the door, and in the largest room a TV set bought on the instalment plan. Violations of the game laws, liquor laws, the motor vehicle laws, create a nursing ground for small crime. This is the soil where seeds of delinquency germinate. To punish the offender with a jail sentence does not remove the cause. It does not change his opinion as to his rights or to the rights of others. In centuries past thousands of persons went to prison for holding certain political or religious views. It did not change their minds. On the contrary, they came out of prison with their convictions deepened. Punishment is not an appeal to reason. It only deepens prejudice. It is not the physical punishment that influences the youth in prison, it is the loss of personal freedom. No one can serve a prison term without undergoing personality changes. Out at Boys Town, Nebraska, Father Flannigan found a way to handle bad boys, but it was not by punishment; it was the proper balance of love, fear, shame, praise, joy and sorrow that changed their lives.

Mental disease—with its twin offspring, insanity and crime—is the most urgent and most difficult health problem in Canada. Any survey of this problem must be thorough. Penal reform is only nibbling at the task. The roots of the trouble are deep and go well into the past.

The primitive life of early American colonization is catching up with the older civilizations of Europe. The "Wild West" is still with us. Buffalo Bill, Davy Crockett, Wild Bill Hickock are actors on the stage. Each has brought the brutality of his day to mingle with the mechanical violence of this generation. Will the exploits of Jesse James be re-enacted to make a new hero for a red-blooded American youth?

This country was founded on the fur trade. The steel-jawed trap has been placed on every stream and marsh of the Canadian wilderness, where psychopaths, who cannot get along with normal people, earn a livelihood. In some instances a spring pole is used to swing the animal into the air to die. An American poet looked at a fox in such a trap and wrote a poem entitled To a Fur Scarf. This is definitely an appeal to emotion:

> The trap jaws clanked and held him fast,
> None marked his fright, none heard his cries,
> His struggles ceased; he lay at last
> With wide uncomprehending eyes
> And watched the sky grow dark above

And watched the sunset turn to grey;
And quaked in anguish while he strove
To gnaw the prisoned leg away.

Then day came rosy from the East,
But still those steel jaws kept their hold;
And no one watched the prisoned beast
But Fear and Hunger, Thirst and Cold.
Oppressed by pain his dread grew numb,
Fright no more stirred his flagging breath,
He longed in vain to see him come,
The cruel biped, bringing death.

Then through the gloom one night came One
Who set the timid spirit free:
"I know thine anguish, little son—
So once men trapped and tortured Me.

An English writer who has written much on this subject says:

Most English women wear furs that have been got by the infliction of prolonged and severe pain, fear and thirst. They are eminently civilized women. Some are seen on the platforms at meetings of charitable societies, including animal protection societies, but they have a blind spot on this particular subject. I sat in a church behind a row of devout women wearing furs—the day was Good Friday.

Most of the practices that may be undermining society are long-established and deeply embedded in our way of life. They are sanctioned by custom. It would require a major operation to remove them. Not enough work has been done to evaluate the part they play in demoralizing youth.

"Brain washing" may not be a good term, but any successful rehabilitation of a delinquent must strip the emotional conflicts down to infancy and build anew on the nobler sides of man's nature.

Dr. J. Cotter Hirshberg suggests:

One can be aggressive and discharge tension through muscular activity in competitive sports; one can conquer nature by mountain climbing; one can shoot animals by photography. It is just as possible to share in the conquest of nature through productive work in the fields of chemistry and physics, as through hunting and fishing. An intellectual victory can dispel as much aggression as can hunting. One can discharge aggressive tension without requiring the inflicting of pain, the suffering of others, or the destruction of life.

Psychiatrists disagree on many things but they are agreed that the emotional life of a child starts at birth. During this period it needs a mother's care and love. In the days of the old-fashioned mother there was little juvenile delinquency. The bond between mother and child was firm and permanent. We know how many juvenile delinquents who reach our courts have read crime comics. I would like to know how many were breast fed. I would like to know something of the early life of the criminal who does not kill. I would like to know the extent and type of delinquency in those parts of older civilization where folk singing has preserved the finer things of our heritage. I would like to know the part that cruelty plays in the promotion of crime. Is cruelty a by-product that is given off while crime is processed, or is cruelty the mother-lode and crime an outcropping?

Mannheim, in his book Group Problems and Crime Punishment says:

The genuine criminal always shows endogenous defects of development, the latter having been arrested at a past stage of mankind, and he thereby resembles primitive and savage tribes.

It is difficult to evaluate all the factors we have at hand. Criminology has hardly reached the dignity of a science and psychiatry has scarcely attained the high state of maturity.

Toynbee pointed out that 16 of the 19 civilizations which have decayed from the beginning of history to the present, rotted from within, and only three fell to attack from without. Man's nature does not change, only his environment changes. There are greater opportunities today to study man's emotions than ever before. It would be well to take a long look at them. There is no better agency to do this work than the Canadian Mental Health Association. The appeal to sentiment must be endorsed by a like appeal to reason.

Man is a vain, erring, unruly creature. It is hard to pass any permanent judgment upon him. Our objective in mental health is that the usefulness of man's mind may last as long as his body.

Honourable senators, my designation in this chamber is Sunbury. At one time it was Sunbury County, of Nova Scotia. Like Western Nova Scotia, it was, in the words of Edmund Burke, "settled by the overflowings of the exuberant population of New England." It was part of Nova Scotia when John Wilkes was fighting for freedom of the press in England. It was part of Nova Scotia before Tom Paine wrote the words "United States of America" and before the Continental Congress resolved that all men were born free and equal.

One last word: In the early days of the New Brunswick Legislature, Sunbury was represented by a Scottish radical "Gleenie". He was, I think, one of the first, if not the first, to advocate in a Canadian legislature the cause of mental health and penal reform.

Hon. Senators: Hear, hear.

On motion of Hon. Mr. Beaubien, for Hon. Mr. Macdonald, the debate was adjourned.

DEBATE PROCEDURE

PRIVILEGE

Hon. John T. Haig: Mr. Speaker, I rise on a question of privilege. Several times lately Your Honour has called me to order on occasions when I was talking to my deskmate.

I am wondering what rule of the house gives the Speaker the right to do this. The rules, I understand, allow a senator to speak to another senator during a debate.

This afternoon during the speech by the honourable gentleman from Sunbury (Hon. Mr. McGrand) a rule was disobeyed many times, but I did not hear Your Honour call to order the senators concerned. In fairness, I do not think I should be called to order when, under similar circumstances, other honourable members are not.

Hon. Mr. Beaubien: To what rule is my friend referring?

Hon. Mr. Haig: Mr. Speaker knows the rule to which I refer.

Hon. Mr. Beaubien: I am asking for information.

Hon. Mr. Haig: As I have said, Mr. Speaker, the rule was disobeyed this afternoon over an extended period of time, and I did not hear Your Honour call the senators involved to order.

The Hon. the Speaker: Honourable senators, my recollection is that I called "Order" on three or four occasions this afternoon, but I did not name any senator. The question is one of propriety and ordinary common sense. I would say that the occasions on which "Order" should be called must be determined by the tone and audibility of the conversations.

Hon. Mr. Haig: All I wish to say, sir, is that if I see the rules being violated in future, I shall call your attention to the matter.

The Hon. the Speaker: The responsibility for observance of the rules in the Senate rests as much on honourable senators as on the Speaker.

PRIVATE BILL

OGDENSBURG BRIDGE AUTHORITY—SECOND READING

Hon. Arthur W. Roebuck moved the second reading of Bill B-10, an Act respecting Ogdensburg Bridge Authority.

He said: Honourable senators, this is a small matter and I think despite the lateness of the hour we can pass it after but a brief explanation. If my memory serves me rightly I sponsored the Ogdensburg Bridge Authority Bill in 1952. At that time the estimated cost of the bridge was between $10 million and $12 million. Vast changes have taken place during the intervening period. Construction costs in particular have risen, as well as a number of other costs, and the engineer's estimate of the cost of building this bridge today is about $15 million. So, to make assurance doubly sure, this bill suggests an increase in the amount of bonds and debentures to be issued to $20 million. It would be impossible, of course, for me, with my limited knowledge, to justify that, but I suggest we refer the bill to committee, where detailed information would be available to us.

In the meantime, honourable senators, I need only say that the sole purpose of the bill is to authorize an increase in the amount of debentures, bonds, mortgages and other securities that the company may issue from $10 million or $12 million to $20 million.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Roebuck, the bill was referred to the Standing Committee on Transport and Communications.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 254 to 290, which were presented yesterday.

Hon. Mr. Roebuck, Chairman of the committee, moved that the reports be adopted.

The motion was agreed to, on division.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill C-10, an Act for the relief of Edith May Robertson Thompson.

Bill D-10, an Act for the relief of Hans Christian Anderson.

Bill E-10, an Act for the relief of Raffaele Polissena.

Bill F-10, an Act for the relief of Hilda Evelyn Charlton Carlson.

Bill G-10, an Act for the relief of Dorothy Pilkington Wilson.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until Tuesday, May 8, at 8 p.m.

THE SENATE

Tuesday, May 8, 1956

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

Prayers.

Routine proceedings.

CANADIAN FARM LOAN BILL

FIRST READING

A message was received from the House of Commons with Bill 84, an Act to amend the Canadian Farm Loan Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be placed on the Order Paper for second reading?

Hon. Mr. Macdonald: With leave of the Senate, next sitting.

DEPARTMENT OF TRANSPORT BILL

FIRST READING

A message was received from the House of Commons with Bill 249, an Act to amend the Department of Transport Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be placed on the Order Paper for second reading?

Hon. Mr. Macdonald: With leave of the Senate, next sitting.

JUDGES BILL

FIRST READING

A message was received from the House of Commons with Bill 252, an Act to amend the Judges Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

PRIVATE BILLS

ALBION INSURANCE COMPANY—
FIRST READING

Hon. Vincent Dupuis presented Bill H-10, an Act to incorporate The Albion Insurance Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Dupuis: Thursday next.

MARITIME STOCK BREEDERS' ASSOCIATION—
FIRST READING

Hon. Mr. Hawkins presented Bill I-10, an Act respecting The Maritime Stock Breeders' Association.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Hawkins: Thursday next.

CANADIAN PACIFIC RAILWAY—
THIRD READING

Hon. Mr. MacKinnon moved the third reading of Bill Q-8, an Act respecting the Canadian Pacific Railway.

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

DIVORCE BILLS

THIRD READINGS

Hon. F. W. Gershaw, for Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill C-10, an Act for the relief of Edith May Robertson Thompson.

Bill D-10, an Act for the relief of Hans Christian Anderson.

Bill E-10, an Act for the relief of Raffaele Polissena.

Bill F-10, an Act for the relief of Hilda Evelyn Charlton Carlson.

Bill G-10, an Act for the relief of Dorothy Pilkington Wilson.

The motion was agreed to, and the bills were read the third time, and passed, on division.

PENAL REFORM

DISCUSSION CONTINUED

The Senate resumed from Thursday, May 3, the adjourned debate on the inquiry of Hon. Mr. Croll calling to the attention of the Senate the present position with respect to penal institutions in Canada and in particular discussing the need for further reforms in the Canadian penal system.

Hon. W. Ross Macdonald: Honourable senators, as I have quite a few figures to give to the house this evening I thought it advisable to draft notes for my guidance. If I follow

my notes rather closely I hope honourable members will appreciate the reason.

On March 5 the honourable senator from Toronto-Spadina (Hon. Mr. Croll) called the attention of the Senate to the present position with respect to penal institutions in Canada and in particular to the need for further reform in the Canadian penal system. Since he opened the debate we have had a number of very interesting and informative addresses on this subject. I am particularly interested in penal reform, for decisions with respect to tickets of leave are made by me in my capacity of Solicitor General of Canada. Honourable senators will therefore understand that I have followed the debate quite closely. I wish to thank all who have taken part in the discussion so far. Their remarks have been noted by me and by my officials, and I can assure honourable members that many things that have been said here will assist me in making decisions from time to time as to whether certain persons who are incarcerated should be allowed out on ticket of leave. I particularly wish to thank the honourable senator from Toronto-Spadina for bringing this subject to the attention of the Senate, and I welcome the opportunity to join with him and other senators in a discussion of the need for further reforms in our penal system. As the honourable senator stated, this is a continuing need. Parliament and the public should always be alert to recognize the need and take steps to institute reform wherever possible.

At the outset, I should like to make it quite clear that I am in complete agreement with the spirit of the honourable senator's remarks, which were prompted by a desire on his part to bring out for serious discussion the many problems that we face in Canada in developing an effective penal system. In my remarks this evening I shall probably repeat many things that have already been said here, as well as figures that have already been given, but my object is to make abundantly clear the situation in Canada as to releases from penal institutions, and how Canada compares with Britain in respect of certain matters that have been referred to in this debate.

The honourable senator from Toronto-Spadina did indeed paint a black picture for us, but I think honourable senators will agree with me that from what we have already heard there is a brighter side, because of reform which has already taken place and is continuing. Many hard-working persons in political life and in the public service and others from the ranks of an interested citizenry have done a great deal in Canada through the years to bring about improvements in our penal system. All these people, like the honourable senators who have spoken in this debate, and indeed like all of us, desire to see even greater improvements in the future.

Before I touch upon the important steps which are being taken or contemplated by the Government in this matter, I would like to mention some of the developments that have taken place in this country in the field of penal reform in recent years. Honourable senators are already aware of the division of jurisdiction in these matters between the Government of Canada and the ten provincial governments, and in fact even down to the level of municipal governments. I shall not take up the time of the house to detail the complexities of this system. May I say that since I assumed my duties as Solicitor General I have had considerable opportunity to observe what is actually happening in the penal field in Canada. Every day I have to deal with the cases of men detained in penal institutions for whom there have been applications for release on ticket of leave. I was not long at this work before I felt the need to learn more of the actual operations of our penal establishments, and as other honourable senators have stated, I have travelled from one end of the country to the other to see these establishments in operation at first hand. I have visited each of the eight federal institutions, as well as some of the major provincial prisons and reformatories.

While my experience made me more acutely aware of the needs, I have also been greatly heartened by the forward looking developments that I have actually observed. In describing these developments I of course am not confining myself to those under federal responsibility, which I shall reserve for later comment.

I should like to deal first with the subject of probation. Probation is frequently confused with parole. These two functions have already been differentiated, but perhaps I should say a few words on them. Probation is a device or correctional method used to rehabilitate the convicted person without resorting to imprisonment. Parole is also a correctional method used to rehabilitate the convicted person, but it is applied after he has served a certain portion of his term in prison. A person placed on probation is returned directly from the court to the community without having to undergo any term of imprisonment whatever, other than the time he may have been held in custody pending trial.

The essential requirements for effective probation are, first, that the court should be well informed as to the background abilities and potentialities of the convicted person, in order that it may properly determine

whether or not he is likely to respond favourably to a period on probation; secondly, that having been placed on probation, the probationer will have the benefit of supervision and guidance, provided by a qualified probation officer. That, I may say, is a very essential factor in the device known as probation. These two requirements can only be fulfilled when there are qualified persons available to assist the court in providing the background information and later, supervision.

Now may I say a word about parole. I repeat, parole also is a method of rehabilitation in the community, under supervision, but it follows a period of imprisonment or detention in a penal or correctional institution.

I think everyone who is informed at all on these matters will agree that probation is an effective method of rehabilitation, apart from its economic advantages, which include saving the state the cost of keeping the offender incarcerated, and allowing him to be a producing member of society in the community. Of course these advantages have always to be balanced in the individual cases against the question of the deterrent value of a sentence of imprisonment.

Probation in Canada, as has already been pointed out, is a provincial and local responsibility. There is no doubt that we have been slow in developing probation services. However, during the past few years rapid strides have been made, and these we should gladly acknowledge. The extensive development in probation services in Ontario has been recognized by a number of honourable senators who have spoken, and figures were given for certain provinces, but I do not feel that they reflect the actual development that is taking place. I quite agree that Ontario has made the greatest strides in this field, but the other provinces also have made progress. Permit me to mention the other provinces, and to state briefly what is being done in each of them.

Since 1914 Saskatchewan has made a great deal of use of the probation method. As honourable senators know, there are few urban centres in Saskatchewan, and naturally there is not the same need for full-time probation officers which exists in the great urban centres of central Canada. However, in Saskatchewan effective probation service is given throughout the province by the welfare officers of the Department of Social Welfare and Rehabilitation. In centres such as Regina, Saskatoon and Moose Jaw some of these officers devote their full time to probation, and there is a chief probation officer for the province who acts as a co-ordinating head.

British Columbia was a pioneer in the field of probation, which was first given effect through the co-operation of a voluntary association, the John Howard Society of British Columbia.

In Alberta too we find developments in probation which have been going on for the past two years, and which no doubt will continue to expand.

Honourable senators may have seen the recent announcement in the press that a program of adult probation will be in operation in Manitoba by the end of this year.

To the best of my knowledge the province of Quebec has no official probation service, but there is effective probation in use in that province through the co-operation of the voluntary prisoner after-care societies, including the John Howard Society of Quebec, the Salvation Army, Sociétés d'Orientation et de Réhabilitation Sociale, and Le Service de Réadaptation Sociale.

Hon. Mr. Hackett: To that list should be added the juvenile courts.

Hon. Mr. Macdonald: I thank the honourable senator for adding the juvenile courts of Quebec to the others I have mentioned. However, the societies I refer to are not part of the court, but work with it.

I have not heard any announcement of a plan for probation in the province of New Brunswick, but I would expect it to be the next step in that province, considering the reorganization of its penal system which has been taking place during the last year and a half, under the directorship of a graduate in criminology.

The lonely figure of one probation officer for the province of Nova Scotia, mentioned by my honourable friend, hardly does justice to the actual situation in that province. The courts there are able to and do use the services of juvenile probation officers in the supervision of adults. This, I may say, applies also to other provinces.

Newfoundland also, under its Department of Corrections, has made provision for probation.

Probation, as I have said previously, is a provincial and local responsibility. I have described the developments under several provincial governments solely to indicate that they apparently are not unmindful of their responsibility and have, in fact, made considerable progress in recent years. Undoubtedly they are also looking to the future.

Now let us look for a moment at our penal institutions, not only those under federal jurisdiction. Here we have a division of jurisdiction between federal, provincial and, in some cases, county governments. I suppose all honourable senators are aware

that in the main persons sentenced to terms of imprisonment of two years or more are sent to federal penitentiaries, and all those sentenced to terms of less than two years are sent to provincial or local institutions.

Some provinces have done a great deal to improve the rehabilitation facilities in their penal institutions.

Again, I come back to the province of British Columbia. That province has experimented for five years with forestry camps to which young men are taken from prison and provided with a wholesome outdoor life, in which they are contributing to the economic benefit of the province.

I may mention that the remission service of the Department of Justice assisted in the early stage of this experiment by granting special tickets of leave to all young men transferred to the forestry camp. In British Columbia we have the New Haven Borstal, the first institution for youthful offenders in Canada, modelled along the lines of British Borstal. Unfortunately, the institution had to be closed during the war years but was reopened in 1947 and is now considered to be one of the finest institutions of its type to be found anywhere.

In Oakalla Prison Farm there are two segregated rehabilitation centres, one for youthful offenders requiring closer study than is afforded at the New Haven Borstal, and one for older inmates who offer some promise of successful rehabilitation. Professionally trained social workers and psychologists on the staff provide the skills necessary to help in the rehabilitation of these offenders. That province looks forward soon to the opening of a new treatment centre at Haney which is to be under the direction of a criminologist now on the staff of the University of British Columbia.

I had the opportunity to visit Alberta's special institution for youthful offenders at Bowden, where I saw some 150 young men being given opportunities for vocational training and professional guidance in what I would say is one of the most modernly equipped institutions of its kind on this continent.

In the province of Saskatchewan we find a special unit for young offenders in the Regina jail staffed by a treatment team consisting of a part-time psychiatrist, a psychologist and several social workers. Saskatchewan has also experimented with the forestry camp method of treatment.

In Manitoba there has been a vocational training program at Headingly Jail for a number of years. At the present time the system in that province is undergoing reorganization, as a result of a report by a recent royal commission.

In Ontario the Department of Reform Institutions has over the last ten years developed a program which stresses a diversification of institutions and the employment of psychologists and social workers. A special training institution for young offenders has been in operation at Brampton since 1946. A similar one has recently been opened in connection with one of the industrial farms. A special medical and psychiatric clinic has been operating at the Guelph Reformatory, and for some years a treatment centre for alcoholics has been in operation at Mimico Reformatory. A similar treatment centre for drug addicts is now in the process of organization.

There are other special institutions which can be mentioned, such as the minimum security institution at Salmonier in Newfoundland. All across the country there are institutions for female offenders. I shall mention three located in the Maritimes. There is the Good Shepherd institution at Halifax, the Good Shepherd institution at Saint John and the Interprovincial Home for Young Women at Cloverdale. The rehabilitative service of these three institutions compare favourably with anything of the kind found elsewhere.

Honourable senators, I have given only a rapid survey of provincial developments in the institutional field in recent years, and I am sure that I must have neglected to mention many other noteworthy features, but at least I have indicated that we in Canada are not completely in the dark ages.

Now, as to federal institutions I need not go into any great detail. The improvements that have taken place since 1947 under Commissioner Gibson are well known. The greatest change has been on the treatment and training side. An extensive and intensive program of staff training has been the key to the change. It is necessary to have a trained staff before you can get good results. Some of the honourable senators who have spoken in this debate have stated that they visited our federal institutions and they spoke from first-hand knowledge of what is going on in the institutions.

In each institution under the deputy warden, as co-ordinator of rehabilitative treatment services, there are of course in our federal institutions chaplains, classification officers, school teachers, vocational instructors and recreational directors. All of these specialists are there to help the inmates in their rehabilitation.

The vocational training program alone has been a great forward step in the work of rehabilitation. Vocational training was first introduced into Collin's Bay Penitentiary, as was previously mentioned, in 1947. Courses

are now offered also at Dorchester, Saskatchewan, British Columbia and the Federal Training Centre. A study of the reports of the Commissioner of Penitentiaries of recent years will show the variety of training offered and the success achieved in the placement of graduates through the co-operation of the trade unions, of provincial apprenticeship boards, and the national employment services. To date, there have been 823 graduates in vocational training, and 224 other young men benefited from some vocational training prior to the expiration of their sentences. That is since 1948.

I agree with honourable senators, and I think we all agree, that there is still much to be done, and the Commissioner in his latest report speaks of plans for two new minimum-security-type institutions as well as a new institution for women, which was mentioned previously during this debate. I do not doubt that it will be necessary in the near future to recommend some expansion of the staff necessary for rehabilitative treatment.

I would now like to take a litle time to talk about the prisoner after-care societies. I am sure all honourable senators know something of the work of these organizations. In fact, these organizations have been mentioned from time to time during this debate. Their development since 1946 has been outstanding. This is not to say that there were no active societies before that time. There have been prisoner aid societies in Canada from the time of Confederation, although at times they did pass through periods of adversity. The Prison Gates section of the Salvation Army has of course been active for years in giving assistance to men and women in prison and following their release.

Honourable senators may be surprised to learn of the actual number of organizations engaged in this work today. For your information I will read a list of societies known to me as having assisted in ticket-of-leave work. All these organizations are not of equal size; in fact they range from small societies operating in a restricted area, with only a part-time worker, or voluntary workers, to large societies with executive directors and several professionally-trained case workers. These societies are: Catholic Rehabilitation Service, Montreal; Elizabeth Fry Society, Ontario; John Howard Society, Alberta; John Howard Society, British Columbia; John Horward Society, Newfoundland; John Howard Society, Nova Scotia; John Howard Society, Ontario; John Howard Society, Quebec; John Howard Society, Saint John, New Brunswick; John Howard Society, Saskatchewan; John Howard Society, Shediac, New Brunswick; John Howard Society, Vancouver Island; Le Centre de Service Social, Trois Rivières P.Q.; Manitoba Welfare Association; Salvation Army; Service de Réadaptation Sociale, Québec, P.Q., Service Social de Hull, P.Q.; Société d'Orientation et de Réhabilitation Sociale, Montreal; Société de Réhabilitation, Sherbrooke, P.Q. These organizations receive financial support from various sources, including private contributions and from community chests. Most of them are also assisted by grants from provincial governments and the federal Government. Honourable senators may have noticed that the appropriations in our budget for this coming fiscal year provide for grants in aid to these organizations through the Penitentiaries Branch and through the Remission Service. The total amount is $80,000, made up as follows: Penitentiaries Branch $50,000; Remission Service, $30,000.

Personally, I can speak with some knowledge of their work as it applies in the field of supervision of persons released on ticket of leave. I mentioned previously this work with the men who are in the prisons, and also when the men are released on ticket of leave. Every day I have placed before me submissions recommending the release of inmates on ticket of leave, conditional upon their accepting the supervision and guidance of workers in after-care agencies. An examination of the files which have come to me shows that there has been correspondence with the agency concerned, and that representatives of the agency—we will say the Salvation Army, or the John Howard Society, whichever it may be—interview the inmate from time to time in the institution before he or she is released, and in many cases have also been in touch with members of his or her family in the home community. When the inmate is released the benefits from the guiding hand are seen in the splendid results which we have obtained from those who have been allowed out on ticket of leave. The percentage of men who break the conditions on which they are released is very, very small.

Hon. Mr. Euler: I do not like to interrupt the honourable senator, but may I ask him a question? He has referred to the vocational training which has been given to a good many hundreds of prisoners. What has been the result? When these men or women are released do they find any difficulty in obtaining employment in the lines for which they have been trained? Could my friend give me any idea of the percentage who have thus found useful employment?

Hon. Mr. Macdonald: I have no definite figures, but generally speaking these people

have found employment in the fields for which they have been prepared.

These after-care societies are very helpful in that respect. I mentioned that a representative of one of these societies has interviewed the prisoner before he is released; he knows the training the prisoner has received; in many cases, before discharge, the society's representative or some member of the inmate's family has obtained a job for him.

Hon. Mr. Euler: I was wondering whether there was any prejudice among employers against former prisoners.

Hon. Mr. Macdonald: The question is perfectly fair and pertinent, but I intended to refer to that point in my closing remarks. Perhaps I may defer it until then.

Now I would like to speak of the study of criminology and the training of correctional workers in Canada.

This, undoubtedly, is a great need. It is hardly correct to say that no Canadian university teaches penology. All schools of social work in this country give some attention to that field. Quite naturally they assume that correctional work may be considered a part of their social work field, and that many of their graduates will enter that field. Some schools of social work do have as part of their curriculum a course in criminology. I will refer to the University of British Columbia. In that university criminology has received some attention for many years, under the leadership of a well-known Canadian criminologist, Professor J. W. Topping, who is now, I believe, head of the Department of Sociology in the University of Manitoba. There is now a chair of criminology in the Department of Sociology at the University of British Columbia. That university offers an undergraduate course in criminology leading to the B. A. degree, and also work at the graduate level leading to the M. A. degree or a diploma in criminology. At the present time there are 24 undergraduate and ten graduate students of criminology at the University of British Columbia.

Honourable senators may quite rightly conclude that this is a small number of students for a country of 15 million people. I draw the matter to your attention, not to suggest for one moment that the number is adequate, but simply to indicate that hard work has already been done, and I think it should be recognized.

I have also mentioned the staff training programs in penitentiaries. I repeat that, to have good results, one must have properly trained staff. Provincial departments have also recognized this need. I am not certain of the developments in other provinces, but I may mention two provinces in which there has been, for some years, organized staff training. In Saskatchewan every staff member must undergo as part of his daily work a program of studies that extends over three years. In British Columbia, in co-operation with the university of that province, there is also a program of training.

Now let me refer to the comparison which was drawn by the honourable senator from Toronto-Spadina (Hon. Mr. Croll) between England and Canada in connection with this whole subject of reform. Personally, I am never unhappy to have this done, because I feel we can learn many things from England as well as from other countries. There is no doubt that in England over the years they have developed techniques and methods which are worth study. Of course, in England full legislative authority over the subject-matter of criminal law in its widest sense, as has already been mentioned in this debate, is vested in a single legislature, and integration is easily achieved. England also has other advantages in that she has a highly urbanized population in a small geographical area, which makes for easy solution of many administrative problems. There are, I may add, some differences in the character of crime committed. Honourable senators will be interested to know that armed robbery, for example, is a most infrequent crime in England.

Let me now refer again to the comparisons made by the honourable gentleman from Toronto-Spadina. He gave us some figures which he described as frightening. These figures and figures similar to them have been given in articles and in public speeches during the last number of years. But they should be explained. I repeat that England has indeed done well in the field of probation. There is also no doubt in my mind from what I have read and heard about that country's system of prisons and Borstal institutions that there is much to praise in its treatment of convicted persons. It will be noticed that what I will say about statistics will not disturb the basic argument of the honourable senator from Toronto-Spadina that in proportion to population Canada uses probation less and prison more than England does. However, a careful comparison of the statistics of the two countries, where they are comparable, does not show the extreme difference that the figures given by the honourable senator seemed to indicate.

In studying this problem the difficulty is to find comparable statistics. This is due to the different methods of recording data, different definitions, and different methods of

disposing of cases before the courts. An error frequently made in quoting statistics is the comparing of two sets of things which in fact are not comparable.

Let us look at the figures given for convictions. I believe certain ones were presented the other night covering convictions for 1953. I will give them for 1952. In that year the number of convictions in England and Wales was 688,650, while in Canada there were 1,215,376, almost twice as many. Now, the figure for England represents the number of persons convicted of indictable and non-indictable offences, whereas the Canadian figure is made up of the number of persons convicted for indictable offences plus the total number of all their convictions. I will try to make my explanation clearer. For instance, a person might be charged at the same time with ten non-indictable offences. This would appear as one person in the British figures but as ten in the Canadian figures.

There are no figures available from England on the total number of convictions, and there are no figures available from Canada on the number of persons convicted of non-indictable offences. However, we can make a comparison between the number convicted in both countries of indictable offences. These of course, represent the more serious crimes. In 1952 in England and Wales the number of persons of 17 years of age and over who were convicted of indictable offences was 85,969. In 1952 in Canada the number of persons of 16 years of age and over who were convicted of indictable offences was 29,761. It will be readily seen that proportionately Canada does have a few more convictions *per capita* than England and Wales, but the proportionate difference is not anything like that appearing from the figures which were placed on the record.

In the case of prisons we find again that the figures are not comparable. The figure of 32,000, being the number of persons committed to prison in England in 1952, represents the actual number of persons admitted on conviction. The Canadian figure of 90,000, however, represents all admissions to penal institutions for any reason whatever, including first arrest on charge, readmission following bail, admission on conviction and admission on transfer from another institution.

A more meaningful comparison can be given by the following figures for 1952. In England and in Wales the number of persons of 17 years of age and over convicted of indictable offences and sentenced to imprisonment, Borstal training, corrective training and other types of detention was 27,467. In Canada the number of persons of 16 years of age and over convicted of indictable offences and sentenced to imprisonment was 14,625.

Another fairly close comparison would be between the daily average prison population in England and Wales and the number of persons in custody in Canada at the end of a year. The figures for 1952 are as follows:

England and Wales	23,607
Canada	15,847

Here again we see that the statistics that have been given such wide currency do not give a true picture, although we must admit that truly comparable statistics do show that proportionately Canada sends more people to prison than England does.

The figures given on probation are not comparable because they cover different age groups. The figure of 40,000 for England and Wales includes all persons placed on probation from 8 years of age. The figure of 3,000 for Canada is for 16 years of age and upward, and does not include any juveniles.

In Canada for many years there has been extensive use of the probation method for juveniles. I regret that I cannot give actual figures.

Honourable senators, I wish to re-emphasize that in taking your time to discuss these statistics I do so only to give as nearly correct a picture as possible from the data on hand. I am sure that we all agree that greater use should be made of the probation method in Canada than has been made up to the present time, and that we should examine the situation very carefully in relation to the large population in our penal institutions in Canada.

I have before me a report prepared by the judicial section of the Dominion Bureau of Statistics which deals with this matter in great detail. With the permission of the house I will have it inserted in *Hansard* so that honourable senators may have an opportunity to study its contents.

Hon. Senators: Agreed.

See appendix to today's Hansard, *pp. 486-90.*

Hon. Mr. Macdonald: I wish now to refer briefly to the question of juveniles. I think the honourable senator from Toronto-Spadina confined his remarks mostly to the problem of adult offenders, but he did mention the increasing number of young persons that are being sentenced to penitentiaries. This is indeed a serious problem, which the Commissioner of Penitentiaries has noted in his annual reports. However, I trust that honourable senators are not unaware of the work of our juvenile courts in Canada. This problem was mentioned by the honourable senator from Victoria (Hon. Mr. Hackett) with respect

to Quebec, but considerable work is being done in our juvenile courts in all the provinces. These courts place young offenders on probation wherever possible, and send children who do not respond to probation to modern training institutions.

On the subject of parole I shall not say a great deal, for the matter has been under study by a special committee, which has just recently completed its report and submitted it to the Minister of Justice. The report is being printed and will be distributed within the next few weeks. I do not know what the report contains. Of course, the subject of parole is of great interest to me. Consideration of applications for release on parole is one of the duties that fall on me as Solicitor General. I noted with appreciation the kind remarks made by a number of honourable senators in this connection.

Some mention was made of the number of parole officers. Actually, there are four field representatives, and it is expected that an assistant will be appointed shortly. However, I would not want honourable senators to think that the several hundreds of people on ticket of leave are under the direct supervision of these officers. The Remission Service of Canada has the assistance of prisoner aftercare agencies across the country, together with that of provincial probation and parole officers in the provinces, wherever they exist.

May I now refer to the concluding remarks of the honourable senator from Toronto-Spadina (Hon. Mr. Croll), as reported in *Hansard* of March 5, at page 249:

> I think the time is overdue for a second volume of the Archambault Report. The first was a landmark in the penal history of our country. Crime and the incidence of crime is one of the most pressing problems on the horizon. We urgently need a Royal Commission on our penal system or, short of that, I think it would be an excellent thing for this Senate to undertake a thorough study of the penal system by a small committee who would devote themselves to that work.

I think I should draw to the attention of honourable senators the fact that a number of members of this house are sitting on a very important committee at this time, namely, the Joint Parliamentary Committee on capital punishment, corporal punishment and lotteries. I have here an extract from the *Minutes of the Proceedings* of the Senate, dated February 10, 1954, as follows:

> That the Senate do unite with the House of Commons in the appointment of a Joint Committee of both Houses of Parliament to inquire into and report upon the question whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment, or (c) lotteries, should be amended in any respect, and, if so, in what manner and to what extent.
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> That the following senators be appointed on behalf of the Senate on the said Joint Committee, namely,
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> The Honourable Senators Aseltine, Beauregard, Bouffard, Farris, Fergusson, Hayden, Hodges, McDonald, Roebuck and Veniot.

The committee was reconstituted in January, 1955. An extract from the *Minutes of the Proceedings* of the Senate dated Tuesday, January 25, 1955, shows the reappointment of all the senators previously named, except that the name of the Honourable Senator Vien is substituted for that of the late Senator Beauregard. That committee is considering a very important question in connection with crime in this country.

Also there is sitting at the present time an informal committee called by the Minister of Justice *in re* remission service and parole in Canada. The committee is composed of outstanding men, including an eminent jurist, all of whom are closely associated with the administration of Canadian criminal law, or take a great interest in those who find themselves in the clutches of the law. The members of the committee are: Mr. Justice J. H. G. Fauteux, Supreme Court of Canada; Mr. W. B. Common, Q.C., Director of Public Prosecutions, Province of Ontario; Mr. Joseph McCulley, Warden, Hart House, University of Toronto; and Mr. J. Alex. Edmison, Q.C., Assistant to the Principal, Queen's University, Kingston, Ontario. I have before me an excerpt from a letter to Mr. Common from the Honourable Stuart S. Garson, Minister of Justice, which reads as follows:

> This will confirm the arrangement under which you have been good enough to undertake to act as a member of an informal committee established to investigate and report upon the principles and procedures followed in the Remission Service of the Department of Justice in connection with the exercise of clemency and to recommend what changes, if any, should be made in those principles and procedures.
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> As I think you know, I do not propose to place restrictions of any kind upon your field of inquiry. Rather, it is my hope that members of the committee would find it possible to examine the entire field of remission and parole and, after a full inquiry, report to me their findings and recommendations.

A royal commission is sitting at the present time on the subject of criminal sexual psychopaths.

The appointment of that commission reads as follows:

> By Order in Council P.C. 1954-445, dated the 25th day of March, 1954, the Governor in Council was pleased, pursuant to Part I of the Inquiries Act, to appoint:
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> The Honourable James Chalmers McRuer, Chief Justice of the High Court of Justice for Ontario
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> Doctor Gustave Desrochers, Assistant Superintendent of St. Michel Hospital, at the City of Quebec and
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> Her Honour Judge Helen Kinnear, County Court Judge for the County of Haldimand, Ontario
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> as Commissioners to inquire into and report upon the question whether the criminal law of Canada

relating to criminal sexual psychopaths should be amended in any respect, and, if so, in what manner and to what extent.

The appointment of the royal commission *in re* the defence of insanity reads:

By Order in Council P.C. 1954-289, dated the 2nd day of March, 1954, the Governor in Council was pleased, pursuant to Part I of the Inquiries Act, to appoint:

Honourable James Chalmers McRuer, Chief Justice of the High Court of Justice for Ontario

Dr. Gustave Desrochers, Assistant Superintendent of St. Michel Hospital at the City of Quebec

Her Honour Judge Helen Kinnear, County Court Judge for the County of Haldimand, Ontario

Dr. Robert O. Jones, Professor of Psychiatry at Dalhousie University, Halifax, N.S.

Joseph Harris, Esq., of Winnipeg, Manitoba,

as Commissioners to inquire into and report upon the questions whether the criminal law of Canada relating to the defence of insanity should be amended in any respect, and if so, in what manner and to what extent.

Honourable senators, having read to you the Orders in Council by which the two royal commissions were set up, the letter setting up the committee to consider the question of remission service and parole, and the names of honourable senators serving on the Joint Committee on capital punishment, corporal punishment and lotteries, I have brought to your attention the fact that at present we have these four bodies composed of very competent persons considering this whole matter of penal reform. In view of what is being done, I doubt if it would be advisable at this time for this house to set up a committee to consider the question. One committee has already made its report, which, as I have said, will be printed and distributed within a few weeks. The other bodies are still sitting. I would suggest, honourable senators, that we should at least wait until all these reports have been received by us.

In conclusion, I would again thank all who have taken part in the debate. We are indebted to the honourable senator from Toronto-Spadina (Hon. Mr. Croll) for bringing this important subject to our attention.

The honourable senator from Waterloo (Hon. Mr. Euler) has asked me if those men who receive training in the penitentiaries are able to find jobs when they get out. Many of them do find work. In some parts of Canada their training is recognized by the trade unions. In those areas where there is plenty of work and a scarcity of men qualified in their trades, they have no difficulty finding work. But in still other parts of Canada there is a certain prejudice against men who have served time, and they have difficulty in finding jobs. Too often a man gets out of jail without perhaps having completed his training to become a first-class mechanic, but even when a man has a good knowledge of his trade a prospective employer is bound to ask him where he was last employed, and upon being told that the man learned his trade in prison he will say "I am sorry, but we can't take you." I think, honourable senators, the greatest service we can do for a man who has been released from prison is to treat him with all kindness and, if it is within our power to do so, to give him a job.

Hon. Senators: Hear, hear.

Hon. Mr. Hackett: Will the Honourable the Solicitor General explain the difference between the findings of a royal commission, a joint parliamentary committee and an informal committee? We have heard about all three brands, and I would be interested to know what is the respective value or status of the findings of each of these three bodies.

Hon. Mr. Macdonald: I must admit that I am not fully prepared to give a definite answer to that question, but it seems to me the difference is to be found in the methods by which these various bodies are set up. The honourable senator from Toronto (Hon. Mr. Hayden) has just reminded me that senators and members of Parliament may not be members of a royal commission. I take that statement to be correct. In any event, the reports and recommendations of these bodies are tabled in Parliament, but neither the Government nor Parliament is bound to accept them.

Hon. Mr. Haig: Is not another difference to be found in the fact that royal commissions have power under the Inquiries Act to force persons to testify, while parliamentory committees do not have that power?

Hon. Mr. Macdonald: That is true.

Hon. Mr. Quinn: Under what authority does a commission receive the title "Royal Commission"?

Hon. Mr. Macdonald: A royal commission is appointed by the Governor in Council under the provisions of the Inquiries Act.

Hon. Mr. Hackett: The purport of my question, if the Honourable the Solicitor General, will permit me, is the virtue and value of the findings of the respective bodies.

Hon. Mr. Pouliot: You know that.

Hon. Mr. Power: What difference does it make?

Hon. Mr. Macdonald: I can only repeat that there are different methods of constituting

parliamentary committees and royal commissions. The royal commission is set up by the Governor in Council, and its procedure differs from that of a parliamentary committee. As the honourable Leader of the Opposition (Hon. Mr. Haig) has said, under the Inquiries Act witnesses can be forced to testify before a commission.

As to the result, I doubt if there is very much difference between the effect of the findings of a commission and those of a committee. As I have said, Parliament does not have to adopt the findings of either. I think the effect would probably be the same in both instances.

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

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 482*)

PENAL STATISTICS

Certain data for England and Wales and for Canada, 1950-1952
(Estimated population, indictable offences, offences punishable on summary conviction and probation)

Item	Year	England and Wales[1] (17 years of age and over) Persons	Canada[2] (16 years of age and over) Persons
Estimated population	1950	33,115,000[3]	9,546,000[4]
	1951	32,952,000	9,545,900
	1952	33,012,000	9,780,200
		Persons convicted	Persons convicted
Indictable offences	1950	73,606[5]	31,385[6]
	1951	85,344	28,980
	1952	85,969	29,761
		Persons convicted	Convictions (not comparable)
Offences punishable on summary conviction	1950	537,719[7]	1,183,991[8]
	1951	556,123	1,308,466
	1952	588,566	1,565,707
Excluding traffic offences	1950	190,670[9]	242,131[10]
	1951	196,232	243,040
	1952	201,793	254,685

NOTE: Data for England and Wales cover the calendar year. In 1950, the Canadian data are for the twelve month period October 1, 1949 to September 30, 1950. Data for 1951 and 1952 cover the calendar year.

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[1] All data for England and Wales were excerpted from the publication "Criminal Statistics", England and Wales, Home Office, for the years shown.

[2] All data for Canada, with the exception of population data, were excerpted from the publication "Statistics of Criminal and other Offences", Dominion Bureau of Statistics for the years shown. Population data were based on "Estimated Population by Sex and Age Group, for Canada and Provinces", D.B.S. which is published annually (see 4 below).

[3] Estimated population of England and Wales 17 years of age and over as published in "Criminal Statistics", England and Wales, Home Office.

[4] Estimated population of Canada 16 years of age and over, adjusted from the published intercensal estimates (see 2 above). Population data may be obtained from these estimates, without adjustment, for 15 years of age and over.

[5] According to Criminal Statistics England and Wales, the principal offence of which a person is found guilty is tabulated for each person convicted. If a person is prosecuted on two or more occasions during the year, he is recorded once on each occasion.

[6] Canadian data on indictable offences are tabulated in two ways; first by persons convicted, and second, by convictions. The data for indictable offences shown in this table are for persons convicted. Only one offence was tabulated for each person represented in the table. This offence was selected according to the criteria set forth in the Methodological Note (6).

[7] Based on persons convicted (see 5, above, and Methodological Note (7)).

[8] Canadian data on offences punishable on summary conviction are based on convictions. (See Methodological Note (8)).

[9] For a list of offences that were excluded, see Methodological Note (9).

[10] For a list of offences excluded, see Methodological Note (10).

Item	Year	England and Wales (17 years of age and over)	Canada (16 years of age and over)
Sentences			
Probation		Persons convicted	Persons convicted
Indictable offences	1950	9,516[11]	2,321[12]
	1951	10,332	1,828
	1952	10,959	1,822
		Persons convicted	Convictions (not comparable)
Offences punishable on summary conviction	1950	2,066[13]	1,310[14]
	1951	2,155	1,809
	1952	2,107	1,490
Excluding traffic offences	1950	1,944	1,054
	1951	1,962	1,288
	1952	1,919	1,269

[11] Based on persons convicted (see 5 above).
[12] Based on persons convicted (see 6 above).
[13] Based on persons convicted (see 5 above).
[14] Based on convictions (see 8 above).

Methodological Note

(6) The offence was selected for tabulation according to the following criteria: (1) If the person was tried on several charges, the offence selected is that for which proceedings were carried to the furthest stage—conviction and sentence; (2) If there were several convictions, the offence selected is that for which the heaviest punishment was awarded; (3) If the final result of proceedings on two or more charges was the same, the offence selected is the more serious one, as measured by the maximum penalty allowed by the law; (4) If a person was prosecuted for one offence and convicted of another, for example charged with murder and convicted of manslaughter, the offence selected is the one of which the person was convicted.

(7) The reader is referred to Sections (B) of Tables VII and VIII of the Annual Tables contained in Criminal Statistics, England and Wales. Basic data relating to offences punishable on summary conviction, or non-indictable offences, for persons 17 years of age and over are to be found in these tables.

(8) No information is available on the number of persons involved in offences punishable on summary conviction. The reader is referred to Part II, Statistics of Criminal and Other Offences.

(9) The following offences, listed in Sections (B) of Tables VII and VIII (see 7, above), were excluded: 122. Obstructions and nuisances other than by vehicles; 123. Obstruction by mechanically-propelled vehicles; 124. Tramcars and trolley-buses; 125. Driving public vehicles dangerously, &c.; 128. Other offences; 129. Driving private cars dangerously, &c.; 130. Other offences; 131. Driving motor cabs dangerously, &c.; 132. Other offences; 133. Driving motor cycles dangerously, &c.; 134. Other offences; 135. Horsedrawn vehicles; 136. Hand carts and barrows; 137. Pedal cycles; 138. Taking motor without consent. Selection of the above offences was based on the category "traffic offences" which appears in two separate tables in the "introductory note." Numerical references are to be the statistical codes published in Tables VII and VIII (Sections B) Criminal Statistics, England and Wales.

(10) The following offences were excluded: Dangerous and reckless driving, driving while ability impaired, driving while intoxicated, driving while licence suspended, leaving scene of accident, taking without owner's consent, and other traffic offences, which include those classified as provincial and municipal traffic offences.

(Absolute discharge, conditional discharge, recognizances, suspended sentence or other disposition)

Item	Year	England and Wales (17 years of age and over)	Canada (16 years of age and over)
Sentences			
Absolute discharge (England and Wales)		Persons convicted	
Indictable offences	1950	2,492	—
	1951	2,302	—
	1952	1,956	—
		Persons convicted	
Offences punishable on summary conviction	1950	17,939	—
	1951	16,738	—
	1952	16,381	—
Excluding traffic offences	1950	8,625	—
	1951	8,059	—
	1952	7,578	—
Conditional discharge (England and Wales)		Persons convicted	
Indictable offences	1950	8,631	—
	1951	9,929	—
	1952	9,791	—
		Persons convicted	
Offences punishable on summary conviction	1950	6,000	—
	1951	6,615	—
	1952	6,313	—
Excluding traffic offences	1950	4,833	—
	1951	5,325	—
	1952	5,340	—
Recognizances (England and Wales)		Persons convicted	
Indictable offences	1950	60	—
	1951	99	—
	1952	144	—
		Persons convicted	
Offences punishable on summary conviction	1950	4,571	—
	1951	4,949	—
	1952	5,502	—
Excluding traffic offences	1950	4,558	—
	1951	4,934	—
	1952	5,490	—
Suspended sentence (Canada)			Persons convicted
Indictable offences	1950	—	3,824
	1951	—	3,909
	1952	—	3,825
Suspended sentence or other disposition (Canada)			Convictions
Offences punishable on summary conviction	1950	—	68,763
	1951	—	44,625
	1952	—	53,104
Excluding traffic offences	1950	—	24,133
	1951	—	21,089
	1952	—	22,001

(Option of fine, imprisonment and other)

Item	Year	England and Wales (17 years of age and over)	Canada (16 years of age and over)
Sentences			
Option of fine (Canada)		Persons convicted	Persons convicted
Fine (England and Wales)			
Indictable offences	1950	28,895	9,140
	1951	36,825	8,776
	1952	35,652	9,489
		Persons convicted	Convictions (not comparable)
Offences punishable on summary conviction	1950	499,785	1,103,503
	1951	517,799	1,251,165
	1952	549,807	1,500,248
Excluding traffic offences	1950	164,145	208,316
	1951	169,394	212,450
	1952	174,861	222,414
Imprisonment			
(Canada) (England and Wales)		Persons convicted	Persons convicted
Indictable offences	1950	18,522	16,079[1]
	1951	20,113	14,451[2]
	1952	21,350	14,603[3]
Committed without option (Canada)			Convictions
Imprisonment (England and Wales)		Persons convicted	(not comparable)
Offences punishable on summary conviction	1950	6,703	10,415
	1951	7,214	10,867
	1952	7,346	10,865
Excluding traffic offences	1950	6,030	8,628
	1951	6,059	8,213
	1952	6,114	9,001
Borstal Training		Persons convicted	
Indictable offences	1950	1,308	
	1951	1,375	Not available
	1952	1,529	separately
Corrective training		Persons convicted	
Indictable offences	1950	1,025	
	1951	694	Not available
	1952	556	separately
Preventive detention		Persons convicted	Persons convicted
	1950	187	2
	1951	174	1
	1952	209	5
Other (England and Wales—police cells and other) (Canada—death sentences)		Persons convicted	Persons convicted
Indictable offences	1950	2,970	19
	1951	3,501	15
	1952	3,823	17
		Persons convicted	
Offences punishable on summary conviction	1950	655	—
	1951	653	—
	1952	610	—
Excluding traffic offences	1950	535	—
	1951	499	—
	1952	491	—

[1] Includes 11,961 persons committed to gaol, 2,054 to reformatory, 2,064 to penitentiary.
[2] Includes 10,857 persons committed to gaol, 1,705 to reformatory, 1,889 to penitentiary.
[3] Includes 10,782 persons committed to gaol, 1,904 to reformatory, 1,917 to penitentiary.

(Receptions on conviction, receptions under sentence, admissions, daily average population, and in custody end of year)

Item	Year	England[1] and Wales	Canada[2]
		Persons	
Receptions on conviction (England and Wales)	1950	34,825[3]	
	1951	36,725	No comparable figures
	1952	40,252	
		Persons	
Receptions under sentence (England and Wales)	1950	33,912[4]	
	1951	35,852	No comparable figures
	1952	38,051	
			Admissions
Admissions (Canada)	1950		97,524[5]
	1951	No comparable	100,928
	1952	figures	101,368
		Persons	
Daily average population (England and Wales)	1950	20,474[6]	
	1951	21,780	No comparable
	1952	23,670	figures
			Persons
In custody end of year (Canada)	1950		16,102[7]
	1951	No comparable	15,295
	1952	figures	15,847

Note: Data for England and Wales cover the calendar year. Canadian data for penal institutions and training schools are for the year ended March 31, with the exception of Quebec gaols, which are for the calendar year.

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[1] All data for England and Wales were excerpted from the publication Report of the Commissioner of Prisons, Home Office, for the years shown.

[2] All data for Canada were excerpted from the publication Statistics of Criminal and other offences, Dominion Bureau of Statistics, for the years shown.

[3] The figures for Receptions on Conviction comprise all prisoners received under sentence and prisoners received on conviction (but not under sentence) who did not subsequently return to prison under sentence.

[4] Receptions under sentence comprise committals in default of payment of fines and sentences of imprisonment without option of fine for indictable and non-indictable offences, as well as sentences of corrective, and Borstal training and preventive detention.

[5] Data include the number of separate occasions on which individuals were admitted, for example, the admission of individuals awaiting trial, on remand and the transfer of individuals among institutions and other internal movements following committal. Admission data do not represent the number of different persons under sentence who were committed to institutions.

[6] Daily average population in prisons and Borstals, 16 years of age and over, includes untried prisoners, civil prisoners, those sentenced to imprisonment in default of payment of a fine, to imprisonment without the option of a fine, to corrective training, to preventive detention, to Borstal training, and other convicted prisoners.

[7] As of March 31, except for Quebec gaols (see Note, above).

THE SENATE

Wednesday, May 9, 1956

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

Prayers.

Routine proceedings.

CANADIAN CITIZENSHIP BILL

COMMONS AMENDMENTS

A message was received from the House of Commons returning Bill B, an Act to amend the Canadian Citizenship Act, and acquainting the Senate that they have passed this bill with certain amendments, to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant as follows:

1. Page 1, line 25. Strike out clause 2 on pages 1 and 2.
2. Pages 2, 3 and 4. Renumber clauses 3, 4, 5, 6, 7 and 8 as clauses 2, 3, 4, 5, 6 and 7.
3. Page 2, line 23. For the word "under" substitute the words "by virtue of a certificate of naturalization as defined in".
4. Page 3, line 22. For the words "that date" substitute the words "the thirty-first day of December, 1956".

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Macdonald: Next sitting.

INDUSTRIAL DEVELOPMENT BANK BILL

FIRST READING

A message was received from the House of Commons with Bill 165, an Act to amend the Industrial Development Bank Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

CANADA SHIPPING BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of committee on Bill H-7.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (H-7) intituled: "An Act to amend the Canada Shipping Act", beg leave to report as follows:

Your committee recommend that authority be granted for the printing of 800 copies in English and 200 copies in French of their proceedings on the said bill, and that Rule 100 be suspended in relation to the said printing.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hugessen: With leave of the Senate, now. I move that the report be concurred in.

The motion was agreed to.

STAFF OF THE SENATE

FIFTH, SIXTH, SEVENTH AND EIGHTH REPORTS OF INTERNAL ECONOMY COMMITTEE

Hon. W. Ross Macdonald, Chairman of the Standing Committee on Internal Economy and Contingent Accounts, presented the fifth, sixth, seventh and eighth reports of the committee.

He said: Honourable senators, these reports are quite lengthy and it would probably take from twenty minutes to half an hour to read them. Therefore I do not believe honourable senators would want the reports read, and I would move that they be taken into consideration at the next sitting of the house.

Hon. Mr. Pouliot: May I ask if the Leader of the Government (Hon. Mr. Macdonald) would object to having the reports published in the *Minutes of Proceedings* or in *Hansard,* so that honourable members may become acquainted with them before they are taken up for consideration?

Hon. Mr. Macdonald: I am very glad to agree to that. Our rules provide for the printing of these reports in the *Minutes of Proceedings.* If for any reason they do not appear there tomorrow I will then move that consideration of them be held over; otherwise I will suggest consideration tomorrow.

Hon. Mr. Pouliot: Thank you.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 291 to 299, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill J-10, an Act for the relief of Dorothy Nesbitt Ward Pratt.

Bill K-10, an Act for the relief of Nichita Tomescu.

Bill L-10, an Act for the relief of Lilly Katoffsky Schwartz.

Bill M-10, an Act for the relief of Rita Beryl Gwendolyn Scott Darlington.

Bill N-10, an Act for the relief of Dorothy Christie Bradley Cunniam.

Bill O-10, an Act for the relief of Samuel Marks Stirling.

Bill P-10, an Act for the relief of Violet Ethel Stanway Sharpe.

Bill Q-10, an Act for the relief of Elizabeth June Robertson Fraser.

Bill R-10, an Act for the relief of Shirley Ann Joss Le Boeuf.

Bill S-10, an Act for the relief of Marguerite Catherine Evans Macfarlane.

Bill T-10, an Act for the relief of Agniete Stravinskaite Paskevicius.

Bill U-10, an Act for the relief of Joseph Marc Bernard Levesque.

Bill V-10, an Act for the relief of Kenneth Wilfred Morgan.

Bill W-10, an Act for the relief of Mary Helen Norah Whelehan Gondos.

Bill X-10, an Act for the relief of Roger Paul Rene Hilaire Varnier.

Bill Y-10, an Act for the relief of Sarah Abramovsky Gordon.

Bill Z-10, an Act for the relief of Ruth Shirley Churchill O'Neil.

Bill A-11, an Act for the relief of Edgar Ferland Theoret.

Bill B-11, an Act for the relief of Therese Laure Turgeon Garson.

Bill C-11, an Act for the relief of Marie Jeannine Lucette Poirier Legault.

Bill D-11, an Act for the relief of Marie Rose Therese Allain Gauvin.

Bill E-11, an Act for the relief of Marie Therese Murielle Audelin Blemur.

Bill F-11, an Act for the relief of Frantisek Horsky, otherwise known as Francis Horsky.

Bill G-11, an Act for the relief of Anne Campbell Hogwood.

Bill H-11, an Act for the relief of Maud Virginia af Ugglas Marchant.

Bill I-11, an Act for the relief of Annie Eva Lewin Sutcliffe.

Bill J-11, an Act for the relief of Vanda Vainoraite Lebedziunas.

Bill K-11, an Act for the relief of Ivy Hutchcraft Fawcett.

Bill L-11, an Act for the relief of Charles Edouard Racicot.

Bill M-11, an Act for the relief of Jeanine Yvonne Pinatel Wells.

Bill N-11, an Act for the relief of Georgina Mary Elizabeth Forcade Sheehan.

Bill O-11, an Act for the relief of Bridget Ann Hamilton Limoges.

Bill P-11, an Act for the relief of Mildred Jane Clendenning Dephoure.

Bill Q-11, an Act for the relief of Elizabeth Marie Hartwig Bensinger.

Bill R-11, an Act for the relief of Beatrice Mary Lucretia Glassco Bishop.

Bill S-11, an Act for the relief of Marie Therese Justine Georgette Spenard Mignault.

Bill T-11, an Act for the relief of Vera Florence Gilson Shehyn.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

MOTION FOR SECOND READING— DEBATE CONTINUED

The Senate resumed from Tuesday, March 20, the adjourned debate on the motion of Hon. Mr. Aseltine, seconded by Hon. Mrs. Hodges, for the second reading of Bill I-5, an Act to amend the Exchequer Court Act.

Hon. Paul H. Bouffard: Honourable senators, the bill that we are now studying restricts itself to the granting of jurisdiction to the Exchequer Court of Canada in matters regarding divorce.

I have listened most attentively to the speeches which have already been delivered, and indeed have re-read some of them. For instance, the speech of the honourable senator from Calgary (Hon. Mr. Ross), which I did not have the opportunity of listening to, I have read several times.

At the outset of these remarks may I say that I count it a pleasure to congratulate all who have participated in the discussion of this bill. It is good to note that each speaker has put considerable work on the subject and has enlarged the scope of the discussion with a freedom of thought and a sense of justice that does honour to the Parliament of Canada.

Each time that I take part in a discussion on divorce I experience some emotion. It has always been with a great deal of prudence that I have marshalled my thoughts and approached such a debate, all the while attempting to preserve the broad outlook so characteristic of this house. Though my religious

convictions may not have been without some influence on my opinion, a deep study of the question has convinced me that, strictly from the social point of view, divorce remains a scourge which must be fought wherever it exists, no matter what our religious creed may be. It is on this essential premise that I desired to participate in the discussion and to collaborate in the work of this house.

Like many others who have already spoken on this question, I recognize the fact that certain painful consequences sometimes result from the indissolubility of marriage. One cannot fail to observe this if individual cases and private interests are considered. In the present discussion, however, we must first and foremost consider the common good and the general welfare; for if the general interest requires the sacrifice of certain individual cases, then such sacrifices must be made. We must consider it a duty to abandon individual interests in favour of the general interest. In every country where it has been desired to protect private interests by laws and exceptions which apply only to certain individuals, it was soon realized that the general welfare was considerably affected.

In my opinion, if there exists a case where the general weal must be placed above the private interests of the individual, it is indeed in the matter of divorce. For all who consider the family and the children as the basis of society, the individual happiness of certain persons must be subordinated to that of the family and society in general.

The examples of France, Russia, England and the United States strike every one who has taken the trouble to study the results of divorce legislation in those countries. Two years ago in this house, speaking on the question of divorce, I gave some figures that are truly frightening. I do not intend to hark back on those figures, but they indicate incontestably that the divorce laws in those countries are causing conditions which are becoming more and more intolerable. Indeed, they tend to undermine the very foundations of society. Certain countries which are not especially characterized by religious feelings have had to return to more reasonable laws and have had to be mindful of protecting both the family and children.

Moreover, the field of divorce is not the only one where private interests must come second to those of the general public. For example, all legislation with regard to service in the armed forces and other wartime legislation, and laws relating to taxation do not affect all people equally. Certain families are more particularly affected, and the living conditions of a certain number of people become difficult. However, legislative bodies do not hesitate, and quite rightly so, to leave aside consideration of these specific cases in the general interest of society and the country as a whole. Likewise in the matter of divorce, the exceptions are often worthy of sympathy, but if we wish to safeguard the general welfare I am of the opinion that the rule regarding the indissolubility of marriage must be kept in its integrity.

My convictions on this subject are shared by numerous Canadian citizens, whatever the regions or the religious faiths to which they belong. Others are convinced of the contrary. Among the former are those who think that exceptional cases must be extremely curtailed; others are convinced that the list of exceptions must be enlarged. I respect the opinion of each group, just as I respect the opinion of all Canadians who wish to bring to bear on this question the attention that its seriousness warrants. That these opinions may be the result of religious convictions, of traditions or of social ideologies matters little. They are the inevitable consequences of the diversity of a democratic way of life. I respect these opinions, and I trust that the members of the house will, in the same manner, respect the opinion that I share with the vast majority of the province to which I belong.

I come now to the heart of the matter, to a discussion of the bill. I shall leave to the members of the Senate from Newfoundland the task of discussing the bill in so far as it applies to that province, and I shall limit my remarks to the province of Quebec.

The first question that must be decided is that of knowing whether the province of Quebec is opposed to the principle of divorce. I do not think it necessary to comment at length on this point, for all members of this house are convinced that the province of Quebec is unswervingly opposed to all divorce. Numerous illustrations could be cited relevant to this attitude; but I shall mention only a few of them.

No public organization from Quebec that I know of has, up to now, made to the Canadian Parliament any representation to the effect of having the principle of the dissolubility of marriage recognized for any cause whatsoever. In eight of the Canadian provinces legislative bodies, associations, and other private groups have placed the problem of divorce legislation in the forefront. No movement of this kind has ever occurred in the province of Quebec. The Canadian Bar Association has pronounced in favour of divorce legislation, but the resolution was successfully passed only after 20 years of struggle, all the members of the Quebec branch of the association having unanimously spoken against the resolution.

No organization, either religious or civil, from the province of Quebec has ever made representation to the Canadian Parliament either to extend the grounds for divorce or to extend to that province jurisdiction of the courts on this question. Never has the legislature of the province of Quebec thought to rule on this question of divorce, for the extremely simple reason that the entire Catholic population of the province disapproves of the very principle of divorce. As a matter of fact, the Civil Code of Quebec, like the Custom of Paris, hallows the principle of marriage indissolubility. Indeed, article 185 of the Civil Code enforces this basic tenet in the following terms:

185. Marriage can only be dissolved by the natural death of one of the parties; while both live, it is indissoluble.

This is so well known that I need not dwell further on it.

Hon. Mr. Crerar: Mr. Speaker, may I rise to a point of order? I am listening with much interest to my honourable friend from Grandville, but he is not discussing the bill at all, he is discussing something else altogether. I do think, sir, that the ordinary rules of procedure in this house require a member when speaking to speak to the subject under discussion.

Hon. Mr. Bouffard: The matter which is under discussion at the present time is a bill that relates to the dissolubility or indissolubility of marriage.

Some Hon. Senators: No, no.

Hon. Mr. Bouffard: It is a bill that proposes to give the Exchequer Court of Canada power to grant divorce for adultery.

Hon. Mr. Euler: Under the same laws that we have now.

Hon. Mr. Bouffard: No. We have no law which authorizes a court or gives instructions to the Senate to grant a divorce in any case. Anyone may petition the Divorce Committee of the Senate for a divorce and be refused. There is no legislation in Canada or in Quebec stating that when adultery has been proven divorce must be granted. If we accept the jurisdiction of the court we violate the principle contained in the Civil Code of Quebec, that is the principle of indissolubility of marriage. Anyhow, that is my opinion and I am entitled to it. My honourable friend may have a very different opinion, but I share the opinion of the vast majority of the people of Quebec, including the vast majority of lawyers in that province. I think that I am staying closely to the point when discussing the principle of dissolubility or indissolubility of marriage.

I pass now to the question: Why is the province of Quebec opposed to divorce? The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), in his memorable speech on this subject, asked this question and hoped someone would enlighten him.

The first reason is one of a moral nature, and I have already referred to it. The great majority of the population of Quebec is French-speaking and Catholic. Now, all Quebec Catholics, both English-speaking and French-speaking alike, are opposed to divorce, for a moral reason found in their religion. Catholic doctrine teaches that marriage is inviolable and also unalterable. Thus the fundamental laws governing marriage do not depend upon human wills. They have been established by God; and it belongs to the church to enforce the discipline of them. Positive human laws regulate the conditions of validity and the social consequences of the free consent given by husband and wife. But these latter laws must be superimposed upon and not substituted for the essential prescriptions of the church. Such is the basic Catholic doctrine with regard to marriage.

There, then, is the profound reason why the Catholic majority of Quebec recognizes the principle of the indissolubility of marriage and at the same time is fundamentally opposed to the very idea of divorce.

Now, honourable senators, it so happens that this reason of a moral order is reinforced, traditionally, by a judicial standard which has always prevailed in positive law —both public and private—of French Canada. Our population in Qeubec has at all times been under the régime of marriage indissolubility. Under the French régime there was never any question of divorce, no more than in France. Indeed, no divorce legislation had been passed in France before the French revolution, that is to say 1792.

From 1760 to Confederation no divorce was granted in French-speaking Canada. On the cession of the country by France to England, the latter—and here is an example of British fair play—recognized the right of her new subjects to speak their own tongue, to practice their own religion, and to be ruled by the civil law in force at the moment of the cession; that is to say, French law. As I shall explain in a few moments, this attitude on the part of those who had conquered Canada was not without some influence on the conduct of the French Canadians of Quebec at the time of Confederation.

From 1774 to 1840 the successive governments of Lower Canada not only refused to interfere with the principle of marriage indissolubility, but also never granted a single divorce in this part of the country.

With the union of the two Canadas, in 1840, a parliament was formed for those two important sections of our country, Upper and Lower Canada. The Canadian leaders who guided the country during this period from 1840 to 1867 governed with the same broadmindedness, as some of them hoped that, sooner or later, Canada would become a great nation without distinction of race or creed. In the same spirit of co-operation they agreed to leave to the elected members from Upper Canada the task of making laws which would especially affect Upper Canada, and to the members from Lower Canada the task of preparing legislation affecting Lower Canada in particular. Never, moreover, during this period was the principle of the indissolubility of marriage broken in so far as Canadian Catholics were concerned. On the contrary, in the Benning case, a request for divorce by an English Protestant from Upper Canada was refused by the Union Parliament in 1865. Also, the Union Parliament adopted, in 1866, one year before Confederation, the Civil Code of the Province of Quebec and thereby recognised, as far as that province was concerned, the principle of the indissolubility of marriage. Article 185, which I read to the Senate a moment ago, dates from 1866; that is, one year before Confederation. Until 1867 that is how Canadians of every religion and descent respected the principle of marriage indissolubility and refrained from imposing on Catholics a principle contrary to that which had, in addition, become a tradition for Quebec.

That is the religious doctrine and those are the judicial norms to which the population of Quebec adheres. It is to be seen, then, that Quebec's unshakeable opposition to all divorce law is founded on two principles: the first and more important is Catholic doctrine; the second, a judicial tradition of ancient standing.

It is now time to examine under what conditions and in what spirit Confederation was brought about; and, at the same time let us see why jurisdiction in matters of divorce was granted to the central government. No one, I am sure, can possibly imagine that between the promulgation of the Civil Code in 1866 and the effective date of Confederation in 1867 the opinion of the people of Quebec was brought in any way to admit the principle of divorce.

Let us go back to that date. Let us try to put ourselves in the frame of mind of the Fathers of Confederation and determine the reasons motivating the transfer of the jurisdiction to the central government regarding this part of the Civil Code which is so important to the province of Quebec.

When the discussions relative to Confederation were under way the question of competence in matters regarding marriage and divorce was delicate. Some favoured retaining complete jurisdiction in this matter; others were rather of the opinion that federal jurisdiction on these two questions should be granted, in order to prevent each province from having its own special laws for marriage and divorce.

The example of the United States was not without some influence on the diversity of Canadian opinion. The American experiment and experience had revealed many gaps and a legislative chaos which was to continue increasing. Moreover, we must not forget that the religious minorities of Quebec—I mean the English Protestants of Quebec—were seriously disturbed about their own situation if jurisdiction in the matter of divorce was left to the province of Quebec. The Benning case, which I have just referred to, gave these minorities food for thought. They suspected that if provincial jurisdiction was retained it would be impossible for them to obtain divorce legislation in the province of Quebec. They did not want to lose this liberty. Thus it was that, faced with these considerations, a compromise was arranged.

If the general opinion of Canadian non-Catholics considered the federal jurisdiction as important, either to avoid differing provincial laws or to respect the rights of Quebec's minorities, no less was it true that at that time, as previously, and likewise as today, Canadian Catholics remained firmly opposed to divorce and to all principles contrary to the indissolubility of marriage. Thus you had, on the one hand, the generally favourable opinion of Anglo-Protestant Canadians with regard to the recognition of the principles of divorce, and on the other hand you had the opinion of the Canadian Catholics, which was strictly opposed to that principle.

Nevertheless, it must not be forgotten that many Canadian Catholics, particularly in Quebec, were of opinion that the sole means of safeguarding inviolate the principle of marriage indissolubility was to retain for Quebec the jurisdiction over marriage and divorce. If this opinion, which was largely held by the population of Quebec, had not been abandoned, Confederation would not, perhaps, have taken place; or, if it had taken place, jurisdiction in matters of marriage and divorce would have remained in the hands of the provinces, thus depriving the Quebec Protestant minority of any possibility of obtaining divorce, whereas their fellows in the rest of Canada could have obtained it locally.

Now, how can we explain the fact that the upper clergy of Quebec, the immense majority

of its population and similarly its most prominent politicians did not insist on retention of local jurisdiction? Quite evidently, the reason was the assurance given to the people of Quebec, to its clergy, and to its politicians that British "fair play", which the French Canadians of 1760 had been able to trust, would continue to be practised as in former days. The Catholics of the province of Quebec surely did not agree to surrender the principle of marriage indissolubility. Surely they did not consent to having the principle of divorce imposed on their province. They placed their trust in their clergy—at least in the ecclesiastical leaders, who showed no opposition, and in their public men. They had confidence in the British "fair play" expected of the Anglo-Protestant majority. The Catholic population of Quebec was assured that the federal Government would not violate the principle of the indissolubility of marriage as recognized in Quebec, meanwhile allowing the Anglo-Protestant minority of Quebec, even if resident in the province of Quebec, to obtain a divorce in cases judged compatible with their beliefs and traditions.

Permit me to quote one or two statements. Sir Hector Langevin, Solicitor General for Canada at that time, said:

> The word marriage has been placed in the draft of the proposed Constitution to invest the federal Parliament with the right of declaring what marriages shall be held and deemed to be valid throughout the whole extent of the Confederacy, without, however, interfering in any particular with the doctrines or rites of the religious creeds to which the contracting parties may belong.

Mr. John Scoble, member for West Elgin, stated:

> The Catholic members of the house take exception to the power conferred on the general government in the matter of marriage and divorce. I think the power is very properly placed there. I respect their religious convictions; as a Protestant, I ask them to respect mine. We owe each other mutual toleration. If the Protestant section of this house and this province do not regard marriage as a sacrament, and, therefore, inviolable and indissoluble, I believe they will be found to have as high an opinion of the sacred obligations involved in it, and admit it to be as binding upon the conscience of all who enter upon that holy and honourable state, as their Catholic fellow-subjects. This view ought not to be offensive to the judgment or the conscience of our Catholic friends, for it will not and cannot interfere in the slightest degree, either with the form or the continuity of their marriages; and surely they will grant to us, the non-Catholic section of the province, that liberty of conscience in this matter which they claim and enjoy themselves.

Honourable senators, these quotations show clearly the spirit in which legislation was passed on marriage and divorce, and why the religious leaders and public men of French Canada ever consented to allow divorce to be placed under federal jurisdiction: namely, to grant the English Protestant minority of the province of Quebec the right to enjoy freedom of religious faith and the power to obtain divorces in those cases where their own creed permitted.

This trust which the people of Quebec evidenced in 1867 has been justified up until the present. The conduct of the Parliament of Canada has never wavered. The "gentlemen's agreement" has been maintained in its integrity; and until now no bill has been presented in either house which might violate in the smallest degree the principle of the indissolubility of marriage as applied to the province of Quebec. The sole exceptions are the present bill before the Senate and the one presented by a member of the House of Commons. I am not casting any doubt on the good faith of those who have presented the proposed legislation. I have the impression that their good faith has been taken by surprise. Indeed, they have not realized that a "gentlemen's agreement" existed and that this agreement had been respected up until now; nor did they realize that rejecting the agreement would violate the assurance given and would be contrary to British "fair play".

The approximate number of divorce petitions presented annually to the Parliament of Canada is 400. By far the great majority affect only persons of the English Protestant minority residing in the province of Quebec, and it was precisely for them that the compromise was accepted. Must the people of Quebec now regret having confided the task of legislating on divorce to the hands of the federal Government? Is the majority of this house going to put aside the "gentlemen's agreement", without which Confederation would probably not have been accepted?

I have too much confidence in my colleagues and in my fellow countrymen of the English language to think for one moment that this "gentlemen's agreement" could be put aside, solely to remove from certain members of the Canadian Senate the burden of divorce investigations. I willingly recognize that these investigations are long and tiresome; but on the other hand one should not forget that the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), Chairman of the Standing Committee on Divorce, did not hesitate to say before this house that the work of his committee does not constitute too heavy a burden. He added that even should this work be increased the committee would be quite capable of handling it without difficulty. I thank him for his honesty; and I am most happy to notice that the honourable senator states that he is ready to continue this task

rather than favour legislation which would hallow in a province, against its will, a principle of which it has always disapproved.

In rereading attentively the speeches delivered in this house by colleagues whose opinions, frankness and loyalty I respect, I notice that they do not seem to consider the present bill as a violation of the principle of indissolubility of marriage but rather as a simple piece of legislation signifying a change of jurisdiction. If that is their opinion, I regret that I am unable to share it; for the present proposed law, if adopted, would constitute a law of general application—a law fundamentally different from bills governing exceptional cases. Indeed, the Canadian Parliament, by its Constitution and in virtue of its sovereign authority can, when it deems fit, adopt bills governing individual cases in matters of divorce, and may do so without thus recognizing the general principle of marriage dissolubility.

It would be quite otherwise if by a general law the Canadian Parliament conferred on a tribunal even discretionary power to pronounce divorce. This latter legislation would have a general application, unlike bills of a private nature which apply only to the interested parties, and, by this very fact, would imply the general principle of the dissolubility of marriage in the case of adultery.

The bill which has been presented aims at giving to the Exchequer Court of Canada the power to dissolve marriages of the residents of the province of Quebec in cases of adultery, and that is absolutely against the principle enacted by the Civil Code of 1866, which clearly states that marriage is indissoluble while the two parties live. No adultery or other reason can justify dissolution of marriage. That is the principle which was adopted in Quebec one year before Confederation and has never been modified since. In the other provinces adultery is recognized as a cause of dissolution of marriage. Consequently, I consider it impossible to claim that adoption of the bill as it has been submitted would not constitute a law of general application. That is to say, if the Exchequer Court of Canada were given the right to pronounce divorce in the case of adultery, then adultery would be a cause for dissolution of marriage, which is exactly the opposite of what the province of Quebec wants. Such legislation would impose on the province of Quebec the principle of the dissolubility of marriage in the case of adultery, and by this very fact, and in a most flagrant manner, would violate article 185 of the Civil Code of Quebec. This article decrees that marriage is indissoluble.

The honourable senator from Vancouver South (Hon. Mr. Farris), one of the most distinguished lawyers in this house, has attempted to preserve the principle of marriage indissolubility as recognized in the province of Quebec, by proposing that the Exchequer Court of Canada be granted discretionary power similar to that which belongs, under the Constitution, to the Parliament of Canada; that is to say, the power to grant or to refuse divorce even in the case of adultery. I deeply appreciate this effort on the part of one who is so well versed in law. I realize, moreover, that my honourable friend has not forgotten the special position of the province of Quebec. However, I must state that his proposition is not acceptable, because it would not prevent his general law from tampering with the principle of the indissolubility of marriage. My learned colleague knows very well that no court of justice may exercise discretionary power in a complete and absolute way.

I take it for granted that no one is proposing to give to the Exchequer Court of Canada such discretionary power that that tribunal could render judgments according to its own whims, caprices and mere inclinations that might ignore every principle, legal rule or other procedure of law. Moreover, according to doctrine and jurisprudence no court of justice can exercise such discretionary power completely and absolutely. The only power of discretion possible for a tribunal is that conferred by the law which grants jurisdiction to the tribunal. Such discretionary power, in addition, may be exercised only according to strictly defined limits, or in cases as foreseen by such law.

The law granting jurisdiction to the Exchequer Court of Canada in matters of divorce should, then, define the limits and terms of discretionary power that it is proposed to grant to this tribunal. For example, such discretionary power could rule on the prescription regarding applications for divorce, or on the effect of reconciliation of the parties applying for divorce, or on the loss of the right of the applicant when he himself is guilty of adultery. In the case which is before us at the present time, the discretionary power which might be given to the Exchequer Court of Canada in cases of divorce on grounds of adultery could not be interpreted as granting to this tribunal, when adultery has been proven, the discretion to grant divorce in one case and to refuse it in another. This court of justice would end by recognizing that, in the cases where adultery has been proven, divorce must be granted. Thus, inevitably a jurisprudence in this sense would be established which would bind the court. By this very fact, the discretionary power which we are discussing would be put aside.

Honourable senators, no tribunal has the discretion that the Parliament of Canada has. Parliament is the only body that has a discretion so large that it may grant divorce today to one couple and refuse it tomorrow to another couple, although the evidence in both cases was very similar. Parliament is not obliged to give any reason for granting a divorce; it may do whatever it wants, without reasons, on its own initiative. That is exactly what I call a discretionary power. No court can exercise such a power. And if we look at the way the discretion has been exercised by Parliament we see it has come to the point—and I cannot blame anybody for it—that everyone who applies to the Senate for divorce and proves adultery is given a decree of divorce.

Hon. Mr. Roebuck: Oh, no, I do not think so.

Hon. Mr. Bouffard: Well, mostly—I would say in 95 per cent of the cases. The power of Parliament, of course, is such that it could refuse in certain cases a divorce application even where adultery has been proven; that illustrates how large the discretion of Parliament is.

Hon. Mr. Reid: Is that discretion allowed to a judge?

Hon. Mr. Bouffard: No, never. No judge of a court is allowed discretion to grant a divorce to one couple today because he feels like it, and to refuse a divorce tomorrow to another couple in similar circumstances. As a matter of fact, the Privy Council has often said that a court should exercise its discretion according to law or jurisprudence. For instance, it would be quite easy for the court, if it had discretionary power, to establish jurisprudence by which no application would be entertained when there is a possibility of reconciliation between the parties; or where an applicant is himself guilty of adultery; or when an application for divorce is made five years after the alleged commission of adultery. These would be recognized exceptions established by jurisprudence, if not by law. As I say, reasons should be given for granting one application and refusing another where the circumstances are similar.

If we look at the discretion which the Senate has had and which it has exercised for the past ninety years, we can come to the conclusion that generally speaking when adultery has been proven, the committee recommends that a divorce be granted, and that recommendation is usually accepted by the Senate and the other house. I would not say that is the practice without exception. The Senate by its own constitution has discretionary power, but a court, established with jurisdiction to pronounce divorce in cases of adultery, could not exercise discretion which would be in accordance with the whims or caprice of the judge who presides over it.

Hon. Mr. Roebuck: Would the honourable senator permit me to say a word in defence of the Divorce Committee? The committee does not act as an automaton to grant divorce when adultery is proven. The conduct of the parties is taken into consideration, and frequently for good reason divorce is not granted, even when adultery has been proven. For instance, in a case where the applicant does not deserve the relief asked for, or where the respondent has been put in the position of committing an offence by the act of the applicant, we do not grant a divorce even though the routine proof of adultery has been made.

Hon. Mr. Bouffard: I accept the statement of the honourable senator. I have no doubt that Parliament has exercised its discretion properly, in that when an applicant for divorce has placed himself in such a position as to be unworthy of attention, even though he may prove adultery, he is not granted a divorce.

Hon. Mr. Roebuck: He must come to Parliament with clean hands.

Hon. Mr. Bouffard: Yes. But Parliament, having complete discretion, will not grant divorce to one applicant and refuse it to another if the circumstances are similar.

Hon. Mr. Euler: Neither would a judge.

Hon. Mr. Bouffard: Neither would a judge. That is why I say that discretionary power cannot and will never be exercised except by the Senate in its handling of individual cases. In other words, it does not recognize a general principle. For instance, if tomorrow the Senate wished to render different treatment to two parties in the same position, it could do so, but a court could not do so under the law.

Hon. Mr. Haig: May I ask the honourable gentleman a question? The British North America Act gives the Parliament of Canada power to grant divorce. Is there anything in the bill now before us in conflict with that act?

Hon. Mr. Bouffard: No, there is not. The Parliament of Canada has complete jurisdiction over divorce; it could, if it wished, pass a bill tomorrow stipulating that divorce shall be recognized all across Canada, or it could pass a bill providing that divorce be granted on other grounds than adultery. There is no doubt that its jurisdiction is complete. But if Parliament exercised that jurisdiction in so far as the province of Quebec is concerned, it

would show a lack of fair play and a violation of the "gentlemen's agreement" of 1867.

Hon. Mr. Aseltine: Why was divorce jurisdiction given by the British North America Act?

Hon. Mr. Bouffard: A "gentlemen's agreement" is not put in any act, otherwise it would not be a "gentlemen's agreement". It should continue to be observed as it has been over the past ninety years.

Hon. Mr. Euler: If that is so, how is it possible for people from the province of Quebec, Catholic and Protestants alike, to come to Parliament and get a divorce?

Hon. Mr. Bouffard: They come here because Parliament has the right to grant divorce to them.

Hon. Mr. Euler: Is that a breach of faith with the province of Quebec?

Hon. Mr. Bouffard: The right was given to the Parliament of Canada essentially for the benefit of the English Protestant minorities of Quebec.

Hon. Mr. Euler: Does it therefore mean that it is improper for citizens of the province of Quebec who are not Protestants to apply to Parliament for a divorce, as they are doing at every sitting of the committee?

Hon. Mr. Bouffard: If we enter upon a discussion of the possibility of sin on the part of Catholics we shall be going pretty far. If it is declared that divorce is legal, many Catholics will take the opportunity to sin. For instance, killing is forbidden in Canada, yet some Canadian citizens kill. Likewise adultery is forbidden by almost all religions, yet adultery is committed. Some Catholic people sin just as members of other faiths do. When Catholics come before the Senate and apply for a divorce they commit a sin according to their religion, if they still believe in it. But that is no reason for giving a court general permission to grant divorce and inviting Catholics to come to it and sin.

In the bill which is now before us the giving of power to the Exchequer Court of Canada to use discretion in divorce cases based on the ground of adultery could not be interpreted as giving to that tribunal the discretion, in cases where adultery has been proven, to grant a divorce in one case and refuse it in another under similar circumstances. The court would recognize that in a case where adultery has been proven, divorce must be granted. Thus, inevitably, a jurisprudence in this sense would be established which would bind the court. By this very fact the discretionary power which we are discussing would be put aside.

Granting to the Exchequer Court of Canada jurisdiction with regard to divorce, even with discretionary power, would inevitably lead to recognition of dissolution of marriage in the province of Quebec.

You will ask me why we should refuse to grant to the Exchequer Court of Canada the discretionary power which now belongs to the Canadian Parliament in matters of divorce. I am quite ready to recognize that Parliament, when it adopts laws of exception in matters of divorce, may exercise a discretionary power in such cases. There, however, it concerns a discretionary power which would be exercised by a lawmaker and not by a tribunal. Parliament, in matters of divorce, has an absolute power. More precisely, this absolute power is a consequence of the "gentlemen's agreement" of 1867 which rendered Confederation possible.

Such absolute power permits the Canadian Parliament to impose, even on the province of Quebec, the principle of marriage dissolubility for any cause whatsoever. Such legislation would be contrary to the "gentlemen's agreement" of 1867, and opposed to the assurance given to the province of Quebec that this absolute power was conferred upon the Canadian Parliament only for the purpose of protecting the Anglo-Protestant minority of Quebec.

Hon. Mr. Aseltine: Oh, no.

Hon. Mr. Bouffard: Oh, yes.

Hon. Mr. Haig: It does not say so.

Hon. Mr. Bouffard: It does not say so because it was a "gentlemen's agreement", and such an agreement is never in writing, otherwise it would not be a "gentlemen's agreement".

Hon. Mr. Aseltine: It was to protect the minority?

Hon. Mr. Bouffard: Yes, to protect the minority of the province of Quebec. If in 1866 Parliament granted the principle of indissolubility of marriage in the province of Quebec, how could it be believed that next year Quebec would agree that Parliament be given power over marriage and divorce that would set aside completely the law which had been passed in 1866? The purpose was not to impose on a province, against its will and without its consent, legislation contrary to the beliefs and traditions of the huge majority of its inhabitants. I am convinced that the Parliament of Canada, which respects customs and liberties and is inspired by British "fair-play", will never use its absolute power in such a way. And today, if divorce is granted indifferently to members of various religious denominations, it is granted by a law of

exception in every case. It cannot be said to be granted by a law of general application. Consequently the principle of the indissolubility of marriage has been preserved, and that for ninety years.

The honourable senator from Vancouver South (Hon. Mr. Farris) suggested that honourable senators who believe that divorce should not be granted on any ground to applicants from Quebec or Newfoundland, should propose that no divorce be granted by Parliament to applicants from Quebec and Newfoundland on any ground. Even though this suggestion appears to me to be favourable and would, I am sure, be well received in the province of Quebec, none the less to carry it out would be to violate the compromise which preceded the pact of Confederation. By virtue of this compromise the province of Quebec, although by a great majority opposed to divorce, would nevertheless protect the rights of the Anglo-Protestant minority. And we do not ask that all divorce petitions from the province of Quebec be refused. We would accept that, but we would still say it was a violation of the "gentlemen's agreement" that was made in 1867.

Hon. Mr. Euler: Is there anything on record in connection with this "gentlemen's agreement"?

Hon. Mr. Bouffard: I have cited two speeches made by people who were very close to Confederation and were members of Parliament; one was the then Solicitor General. I may mention also the fact that in 1867, when Confederation was submitted to Parliament, Parliament was composed solely of Quebec and Ontario legislators. If the clergy and the French-Canadian politicians had opposed it, I do not think it would have been possible to pass such legislation and grant divorce jurisdiction to the federal Parliament.

The Benning case which came before the house in 1865, two years before Confederation, was the petition of an Ontario Protestant asking for divorce on the ground of adultery. It came before the Union Parliament and the vote was against it, because the province of Quebec was opposed to the dissolubility of marriage. I am sure that the Anglo-Protestants of Quebec at that time feared very much that if the jurisdiction was left in the hands of Quebec it would never be possible to have a divorce application considered in Quebec. There was not a single member of the upper clergy in the province of Quebec, not a single politician of Quebec, I mean of any scope, who opposed the Confederation legislation, because they were assured that it would be used by the Canadian Parliament in such a way that it would not interfere with the Catholic faith of the people of the province of Quebec and the principle of marriage indissolubility. That is my conviction.

Hon. Mr. Aseltine: May I ask a question? If that is the case why is not the Senate Divorce Committee compelled, whenever a Roman Catholic applies for a divorce, to refuse it?

Hon. Mr. Bouffard: Well, you ask me a very complicated question. We have in Canada complete freedom of religion. Because a person is a Catholic today is no reason why he may not be a Protestant tomorrow. If you were to refuse a divorce on account of the fact that a man was regarded as a Catholic—it might be that he has been a Catholic or that he was married before a Catholic priest—he might submit to you that he is no longer a Catholic. Then what would be the answer?

Hon. Mr. Aseltine: But they do not do that.

Hon. Mr. Bouffard: They don't do it, because they do not need to. Whenever they will need to, they will do it.

Hon. Mrs. Hodges: May I ask my honourable friend a question? I have listened with a great deal of interest to his very impressive dissertation on the subject of divorce in Quebec, and I am wondering if the honourable gentleman could tell me where the difference comes in between divorce and annulment of marriage, in view of his remarks about the indissolubility of marriage.

Hon. Mr. Bouffard: The two do not at all interfere. I explained at the beginning of my speech the principle of the Roman Catholic religion on divorce. When you admit that principle you come to the conclusion that the laws of marriage and divorce are only the application of the church law, which superimposes the positive law. So there is no annulment of marriage in Quebec unless it has been agreed upon by an ecclesiastical tribunal, exactly as was the case in England a hundred years ago. Approval of annulment, according to the rules governing Catholics, must be given by an ecclesiastical tribunal. If it is not so recognized, it stands in the same position as a proceeding for divorce, and the parties cannot remarry.

Hon. Mrs. Hodges: Thank you. I was thinking in terms of the emphasis you had laid upon the indissolubility of marriage.

Hon. Mr. Bouffard: My statement is that marriage is indissoluble unless, through the action of the appropriate ecclesiastical tribunal, annulment is permitted in accordance with the principles of the Catholic religion.

A few moments ago I was referring to a remark of the honourable senator from Vancouver South in which he challenged those who object to this bill to propose that every demand for divorce which comes from the province of Quebec should be refused. I repeat that even if this proposal appears to me to be more favourable—and it would, I am sure, be well received in Quebec—it none the less would be a violation of the compromise which preceded the pact of Confederation. By virtue of this compromise the province of Quebec, although by a great majority opposed to divorce, would nevertheless protect the rights of the Anglo-Protestant minority.

However, I see no reason for objecting to the refusal of divorce to those who have contracted their marriage before a minister of the Catholic church and according to its rites, unless the request were accompanied by authorization from the ecclesiastical tribunal. If the Senate took the position, as regards those who had been married before a Catholic minister, "We are not going to entertain your petition unless you come before us with the authorization of the ministers and the tribunal of your own religion", that attitude would be quite satisfactory as far as Quebec is concerned.

Hon. Mr. Aseltine: That would be going too far.

Hon. Mr. Bouffard: Why?

Hon. Mr. Aseltine: There would be a revolution if you put that rule into effect.

Hon. Mr. Bouffard: That may be so, but it conforms to a law which is binding on Catholics. We do not oppose it. We submit to it. Why should the Senate oppose it? Why should honourable members decide that the rule is too difficult or too severe? If Catholics are satisfied with it, that is their own affair. If individual Catholics do not follow that rule, either they live in sin or they abandon their religion. The vast majority of Catholics would be quite happy if such a decision were made. Why should not the Senate adopt it? As a matter of fact, it would give this chamber jurisdiction to grant divorce only to people of the class that the Fathers of Confederation agreed should be entitled to it.

Hon. Mr. Aseltine: I think you are getting into pretty deep water.

Hon. Mr. Roebuck: Would not that proceeding be an abdication by the High Court of Parliament to some other tribunal,—which would be unthinkable?

Hon. Mr. Bouffard: I do not say that the suggestion will be, or should be, accepted. I recognize that if the Senate were to consent to the granting of divorces only in cases of a dissolution or an annulment made by an ecclesiastical court, it might feel that it was limited to following the exercise of jurisdiction by another tribunal. I repeat, I am not urging that the Senate should accept the suggestion. All I say is that we Catholics would be very happy if it did so, because it would have the approval of an immense majority of those of my faith in the province of Quebec.

The honourable senator from Calgary (Hon. Mr. Ross), following a suggestion put forward in 1946 by the Right Honourable the Prime Minister, Mr. Louis St. Laurent, proposes that petitions for divorce on the ground of adultery which come from the province of Quebec shall be accompanied by a judgment, rendered by a judge of the Superior Court of that province, decreeing separation from bed and board by reason of adultery. When one considers that, as a result of a recent amendment of the Civil Code of the province of Quebec, adultery on the part of either husband or wife, is a motive which justifies the court in granting separation from bed and board, and also that the judges of the Superior Court, who have jurisdiction to hear and judge the grounds for separation from bed and board, are well placed to evaluate the proof before them, and moreover possess the additional jurisdiction of determining the custody of the children, and questions concerning the properties of the husband and wife, one will, I think, come to the conclusion that the suggestion made by the honourable senator from Calgary is very opportune and answers the questions which have been raised concerning this point. Also, speaking only for myself, I may say that when the suggestion of our Prime Minister was made it was not opportune, because at that time the husband and wife were not on an equal footing in the matter of adultery. A husband could ask for separation from bed and board if the wife had committed adultery; but the wife could not obtain separation on that ground unless the adultery had been committed in the common domicile. But the law has been changed: today the rights of the sexes in this respect are the same; and I am pretty sure that if the Senate were to rule that no application or petition for divorce would be considered unless a judge of the Superior Court of Quebec had granted judgment in separation as to bed and board on the ground of adultery, public opinion in Quebec would be satisfied.

Hon. Mr. Aseltine: If that were done, would you not be recognizing divorce in Quebec?

Hon. Mr. Bouffard: We do not recognize any divorce. We would not grant divorce in Quebec; we would grant separation from bed and board. That is all we would do, and it has been done for the last five centuries. It is a recognized procedure everywhere. But if it is the desire of the Senate to put an end to hearings by this body in relation to application for divorce, why should it not provide that, if an inquiry into the subject-matter has been made elsewhere by a dependable person or tribunal his or its findings shall be accepted? A judge of the Superior Court of Quebec will not decree separation from bed and board by reason of adultery unless he is satisfied that adultery has been committed. That is precisely how the Senate proceeds in such cases at the present time. This proposal would reduce the amount of investigation work carried on by the Senate. Most of it would be done by a court in Quebec having jurisdiction to grant separations as to bed and board, to settle questions concerning guardianship of children, and money matters resulting from separations or divorce. But divorces themselves would still be granted by special act of Parliament, and in exceptional cases.

Honourable senators, if the Parliament of Canada legislates in this sense, it will be sufficient for it to amend existing regulations. We do not need to pass a law.

This legislation would be easy to apply, would be as just for Catholics as for Anglo-Protestants, and would free the Canadian Senate from the tiresome investigations which have been mentioned. The suggestion of the honourable senator from Calgary is the best that I have heard, and it would appear to be an excellent one to follow if ever it should be decided to transfer these investigations to a power beyond the Senate committee.

For his part, the honourable senator from Rosetown (Hon. Mr. Aseltine), in supporting the present proposed law, brought up the following two reasons among others: the excessively high cost of obtaining a divorce bill, and the fact that the Canadian Senate was not created to hear divorce cases and to conduct investigations into matrimonial problems.

The proposed legislation in no way settles this question of expense, since, firstly, the cost of an investigation before the Exchequer Court of Canada sitting in Ottawa; secondly, the fees of the attorneys charged with the procedure; and, thirdly, the expenses of witnesses, would all be the same. Even if it was proven that the cost of an action in the Exchequer Court would be much less, I still do not see there a valid reason for motivating the proposed change in jurisdiction. The simplest solution then would be to decrease the cost of the bills, and Parliament could rapidly make a decision in this respect.

As for the second reason given by the honourable senator, I believe I should point out that the mere placing of divorce jurisdiction in the Canadian Parliament necessarily imposes on Parliament the obligation to hear divorce cases and to conduct investigations into matrimonial problems unless, recognizing divorce, it gives a court jurisdiction over it. Besides, all our predecessors have always carried out this function; and they did so for a long time for the whole of Canada, without finding that a reason for requesting a change of jurisdiction in this matter. Moreover, this reason seems to lose its complete value in the face of the statement made by the Chairman of the Divorce Committee, the honourable senator from Toronto-Trinity, to which I have referred.

Finally, is it necessary to note that the House of Lords exercised the same function until 1857?

Hon. Mr. Euler: That is a long time ago, a hundred years.

Hon. Mr. Bouffard: Yes, but the Senate of Canada is still exercising this function. The House of Lords set a pretty good example to the Senate.

Hon. Mr. Euler: But it discontinued the procedure one hundred years ago.

Hon. Mr. Bouffard: Because it gave jurisdiction to the courts, and now the right to divorce is recognized in England under the law. Anyone there who is able to prove certain facts can get a divorce just by going to the courts. As a result, instead of having about 3,000 divorce cases a year in Britain there are some 30,000 to 40,000.

Hon. Mr. Euler: May I ask the honourable senator a question? Does he know of any country in the civilized world, other than Canada, where divorces are dealt with in a legislative body instead of in the courts?

Hon. Mr. Bouffard: I have not examined into the matter of divorce jurisdiction in every country but I am pretty sure there are still many countries where divorce is not recognized.

Hon. Mr. Euler: Oh, that may be.

Hon. Mr. Aseltine: That was not the question.

Hon. Mr. Euler: No, that was not my question. My question was, is there any other legislative body that deals with divorces other than the Parliament of Canada? Divorces are not handled by legislative bodies in England, the United States or France, for instance.

Hon. Mr. Bouffard: No. Divorce has been recognized in those countries. I would point

out that in every country where divorce is handled in the courts the number of cases has increased to such an extent that the situation has become intolerable to those countries.

Hon. John J. Connolly: May I assist the honourable gentleman from Grandville (Hon. Mr. Bouffard) to this extent? I do not know of any parliamentary body other than the Canadian Senate which handles divorce in the first instance. However, the House of Lords, which is the highest court of appeal in Britain, can deal with divorce matters on appeal.

Hon. Mr. Euler: Comparatively few cases would come before the House of Lords.

Hon. Mr. Aseltine: It is a judicial committee of the House of Lords that deals with such divorces, is it not?

Hon. John J. Connolly: Yes, but that is part of the House of Lords.

Hon. Mr. Aseltine: But the cases do not go before the House of Lords in Britain for final approval or anything like that.

Hon. John J. Connolly. No.

Hon. Mr. Bouffard: At any rate, if citizens of other countries wish to have a divorce they can pass laws to get it. But when the province of Quebec does not want divorce, why should it be imposed upon it? It is not the concern of any other province. People in other provinces can get divorces as they want them and we in Quebec do not interfere. Why should they interfere with Quebec and impose upon us a law which we do not want, a law providing for something we do not believe in? We are not asking for it.

Hon. Mr. Euler: How about the minority in your province?

Hon. Mr. Bouffard: At the time of Confederation divorce jurisdiction was placed in the federal authority for the precise purpose of protecting the Anglo-Protestant minority of Quebec.

Hon. Mr. Euler: I wonder.

Hon. Mr. Bouffard: Well, you just have to look at the remarks of Mr. Scoble and the other members of Confederation. The principle of indissolubility of marriage was passed by the Union Parliament in 1866, exactly one year before Confederation. Does my friend believe that from 1866 to 1867 the majority of the population of Quebec changed its mind and accepted the principle of the dissolubility of marriage?

Hon. Mr. Howden: May I ask a question? I am a member of the Divorce Committee and I wonder if the honourable senator from Grandville realizes that the vast majority of petitions we hear come from Quebec and that they are not from English-speaking persons?

Hon. Mr. Bouffard: My honourable friend may be right. They may not involve English-speaking citizens but the majority of them are not Catholics.

Hon. Mr. Aseltine: Twenty-five per cent of them are.

Hon. Mr. Bouffard: I would accept that figure.

Hon. Mr. Howden: It is a higher percentage than that.

Hon. Mr. Bouffard: We would not object if the Divorce Committee said to the French-Canadian people of Quebec, "We will not entertain your applications for divorce". We would be pleased.

Hon. Mr. Euler: A moment ago the honourable senator asked a question which I would like to answer in this way: I am very loath to believe that members of the Protestant minority in Quebec who are able to establish grounds for divorce under the law of Canada, would prefer to come to Parliament for divorce than to a court in their own province.

Hon. Mr. Bouffard: My honourable friend knows that at the time of Confederation the question as to jurisdiction over divorce was whether it should be federal or provincial. The decision that it should be federal was made only in order to protect the Anglo-Protestant minority of Quebec; otherwise it would have been left with the provinces.

Hon. Mr. Haig: As I understand it, laws affecting the province of Quebec prior to Confederation were passed in the Parliament of Canada by members from Quebec.

Hon. Mr. Bouffard: Not exactly.

Hon. Mr. Haig: They must have been supported by the majority of members from that province or they would not have been approved.

Hon. Mr. Bouffard: I would not say that exactly. The members of the Union Parliament were from Ontario and Quebec, which at that time was known as Upper and Lower Canada. Legislation affecting Upper Canada was decided upon by members from Upper Canada and their decision was accepted by the members from Lower Canada; and similarly the Upper Canada members accepted legislation affecting Lower Canada and approved by the members from that part of the country.

Hon. Mr. Haig: But in 1866, you say, legislation was passed that marriage could not be dissolved by the courts?

Hon. Mr. Bouffard: Yes.

Hon. Mr. Haig: Now, who passed that law?

Hon. Mr. Bouffard: The Union Parliament, on the decision of the Quebec members.

Hon. Mr. Haig: That is what I thought.

Hon. Mr. Bouffard: There is no doubt about it. And, as I say, between 1866 and 1867 the majority of the province of Quebec did not change.

Honourable senators, finally it is necessary to note that the House of Lords exercised the divorce function until 1857. Moreover, when the Lords voted the pact of Confederation they wanted to bestow on the Parliament of Canada a jurisdiction similar to that which they themselves had exercised, a jurisdiction with all the obligations that it includes.

I rely upon the fair play of this house, on the judgment of all the colleagues, and I ask them not to impose on the province of Quebec a principle which would directly offend the conscience of those who live there.

I have confidence in the decision which will be taken, since the Parliament of Canada, in dealing with so vital and so delicate a question as that which now confronts us, has never imposed upon a province a principle which is in opposition to the almost unanimous opinion of its population.

If the present bill was not defeated by an immense majority the population of Quebec would not fail to realize that the Canadian Senate attempted to free itself of a responsibility which is incumbent upon it and which since Confederation it has carried out with competence and broadmindedness. You will agree with me that this would be a painful observation, especially following the statement of the Chairman of the Divorce Committee. He has not failed to declare that the divorce work in no way disturbs him and that the Senate committee is quite capable of carrying it out just as well as are the divorce tribunals already in existence in Canada.

May I be permitted, in conclusion, to reaffirm that the Canadian Senate is an institution dear to the province of Quebec. This institution was founded for the purpose of protecting minorities. I believe that it has done its duty and that it has well fulfilled its functions. It constitutes an essential cog in the political life of Canada. I foresee the day, more or less distant, when the Canadian Senate will play a role of the highest order and will probably be the organism to combat most effectively the subversive ideas which are at present making some progress. I am convinced that the Senate will protect the principle of the indissolubility of marriage so dear to the heart of the population of Quebec.

Let us not permit the "gentlemen's agreement" of 1867 to be violated. Neither let us abandon a policy which has been followed without interruption by our predecessors since the pact of Confederation; and let us know how to prove, in a decisive manner, to a population which respects and esteems us, that the Canadian Senate, through its members, no matter to what race and what religion they belong, does not hesitate to reject proposed legislation which would affect the beliefs and traditions of an important minority of our country.

Hon. Senators: Hear, hear.

Hon. Mr. Euler: Honourable senators, I had proposed to speak on this debate this afternoon, but in view of the lateness of the hour, and the apparent state of exhaustion of some members, I move the adjournment of the debate.

Hon. Mr. Macdonald: We are far from exhausted.

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

PRIVATE BILL

CONSTRUCTION OF BRIDGE OVER ST. LAWRENCE RIVER NEAR TROIS-RIVIÈRES—SECOND READING

Hon. J. M. Dessureault moved the second reading of Bill Z-9, an Act respecting the construction of a bridge over the St. Lawrence River near the city of Trois-Rivières.

He said: Honourable senators, La Corporation du Pont de Trois-Rivières is a corporation without share capital and for no pecuniary gain, or a non-profit corporation, incorporated by a special act of the Legislature of the Province of Quebec, assented to the 2nd day of February 1956, a copy of which is set forth in the schedule to this bill. It has all the powers necessary to construct a bridge over the St. Lawrence River, near the City of Three Rivers, in the interest and service of the cities, towns, villages and parishes situated in the electoral districts of Three Rivers, Maskinonge, Champlain, St. Maurice-Laflèche, Nicolet, Lotbiniere, Drummond-Arthabaska, and of the whole province of Quebec.

However, according to the Navigable Waters Protection Act the corporation must obtain by an act of Parliament permission for the construction of such a bridge over the St. Lawrence, and this is the purpose of this present bill.

Subject to the provision of this act, La Corporation du Pont de Trois-Rivières is seeking authorization to construct, maintain and operate a toll bridge and its approaches for the passage of pedestrians, vehicles, carriages and other like purposes connecting the north and the south shores of the St. Lawrence River approximately one mile above the western limits of the city of Three Rivers.

The said bridge shall be constructed and located under and be subject to such regulations for the security of the navigation of the St. Lawrence River as the Governor in Council prescribes, and to this end La Corporation du Pont de Trois-Rivières shall submit to the Governor in Council, for examination and approval, designs and drawings of the bridge giving the soundings accurately, the bed of the river, etc., the whole to the satisfaction and approval of the Governor in Council.

Plans, a survey and report have been made by Dr. P. L. Pratley, one of our best Canadian engineers, and a detailed and complete report has also been made by Coverdale and Colpitts, consulting engineers of New York, giving detailed estimates of the cost, traffic and revenues of the proposed bridge. I might add that the cost of the bridge is estimated at $12,500,000. It will be a two-lane cantilever structure with a total roadway of 26 feet in width. The length of the bridge is estimated at 6,500 feet, and the total length of the entire project, including the approaches, will be 9,000 feet.

There will be a clear span of 810 feet over the centre of the St. Lawrence channel, with a minimum clearance of 162 feet above the water. This high clearance is required by ocean shipping, now using the river as far as Montreal, and which, it is expected, will go further inland upon the completion of the St. Lawrence Seaway project.

If this bill receives second reading, I shall move that it be referred to the Standing Committee on Transport and Communications, where further information, if required, will be available.

The motion was agreed to and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Dessureault, the bill was referred to the Standing Committee on Transport and Communications.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 10, 1956

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

Prayers.

Routine proceedings.

PRIVATE BILLS

TRANS-PRAIRIE PIPELINES OF CANADA, LTD.—REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill A-10.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (A-10) intituled: "An Act respecting Trans-Prairie Pipelines of Canada, Ltd.", have in obedience to the order of reference of May 2, 1956, examined the said bill and now beg leave to report the same without any amendment.

The report was adopted.

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

Hon. Mr. Hugessen: Next sitting.

OGDENSBURG BRIDGE AUTHORITY—REPORT OF COMMITTEE

Hon. Mr. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill B-10.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (B-10) intituled: "An Act respecting Ogdensburg Bridge Authority", have in obedience to the order of reference of May 3, 1956, examined the said bill and now beg leave to report the same without any amendment.

The report was adopted.

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

Hon. Mr. Hugessen: Next sitting.

GRAND FALLS CENTRAL RAILWAY COMPANY LIMITED—REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill Y-9.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (Y-9) intituled: "An Act to incorporate Grand Falls Central Railway Company Limited", have in obedience to the order of reference of May 1, 1956, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 3, lines 17 to 22, both inclusive: delete subclauses (2) and (3) of clause 14.

2. Page 3, lines 45 and 46: delete clause 17 and substitute therefor the following:

"17. The works and undertakings of the Company, other than those related to the transport of goods or passengers by motor vehicle, are hereby declared to be for the general advantage of Canada."

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Hugessen: Next sitting.

CANADA—DENMARK INCOME TAX AGREEMENT BILL

REPORT OF COMMITTEE

Hon. G. Peter Campbell, for Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 8.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (8) from the House of Commons intituled: "An Act to implement an agreement between Canada and the Kingdom of Denmark for the avoidance of double taxation with respect to income tax", have in obedience to the order of reference of May 3, 1956, examined the said bill and now beg leave to report the same without any amendment.

The report was adopted.

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

Hon. Mr. Campbell: Next sitting.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable Senators, with leave of the Senate I move that when this house rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

Hon. Mr. Haig: Honourable senators, may I ask the Leader of the Government when it is expected that the large number of items remaining on the Order Paper will be disposed of? Some of us are disturbed about the number of bills to be dealt with and are anxious to see that they go to the other place as soon as possible.

Hon. Mr. Macdonald: I am glad that the Leader of the Opposition has brought this matter to my attention. I have conferred with a number of honourable senators, and intended to speak to my honourable friend about the procedure to be adopted for the

remainder of the session, but I have not had an opportunity to do so. I thought that the two private members' items on the Order Paper—the discussion on penal reform and the Exchequer Court (Divorce Jurisdiction) Bill—might be disposed of first and that we could proceed afterwards with the bills referred to by my honourable friend. From inquiries I have made it does not appear that many more speeches will be made in the debate on penal reform, but that a larger number may be made on the Exchequer Court Bill. However, in neither case do I think there are many more senators to be heard from. If it meets with the approval of the house, I would suggest that we dispose of these two private members' items first and then proceed with the other business.

Hon. Mr. Haig: Thank you.

The motion was agreed to.

CRIMINAL LAW

JOINT COMMITTEE ON CERTAIN QUESTIONS —PRIVILEGE

Hon. Muriel McQ. Fergusson: Honourable senators, I wish to rise on a question of privilege. In doing so I am speaking on behalf of the honourable senator from Toronto (Hon. Mr. Hayden), co-chairman of the Joint Committee on Capital and Corporal Punishment and Lotteries, who is absent from the house today.

The joint committee has been holding sessions *in camera* for the purpose of considering a report to both houses of Parliament. In the Ottawa *Citizen* of May 8, 1956, there appeared an article headed "Abolition of Prison Lash urged by House Committee", which quoted from a confidential document circulated among the members of the committee for study and consideration.

While there is no intention to pursue the matter further, it is my duty to point out that the article in question did not quote the various alternatives set forth in the confidential document, and has, therefore, tended to mislead the public, as no decision has been reached by the committee on these alternatives, nor has any report been made in connection therewith to either house.

PENAL REFORM

VOCATIONAL TRAINING FOR WOMEN— INQUIRY

Hon. Mrs. Fergusson: Honourable senators, I should like to direct an inquiry to the Honourable the Leader of the Government. In the very excellent and interesting speech which the leader gave regarding prison reform he mentioned the vocational training program that is being provided for prison inmates. My first question is: Has any of this vocational training program been introduced into the Women's Prison, in Kingston, which is the only federal prison for women? And secondly, how many women were sentenced to the penitentiary at Kingston during the past year?

Hon. Mr. Pouliot: Women are more law-abiding than men.

Hon. Mr. Macdonald: Honourable senators, I believe I have the information at hand which the honourable senator from Fredericton (Hon. Mrs. Fergusson) has asked for. In my remarks of the other evening I did not refer specifically to any of the speeches made previously. I recall now that the honourable senator from New Westminster (Hon. Mr. Reid) asked me if it was the intention of the Government to put into effect the recommendations made last session by the Special Committee on the traffic in narcotic drugs. While it is not possible to announce Government policy until it has been definitely decided upon, I can assure him that the Government is giving very careful consideration to the recommendations, and they are receiving the close attention of the Minister of National Health and Welfare.

Hon. Mr. Reid: Thank you.

Hon. Mr. Macdonald: The honourable senator from Fredericton has asked about the rehabilitation facilities provided for women. In some penal institutions provision is made to a certain degree for rehabilitating women. I agree with the honourable senator that that is not nearly as extensive as we would like it to be. Her remarks in the house the other day were, I think, quite fair and very much to the point. I should point out that at Oakalla women prisoners are housed in small cottages, with six or eight women to a cottage. At Kingston at the present time there is little provision for training, as the honourable senator mentioned, but, as she remarked, the Government intends to build a new penitentiary for women. The honourable senator thought—I have not got her exact words before me—that the building should be of the cottage type, that women prisoners should be given more freedom and they should be given a second chance, as it were. From inquiries I find that in the fiscal year 1954-55, of the 38 women admitted to penitentiary, that is at Kingston, 31 had previously served terms of imprisonment, and 8 of them had been in penitentiary before. So most of the women did get a second chance, if not a third chance, and as you know, women are not sent to penitentiary unless it is for a very, very serious offence.

SENATE POSTMARK

INQUIRY

Hon. Mr. Pouliot: Honourable senators, may I ask the honourable, congenial and efficient Leader of the Government in the Senate if a new red ink envelope stamping machine has been ordered for the Senate post office and if so when will it be used?

Hon. Mr. Macdonald: On the Order Paper today there is an item for consideration of a report of the Standing Committee on Internal Economy in which I believe that matter is referred to. If it is not referred to I will answer the question when the report is under consideration, if it meets with the approval of the honourable senator.

Hon. Mr. Pouliot: Thank you.

PENAL REFORM

DISCUSSION CONTINUED

The Senate resumed from Tuesday, May 8, the adjourned debate on the inquiry of Hon. Mr. Croll calling to the attention of the Senate the present position with respect to penal institutions in Canada and in particular discussing the need for further reforms in the Canadian penal system.

Hon. Donald Cameron: Honourable senators, in rising to take part in this debate on penal reform I am reminded of the story of the time Mark Twain introduced a friend of his to an audience. After enumerating various qualities of the speaker, Mark added "and he has never been in jail". He paused, and continued, "and I do not know why". Well I have never been in jail either, and I do not know why,—

Hon. Senators: Oh, oh.

Hon. Mr. Cameron: —because after listening to this discussion it seems to me that it is my duty as a citizen to take a more active interest in this phase of public affairs than I have hitherto done. I should have made it my business to visit some of our penal institutions, if for no other reason than that of informing myself on a part of our nation's welfare which affects the lives of many thousands of people every year and which costs the taxpayers amounts that have been estimated as being between $100 million and $150 million a year. I find it rather difficult to get any accurate or exact figures, but the amount is somewhere in that neighbourhood. This cost too is only the visible cost. It does not measure loss to the inmates of earning power, to the country in terms of relief to families, and to the treasury in the form of income tax. In addition there is the loss in terms of social dislocation for family and community. This last, as far as the affected families are concerned, is far greater than the monetary loss.

At this time I would like to commend the honourable senator from Toronto-Spadina (Hon. Mr. Croll) who has performed a useful service in focusing attention on this subject, and to say that I found the address of the honourable senator from Kingston (Hon. Mr. Davies) very enlightening and useful. I was particularly pleased with the contribution of the honourable senator from Sunbury (Hon. Mr. McGrand) who touched on the problem, largely in its mental health aspects, in a very scholarly manner. The subject is one which must receive increased attention in the years to come. I am grateful also to the Leader of the Government (Hon. Mr. McDonald) for the light he threw on the subject. Certainly this discussion should result in—what I think is necessary—a more informed public opinion.

A measure of the public interest in this topic is the suggestion that a Royal Commission on Penal Reform should be appointed to deal with it. My view is that already there are too many commissions—commissions which, though good in themselves, expend a great deal of time, energy, labour and money, and whose reports, while they create attention at the time they are issued, are all too soon put away in dusty pigeonholes in various offices and libraries. My view is that if a portion of the money which a Royal Commission on this subject would cost was set aside for a carefully organized program of public education in this field, we would get far better and more lasting results. Even after a commission has made its investigation and submitted its report, the job of informing the public as to its recommendations remains to be done. I submit that we already have sufficient information as to what is needed to be done to go much further, and that great improvements would result if the general public were more adequately informed on the matter. It remains to make available to the public, to community leaders and all concerned on the community level what kind of problem we have and what is to be done about it.

In any discussion of a topic as important as this it is well to have in mind our terms of reference. I find that in the Archambault Report penology is defined as the science of dealing with (1) potential criminals, (2) the treatment of criminals in prison, (3) aftercare of those who have been released from prison. I have no quarrel with this definition; in fact I think it is a good one, and that the division of the problem into these three areas is sound. My only question with respect to this reference—and it is an academic one

—is that I doubt the advisability at this time of describing penology as a science. I think that is "stretching it a bit"—at this time, at any rate.

If we accept this delineation of the subject —and I think we should—it suggests that there is a very big educational job to be done; and, as one who has spent his life in the field of adult education, I should like to make a few practical suggestions as to how that program of enlightening the public as to their responsibility should be put into effect.

Accepting the definition means that as a corollary we adopt the principle that two phases of successful penal reform can be carried out only by a well-informed and interested public. In other words, if we are to be effective in dealing with the matter of potential criminals and crime prevention, we must be concerned with providing the kind of information which the honourable senator from Sunbury (Hon. Mr. McGrand) presented so effectively. In fact the only way we can do anything about crime prevention is by educating parents, community leaders and the general public on those institutions and those attitudes in the community which tend to encourage departure from the normal standards of good conduct. In this connection I want to support many of the things suggested by the honourable senator from Sunbury when he discussed the possible ill effects on a certain type of mentality of some comic books, certain radio, television and film programs, and so on. At the same time I would be the first to admit that radio, television and films have a tremendous potentiality for good, and are being used increasingly as one of our educational tools. But unfortunately today a substantial portion of the time of these great media of mass communication is being used for a type of program that is certainly not in the public interest. I think it is true today that too many of the *mores* of our time are being formed, not, as they should be, by the home and the church and the community, but by a certain kind of comic strip, by a certain kind of radio, television and film program. There is incontrovertible evidence that this is the case, and I think that, if we are serious in our desire to prevent crime, we should take a hard look at certain of these programs which supply to some minds, at least, a complete reference book as to how to carry on certain types of crime.

In the second phase of the educational program, the only way in which adequate aftercare of prisoners can be carried out is by educating the public as to what the problem is and how they can play a part as citizens in helping with the re-establishment of discharged persons. In order to be effective the good work of such institutions as the John Howard Society, the Elizabeth Fry Society and others needs to be given much more support than it has had, and it can only get that support if more people realize what the problem is.

The third phase of penal reform, that of reforming those who are in prison, is simpler than the two previous phases which I have mentioned because at least some of the factors are controllable, and the individuals concerned provide at least a captive audience with which to experiment. This is something certain speakers sometimes like to have.

My approach to this problem would be the one which I would follow in dealing with any other educational program. I would consider it as a task in mobilizing the resources of information and leadership and transmitting that information through informed leaders to the people who need it to discharge their responsibilities as effective members of the community.

I am going to enumerate a number of the things that might be done at relatively small expense and which I think would be helpful in creating a new appreciation on the part of the public of their duties and responsibilities in this field.

If I were the Minister of Justice I would create a small well-trained Division of Public Information. This division would be directed by a person well qualified as an educator and an organizer and one who had the ability to prepare or have prepared material dealing with penology that was brief, simple and useful to ordinary citizens who are the local leaders of the thousands of voluntary agencies which do the community work throughout the land and who probably represent the greatest force for making their communities alive and effective places in which to live.

The kind of material I have in mind is the inexpensive leaflet material that has been prepared so ably for the past few years as discussion material for Citizens Forum and Farm Forum groups. In my view this is about the most successful discussion material that has ever been prepared in Canada. It is certainly inexpensive. We do not need expensive, slick paper jobs running to 25, 50 and 100 pages but what is needed is the short four or eight-page leaflet simply written and produced on inexpensive paper. There might be a series of leaflets dealing with various aspects of penology. This would be a beginning. Equipped with this kind of information I would get in touch with the leaders of the Women's Institutes, the Farm Women's organizations, the Local Councils of Women,

the Farmers' Unions, the service clubs, Women's University Clubs, the trade unions and co-operatives; in short, the leaders of agencies in the country that are holding meetings, who are in touch with the needs and feelings of the people. Many of these organizations have already undertaken studies in this field, particularly the Women's University Clubs. I would encourage the establishment of social welfare committees within organizations where they do not already exist. I would ask these people to make penology a special study. The organizations that I have mentioned would also be associated with those who have made it their special responsibility to do something in this field. These would include the Canadian Corrections Association, which represents the merger, as of February last, of the Canadian Penal Association and the Delinquency and Crime Division of the Canadian Welfare Council; the John Howard Society, which exists in all provinces except in Prince Edward Island; the Elizabeth Fry Society, which is at present organized only in Ontario and British Columbia; the Women's University Clubs of Canada, which already have set up special study groups on penal reform; the Parents Action League in Ontario, and a number of similar agencies.

From personal experience I know that organizations such as these are carrying on educational programs within their groups in every community in Canada. Practically every one of them has a convenor of welfare legislation whose duty it is to bring to the attention of the membership the available information on problems of this kind. These people are constantly writing to universities and libraries asking for the kind of information I am suggesting. I would encourage these people to put this topic on their program to be dealt with as often as they felt it useful and desirable to do so. This is one way in which the energies, interests and enthusiasms of hundreds of voluntary agencies can be mobilized and made effective in the community at very little cost.

Some honourable senators may recall the efforts that were made early in the war in a similar way by the Wartime Prices and Trade Board. I recall that representatives of that organization came to my department in the University of Alberta—the Department of Extension—and the Department of Extension in other universities, to see if we would try to sell the people of the country on the necessity for rationing, restrictions, controls and so on. We gladly did that. We looked upon it as our job and we found the people were responsive and anxious to help. I suggest that the same kind of approach to this particular problem, which is of such increasing importance, would meet with a similar response.

The next step would be to go to the editors of the daily newspapers across Canada. If you examine the pages of your daily newspapers you must be impressed by the number of well-documented articles dealing with various aspects of community welfare which these instruments of public service publish every year. Just recently I had the opportunity of examining newspaper articles submitted from all over Canada in a competition in which the editors dealt with various aspects of community welfare. It was an amazingly enlightening experience and I was impressed as I had never been before with the excellent job that these editors and newspapers are doing in trying to inform, enlighten and uplift the communities in which they live.

I would encourage the editors to assign some of their best qualified men and women to do a series of articles on this subject. In all cases the stories should be related in some way to experiences in the local community, so that the lesson could be brought home to people living there. From my knowledge of the high sense of community service of the leading newspaper men across Canada I know they could be enlisted in a community project of this kind.

Another medium of mass communication which could be used effectively and which I know from experience would again contribute time as part of its community service is the local radio stations. These stations have been extremely generous in providing time and assistance in the production of programs designed to improve their local communities. They have an enviable record of community service to their credit and I know that they could be enlisted in a well planned and well co-ordinated effort of community education through a program of this kind.

A third medium of public information which should be mobilized is the film industry. There could be prepared a number of suitable documentary films for release as shorts in the regular theatres and, particularly, through the 16 mm. educational film field. Again speaking from my experience in adult education, I have found that there is a segment of between 25 and 35 per cent of the total population that will not read serious articles in the newspapers, and the same people do not listen to serious programs on the radio, but this group can be reached through the visual media of films and television and these instruments of mass communication should not be overlooked.

Finally, I would encourage the appointment in every voluntary organization of some

person whose responsibility it would be to become informed in this field. This person in effect could be the authority on the subject of penology within his or her local organization. The educational program which I have outlined is one which is capable of being developed at very little expense and it could be used as the basis of informing people with a view to taking intelligent action in every community. The importance of giving people work to do should never be overlooked, for when they are doing useful work they feel that they are making a contribution and that it is not some paternal organization in Ottawa or elsewhere that is doing everything for them.

An educational program such as I have in mind would, in being carried out, logically fall into two divisions: first, the kind of information that would be useful in the prevention of crime; and, second, the kind of information which would be useful in the after-care of discharged or convicted persons.

The duties of this information division would be to supply and make available to individuals and organizations information on the factors that tend to create and encourage criminal tendencies. Some of these might be listed as:

1. The loosening of family ties and the weakening of the role of the church in formulating standards of conduct. I leave it to honourable senators to assess what is happening in that field.

2. The increasing urbanization of our society.

3. Bad housing, overcrowding, poor recreation, and the loss of the feeling of sanctuary in the home.

4. Working mothers. The lack of home training because the children are growing up without good home influence.

5. The *mores* of the times. The acceptance of violence. The lack of respect for people and property. The honourable senator from Sunbury spoke on this very subject. If we are honest with ourselves, in spite of the fact that some people say that the young people are better than they have ever been—and in some respects I think they are—we have to admit that an increasing number of them have no respect for tradition, for property, or for the rights of others.

6. Some educators and some psychologists who, because they have deprecated the need for discipline in the home or in the school or in the community, have encouraged what amounts to almost anarchy on the part of some children and young people. I know it is thought to be old-fashioned to say that we should put more emphasis on discipline and control today, but I think it is time we faced up to the facts of present-day living.

Hon. Senators: Hear, hear.

Hon. Mr. Cameron: 7. The costs in terms of dollars and cents to the country and to the families. The cost in terms of social values, that is, broken homes, families on relief, and the discouragement and despair of children.

8. The advantages of parole and ticket of leave systems. There is a great area of information relating to this important aspect of our national life, as to which there is abysmal ignorance on the part of the ordinary citizen, and it is not his fault entirely. Many ordinary citizens have no idea of the numbers of people involved nor of the cost to society of the maintenance of law and order. Many normal people who have had no experience with mentally disturbed individuals, or with individuals of criminal tendencies have no conception of the attitudes and the reactions of such persons to situations which would be accepted by persons of normal personality without any ill effects. The average citizen has little opportunity to visit our prisons, our mental hospitals and similar institutions to see at first hand the kind of people who make up the portion of our population causing the trouble. And people of normal intelligence have little understanding of the effect in terms of incitement of crime comics, trashy pulps, poor radio, television and movie programs on people of low mental attainments and poor mental attitudes. Until the great majority of people are able to recognize the factors which favour abnormal behaviour on the part of the weaker element in the community we are not going to be effective in dealing with crime prevention.

On the question of after-care of discharged prisoners, it would be the function of this information office, working through the voluntary agencies, to inform the people:

1. On the need of the discharged prisoner and his family to be accepted in the community. Here is real work, which cannot be done by the professional officer, no matter how well intentioned or capable he may be, for his efforts would be nullified without the co-operation of the community helping the discharged person back to the status of a normal individual in the community. In many cases there is a resistance and natural reluctance to take such people back as normal members of the community.

2. On the discharged prisoner's need to be given a job.

(3) On the necessity of making a special effort, by example, by advice and by association, to re-establish the individual as a self-respecting and respected member of the

community. I emphasize that before people can become effective in this field they must be informed.

Honourable senators, I want to spend a moment or two on the question of juvenile delinquents. Anything I have said in this discussion has not been intended as criticism of the policies which have been in effect nor of those who have had the difficult responsibility of carrying the policies out. The Archambault Report made rather depressing reading and, coming out as it did just prior to the war, it was not possible to do very much in the way of implementing its recommendations until some years afterwards. Fortunately, as the honourable senator from Kingston (Hon. Mr. Davies) stated so well, many steps have been taken to improve the position of the person confined to prison and that process of improvement is still going forward. However, I feel that we shall never get results either in prison or out of it until we pay more attention to the educational job that needs to be done both inside and out. As far as the work in the prisons is concerned, much is made of the fact that most of the prisoners are confined for such a short term that there is insufficient time to carry out an effective educational program. It is also pointed out that the majority of the prisoners are in provincial or municipal jails, where the facilities for carrying out an educational program are least adequate.

According to Daniel Coughlin, Director of Probation for the Province of Ontario, more than half the men and women committed to prison in Canada in 1950 were sentenced to terms of 90 days or less. Admittedly this is not a very long time in which to carry out an educational program that will be effective in changing the prisoner's attitudes and making him a more useful member of society. Nevertheless, we recall from our experiences in the armed forces during the war that amazing things were done by the use of special educational methods in training men who, in many cases, were practically illiterate. I know whereof I speak, because I had a good deal to do with training men in camps who could neither read nor write. I suggest that these same methods and techniques would be effective in our prisons too, if we were to apply them. In other words, there is an opportunity here to use techniques and practices which we learned and applied under the stress of war.

Much has been made of the fact that many of the recommendations of the Archambault Report with respect to education have been implemented. Kingston Penitentiary and the institution at Collin's Bay are often held up as an example of a forward looking policy, and in many ways they are; yet in spite of this, there is employed there today one part-time psychologist who has the responsibility of advising on the segregation and direction to various kinds of effort of the hundreds of prisoners in those institutions. Improvement this may be, but it is still far from adequate.

I know the point will be raised that to provide the kind of educational treatment that is necessary will cost money. Certainly it will, but my answer is that if we spend more money in this field and in the preventive field which I discussed earlier we shall save more than the cost of providing additional trained educational staff.

One more matter and I shall be through. The great majority of the people in our prisons are young people, and I am sure we are disturbed every day with the reports in our newspapers of the increasing number of misdemeanours committed by juveniles and young adults. Two things occur to me as being useful in meeting the problem. In the United States about three weeks ago a judge said to me that annually over one million people under 25 years of age are being sent to prisons in that country. I am afraid we are not too far behind, proportionately.

First of all, I think that, if anything, we have been too lenient in the treatment of many first offenders. If there has been error in our law enforcement up to the present time—I am not saying there has been—it has certainly been on the side of leniency. I am simply appalled at the state of affairs under which young, undisciplined and irresponsible youths, whether they be from good homes or bad, are brought before magistrates for stealing automobiles worth from $3,000 to $5,000 and let off with a warning, and in some cases not once but twice. There are cases on record where people have been sent to jail for stealing a few dollars, or even a few cents. So why in the world should people who steal $3,000 or more be given special consideration because the money is represented by an automobile? It seems to me that here is one case where sloppy sentimentality has been allowed to run riot. In some communities and among a certain element of the zoot-suited and leather-jacketed gangs, to steal a car has become the smart thing to do, because they know all they will get, for the first offence at least, is a warning—and that is a cheap price to pay, according to their peculiar mentality, for being thought daring and smart.

One of the reasons why it is suggested that it would be unfair to send these people to prison for a first offence of that kind is that they would be corrupted further by being given the opportunity to associate with more experienced and hardened criminals in prison. Fortunately, there are signs that steps are

being taken to meet this situation by providing a new type of detention for them. In my own province of Alberta there has recently been established the Bowden Institute, which is a large farming institution with facilities for learning trades, etc., and specifically set aside for young first offenders and juvenile delinquents. There are similar institutions in other provinces.

There has recently been established in British Columbia a forestry camp which I understand is modelled on one that has been very successful in the State of Wisconsin. Saskatchewan has made a beginning with a similar project. My suggestion would be that we should seriously consider an extension of the principle of the Bowden Institute, Burwash Reformatory and the British Columbia Forestry Camp for dealing with a much larger number, not only of young offenders but of others who may be sent to prison for less serious offences. I would suggest that camps be established in our national parks and forest areas under competent trained supervisors and educators where these first offenders would be sent to serve their sentences with a minimum of confinement. They could be put to work opening forest trails, building small bridges on bridle paths and walks, clearing fire lanes, trimming out undergrowth, etc. They should be under a rigid and enlightened discipline and be given a thoroughgoing course of hard work. This kind of program would have the effect of giving these people some discipline, probably for the first time in their lives; would subject them to some physical work, also probably for the first time in their lives; and would expose them to an educational program designed to give them a more wholesome outlook —and the whole thing would be carried out under healthful and wholesome conditions.

In conclusion, I come back to my original thesis, that if we are to be successful in bringing about the measure of penal reform which we all think is necessary and desirable we have got to start with a much better organized and much more extensive program of education, both of the public and of the inmates.

Hon. Arthur W. Roebuck: Honourable senators, it had been my intention to adjourn the debate this afternoon and endeavour to make some contribution to it at a later date, but the thought has been expressed that the debate should shortly be concluded. However, I cannot let it close without expressing one or two ideas.

First, the subject under discussion is a highly humanitarian one and, as my fellow senators will appreciate, one that appeals to one strongly.

May I take this opportunity to congratulate those who have taken part in the debate? It would be invidious, except for some special reason, to name some senators and omit others. However, I do wish to offer my compliments and congratulations to the senator from Toronto-Spadina (Hon. Mr. Croll) who initiated this somewhat lengthy discussion. Enterprise and initiative are all too rare: his initiative in this instance has resulted in an excellent debate. I would also compliment the honourable lady from Fredericton (Hon. Mrs. Fergusson) upon her very excellent and well-informed address. My compliments also go to the honourable senator who has just taken his seat (Hon. Mr. Cameron) for his thoughtful, studious and humanitarian address.

I have listened with interest to excellent speeches by senators who think that we have done much in the field of crime prevention and the reform of criminals by humanitarian treatment and in many other ways, and to excellent speeches by others who think there is much more left to be done in this field. I agree with both views. I think we have made splendid progress in recent years in bringing about a more sensible, common-sense, decent treatment of those who get into trouble through crime, and our efforts to re-establish these people have not been inconsiderable. I might refer to the work of the John Howard Society, the Elizabeth Fry Society and the Salvation Army. Figures in connection with the monumental work of the Salvation Army were given to us the other day by the senator from Kingston (Hon. Mr. Davies). There are many other agencies, religious and otherwise, which have been doing good work, and I might also mention in a general way what has been accomplished by the department itself in the management of our judicial institutions. Nevertheless, I still am thoroughly impressed that, although we have made great progress, there is still much to be done, much that cannot be accomplished in a debating assembly such as ours. What remains must be done step by step, somewhat laboriously and as the result of most intimate knowledge of what we are doing. For that reason I will make a suggestion, and I suppose the debate will then close.

First, however, let me say that just recently there came into my hands a document, an original document, which seems to support my statement that there is still much to be done. It is a form reply sent out by Kingston Penitentiary to a private party. It seems that some foolish fellow attempted to hold up a bank with a toy pistol, was immediately captured and sentenced to five years in penitentiary. He was a member of a club,

and fourteen of his fellow members of the club joined in a petition asking for consideration of his case; and one of them undertook to write on behalf of the others to assure him that he was not entirely forgotten and to give him courage to meet them again when his sentence was finally concluded. It was a most humanitarian and reasonable interest, and a highly commendable thing for those men to do. I have here the reply from the penitentiary, signed by the censor of the penitentiary. It is in these terms:

> The attached letter forwarded by you addressed to the above-named inmate is being returned as it has been found objectionable by our censor board for the following reason: "Friends are not permitted".

Well, honourable senators, I wonder if it is the rule of our penitentiaries that letters from friends are returned, no matter what they contain, and that only relatives are allowed to show their interest in a prisoner or to give him any assurance of friendship when he is finally discharged. If it is, we certainly have something to find out about prison matters.

Accordingly I suggest by way of conclusion to this debate that we do not allow all this excellent thought and these fine expressions to die in the air, as they will if we do not take some practical steps such as are within our power. Honourable senators, let us not forget this debate; let us continue it next session. I would suggest that at the next session there be appointed a select committee headed, if you will, by the member from Toronto-Spadina (Hon. Mr. Croll), to inquire into this whole matter. Let us call before the committee those who would be most likely to give information, commencing with the private institutions interested such as the John Howard Society, the Elizabeth Fry Society, the Salvation Army and some of the other churches, officials of the department, the management of the penal institutions themselves, and anybody else who is either interested or informed. Let us find out more about this subject. I admit some ignorance in this matter. Like my friend who has just sat down, I have never been in prison, and like him I do not know why. I am afraid we are all speaking *ex-parte*. There is not a single ex-criminal among us.

I feel that I personally am very much uninformed as to what is going on in our prisons. I would like to be a member of a committee—if I am not too overworked in another committee that I could mention—which would call before it those who know something about the subject and have responsibility in connection with it, so that we may ask what we can do to assist in improving our penal institutions and also in preventing crime.

We are unanimous in our desire to prevent the commission of crime, to act humanely toward those who have been found guilty of breaking our laws, and to rebuild broken characters. So I urge that we do not allow this matter to die. If next session we have a special committee of inquiry and inform ourselves thoroughly, it may be that, like last session's committee on narcotic drugs, under the chairmanship of the senator from New Westminster (Hon. Mr. Reid), it will make some practicable and sensible recommendations which may be carried out.

Hon. Senators: Hear, hear.

Hon. Mr. McIntyre: Will my honourable friend permit a question? He referred to some young fellow who was sentenced to a five-year term in penitentiary for holding up a bank with a toy pistol. I would like to refer to the Williams case in Montreal.

As I understand it, Williams had no helpful guidance from his real parents. He was brought up by a foster mother, and while in her charge he was a model boy, but when he left her he fell into bad company, and at the age of 20 took part in a bank hold-up, for which he was sentenced by the trial judge to 28 years in the penitentiary. To my mind a sentence of that length is beyond all reason. My question is, has anything been done to review or investigate this young man's case?

Hon. Mr. Roebuck: Of course I could not answer that question; I do not suppose even the Minister of the department could answer it off-hand. But I can say that if these facts are brought to the attention of the Remission Service of the Department of Justice the matter will be reviewed. Sometimes one is apt to be misled about a case through hearing of it only in outline. Here, it is said, is a young man who took part in the holding up of a bank and was punished with what looks like a most excessive sentence—28 years. It may be that there are conditions and circumstances of which you and I are not informed, but of which the court took cognizance before passing sentence. Or it may be otherwise. We must not too readily pass judgment on such sentences. But, merely on the outline that my friend has given us, I think that a review is very much in order; and I hope the honourable senator himself has brought the matter to the attention of the Remission Branch.

As for the man who was sentenced to five years, I do not know whether the penalty was adequate; I am not commenting on it nor expressing an opinion. I mentioned it only because of the response to kind-hearted friends who are trying to assist the man, largely for his rehabilitation.

Hon. Cairine R. Wilson: Honourable senators, the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has intimated that the debate is about to close, so I should like to say a few words.

There have been repeated references to the Archambault Commission and the reforms which have been instituted as a result of its work. But I want to draw attention to the fact that it was the late Agnes Macphail who, in season and out of season, many years before the Archambault Commission was appointed, urged an investigation of the subject.

Like those who have preceded me, I wish to express appreciation to the honourable senator from Toronto-Spadina (Hon. Mr. Croll) who initiated this debate, and to all others who in the course of the discussion have given us so much information and valuable thought. I had not the pleasure of hearing the honourable senator from Sunbury (Hon. Mr. McGrand), but I read his speech with great interest and I wish to thank him very much for it.

I had the privilege for some months of quite a close association with Sir Alexander Paterson. to whom the honourable senator from New Westminster (Hon. Mr. Reid) referred, and I learned a great deal from him. I was astonished at the progress of penology in Great Britain by contrast to the amount of attention given to it in Canada, and the thorough manner in which Sir Alexander interests himself in all his charges impressed me very much indeed. He was sent out, as some may remember, in connection with the situation of some unfortunate friendly aliens who, having been in Great Britain when Hitler was believed to be planning an invasion, were transferred to Canada because they were regarded as a potential danger in case of attack. The deportation of these men, most of whom were young, cast no reflection on them: they were moved merely because they happened to be in a part of the country wherein they might become a liability. For instance, the students who lived in and around Cambridge were sent away; those at Oxford were allowed to remain.

I have had personal knowledge of the invaluable work of the Salvation Army. In the case of two young girls who were presented to me, I was thankful to be able to deal with members of that great institution. Its public relations officer took one girl into his own home; and since their discharge neither of these young women has shown any disposition to commit crime, even of the slightest nature.

I had supposed that the reason why so few of my sex are to be found in penitentiaries is because women are essentially law-abiding, but I learned from our Solicitor General that they are sent there only for very serious offences. The practice is to give them a second chance, and it is, I think, somewhat of a reflection upon us when they return to their former courses and are committed to a penitentiary or transferred there from prisons for longer sentences.

I trust that consideration will be given to the suggestion of the honourable senator from Fredericton (Hon. Mrs. Fergusson) that women prisoners be allowed to serve their sentences within the province in which their friends reside; and to the honourable senator's further suggestion, that women prisoners be given the opportunity of training for occupations which would be of value to them after their release.

I am told that a large proportion of the women at Kingston are there as convicted drug addicts. This would seem to provide a wonderful opportunity of doing what may be termed experimental work with a view of finding a cure for the unfortunate victims of this habit.

Hon. John T. Haig: Honourable members, my part in this debate will be limited to a word or two in support of what has been said by the honourable senator from Mount Stewart (Hon. Mr. McIntyre). I had a communication this session from Montreal in this connection, and I have been very disturbed about it ever since. The young man in question pleaded guilty. He did not or could not find anyone to defend him; and, as has been mentioned, he was sentenced to 28 years in prison. I happen to live in a city of which I think very highly, and which in the past two years has been the scene of four or five bank hold-ups. The longest time that any bank robber implicated in these affairs was at liberty after a hold-up was five days. Most of the robbers were in jail within three days. I will add for the benefit of the honourable senator from Edmonton (Hon. Mr. MacKinnon) that when our Winnipeg Chief of Police was asked how he was able to apprehend them so quickly he said, "There is only one reason."

Let me tell you about the hold-up of the Bank of Commerce, at the corner of William and Princess Streets in Winnipeg. A man drove up in a taxicab, went inside, held up the bank and made his getaway. An employee copied down the licence number of the taxi and telephoned the information to the police. They in turn got in touch with the taxi company, which had a two-way radio system operating between its office and its taxis. The company's dispatcher asked the driver of this particular car where he was taking

his passenger, and the driver replied, "To the overhead bridge". When the taxi got there it was immediately surrounded by city police, and within two days the robber was sentenced to prison for five years.

Another case in Winnipeg involved three men who held up a bank on Broadway Street, between the Parliament Buildings and Main Street. They were waiting at the bank before it opened. When the first employee arrived and opened the doors the bandits got in, robbed the bank and made their escape in a car. A farmer living about eighty miles away had heard a newscast describing the robbery, the getaway car and its licence number. He later saw the car passing his farm and he immediately telephoned the Royal Canadian Mounted Police and told them the car was heading in a certain direction. As a result the men were arrested at the next town, and within a few days were sentenced to penitentiary terms.

I am not one of Canada's leading lawyers but I have had quite a bit of experience in practising law. Whenever I have heard an accused man sentenced in court I have thought, "It is too bad there isn't someone who could speak to that fellow so that when he comes out of prison he will be a better man." Laymen do not have any occasion to visit jails but some of us lawyers do. The guards permit us to go right into the cells and talk to prisoners. On one occasion a prisoner told me he had been arrested for bigamy. I said to him: "Well, I'm not the man you want. I'm a very able fellow but I'm high-priced and it would cost you $200 to have me defend you. I can give you the names of five or six other lawyers who would do a much better job for $50." Anyway, I got him out on bail. Incidentally, he was a returned soldier still in service, and he had been picked up in Halifax and taken to Winnipeg to be charged. While out on bail he went around town and asked different people, "Do you know Jack Haig?". Well, everybody did, even the police, and they told him, "Oh, he's a good lawyer all right." So the accused came in the next morning and said, "I still want you to defend me." At the trial the first witness for the crown gave evidence that the accused had married a Winnipeg woman who was already married and who had deserted her first husband. The next witness, a Winnipeg man, testified that he was the husband of this woman. But the court never did find out about the London, Ontario, wedding. That trial took place back in 1917, and just four months ago I saw the man on a street in Winnipeg. He was with his wife.

Hon. Mr. McLean: Which one?

Hon. Mr. Haig: The third one, the Winnipeg woman. He stopped and said to his wife, "Do you know who this man is?" She replied that she did not. He said: "Well, this is the fellow who saved me from the penitentiary. Isn't he a fine fellow?"

That illustrates what can happen when you show a little interest in these things. Of course, I admit that the fee of $200 helped me to show interest in that case, but I did go out of my way to help the man.

We in this house can take steps to find ways by which these people can be helped. When the brother of the Right Honourable Arthur Meighen was warden of Prince Albert Penitentiary he introduced a system to help rehabilitate the prisoners. Later he introduced the same system in Vancouver. Some people have a natural ability for this type of work, and that kind of ability is needed as much as anything else. Men and women would certainly be doing something worth while if they could show that as outsiders they are interested in the rehabilitation of prisoners.

The honourable senator from Mount Stewart, referring to a case where a young man received a sentence of 28 years, said that the length of the sentence was beyond all reason. Well, I think if we followed the suggestion made by the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) we would be able to make things more humane for prisoners generally. The longer you practise law the more you find that the distinction between honesty and dishonesty is sometimes a pretty thin line.

Hon. Mr. Pouliot: If the client of the honourable senator from Winnipeg had three wives he was not a bigamist, but a "trigamist". For having done such a good job the honourable gentleman should have charged his client three times as much.

Hon. W. Ross Macdonald: Honourable senators, may I have the consent of the house to make a few more remarks?

The Hon. the Speaker: Has the honourable senator unanimous consent of the Senate?

Hon. Senators: Agreed.

Hon. Mr. Macdonald: A certain case has been mentioned this afternoon, but I do not think it is customary to refer to any particular case in Parliament. The granting of tickets of leave is a matter which is decided upon by the Governor General. All prisoners released before the expiration of their sentences are released by the Governor General on the advice of the Solicitor General, and their cases

are not debatable in Parliament beforehand. Therefore, I will not deal with any particular case now.

I rise at this time to say there are no forgotten men or women in Canadian prisons. A convicted person may receive a long sentence but he has the right to appeal. It may be argued that in some cases the time limit for filing an appeal has expired and no appeal has been made. This may happen, but it is always permissible to apply to the court or to the Minister of Justice, if necessary, for an extension of this time limit. Every case has to be judged on its own merits and, as the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has said, we have to know all the facts before giving an opinion.

I wish to emphasize that there is no strict rule as to how long any prisoner must remain in prison. Every case is reviewed by the Remission Service, which has a highly qualified and well-trained staff. The records of prisoners are looked at with a very sympathetic eye. When it is felt that a prisoner has shown a sufficient degree of reform to enable him to go out in the world with the likelihood of rehabilitation he is allowed out on ticket of leave. It was mentioned during this debate that prisoners serve half time. However, that is not a hard and fast rule, for every case depends on the circumstances. Half time for first offences is the general rule, but in many instances the offender does not serve half time. In other instances he may serve more than half time. The guiding principle is that if a man shows a sufficient degree of reform, we who are responsible for recommending his release must be assured that on his return to society he is likely to live as a good citizen. The sentences imposed on some prisoners may seem to be long, but in order to decide if that is so or not we must know all the facts. Let me assure honourable senators that every prisoner's case is reviewed, and, I repeat, when it appears that he is likely to be a law-abiding citizen he is released.

Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: Perhaps the honourable leader would comment as to why in some instances friends are not allowed to communicate with a prisoner.

Hon. Mr. Macdonald: I do not know the prison rules with regard to writing to prisoners, or whether prisoners are allowed to correspond with other persons than their immediate families. That is a matter which comes under the Penitentiaries Branch, and not directly under the jurisdiction of the Solicitor General. However, I shall be pleased to make inquiries, and will report to the honourable senator later with respect to the matter.

Hon. Mr. Roebuck: Thank you.

Hon. Mr. Macdonald: I can assure honourable senators that all the suggestions made here will be considered by the Penitentiaries Branch, or by the Minister of Justice himself, or by me, as Solicitor General and my associates in the Department of Justice.

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

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

MOTION FOR SECOND READING— DEBATE POSTPONED

On the Order:

Resuming the adjourned debate on the motion of the Honourable Senator Aseltine, seconded by the Honourable Senator Hodges, for the second reading of Bill (I-5) intituled: "An Act to amend the Exchequer Court Act".—(Hon. Senator Euler).

Hon. Mr. Euler: Honourable senators, as the senator from Grandville (Hon. Mr. Bouffard) is absent from the chamber today, and I shall not be here on Tuesday, I would ask that this order stand until Wednesday next.

The Hon. the Speaker: The order stands until Wednesday next.

PRIVATE BILLS

ALBION INSURANCE COMPANY— SECOND READING

Hon. Vincent Dupuis moved the second reading of Bill H-10, an Act to incorporate The Albion Insurance Company.

He said: Honourable senators, this bill is similar to most bills incorporating insurance companies to do all types of insurance business other than life insurance. No meeting of the company for the election of directors will be permitted until capital stock in the amount of $500,000 has been subscribed, and no business shall be commenced by the company until at least $500,000 of its capital stock has been bona fide subscribed, and at least $340,000 paid thereon. Moreover, the company will be subject to the Canadian and British Insurance Companies Act, as are all other insurance companies.

If the bill receives second reading I shall move that it be referred to the Banking and Commerce Committee.

Hon. Mr. Roebuck: May I ask if the Department of Insurance has approved the bill?

Hon. Mr. Dupuis: I am informed that the Superintendent of Insurance has no objection to the bill. At any rate, he will be present when the committee meets.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Dupuis, the bill was referred to the Standing Committee on Banking and Commerce.

MARITIME STOCK BREEDERS' ASSOCIATION—SECOND READING

Hon. Charles G. Hawkins moved the second reading of Bill I-10, an Act respecting The Maritime Stock Breeders' Association.

He said: Honourable senators, this bill proposes to amend the Maritime Stock Breeders' Act, which was passed by Parliament in 1902. I believe, although I am not quite sure, that the Maritime Stock Breeders' Association was formed some time prior to its incorporation by Parliament. At that time it was largely concerned with the development of purebred stock, but as the years went by its activities were extended, and they now cover a much wider field. The association serves the agricultural communities in New Brunswick, Nova Scotia and Prince Edward Island, and it is now held in very high regard. One of its two main functions is the Maritime Winter Fair, held annually at Amherst, which I think can be said to be one of the better—

Hon. Mr. Quinn: One of the best.

Hon. Mr. Hawkins: —fairs held in Canada. More recently it has organized what is called the Fat Stock Cattle Show and Auction.

Clause 1 of the bill would amend paragraph (c) of section 2 of the act to allow the association to hold exhibitions other than livestock exhibitions. The explanatory note on the clause reads:

> By paragraph (c) of section 2 of chapter 73 of the statutes of 1902 the association was empowered simply "to hold live stock exhibitions". Since that time the scope of the Association's activities has increased, and the purpose of clause 1 of this bill is to authorize the association to hold general agricultural exhibitions, to include not only the exhibition of purebred live stock, but also of other farm animals and farm products of all kinds. The clause further authorizes the association to make its facilities available for the purchase or sale of any such livestock or other such agricultural produce, products, goods or services, by interested farm groups, persons or organizations.

The purpose of clause 2 of the bill is to enable the association to borrow funds. At the present time the source of funds is largely from admission fees to cattle shows and from grants by the three provincial Governments and the federal Government. Recently—I think last year was the first time—the federal Government made a grant equal to the combined grants of the three provinces. I am informed that clause 2 is in the usually accepted form to cover such circumstances.

As I have said, honourable senators, the Maritime Stock Breeders' Association has for more than half a century been serving the agricultural communities of the three Maritime provinces, and is held in high regard. I would therefore bespeak your earnest consideration in the passage of this bill. If the measure receives second reading, which I am quite sure it will, I shall move that it be referred to the Standing Committee on Miscellaneous Private Bills.

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

REFERRED TO COMMITTEE

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

CANADIAN CITIZENSHIP BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill B, an Act to amend the Canadian Citizenship Act.

Hon. Mr. Macdonald moved that the amendments be concurred in.

Hon. Jean-François Pouliot: Honourable senators, may I draw your attention to *Hansard* of April 18 last and the remarks made at that time about citizenship, which is always given by the father to his children. I am satisfied that the Honourable the Minister of Citizenship and Immigration decided to have the bill amended in the House of Commons in accordance with the suggestions made to him in the Senate.

I would like to explain to honourable senators some of the steps preceding this legislation. Last year a committee of the other house considered amendments to the Canada Elections Act. There we heard two witnesses who came up with two schemes for a Cook's tour. One of them was the Judge Advocate General, from the Department of National Defence, the other a bureaucrat from the Department of External Affairs, and each had concocted a scheme to travel to many countries in the world. The Judge Advocate General thought very cunningly of giving a vote to the wives of soldiers, and for that purpose he had to go abroad to organize the polls for the elections in the countries where the wives of soldiers would have the right to vote.

I wonder, honourable senators, if one senator would be permitted to refer here to what

he had said in the House of Commons? When a member of that house I told the story as reported in the Commons *Hansard* of May 18, 1955, at page 3905. What I have said is just a summary of what took place. Naturally, everyone thinks of wives of soldiers as being persons who deserve every consideration, which is quite right. However, in the committee I asked the Judge Advocate General if he had been asked by the soldiers or their wives to suggest that they should have the right to vote. May I read briefly from the report of the committee proceedings:

Q. To summarize the whole thing, you did not receive any representations from any soldier stationed overseas, nor from a wife of any such soldier, to appear before the committee and to ask that the franchise be extended to them?—A. No, we had no such request.

Hon. John J. Connolly: Will the honourable gentleman say who the witness was on that occasion

Hon. Mr. Pouliot: The witness was the Judge Advocate General, who was appearing before the Standing Committee on Privileges and Elections of the House of Commons on March 17, 1955, and I have referred to page 122 of the proceedings.

The report on this point is of course much longer than the portion I read. The witness had said that we should give the vote to the wives of soldiers. He was asked, "Did they ask for it?" And the reply was, "No". But he thought he should organize this Cook's tour. That is the first instalment of the story. The second instalment is that he made the Cook's tour after the act was amended. He took a plane or boat, crossed the seas and visited many countries to organize the polling booths for the general election. He wanted to see how it could be done. That was the first stage.

This year we had placed before us a piece of legislation which would give citizenship to ladies who were not the wives but rather the friends of soldiers and the mothers of their sons. You see, it went much further, and I wonder if these ladies would be permitted to vote; however, that is outside the question.

But the House of Commons Committee on Privileges and Elections succeeded in amending the Elections Act, so as to curtail the trip of another bureaucrat of the Department of External Affairs who wanted to organize polling facilities in all our embassies and legations in the various countries of the world. Imagine what a fine trip he would have had. So, even if the Judge Advocate General was at liberty to travel around the world to establish polling stations for the wives of soldiers, the other bureaucrat in the Department of External Affairs could not make a trip at the expense of the country. If he went abroad he would have to pay his own way. I mention this only to show that the House of Commons did its best to save money by preventing one departmental official from making a long trip last year.

In the second place, I want to make a little correction of an interpretation that was made by my distinguished and learned friend from Toronto-Trinity (Hon. Mr. Roebuck) the other day when I was discussing the Canadian Citizenship Bill, as reported at page 378 of *Hansard*. I was referring there to newcomers from outside of Canada, whether they come from the United Kingdom or somewhere else. I said:

I am proud to be a British subject as much as I am of being a Canadian citizen, but the time will come when the newcomers from outside, whether they come from the United Kingdom or from somewhere else, will have to take out Canadian citizenship in order to have public rights in Canada.

Hon. Mr. Hackett: They do now. A person cannot be a lawyer or a doctor in the province of Quebec, even though he be a British subject, unless he has Canadian citizenship.

Hon. Mr. Roebuck: Neither can he vote.

I am sure that my learned and distinguished colleague from Toronto-Trinity was absentminded when he made that remark, because in the Canada Elections Act, Chapter 23 of the Revised Statutes of Canada, section 14, under the heading Qualifications of Electors, I read:

. . . every person in Canada, man or woman, is entitled . . . if he or she

(a) is of the full age of 21 years or will attain such age on or before polling day at such election;

(b) is a Canadian citizen or other British subject;

(c) has been ordinarily resident in Canada for the twelve months immediately preceding polling day at such elections.

And so on. Therefore, anyone coming to Canada from anywhere in the British Empire or Commonwealth is entitled to vote if he or she is 21 years of age and has 12 months residence in Canada previous to the date of the election.

I will not insist on what I said the other day, for the very good reason that what is said is said; it is on record and is not to be repeated indefinitely. But next year, and perhaps even later this session, I may speak again. I do not want to take up any more time of the house today, and I do appreciate the fact that my honourable colleagues have been so kind to me this day.

Hon. Mr. Reid: Honourable senators, I wonder if we could have some explanation of these amendments as they relate to the bill. From my reading of them there appears to be a discrepancy. I would ask the sponsor

of the bill to note particularly the third amendment, which appears on page 491 of *Hansard* and reads as follows:

Page 2, line 23. For the word "under" substitute the words "by virtue of a certificate of naturalization as defined in".

I have the bill in front of me, and I do not find the word "under" on page 2 of the line indicated. That amendment must refer to another clause.

Hon. Mr. Macdonald: The honourable senator will recall that the bill was introduced in this house, was amended in committee, passed by this house and then sent to the Commons. So the bill that was amended in the Commons was the amended bill that finally passed this house on April 26 last. My recollection is that it was reprinted before it received third reading here. The bill that the honourable senator from New Westminster has before him at the present time is perhaps the original bill that was introduced in this house.

Hon. Mr. Reid: I stand corrected.

Hon. Mr. Macdonald: It is said that the Senate does not amend many bills, but this year we have amended quite a few, and this is one of them.

Hon. John J. Connolly: Honourable senators, I wonder whether the leader would explain the reason for the amendment that was made in the House of Commons. I understand from reading the House of Commons *Hansard* of May 8 that clause 2 is deleted from the bill because of an amendment which had previously been made to the original draft in the Senate. The Senate amendment then having gone to the Commons for consideration, they decided that in view of the action that was taken here the clause as it remained was not a valid clause. Is there an explanation as to why that should be?

Hon. Mr. Macdonald: As has been mentioned, clause 2 was amended after the bill was introduced in this house. Honourable senators will recall that during the debate on second reading objection was taken to that clause. In the committee the bill was amended to conform substantially with the suggestion set forth by the honourable senator from De la Durantaye (Hon. Mr. Pouliot), although the amendment did not go quite as far as he has suggested. When the bill went to the House of Commons it was decided to leave the clause in its original form, so that the amendment which appears in the amending bill was struck out. It was necessary to renumber the remaining clauses.

The motion was agreed to, and the amendments were concurred in.

STAFF OF THE SENATE

FIFTH REPORT OF INTERNAL ECONOMY COMMITTEE ADOPTED

The Senate proceeded to consideration of the fifth report of the Standing Committee on Internal Economy and Contingent Accounts.

Hon. Mr. Macdonald moved that the report be adopted.

He said: Earlier this day the honourable senator from De la Durantaye (Hon. Mr. Pouliot) asked me if any action had been taken by this committee with respect to the Senate Post Office cancellation stamp. I thought there was a reference to that matter in one of the committee's reports. However, I find that that is not so; but I can inform the house that the committee did take action and that a new cancellation stamp is being ordered.

Hon. Mr. Pouliot: Hear, hear. Will the honourable gentleman be kind enough to tell us what the committee has decided with regard to the purchase of a new rug, the installation of improved electric lighting in this chamber, the improvement of the acoustics, the removal of the ugly paint from the windows, the removal of the depressing pictures, etc.?

Hon. Mr. Macdonald: The committee agreed that a subcommittee should be appointed, to be known as the Subcommittee on Senate Precincts, under the chairmanship of the Honourable Mr. Dessureault, to consider the whole matter of the Senate precincts, including the question of a new rug and other matters which the honourable senator has mentioned.

Hon. Mr. Pouliot: Thank you very much.

The motion was agreed to, and the report was adopted.

SIXTH, SEVENTH AND EIGHTH REPORTS OF INTERNAL ECONOMY COMMITTEE ADOPTED

The Senate proceeded to consideration of the sixth report of the Standing Committee on Internal Economy and Contingent Accounts.

Hon. Mr. Macdonald: May I, with unanimous consent, make one motion for the adoption of the sixth, seventh and eighth reports of this committee?

Hon. Mr. Reid: Before the motion is put I wish to ask three questions.

First: on page 376 of the *Minutes of the Proceedings* appears an item headed, "Secretary to the Clerk of the Senate"; and on page 379 is a listing of what appears to be the same position, although with some small differences in compensation. The suggested range is shown on page 376, in the committee's sixth

report, as from $3,650 to $4,190, whereas in the seventh report the proposed salary range runs from $4,010 to $4,550. Which is correct? I do not know.

My second question is, who is the Assistant to the Clerk of the Parliaments? Is that a new appointment, or has it been in existence for some time? I have been here a long while but I never before heard of the position.

My third question relates to doubts which have arisen in the minds of some persons regarding changes in the method of paying the temporary staff. The method of payment, I note, has been changed from a *per diem* to a monthly remuneration. This question has been raised: if their employment begins or ceases in the middle or towards the end of a month, will payment to them be made for the full term of the month in which they have worked?

Hon. Mr. Macdonald: I must confess that I am not sufficiently familiar with the details to answer these questions, but I am sure that the Clerk of the Senate is. I would have suggested that concurrence in these reports be delayed until next Tuesday but for the fact that the recommended salary increases are in accordance with those which have been approved for all members of the Civil Service. I do not know whether the benefits to the staff would be delayed if the changes were held up for a few days, but I am sure that to do so would make more work for those who are preparing the lists. Probably it would meet the wishes of the honourable senator if concurrence in these reports could now be given; he might then see the Clerk of the Senate, and if he is not satisfied with the information he receives he can raise the matter at a later sitting. I think it is advisable that these reports be concurred in today.

Hon. Mr. Quinn: May I intervene to remark that I think the answer to one of the questions of the honourable senator from New Westminster (Hon. Mr. Reid) was given in the committee by the Clerk: that is, that payment of increases is to be made at a monthly rate.

Hon. Mr. Reid: That was not my question. What some members of the staff are asking is, if, for instance, a sessional worker's term of employment commenced in the middle of April, or later in that month, would payment to him on the new monthly basis be made for the entire month of April, or would his salary run only from the day that his duties began? Some rule should be laid down.

Hon. Mr. Macdonald: I am sure that the Clerk can correctly advise the honourable senator on this matter, but if honourable senators would prefer to have me consult with the Clerk and make a statement at our sitting on Tuesday, I will do so. I hope, in the interest of the staff, that the reports will be concurred in today.

The motion was agreed to, and the reports were adopted.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 291 to 299, which were presented May 9.

Hon. Arthur W. Roebuck, Chairman of the committee, moved that the reports be adopted.

The motion was agreed to, on division.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill J-10, an Act for the relief of Dorothy Nesbitt Ward Pratt.

Bill K-10, an Act for the relief of Nichita Tomescu.

Bill L-10, an Act for the relief of Lilly Katoffsky Schwartz.

Bill M-10, an Act for the relief of Rita Beryl Gwendolyn Scott Darlington.

Bill N-10, an Act for the relief of Dorothy Christie Bradley Cunniam.

Bill O-10, an Act for the relief of Samuel Marks Stirling.

Bill P-10, an Act for the relief of Violet Ethel Stanway Sharpe.

Bill Q-10, an Act for the relief of Elizabeth June Robertson Fraser.

Bill R-10, an Act for the relief of Shirley Ann Joss Le Boeuf.

Bill S-10, an Act for the relief of Marguerite Catherine Evans Macfarlane.

Bill T-10, an Act for the relief of Agniete Stravinskaite Paskevicius.

Bill U-10, an Act for the relief of Joseph Marc Bernard Levesque.

Bill V-10, an Act for the relief of Kenneth Wilfred Morgan.

Bill W-10, an Act for the relief of Mary Helen Norah Whelehan Gondos.

Bill X-10, an Act for the relief of Roger Paul Rene Hilaire Varnier.

Bill Y-10, an Act for the relief of Sarah Abramovsky Gordon.

Bill Z-10, an Act for the relief of Ruth Shirley Churchill O'Neil.

Bill A-11, an Act for the relief of Edgar Ferland Theoret.

Bill B-11, an Act for the relief of Therese Laure Turgeon Garson.

Bill C-11, an Act for the relief of Marie Jeannine Lucette Poirier Legault.

Bill D-11, an Act for the relief of Marie Rose Therese Allain Gauvin.

Bill E-11, an Act for the relief of Marie Therese Murielle Audelin Blemur.

Bill F-11, an Act for the relief of Frantisek Horsky, otherwise known as Francis Horsky.

Bill G-11, an Act for the relief of Anne Campbell Hogwood.

Bill H-11, an Act for the relief of Maud Virginia af Ugglas Marchant.

Bill I-11, an Act for the relief of Annie Eva Lewin Sutcliffe.

Bill J-11, an Act for the relief of Vanda Vainoraite Lebedziunas.

Bill K-11, an Act for the relief of Ivy Hutchcraft Fawcett.

Bill L-11, an Act for the relief of Charles Edouard Racicot.

Bill M-11, an Act for the relief of Jeannine Yvonne Pinatel Wells.

Bill N-11, an Act for the relief of Georgina Mary Elizabeth Forcade Sheehan.

Bill O-11, an Act for the relief of Bridget Ann Hamilton Limoges.

Bill P-11, an Act for the relief of Mildred Jane Clendenning Dephoure.

Bill Q-11, an Act for the relief of Elizabeth Marie Hartwig Bensinger.

Bill R-11, an Act for the relief of Beatrice Mary Lucretia Glassco Bishop.

Bill S-11, an Act for the relief of Marie Therese Justine Georgette Spenard Mignault.

Bill T-11, an Act for the relief of Vera Florence Gilson Shehyn.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until Tuesday, May 15, at 8 p.m.

THE SENATE

Tuesday, May 15, 1956

The Senate met at 8 p.m., Hon. Arthur L. Beaubien, Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

CANADIAN NATIONAL RAILWAY COMPANY BILL

FIRST READING

A message was received from the House of Commons with Bill 248, an Act respecting the construction of a line of railway in the province of New Brunswick by Canadian National Railway Company from a point at or near Bartibog in a westerly direction to the Tomogonops River in the vicinity of Little River Lakes.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

NATIONAL GALLERY PAINTINGS

DISPLAY SPACE—INQUIRY AND ANSWER

Hon. Donald Cameron inquired of the Government, pursuant to notice of April 24:

1. Is it a fact that large numbers of paintings are stored and not available for display because of a lack of fire-proof buildings in which to display them?

2. If this is true would it be possible and permissible for the Director of the National Gallery to arrange to have them placed on exhibition in the more suitable corridors and public rooms of the Centre Block where they would add greatly to the interest of the casual visitor and tourist alike?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

1. Yes, a number of paintings are stored because of a lack of suitable gallery hanging space.

2. No. The paintings presently in storage, exclusive of the War Collections, are required for loan exhibitions both in and out of Canada and also for inclusion in National Gallery planned exhibitions during the coming seasons. It is not recommended that paintings be hung in corridors and public rooms which do not have proper hanging and lighting facilities and adequate protective arrangements.

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ON LOAN TO OTHER INSTITUTIONS THAN GOVERNMENT DEPARTMENTS—INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice of April 26:

What pictures and paintings belonging to the National Gallery of Canada have been loaned to other institutions than Government departments?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

During the past year 112 paintings have been loaned to recognized art galleries and museums for specific exhibitions on short-term loans; this does not include paintings owned by the National Gallery which are included in circulating exhibitions being circulated throughout the country.

Of the 112 paintings, 94 were loaned to Canadian galleries and museums and 18 to galleries outside Canada. Four paintings were loaned for publicity purposes; two have been returned and two are at present on display at the Chateau Laurier Hotel, Ottawa.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 300 to 323, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

TRANS-CANADA PIPE LINES LIMITED

AGREEMENTS AND CORRESPONDENCE—INQUIRY

Hon. Mr. Crerar: Honourable senators, may I ask the Leader of the Government in the Senate (Hon. Mr. Macdonald) if it would be possible to procure for the members of this house copies of the two agreements entered into by the Government with Trans-Canada Pipe Lines Limited, and also a copy of the communications passed with a gentleman by the name of McMahon. This matter is now under consideration in the other house, and in due course it will come before us. I am sure it would be helpful and useful if in the meantime we had an opportunity to study the relevant documents.

Hon. Mr. Macdonald: Honourable senators, I will be glad to make inquiries with respect to the matter raised by the honourable senator from Churchill and report to the house at its next sitting.

PRIVATE BILLS

TRANS-PRAIRIE PIPELINES OF CANADA, LTD.—THIRD READING

Hon. Mr. Crerar moved the third reading of Bill A-10, an Act respecting Trans-Prairie Pipelines of Canada, Ltd.

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

OGDENSBURG BRIDGE AUTHORITY—THIRD READING

Hon. Mr. Roebuck moved the third reading of Bill B-10, an Act respecting Ogdensburg Bridge Authority.

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

CANADA-DENMARK INCOME TAX AGREEMENT BILL

THIRD READING

Hon. Salter A. Hayden moved the third reading of Bill 8, an Act to implement an agreement between Canada and the Kingdom of Denmark for the avoidance of double taxation with respect to income tax.

Hon. Arthur W. Roebuck: Honourable senators, I do not wish to labour this matter unduly but I would like to reaffirm the statement I made on second reading, that this is not the way to change the law in keeping with a convention, treaty or international agreement. Here we have a bill which declares an agreement to be the law of Canada, and I could not illustrate better the effect of such a method of procedure than to recall what happened in the committee when this bill was discussed. We were told there that we must adopt the agreement in its entirety, without a single amendment, not even the dotting of an "i" or the crossing of a "t", or otherwise reject the agreement in whole and lose the advantage, if there is any, of the agreement as a whole. The consideration of a bill under such circumstances was something of a farce.

The honourable senator from Kingston (Hon. Mr. Davies) had made some suggestion with regard to the definition of capital, but there was nothing that could be done, no matter how plausible his argument or how sound his suggestion. We had to "take it or leave it, swallow it holus-bolus," and so we swallowed it. It was a bit of a gulp, it is true, but we swallowed it. And here it is to be swallowed again, on the motion for third reading.

My objection is not to the agreement or convention or treaty or whatever it may be. There is a great deal of detail in it and I have no wish to discuss it section by section tonight, because we cannot do anything about it. We have to swallow it holus-bolus or throw it out *in toto*, and I fancy we are not prepared to reject it altogether. Nevertheless, I must call attention once again to my objection to this manner of proceeding. The executive, which takes upon itself the making of a treaty that is binding as between itself and a foreign country, has no business to gag the members of the Senate in this way. The executive should ask us to make what changes are required in the statute law in order that it may conform to the terms of the treaty, and then leave it to us to say what the phraseology of the bill should be. We should have freedom to enact such changes of law as we desire, and we should not be asked to make the wording of the agreement the wording of the law of Canada. This agreement was drafted not for the purpose of being passed as an act of Parliament, but rather with a view to bringing the parties together in an agreement. Yet we are presented with its phraseology, which was not drawn by our counsel—perhaps not drawn by counsel at all, but only by negotiators—and we are expected to enact the agreement as a statute of Parliament. I repeat that I object to this method of procedure; and I do hope that the officials, who have a great deal of influence in these matters, will take note of my objection and the objections of others in this chamber, and not again put us in the position of being required to enact an agreement as a statute. Rather, they should notify us what changes they desire in the statute law, and we should be free to deal with the matter as we wish, make such changes as we consider proper—beat it into shape, if you will—and so put on the statute books something of which we need not be ashamed.

Hon. Thomas Vien: Honourable senators, there is a great deal to be said in a general way, in favour of the principle just propounded by the honourable senator from Toronto-Trinity. But with respect to an agreement between Canada and another country there is only one of two courses that we can take: we can authorize the Government to negotiate; or if negotiations have taken place and an agreement has been entered into subject to ratification and is presented to us, we must accept it or reject it as a whole. In our consideration of such an agreement the independence or freedom of Parliament is not curtailed, for we are free to say yes or no. But it seems easy to understand that an agreement arrived at after long negotiations could hardly be amended in this house or the other place.

Hon. Mr. Davies: May I ask my honourable friend whether the agreement could not have been submitted to Parliament before it was signed?

Hon. Mr. Vien: The usual procedure is that a treaty or international agreement is first negotiated and then submitted for ratification. If my undertanding is correct, the practice has been to request Parliament to grant ratification by means of a bill or a simple resolution of both houses. In this case we are requested to give our assent to a bill embodying the terms of the agreement. This treaty, which has been arrived at after undoubtedly long and laborious negotiation, may still be improved upon. The views that have been expressed in this house and in committee will certainly be seriously considered in due course, and the Government will continue to negotiate for better terms. The agreement can be terminated upon proper notice being given by either contracting party. If it were found that the interests of Canada were injuriously affected, the Government would in due course give notice of termination. New terms might then be discussed and agreed to. In principle, I wish the terms of any treaty to which Canada is a party could be submitted to Parliament for discussion. But, in my opinion, this is impractical. It is obviously impossible for Parliament as a whole to negotiate with a foreign country. When, therefore, our accredited representatives and those of a foreign country have settled the terms of a treaty, and when these terms are submitted to us for ratification, we must either accept or reject them. The other party is not here to discuss with us suggested amendments. The present procedure is in keeping with parliamentary practice as I have observed it since I entered Parliament.

Hon. John T. Hackett: Honourable senators, I wish to add a word. My objection is not so much to the form that the treaty has taken as to the absence of information. I made one or two feeble inquiries in committee and I received courteous replies, but they added nothing to my information. Why do we have this treaty? Is there any Dane who wants it? Is there any Canadian other than possibly a spokesman who desires it? It seems to me that it is treating this house and Parliament with a degree of levity to ask us to put into effect a binding treaty which in so far as this house is concerned nobody has sought or needs. Why was it introduced? Are there a substantial number of citizens of this country or of Denmark who find themselves in a position to benefit by the enactment of this treaty?

In committee I asked one question to which I got a very courteous reply. I found that in Denmark there are three taxing agencies. There is something like the principal country, something like a province and something like a municipality, and I was told that one agency could more or less speak for them all. Now, there are taxing agencies in this country, and it seems to me that more astute, thoughtful and beneficial negotiations would have made this treaty more completely reciprocal. I do not say exactly how that should be done. A treaty is a solemn engagement and something which should not be treated lightly. I suggest with the utmost respect that this house was given very scant information concerning the reasons for introducing the legislation and its purport. It is all very well to say we want treaties of this kind with many nations. That answer does not go very far but it is the best answer one could get. I submit that in the future treaties of this kind should be supported by further information and this house should not be asked to go it blind, as it has on this occasion.

Hon. Mr. Vien: Would the honourable senator from Victoria permit a question? Could he tell us what was the information that he asked for and that was refused?

Hon. Mr. Hackett: If the honourable gentleman had been in committee he would know that.

Hon. Mr. Vien: I know my honourable friend does not mean to be discourteous.

Hon. Mr. Hackett: I certainly had no intention of being discourteous.

Hon. Mr. Pouliot: Hear, hear.

Hon. Mr. Hackett: I am very sorry if my answer was misunderstood by the honourable senator from De Lorimier (Hon. Mr. Vien). I will merely say that the information concerning the purpose of this treaty was not available.

Hon. Salter A. Hayden: Honourable senators, I think that I should answer some of the statements that have been made about this tax convention and the bill confirming it. More often than not the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) and I are able to find common ground and resolve any differences in our viewpoints. In this particular instance, however, it would appear that we have not been able to do that. Whether that is his fault or mine I am not prepared to say now. I do not doubt there is merit in the cause he has espoused, but sometimes in espousing a cause a person may get so carried away that he emphasizes the wrong point. This is a very poor cause for any vehement assertion of the principle that the honourable senator from Toronto-Trinity has advocated.

First of all, the tax convention is beneficial in all its phases to Canadians who may do business in Denmark; and, in reverse, it is beneficial to Danish citizens who may do business in Canada. I learned a long time ago that a business agreement was a poor thing about which to become evangelical or a crusader in one's espousal of a principle.

We have to understand just how these conventions or agreements are reached. In this case the Danish and Canadian representatives sat around a table and negotiated. I made one inquiry as to why, for instance, the odd expression "fiscal fraud" was put in the tax convention, for to me, and I am sure to most Canadians, the word "fiscal" is a broad term which relates to other matters than income tax. It may also relate to customs and excise taxes.

Hon. Mr. Roebuck: May I ask if that was evangelical on your part?

Hon. Mr. Hayden: If my friend thinks that I used the words "evangelical" and "crusader" as a barb to make him smart, I assure him that I had no such intention.

Hon. Mr. Roebuck: Oh, I did not think that.

Hon. Mr. Hayden: To return to what I was saying: the explanation I got was that Europeans use the words "fiscal fraud" where we might have used the words "tax evasion" or "fraudulent evasion", so for purposes of the agreement the term "fiscal fraud" was accepted.

Honourable senators, this agreement is not perfect. My idea of a perfect agreement in relation to taxes is one that does away with taxes altogether.

Hon. Senators: Oh, oh.

Hon. Mr. Hayden: But although the agreement is not perfect, it does go some distance in the right direction, and it represents the distance to which the two countries were able to go jointly.

The language of the agreement is simple, and I think it is easily understandable. I am sure that if the draftsman had converted its simple language into income tax terminology the agreement would have been far more difficult to understand. Of course, that would have meant more business for the lawyers, but business men will be pleased that this tax convention can be read and understood by themselves.

I think the convention goes to the fullest extent to which the parties are able to go at this time and that it is the expression of an agreement that is relieving and beneficial in its provisions to residents of either of the countries who may be doing business in the other. Maybe it is unfortunate that the agreement does not go farther, but I think that in making provisions which are beneficial we should have some thought for what might occur on a later occasion. However, we should not snub people, and we should not feel impatient if the convention is not as broad in its scope as at first we think it should be.

As I say, the convention is beneficial, and the language is simple and easy of interpretation. All that has been done is to annex it to a bill that would give it the force of law. Now, to reject such a bill because we do not incorporate into the Income Tax Act the exemptions and the reductions that are provided in the tax convention would, I think, be unjustifiable. The Danish people might not be able to read and understand the language of our Income Tax Act, but obviously they can read and understand the language of this tax convention; and they have signed it. Therefore, I am prepared to go along with that phase of it. I am not at all disturbed because in this particular case the Income Tax Act has not been amended directly and specifically to incorporate the provisions of the tax convention.

The honourable senator from Victoria (Hon. Mr. Hackett) was present in committee and asked questions. I am glad to note that we were courteous. I was only the chairman, and I could have been voted out of the chair if I had not behaved as I should. I thought that the answers to questions went as far as they should go. My friend referred again this evening to the three types of income tax that are the subject-matter of the agreement so far as Denmark is concerned. So fas as Canada is concerned there is just one type, namely, the income tax and surtaxes which come under the authority of the federal Parliament. The federal authority in Denmark has, by special statute, power to deal not only with the federal tax but also with what would correspond to our provincial tax and our municipal tax. Denmark was able, therefore, to enter into an agreement relating to the three levels, whereas the federal authority in Canada was only able to enter into an agreement with relation to the field over which it has jurisdiction. The parties to this agreement dealt in good faith within the limits they had, and they did not presume on that authority. That was the extent of the information given in committee. No more information than that could be given. The Government went as far as its authority permitted it to go, and that was the beginning and end of it. If there was scant information, in the circumstances, I can only say that the committee could have sat longer; if so desired, it could have adjourned for a day. If any senator who asked questions was

not satisfied with the answers he only had to say to the witness, "Well, get this information." That has been done before. We have brought even ministers into committee, sometimes when they have been loath to come. On occasion when lacking information on a section, for instance, we have said, "We will adjourn until tomorrow, and if the minister is not here then we shall have to strike out the section." If more information is asked for at any time, it is surprising how quickly it is available before a bill is passed.

So far as I could see—I do not profess to have a magic eye to discern information that is not available—I thought the information that was given before the committe on this bill was as full and complete as it could possibly be in the circumstances. I thought the real criticism did not turn upon lack of information, or upon the beneficial features of the tax convention, or upon whether our negotiators had done a good job in the circumstances, but rather upon the principle which the honourable senator from Toronto-Trinity put forward. As a matter of general principle my friend might find, in a case that I might regard as a better example, that he and I would be on common ground, but in this particular case I cannot get on common ground with him, for there is no harm done to legislation or precedent or anything else in this case. And yet, as I have said, the effects of the convention are beneficial.

In closing, I am reminded that the honourable senator from Victoria (Hon. Mr. Hackett) was disturbed because he did not know how many or how few people in Canada might be benefited by the agreement. I am very partial to anything that suggests relief in the matter of taxation. My concern is whether or not legislation that comes before us is likely to present benefits to the taxpayers of Canada and to the residents of Canada in their operations anywhere else in the world. I do not want to measure this convention in dollars or in numbers. If it is or is likely to be of benefit to Canadians, I say it is a good thing and that we should give it the force of law in Canada.

The motion was agreed to, and the bill was read the third time, and passed, on division.

DIVORCE BILLS

THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill J-10, an Act for the relief of Dorothy Nesbitt Ward Pratt.

Bill K-10, an Act for the relief of Nichita Tomescu.

Bill L-10, an Act for the relief of Lilly Katoffsky Schwartz.

Bill M-10, an Act for the relief of Rita Beryl Gwendolyn Scott Darlington.

Bill N-10, an Act for the relief of Dorothy Christie Bradley Cunniam.

Bill O-10, an Act for the relief of Samuel Marks Stirling.

Bill P-10, an Act for the relief of Violet Ethel Stanway Sharpe.

Bill Q-10, an Act for the relief of Elizabeth June Robertson Fraser.

Bill R-10, an Act for the relief of Shirley Ann Joss Le Boeuf.

Bill S-10, an Act for the relief of Marguerite Catherine Evans Macfarlane.

Bill T-10, an Act for the relief of Agniete Stravinskaite Paskevicius.

Bill U-10, an Act for the relief of Joseph Marc Bernard Levesque.

Bill V-10, an Act for the relief of Kenneth Wilfred Morgan.

Bill W-10, an Act for the relief of Mary Helen Norah Whelehan Gondos.

Bill X-10, an Act for the relief of Roger Paul Rene Hilaire Varnier.

Bill Y-10, an Act for the relief of Sarah Abramovsky Gordon.

Bill Z-10, an Act for the relief of Ruth Shirley Churchill O'Neil.

Bill A-11, an Act for the relief of Edgar Ferland Theoret.

Bill B-11, an Act for the relief of Therese Laure Turgeon Garson.

Bill C-11, an Act for the relief of Marie Jeannine Lucette Poirier Legault.

Bill D-11, an Act for the relief of Marie Rose Therese Allain Gauvin.

Bill E-11, an Act for the relief of Marie Therese Murielle Audelin Blemur.

Bill F-11, an Act for the relief of Frantisek Horsky, otherwise known as Francis Horsky.

Bill G-11, an Act for the relief of Anne Campbell Hogwood.

Bill H-11, an Act for the relief of Maud Virginia af Ugglas Marchant.

Bill I-11, an Act for the relief of Annie Eva Lewin Sutcliffe.

Bill J-11, an Act for the relief of Vanda Vainoraite Lebedziunas.

Bill K-11, an Act for the relief of Ivy Hutchcraft Fawcett.

Bill L-11, an Act for the relief of Charles Edouard Racicot.

Bill M-11, an Act for the relief of Jeannine Yvonne Pinatel Wells.

Bill N-11, an Act for the relief of Georgina Mary Elizabeth Forcade Sheehan.

Bill O-11, an Act for the relief of Bridget Ann Hamilton Limoges.

Bill P-11, an Act for the relief of Mildred Jane Clendenning Dephoure.

Bill Q-11, an Act for the relief of Elizabeth Marie Hartwig Bensinger.

Bill R-11, an Act for the relief of Beatrice Mary Lucretia Glassco Bishop.

Bill S-11, an Act for the relief of Marie Therese Justine Georgette Spenard Mignault.

Bill T-11, an Act for the relief of Vera Florence Gilson Shehyn.

The motion was agreed to, and the bills were read the third time, and passed, on division.

PENAL REFORM

DISCUSSION CONCLUDED

The Senate resumed from Thursday, May 10, the adjourned debate on the inquiry of Hon. Mr. Croll calling to the attention of the Senate the present position with respect to penal institutions in Canada and in particular discussing the need for further reforms in the Canadian penal system.

Hon. T. A. Crerar: Honourable senators, let me say at once that my contribution to the discussion on this matter brought forward by the honourable senator from Toronto-Spadina (Hon. Mr. Croll) will be brief. I say that because, while the matter is one of absorbing interest, my ignorance of it is colossal. Nevertheless, we are indebted to the honourable senator from Toronto-Spadina for introducing the subject, which is an entirely appropriate one for discussion in this house. That it is a matter of supreme importance in the national sense goes, I think, without question.

The discussion so far has hinged, it appears to me, largely on the question of remedial action. People commit crimes. What can we do with them afterwards to get them back on the right road? I am not for a moment minimizing the importance of remedial action, nor indeed the need for it; however, I would like to suggest to the house that there is another aspect of the question that is well worthy of our consideration.

In many of the physical diseases that afflicted mankind as late as fifty years ago, remedies by way of prevention were in many cases largely unknown; the whole effort, once the disease had struck an individual, was to try to bring about curative processes so that he could be restored to full health. But scientific inquiry probed further and new knowledge was gained. For instance we have found a method of preventing diphtheria, and eventually, if a program of prevention, now known and practicable, is carried out, we shall be able to eradicate tuberculosis in the human family. Other illustrations of a similar nature could be given. These facts illustrate the importance of preventive measures and the study of them.

It is true that the treatment of the whole problem of crime has been left largely to the psychiatrists. Why does an ordinary, normal, healthy individual take to crime? There must be some reason for it. Those who have probed into the mysteries of the human mind have brought forward certain suggestions as to why people turn to crime. I find it difficult to agree always with some of the theories advanced. That may be because of what I referred to at the outset, my colossal ignorance of this subject. But I do think there are certain things in our social life and in our manner of living that contribute to the development of crime, and that these things could in large measure be remedied.

In my experience in life, now running back over many years, I have observed or at any rate imagined I observed, certain phenomena. In the rural districts that I have been familiar with the ratio of crime to the population is vastly less than it is in crowded cities. Why is that so? I recall when I was a lad out on the prairies, in the frontier days, when there was not a magistrate or a law enforcement officer within perhaps 200 miles, that people never locked their doors; they were never afraid that their small possessions might be stolen. Indeed, frequently people would help themselves to something they needed at the moment, perhaps an implement of some kind, and when they were through with it they would return it to where it belonged. That is a state of society which to me has a great deal to commend it. I am told that the same custom exists today on the far northern frontiers of Canada. I was interested not very long ago in reading about an individual who lived in the far northern part of Alberta. He was a simple man, a trapper, but one whom everyone trusted, and when he died his remains were interred on a promontory where the Smoky and the Peace Rivers come together. And what was the inscription placed upon the stone that marked his last resting place? It was this:

> He was every man's friend and he never locked his cabin door.

Now that, I think, is illustrative of the wholesome surroundings in which people like him and many others on the frontiers lived, in the early days.

Social studies indicate that probably the greatest source of development of the individual in crime lies in the congested slums of our large cities, and that is understandable. Many years ago, when I visited New York frequently, I used to stay at a hotel at the corner of 42nd street and Broadway. To reach the place where I did business I took the elevated railway—which, thank heaven, has since disappeared—down to the Battery. Often when going down there on a summer morning I saw little children up 50 and 60 feet above the sidewalk, in the blazing heat, out on a little platform that was surrounded with a railing, getting a breath of fresh air. There was not a place anywhere nearby where these children could go out and get a breath of God's fresh air and see a bird or a blade of grass. It is inevitable that such conditions will breed the distortions in the human mind that eventually lead to crime of one kind or another. I refer to them simply to illustrate the importance of prevention.

Now, there has grown up in recent years another curious state of mind or point of view, that you can cure social problems by the spending of money alone. There never was a greater fallacy propagated than that.

I have sometimes thought, for instance, about the matter of family allowances. Do not get excited; I am not going to criticize family allowances as such. We pay family allowances to everyone who has children up to a certain age. A person may have an income of $50,000 a year and yet receive family allowance payments. And so we have paid out in the last eleven years or so well over $3 billion. Now, would we not be further ahead in all our social relations in Canada if we had limited family allowances to the deserving and the needy? Sometimes the needy are not deserving, yet they get the payments. If we limited them to the cases of real need, and used the balance of the money to clean up slums in Montreal, Winnipeg, Ottawa or Hull, let us say, would we not be putting that balance to better use?

Hon. Mr. Howden: Where would you draw the line?

Hon. Mr. Crerar: That is one of the things that should have been undertaken long ago. Some effort is being directed today toward elimination of slum areas in our cities. In Montreal, for instance, there is an area where such a program is under way. Take any slums, where people live in poverty, with little opportunity to enjoy fresh air. Clean up the slums, build decent housing, establish parks with fountains where children will have a chance to play in the fresh air and sunshine, and I venture to say that over a period of 25 to 50 years there will be a very marked reduction in the criminal developments that now come from such areas.

Another thing: We have become a little bit too modern in the matter of discipline. About 3,000 years ago, a wise Hebrew prophet named Solomon prepared quite a large body of proverbs, wise sayings. One of the proverbs that he uttered was this:

He that spareth his rod hateth his son: but he that loveth him chasteneth him betimes.

It was only a little more than 300 years ago that the English poet Butler paraphrased that saying in a phrase which we frequently hear today: "Spare the rod and spoil the child". What is meant by "the rod"? It seems to me that one can substitute "discipline" for "rod". The child who grows up under proper discipline is much more likely to become a good, normal, law-abiding citizen than one who is allowed, as some modern psychologists and psychiatrists recommend, to work out his own character-pattern and find his own way in the world. Personally I have no patience with that theory of child training. Fortunately it is passing out in the United States, where it became the vogue 40 or 50 years ago, and we need to get rid of it in this country. What is essential is discipline; not roughness or cruelty, but treatment whereby a child can learn early in life that punishment is inevitably associated with wrong-doing; that it is a law of nature and of human beings.

Many of our homes fall short of what they should be for the proper rearing of families. I sometimes wonder, with all our modern gadgets—television and the rest—what sort of people we shall produce in 25 or 50 years. It is of course impossible to foresee. No doubt television, wisely employed, can be a very useful educative agent; but we need to give some thought to how these new inventions can be applied for the development of healthy, normal children. I am a great believer in the out-of-doors for youngsters. If a child acquires a love of flowers and birds and the other gifts of nature, the chances are remote that he or she will go wrong in after life; whereas the absence of such contacts smothers or curbs a child's development—often with deplorable results.

Another condition which disturbs me is the extent of mental trouble in these days. I believe the honourable senator from Toronto-Spadina (Hon. Mr. Croll) referred to this; it seems to be growing. Apparently we cannot build enough mental hospitals to provide for the numbers who are becoming mentally unbalanced. I have been interested in this subject for a good many years, and with a view of informing myself I have read a good deal

about it. A few days ago I came upon a medical article which dealt with the condition known as schizophrenia. In dealing with this subject I have to walk warily, but as I understand it this disease is a sort of split personality which in adults leads to what we commonly call insanity. For a number of years pundits have put forward the theory that this disease is caused by inhibitions and other influences which affected the sufferer in his early years.

In the article to which I am referring, and which was communicated recently to a large convention of psychiatrists in Chicago, it was stated that a research team at Tulane University, in the southern United States, who had been examining into this condition, discovered that the blood of schizophrenics contains a substance which is absent from the blood of normal human beings. They arrived at this conclusion after a wide range of experiments. They took a pint of blood from a schizophrenic and isolated the element in it which is absent from the blood of normal persons: they then injected some of this substance into the blood of monkeys, with the result that the animals developed some of the characteristic symptoms of schizophrenia. Two penitentiary inmates volunteered to receive injections, and within an hour after the inoculation they exhibited evidences of insanity. The effect, however, passed off and the two prisoners again became normal. I mention this, not because I am an authority on the subject—in fact, I am a complete ignoramus, as far as that is concerned—but because today there is a generally received theory that insanity is predetermined by prenatal and other influences. It is quite possible that science may find a cure. At any rate, the article illustrates a point which I want to impress upon the house—that, at least in my humble judgment, it is most important to develop more study regarding the prevention of crime by the elimination of the causes which lead to wrongdoing. I believe that great progress can be made in that direction, and that it is a far better and more fruitful approach than to try to find means of reforming the individul after he has committed a crime. When we have discovered means of preventing the development of criminal tendencies we shall have the surest and safest method of dealing with this matter so far as society is concerned.

Hon. Senators: Hear, hear.

The discussion concluded.

PRIVATE BILL

GRAND FALLS CENTRAL RAILWAY COMPANY LIMITED—COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Transport and Communications to Bill Y-9, an Act to incorporate Grand Falls Central Railway Company Limited.

Hon. A. K. Hugessen moved that the amendments be concurred in.

He said: Honourable senators, I think I should give the Senate a word or two of explanation of the amendments which the committee made to this legislation. This is a bill to incorporate Grand Falls Central Railway Company Limited. The railway in question already exists in the province of Newfoundland as a part of the enterprise of Anglo Newfoundland Development Company Limited which, as honourable members may know, operates a very large pulp and paper industry at Grand Falls.

The primary object of the incorporation of this company is to split off the railway enterprise as a separate corporation from the pulp and paper enterprise and to make it subject to the Board of Transport Commissioners as a work for the general advantage of Canada, so that the freight on this railway, if it becomes a federal railway, will benefit from the advantages conferred by the Maritime Freight Rates Act.

Section 14 of the original bill authorized the company to enter into the highway transportation business, and subsections (2) and (3) specifically set out that the provisions of the Railway Act with respect to traffic, tolls and tariffs in such transportation business would apply. Objection was taken to these provisions by the Canadian Trucking Associations on the ground that if they remained in the bill the company would be empowered to carry on a trucking business in the province of Newfoundland without being made subject to the jurisdiction of the provincial authorities. We were informed that the Minister of Transport also objected to these provisions of the bill on the same ground.

Honourable senators will probably recall that the same question was raised last year in connection with a bill involving the Canadian National Railway Company. It was declared at that time in the other house by the Minister of Transport that it was a matter of Government policy for trucking matters to remain under the jurisdiction of the provincial authorities, and a consequential amendment was made to the Canadian National Railways Bill to make that position clear.

The amendments which the committee has suggested and which are now before the Senate for consideration make the same changes with respect to this Bill Y-9. I may say that the changes were willingly accepted by the sponsors of the legislation, so your committee was in the happy position of having everybody in complete agreement.

Hon. Mr. Dupuis: May I interrupt to ask the honourable senator a question? Was the decision to leave the trucking business under the control of provincial authorities a concession or was it made by virtue of an interpretation of the B.N.A. Act.

Hon. Mr. Hugessen: There was no intervention at all by the Province of Newfoundland. It was purely a matter that the Canadian Trucking Associations wished the control of trucking to remain with the provinces, and the Minister of Transport agreed with that stand, declaring that it was in accordance with dominion Government policy. As I say, these changes were accepted by the sponsors of the bill.

The first amendment which the house is now asked to concur in is to strike out subsections (2) and (3) of section 14, which would eliminate the provision that the highway transportation business of the company should be subject to the provisions of the Railway Act.

The next amendment is to delete section 17 and substitute a new section 17. The section in the bill now reads:

> The works and undertakings of the company are hereby declared to be for the general advantage of Canada.

If that section remained in that form it would mean that the trucking business of the company would be part of the works for the general advantage of Canada, and therefore subject to dominion jurisdiction and to the jurisdiction of the Board of Transport Commissioners. In committee it was agreed to amend section 17 to read as follows:

> The works and undertakings of the company, other than those related to the transport of goods or passengers by motor vehicle, are hereby declared to be for the general advantage of Canada.

Hon. Mr. Reid: May I ask a question? I am not rising to oppose the bill, but it seems to me that a certain point should be cleared up. I always thought that a railway or bus company or motor transport company which operated entirely within a province came entirely under provincial jurisdiction and was of no concern of the federal authorities. Do I understand this company is operated within one province and yet will be under federal jurisdiction?

Hon. Mr. Hugessen: The honourable senator is perfectly right. Under normal circumstances a railway which is operated entirely in one province falls within the jurisdiction of that province, but he will recall that under the British North America Act the federal Parliament has power to declare such a provincial work to be a work for the general advantage of Canada, in which case it becomes subject to dominion jurisdiction. That is what it is sought to do here in order to bring the company, in so far as its railway operations are concerned, under the jurisdiction of the federal Board of Transport Commissioners and to give it the benefit of the Maritime Freight Rates Act.

Hon. Mr. Reid: This rather intrigues me. Supposing there was a railway company operating wholly within the province of British Columbia. Could the federal Government declare that railway to be a work for the general advantage of Canada?

Hon. Mr. Hugessen: Not the federal Government, but the federal Parliament could, regardless of any objection by the province.

Hon. Mr. Davies: Is your explanation based on the fact that the trucking operation is a subsidiary of the railway?

Hon. Mr. Hugessen: Yes.

The motion was agreed to, and the amendments were concurred in.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hugessen: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 16, 1956

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

Prayers.

Routine proceedings.

CANADA SHIPPING BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill H-7.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (H-7) intituled: "An Act to amend the Canada Shipping Act", have in obedience to the order of reference of April 19, 1956, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 3, lines 8-13, both inclusive: delete clause 6 and renumber the subsequent clauses.

2. Page 9: delete lines 1 to 5 both inclusive and substitute therefor the following:

"495A. The International Convention for the Prevention of Pollution of the Sea by Oil, 1954, set out in the Fourteenth Schedule, is approved, and the Governor in Council may make regulations:

(a) to carry out and give effect to the provisions of the Convention while in force in respect of Canada, such regulations to conform in all respects to the said provisions;"

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hugessen: Tuesday next.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the Committee's reports Nos. 324 to 337, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

PRIVATE BILL

MARITIME STOCK BREEDERS' ASSOCIATION—REPORT OF COMMITTEE

Hon. Paul H. Bouffard, Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill I-10.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (I-10) intituled: "An Act respecting The Maritime Stock Breeders' Association", have in obedience to the order of reference of May 10, 1956, examined the said bill and now beg leave to report the same without any amendment.

The report was adopted.

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

Hon. Mr. Hawkins: Next sitting.

PRIVATE BILLS

EXTENSION OF TIME FOR FILING PETITIONS

Hon. Charles L. Bishop, Chairman of the Standing Committee on Standing Orders, presented the committee's third report.

The report was read by the Clerk Assistant as follows:

Your committee recommend that the time limit for filing petitions for private bills, other than petitions for bills of divorce, which expired on Friday, March 30, 1956, be further extended to Friday, May 18, 1956.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Bishop: With leave, I move that the report be now concurred in.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill U-11, an Act for the relief of Marcel Alban St. Amour.

Bill V-11, an Act for the relief of Grace Elizabeth Browning MacDonald.

Bill W-11, an Act for the relief of Mary Carol Devone Henry Scott.

Bill X-11, an Act for the relief of Stanley Mira Levene, otherwise known as Stanley Mira Francis.

Bill Y-11, an Act for the relief of Alice Isabel Christian Thompson.

Bill Z-11, an Act for the relief of Czarna Landzman Desmarais.

Bill A-12, an Act for the relief of Real Perras.

Bill B-12, an Act for the relief of Andrea Marietta Hiekisch Farago.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

PRIVATE BILL

GRAND FALLS CENTRAL RAILWAY COMPANY LIMITED—THIRD READING

Hon. A. B. Baird, for Hon. Mr Pratt, moved the third reading of Bill Y-9, an Act to incorporate Grand Falls Central Railway Company Limited.

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

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, May 9, the adjourned debate on the motion of Hon. Mr. Aseltine, seconded by Hon. Mrs. Hodges, for the second reading of Bill I-5, an Act to amend the Exchequer Court Act.

Hon. W. D. Euler: Honourable senators, after an unbroken experience of forty years in Parliament—twenty-three in the House of Commons and approaching seventeen years in the Senate—I cannot recall a time when in both houses there have not been strong protests against the practice of Parliament in dealing with applications for divorce—a practice not followed, as far as I know, by any other legislative body in the world, and one which was abandoned by the House of Lords in Britain a hundred years ago. It has long been felt in Parliament not only that the hearing of hundreds of cases of marital infidelities was not consonant with the dignity of Parliament, but that the time given to work on the Divorce Committee by members who belong to other important committees which the divorce work often prevents them from attending, might much more profitably be employed in considering matters of national importance.

So when my friend from Rosetown (Hon. Mr. Aseltine) introduced his simple bill to rid Parliament of what I think I may describe as a disagreeable and unsuitable job, I felt that it might very well be accepted, especially since, it seemed to me, it could not possibly violate the conscience of the most violent opponent of divorce itself.

It is indeed a simple bill. It does not really touch divorce. It makes no change whatsoever in the present divorce law. It does not add or subtract from it. Adultery is still the only ground that is recognized. All that the bill does is to take the application of the divorce law from here to there, from the Senate to the Exchequer Court, also in Ottawa.

In my innocence I even felt that the opponents of divorce might welcome the bill, because it would relieve them of the rather stultifying routine of allowing these hundreds of bills to pass "on division". But I received a rather rude awakening last week when I heard the amazing and remarkable speech by the senator from Grandville (Hon. Mr. Bouffard), for whom I have a very high regard, although we do not always agree.

Merely for the record and to clear the ground, as it were, may I state what is well known already to all senators? Until some twenty or twenty-two years ago all the provinces except Ontario and Quebec had what I might call divorce courts. But the applications, especialy from Ontario, became so frequent and burdensome that Ontario courts were given jurisdiction in matters of divorce. Therefore, with the exception of Newfoundland, which I believe had only one divorce case last year, Quebec is now the sole province without divorce courts. Petitioners from Quebec are therefore obliged to appeal to Parliament for relief. The applications are numerous, amounting to about 400 this year, and the Divorce Committee has to be divided into three and sometimes four sections in order to cope with them. Not only is every petition dealt with at a long hearing in committee, but every petition which the committee recommends is followed by a private bill, which must go through the first, second and third reading stages in the Senate, and then be sent to the House of Commons where, like any other bill, it must receive first and second readings, be referred to committee, and finally receive third reading before becoming law.

I shall now turn briefly to the arguments presented by my friend from Grandville. He is an able lawyer and he knows well the rules of order. To my surprise, although this bill has nothing whatever to do with the merits or demerits of divorce as such, my friend consumed considerable time in stating his opposition and that of the Catholics of the province of Quebec to divorce. He stated that "divorce remains a scourge which must be fought wherever it exists, no matter what our religious creed may be". Then he added that it was on this "essential premise" that he participated in the discussion. I was surprised at that, because discussion of divorce is not germane to this bill at all. He continued at considerable length to emphasize the opposition of Quebec to divorce, and finally my deskmate (Hon. Mr. Crerar) objected to the Speaker that the senator was not discussing the bill at all. With that view I agree. Every senator knows quite well that Catholics as well as members of some other denominations —and perhaps even some people who do not belong to any church at all—are conscientiously opposed to divorce. They have a perfect right to their views, of course, for each man is the keeper of his own conscience. But there is a time and a place for everything, and I do submit that this simple bill is not the occasion for giving a dissertation on the merits of divorce.

With reference to my friend's remark that divorce must be fought wherever it exists, may I suggest that his speech would have been much more convincing if it had been made on a bill which, say, he had introduced for the repeal of the divorce law altogether, for then we could have discussed the merits

and demerits of divorce, as we did last session on another bill introduced by the senator from Rosetown. Or I might suggest that the senator from Grandville and some of his Quebec colleagues accept membership on the Divorce Committee and fight divorce there.

The honourable gentleman then entered into a rather lengthy discussion on what I suppose one might call the historical or constitutional aspect of divorce as applied to the province of Quebec. Not being a lawyer, I admit I could not entirely follow his argument, but on this point I am quite willing to accept the view of such eminent lawyers as the senator from Vancouver-South (Hon. Mr. Farris), whom I am glad to see here this afternoon, the senator from Ottawa West (Hon. Mr. Connolly) and the senator from Toronto-Trinity (Hon. Mr. Roebuck) that the bill is valid; and I accept that gladly, especially because the latter two gentlemen are opposed to the bill. During this part of the discussion the senator from Grandville alluded to what he called a "gentleman's agreement" made some ninety years ago, which to my mind was not very convincingly authenticated. I would merely say that surely an agreement of such importance should appear somewhere in writing and be embodied in the British North America Act. May I add that the statement that the restrictions on divorce in Quebec were designed to protect the Protestant minority in the province puts quite a strain on my credulity. It is difficult to convince me that a man or woman entitled to divorce in that province by Canadian law prefers to go to the expense and inconvenience of coming to Parliament at Ottawa rather than ask for relief in a local court.

Then at last my friend did address himself to the bill, but to me his line of argument was so tenuous that I could hardly discern it. His objection to the Exchequer Court being given jurisdiction over divorce matters in Quebec was that this court, or any other court that might be designated, would not have discretionary powers, so if a complainant comes into court with clean hands, as the saying is, and the respondent is proved guilty of adultery, the judge must necessarily grant a divorce. I am not enough of a lawyer to know if that is so, but I am quite willing to accept that statement. Then my friend added—and this is true—that Parliament has absolute power to grant or reject any application for divorce, no matter what the reason may be.

Now, if it be true that judges would have no discretionary power, what of it? If a complainant comes into court with clean hands and proves adultery, which is a ground for divorce under Canadian law, why should he or she not be granted a divorce? But the objection seems to me to be pointless, in any case. I believe the Chairman of the Divorce Committee (Hon. Mr. Roebuck) will bear me out when I say that in practically 100 per cent of the cases where adultery is proved, if the complainant has come with clean hands we almost invariably grant a divorce. My friend the Chairman of the committee nods his head. I am quite sure we are right in doing so. So between the two methods—that is, whether Parliament shall retain the power to grant divorce, or whether the Exchequer Court is to be granted that power—there is a distinction without a practical difference.

Here is an interesting thought which occurs to me. Suppose we should become consistent in reverse, as it were, and the minorities in our other provinces should induce Parliament to disestablish their divorce courts. Then applicants from those eight provinces also would be obliged to come to Parliament at Ottawa for relief. Imagine the situation!

In all of Canada there are probably at least five or six thousand applicants for divorce every year. I am not giving an exact figure, but I believe that to be fairly accurate. Well, suppose this horde—perhaps I should not use that word—were to come here and swamp us with their just demands under the law of Canada. Every Protestant senator, at least, would have to join the Divorce Committee, which would have to sit pretty nearly day and night in order to deal with so many applications. The result, of course, would be chaos—even to suggest it seems like an absurdity. Yet, without desiring to offend anybody—and I think most of my friends from the province of Quebec will give me credit for speaking in good faith—I say that is exactly the situation in principle that exists today in so far as Quebec is concerned.

In all the provinces where there are divorce courts I have never heard any objection to their existence, even from Catholics, although they do not believe in divorce. And why should they object? If they are faithful to the discipline of their church or to their own convictions they simply will not use or go near these courts, and their consciences are clear. Catholic judges in these provinces deal with divorce cases according to the law which they are sworn to administer, even though they personally are strongly opposed to divorce. I would hesitate to believe that the judges in all the provinces would do otherwise.

In this debate some irrelevancies have crept in, as is almost invariably the case in any debate. My friend from Queens-Lunenburg (Hon. Mr. Kinley) described divorce as an evil. It might be said that I also am violating the rules by dealing with

matters outside the bill, but it is only fair that I should refer to some of the irrelevant points already discussed in this debate. Like the senator from Grandville, my friend from Queens-Lunenburg confuses cause and effect. Divorce is not an evil. It is usually a great blessing, in that it relieves an innocent man or woman from an intolerable situation. The evil is not divorce; the evil is in the things that lead to divorce. My friend from Queens-Lunenburg said that when he goes to a wedding of a happy young couple it is an inspiration to him. Well, he is a bit of a sentimentalist, as we all are, and I give him credit for his feelings. But in the event that this bill becomes law and he goes to another wedding will his inspiration be any less if the thought should cross his mind that perhaps in the future one or other of the two happy people might have to apply to the Exchequer Court rather than to Parliament for relief?

I should like to deal for a few minutes with the speech made by the senator from Toronto-Trinity, for whom I have great regard. He is clear in his thinking, clear in his speaking, and one of the most valuable members of this house. Certainly, he is a very good chairman of the Divorce Committee. He and I usually fight on the same side, I am glad to say, and quite frequently in lost causes.

My friend said that at first he was in favour of the bill but that he changed his mind. I am sorry he did so, but of course that is his privilege. He gave three reasons for opposing the bill. The first was the most plausible one, namely, that the Divorce Committee is doing a good job, so why change it? His second reason was that the Exchequer Court is not the proper body to deal with divorce. His third reason, and one with which I must absolutely disagree, was, why force this bill on Quebec? May I deal briefly with his three reasons, and then perhaps add one of my own.

True, the committee is doing a good job. Why should anyone disagree with that? I have served as a member of the committee ever since I entered the Senate. While I say the committee is doing a good job, we do not always find agreement on that point in the House of Commons. The committee is a large one—I think there are now 20 members.

Hon. Mr. Roebuck: Twenty-five.

Hon. Mr. Euler: That is about one-quarter of the Senate membership, especially with the present vacancies. During a session these 25 senators handle some 400 petitions for divorce, and the work has become so arduous that it has been necessary for the committee to divide itself into three and sometimes four sections. The members of the committee are all very capable legislators; they belong to other committees, such as the important committees on Banking and Commerce, Finance, Transport and Communications, and Immigration and Labour. They cannot be in two places at once. I submit that the abilities and qualifications of these senators cannot be used to their full advantage because their time is taken up with these sordid divorce cases. The mere fact that the committee is doing a good job is to me not essentially a primary reason why it should be continued. For instance, if a highly qualified surgeon, architect, artist or even—I almost said even a lawyer, but I withdraw that because the observation might be misinterpreted by so many of my capable colleagues who belong to the legal profession —if one of these highly qualified persons was reduced to the digging of ditches—a perfectly respectable and honourable occupation—and made a good job of it, would there be any merit in the suggestion that he should stay at it for his lifetime rather than do the things for which he was specially trained and qualified and which would be in the interest of both himself and his country?

I come to my friend's second reason, that the Exchequer Court is not the proper body to consider divorce cases from the province of Quebec. On that point I have only to say that at the moment this bill appears to propose the only practical way of ridding Parliament of divorce matters. I agree that the Exchequer Court is not the best place, but I think it provides a better way of dealing with divorce applications from Quebec than the present system does.

The last reason my friend gave, and one with which I disagree, was, why force this bill on the province of Quebec? My answer to that question is very simple. The bill does not force anything on Quebec or any other province. It might be regarded as forcing something on the judges of the Exchequer Court, but, after all, they are servants of Parliament. But what force is being used against Quebec, when all that the bill proposes to do is to let the Exchequer Court do what Parliament is now doing? I cannot see the force of my friend's objection. He did, however, make a statement, perhaps even a suggestion, that the courts of Quebec might be charged with dealing with divorce, as are the courts in the other provinces. On that suggestion, to my regret, he did not, in golfing parlance, "follow through" and recommend that this be done. To me, that seems the proper solution of the problem.

Incidentally, another reason why the Divorce Committee should be maintained has just occurred to me. This vagrant thought crossed my mind, and in expressing it I hope I will not offend the feelings of any members of the committee: It may be that

they like the job. There is always a certain amount of human interest in the evidence that comes before the committee, and it may be an attraction—I have no one in mind when I say thus—like a signboard bearing the magic words "adult entertainment" outside a movie theatre.

Hon. Mr. Roebuck: May I interrupt my honourable friend to say that I think that comment is rather unfair.

Hon. Mr. Euler: I withdraw it.

Hon. Mr. Roebuck: I do not think there is a single member of the committee who would not feel relieved and thankful if the job were taken off his hands.

Hon. Mr. Euler: I made the comment extemporaneously, and I said that I hoped no one would take offence from it. Apparently my honourable friend does object to it.

Hon. Mr. Kinley: "A little nonsense now and then—"

Hon. Mr. Euler: Thank you.

The senator from Calgary (Hon. Mr. Ross) made a proposal similar to that made by the senator from Toronto-Trinity, which to my surprise received the approval of the senator from Grandville. The proposal was that the courts of Quebec be authorized to take the evidence in the various cases and forward some sort of report to Parliament, which would then stamp—I almost said rubber-stamp—its approval and grant the divorces. I hope I have correctly represented my honourable friend's proposal. My objection to that suggestion is that Parliament should not be concerned with the matter at all. The cases should be heard in divorce courts in Quebec, as they are in the other provinces. If I may paraphrase the words of a great British statesman, I would say: Give the judges of Quebec the tools and let them finish the job.

In conclusion I say, in all good faith, that it seems to me the only remedy for the present situation is to empower the Quebec courts to deal with applications for divorce from that province so that all the people of Canada, majorities and minorities, will have the same rights, and the discriminations which now exist will disappear.

I find it very difficult to believe that, as was intimated by the senator from Grandville, it was really on behalf of the Protestant minority in the province of Quebec that the "gentlemen's agreement" was framed. I can hardly conceive that the people in that province who are justly entitled to divorce under the law of Canada would prefer to come to Ottawa, at much expense and inconvenience, rather than seek relief in their own province as do the people in other parts of Canada. I cannot see wherein there would be any violation of conscience if the people of Quebec had access to local divorce courts. In Ontario, for instance, people who are opposed to divorce, whether Catholics, Anglicans or others, and all who have any conscientious scruples against divorce, simply do not use the divorce courts. The same attitude might very well prevail in the province of Quebec.

For the reasons that I have stated, I intend to vote for the bill.

Hon. Senators: Hear, hear.

Hon. W. Rupert Davies: Honourable senators, I am not going to make a long or important speech on this bill, but I wish to say a few words on it because I think it proposes a very important change. I feel I shall have to vote against the bill, and I would like to give my reasons.

Last year I supported the Divorce and Matrimonial Causes Bill, which was introduced by the honourable senator from Rosetown (Hon. Mr. Aseltine), and I voted for it. I have not lightly decided that I must vote against the bill that is now before the Senate. It also was introduced by the honourable senator from Rosetown, for whom I have the very highest regard. He has given 20 years of sincere membership to the Divorce Committee, and for 10 years he was its chairman. For that reason the honourable senator's views are entitled to the greatest respect. Furthermore, I am glad to say that I count the honourable senator among my warmest friends in the Senate, and it really disturbs me to have to oppose him on this measure.

Frankly, honourable senators, I feel, perhaps in my ignorance, that our attack on the problem of the increase in divorce applications which come before the Senate Divorce Committee from Newfoundland and Quebec is being made in the wrong way. I know some senators will feel that I am presumptuous in saying such a thing. I am one who has never sat on the Divorce Committee. I have never been asked to sit on the committee, for which I am truly thankful. I did attend two of its sittings when I first came into the Senate, but I did not like what I heard there so I never went back. However, I have the very warmest admiration for those members of the Senate who sit on the committee and who give up four or five days each week to their onerous task. I appreciate very highly the work which they are doing. I do not know if they get any special credit for the extra time they devote to this work—

Hon. Mr. Haig: No, they do not.

Hon. Mr. Davies: Well, they should. At least there should be a provision that if any member of the Divorce Committee happens to exceed the 21 days allowable absence, every day of his or her attendance at the

Divorce Committee when the Senate is not sitting should be counted in the senator's favour.

Hon. Senators: Hear, hear.

Hon. Mr. Davies: I realize that the number of divorces coming before the committee each year from Newfoundland and Quebec has grown so large that they present a real problem. The hearings take up a great deal of time. My feeling is, however, that if in the opinion of the Divorce Committee it is time Parliament, or in reality the committee itself, should be relieved of this heavy task we should deal with that problem first and separately. Then, if and when we decide that divorce petitions from Newfoundland and Quebec should be heard before some other tribunal we should try to decide what tribunal that should be, and pass on that recommendation to the House of Commons. I do not like the idea of arbitrarily deciding that if we feel a change is necessary that change must be the transfer of the cases to the Exchequer Court.

I have heard many of the speeches delivered on this bill, and those I did not have the pleasure of hearing I have read in detail. I was much impressed with the speech of the honourable senator from Ottawa West (Hon. Mr. Connolly). I read with great interest the quotations from the discussions which took place on this difficult question during the Confederation debates.

There have been some references to the rights of minorities during this debate. I do not like forcing anything on minorities. Unfortunately we find it advocated all too often even in our democratic country. Because of my feeling in this matter I believe we should not pass legislation which would force on the people of Newfoundland and Quebec the necessity of going to the Exchequer Court when they wish to apply for divorce.

I know full well that there is a Quebec Protestant minority, many of whom no doubt belong to my own church, the Presbyterian. Many of these people do not object to divorce on religious grounds, although in the main they dislike divorce and prefer to avoid it wherever reasonably possible. This Protestant minority is, admittedly, entitled to some consideration. Its members may feel that when one of them wants a divorce he or she should have the privilege of seeking it in a proper court. This situation, perhaps, exists also in Newfoundland. It seems to me that if in either province the non-Catholic minority—because they are not all Protestants—feel they have a grievance in this regard they should make their protest through the senators from their own province.

The one point on which I am in agreement with the principle of the bill is that it should not cost a citizen of Quebec or of Newfoundland any more to obtain a divorce than it costs a citizen of Ontario or British Columbia. In a matter of this kind, over which the federal Parliament has jurisdiction, it seems to me that all Canadians should be treated exactly the same so far as costs are concerned. Perhaps it would be more correct to say, as regards Ontario, not that there are divorce courts, but that applications for divorce are heard by judges of the High Court at their regular sittings.

The honourable senator from Waterloo (Hon. Mr. Euler) has referred to the way in which divorce jurisdiction was established in Ontario. I recollect very well the attempts made prior to 1930 through the press—not only by the press but in letters to the press—to have divorce jurisdiction conferred on the courts of Ontario. They have it today. But the province of Quebec does not want divorce courts. We were told so by the honourable senator from Grandville (Hon. Mr. Bouffard), and I assume he was speaking for the people of his province. Neither, I am informed, does the province of Newfoundland want divorce courts, although divorce as far as that province is concerned is not a pressing question. These two provinces object to divorce courts, and by the same token they would object, I believe, to having the marital problems of their citizens dealt with by the Exchequer Court. I do not see why Parliament should force upon them something they do not want, and because I hold that their wishes should be respected I am opposing this bill. In other words, it seems to me that honourable senators from provinces where divorce tribunals exist should not attempt to impose on other provinces some trial court which is not acceptable to them. I would not suggest for a moment any restriction on the voting privileges of any honourable senator, but it seems to me that we should try to be as considerate as possible of the convictions of majorities in particular provinces with whose views we do not agree. So it is a moot question, to my mind, whether honourable senators from provinces which possess divorce courts should endeavour to interfere as respects legislation which can affect only those provinces in which there are no divorce courts, and wherein there is no definite demand for them.

Speaking on this point a week ago today, the honourable senator from Grandville said, as reported in *Hansard*, page 503:

> But when the province of Quebec does not want divorce, why should it be imposed upon it? It is not the concern of any other province. People in other provinces can get divorces as they want them, and we in Quebec do not interfere.

May I say, with all respect to the honourable senator from Grandville, that that statement is not quite correct, because, when the

Divorce and Matrimonial Causes Bill was before this house last session 12 senators from Quebec province—which, as clearly stated in the bill, was not affected at all—voted against the measure. The vote for the bill was 20 against 37; but if the 12 had refrained from voting the bill would have been defeated by 5 only, instead of by 17. I agree in general with the honourable senator from Grandville, but, to quote an old saw, "What is sauce for the goose is sauce for the gander". If provinces having divorce courts should not interfere with Quebec, equally, it seems to me, honourable senators from that province might well refrain from intervening when a bill is before this house to relieve situations affecting divorce in provinces which possess such courts, a bill which would not affect Quebec at all. The great majority of Quebecers are Catholics, but of a total population of slightly over four million, half a million are non-Catholics, and of that minority 25,000 are French non-Catholics. I recognize that this minority of the minority in which Quebec stands to Canada as a whole can claim the right to have its own divorce actions heard before a court. But I think its case should be presented to this house through senators or members of parliament from its own province.

What we Canadians desire more than anything else for this country is unity. Sir John A. Macdonald, Sir Wilfrid Laurier, Sir Robert Borden, the late Lord Bennett and the late Mr. Mackenzie King continually emphasized, when they held the high office of prime minister, the great need for unity. I have mentioned names revered in Canadian history, men who helped to build up our wonderful country. In my opinion, however, none of these great men eclipses our present Prime Minister, the Right Honourable Louis St. Laurent, in the fervour with which he advocates on every possible occasion unity of the two major races.

We all want a united Canada. We do not want interprovincial strife nor religious strife. In this connection, I believe, the Canadian people are very broadminded. If we want to progress side by side we must be prepared to give as well as take.

I am sorry, honourable senators, that I cannot support Bill I-5. As I said earlier in my remarks, I believe that if the Divorce Committee feels we should take some action to remove from the federal Parliament divorce actions originating in Newfoundland and Quebec, the Senate should give serious consideration to the matter. But I cannot vote to force on these provinces a divorce court which they do not want; and I do not think it can be doubted that most of their people are opposed to the bill.

Hon. Mr. Aseltine: What about the minority in Quebec? They want it.

Hon. Mr. Bouffard: Who has asked for it?

Hon. Mr. Davies: Have they asked for it?

Hon. Mr. Aseltine: Through their solicitors, yes.

Hon. Mr. Bradette: Produce the proof.

Hon. Mr. Davies: I am a militant continuing Presbyterian, and I don't care who knows it.

Some Hon. Senators: Hear, hear.

Hon. Mr. Davies: But I repeat that, if a Protestant or non-Catholic minority in Quebec has a grievance, it should be presented to Parliament through properly constituted representatives in the Senate or the House of Commons.

Hon. Mr. Haig: Will the honourable senator tell us whether in his opinion the law would be changed if this bill were passed? For instance, were I a Roman Catholic living in Quebec, would I not be as free to apply to Parliament for divorce then as I am now?

Hon. Mr. Davies: I would not like to give an opinion on that. I do not know.

Hon. Mr. Haig: You had better answer that.

Hon. Mr. Davies: Why should I answer it? There are lots of brilliant legal lights in the Senate who could answer it, and you are one of them.

Hon. John P. Howden: Honourable senators, I have little argument to offer in this debate, because ample argument has already been made both pro and con. It is with a considerable degree of regret that I am going to vote against the bill, for over the years I have formed a warm regard for its sponsor (Hon. Mr. Aseltine). I of course have my reasons for not wanting to support the bill. First of all I think the Senate Divorce Committee is rendering a very fine service to the people of Canada. I feel that we are giving a better, more reasonable and more sympathetic service than is being given on divorce matters in the courts of the land. I think we have been able to convince people that we have done a fair, sympathetic and good job, so why change things when we are doing well enough? We have no idea in the world what would result if we were to adopt this measure.

With regard to the submission made by the honourable senator from Grandville (Hon. Mr. Bouffard), I do not think we would be acting fairly if we were to remove the existing divorce legislation from the statute books without first submitting the question to the people of Quebec. I believe that the citizens

of Quebec look upon our divorce legislation rather favourably and I do not think it would be a bit fair to do away with it without putting the question to them in the form of a referendum. For this reason and because I feel we are doing a good, sympathetic and conscientious service, which apparently is satisfactory to everybody, I intend to vote against this bill.

Hon. Senators: Hear, hear.

Hon. T. A. Crerar: Honourable senators, it is quite evident that the proposal advanced in the bill introduced by the honourable senator from Rosetown (Hon. Mr. Aseltine) has excited a good deal of interest in the house. Frankly, I had not intended to speak on this measure today but a few misconceptions have been advanced that should be dealt with as soon as possible.

My old friend of long standing from St. Boniface (Hon. Mr. Howden) has stated one reason he has for voting against the bill is that the Senate committee is doing an excellent job. I do not quarrel with that statement for a single moment. I think it is a matter of congratulation to the Senate that over the years its committees which have had to deal with this matter have done so in a most praiseworthy fashion. Divorce, of course. is a disagreeable matter but unfortunately we have to deal with disagreeable matters at times. The important thing here is to determine just what is the most effective method of dealing with this question. I grant at once that the divorce committees over the years, certainly since I have been in the Senate, have done excellent work. I doubt if you could find any judge in Ontario or even in a wider field who could deal with divorce more justly and ably than does the present Chairman of our Divorce Committee, (Hon. Mr. Roebuck).

Hon. Senators: Hear, hear.

Hon. Mr. Crerar: I think the same was true of his predecessor, the honourable senator from Rosetown (Hon. Mr. Aseltine).

Hon. Senators: Hear, hear.

Hon. Mr. Crerar: So my support of this measure is not based on any feeling that the Senate is doing the work inadequately. It is being adequately done. But I do wish to suggest to this house a few reasons why the measure is entitled to support.

Among these reasons I would put first those of a practical character. About 40 per cent of our membership in this chamber do not wish—indeed refuse—to serve on the Divorce Committee. I find no fault with that. I have not the slightest criticism to offer if among our colleagues there are those who for reasons of conscience—good and honest reasons—do not want to serve on the Divorce Committee. But this means in effect that the work of the committee has to be done by approximately three-fifths of our membership. There has been a tendency over the years for the number of divorce applications to increase, and today three subcommittees are required to sit almost continuously in order to deal with the applications. This means that the members of the committee are engaged when our other committees meet to deal with the various pieces of legislation that come before the Senate. What will happen if within three or five years we find ourselves faced with 600 divorce applications in a year? We will simply have to enlarge the membership of the committee to deal with them. If Parliament had not taken steps in, I believe, 1930, to have divorce petitions originating in the province of Ontario dealt with by Ontario courts and not by Parliament, as they had been previously, what would be our situation today? If we continue in this way we shall ultimately get ourselves into a situation that will be almost impossible to deal with. That is why, in looking ahead, I think it is important to take steps to deal with this matter now.

As pointed out very clearly by our colleague from Waterloo (Hon. Mr. Euler), the bill does not in any way enlarge the grounds for which divorce can be granted. That has been carefully guarded against in the legislation. It therefore becomes merely a question of whether the Senate is to continue to deal with divorce matters, or whether we shall take steps to have them transferred to a court, where I think they should be dealt with.

I have every respect for my honourable friend from Grandville. I thought he made an excellent speech the other day, although I feel bound to say that a substantial part of his time was spent in discussing other matters than the measure before us. May I offer a suggestion here, publicly, to my honourable friend? I wish he would take part more frequently in our debates, for he is an eminent lawyer, and many matters which come before us in the form of legislation would benefit greatly by his contribution.

I want to put forward another thought for consideration, although it may not be regarded by those who are opposed to divorce as of much importance. If this measure became law and the responsibility of dealing with divorce matters were delegated to the Exchequer Court, the ground upon which divorce could be granted by that court would definitely be limited. That is not the case, theoretically, so far as Parliament is concerned. In Parliament an applicant for divorce presents a petition and asks that the petition be dealt with. What would happen if some day some one came along and presented a petition to Parliament asking for a divorce on

the ground that the marriage had failed, or that one party was insane, or on any ground other than adultery? It is true that by convention and practice we have limited the granting of a divorce to one ground only, but there is nothing to prevent Parliament from accepting a petition on other grounds. The subject has a right to petition for redress. I suggest to my honourable friends from Quebec and elsewhere who are opposed to this bill that they might give careful consideration to that possibility. In Great Britain the subject of divorce was a matter of much contention for a long period of time, and it was only after years of agitation that the grounds were widened. Is it inconceivable that the Parliament of Canada also might at some future date widen the grounds? Personally, I have no opinion to offer on that point, but I suggest that since the individual subject can petition Parliament for divorce there is nothing to prevent the Senate from receiving a petition from an applicant asking for relief on grounds other than adultery, and nothing whatever to prevent the Committee on Divorce from considering that petition and, if it saw fit, reporting favourably upon it. I put that proposition forward as worthy of some thought.

My honourable friend from Kingston (Hon. Mr. Davies) advanced the argument that this bill might, in some measure, disturb the unity of Canada. I cannot follow the logic of his remarks in that respect. Why should it disturb the unity of Canada? I have too great respect for my honourable friend from Grandville and his fellow members from Quebec in this house, and for all those members who from conscientious conviction are opposed to divorce, to believe for one moment that if divorce jurisdiction were transferred from Parliament to the Exchequer Court the unity of Canada would be endangered. Heaven forbid that the unity of our vast country should be based only on that kind of consideration.

There is one other practical aspect to this question which I think deserves consideration. I can foresee the time when more and more of the time of the Senate and its members will have to be devoted to the work of the Divorce Committee, if divorce matters continue to be dealt with by Parliament. Can we throw out this business altogether? In my quiet moments I have considered the question whether Parliament can refuse to accept petitions for divorce; but if that were done it would run counter to another very important principle, namely, that the subject has the right to present a petition to Parliament, and as far as I am concerned I do not, in any sense, wish to deny him that right. Therefore, the practical aspect of the question will come before us more and more, whether we pass this bill now or not. Sooner or later we shall have to deal with it, and in my humble judgment the sooner we deal with it the better.

Hon. Norman P. Lambert: Honourable senators, the oral infection which has often emanated from the seats occupied by my honourable friends from Waterloo (Hon. Mr. Euler) and Churchill (Hon. Mr. Crerar) has once again reached my place in the house and has compelled me to join in the discussion.

I am also impelled by a desire to pay my respects to the sponsor of this bill (Hon. Mr. Aseltine), because on two previous occasions I supported him in connection with bills for broadening the grounds for divorce. Had this bill been a third effort to that end, I should have had something quite different to say from the views which I am about to express. This bill deals exclusively with the legal machinery which would be used for handling divorce within the federal jurisdiction, and because it has that rather narrow and technical application I can see no good end to be served by supporting it.

The Exchequer Court, as at present constituted, is not, in my humble opinion, qualified to perform the function which this bill would place in its hands. Indeed, I doubt if any other court could be set up under federal jurisdiction which would not be handicapped by the same obstacles as is the Exchequer Court. At any rate, such a court would not be as well qualified to deal with the divorce work which comes before this house as is the present Divorce Committee of the Senate.

For now more than eighty years no one has successfully established any claim of incompetence or lack of ability on the part of the Senate Divorce Committee. Personally, during the time I have been a member of this chamber I have been most grateful to the senators who have served on that committee and have given so generously of their time and ability. It is easy for other senators to engage in academic debate on the subject.

I submit that in terms of national unity—and here again I cannot agree with my respected colleague from Churchill—the Senate Divorce Committee makes a greater contribution in the field in which it functions than does any other branch of Parliament. To support that view one has only to review the arguments that were put forward on this floor in previous years when the bills submitted by the senator from Rosetown were being debated. Until the time comes when the law is amended to deal with the question of divorce on broader grounds than at present, I think the existing machinery as represented by the Senate Divorce Committee should remain as it is.

Furthermore, in reply to the argument that members of the committee are kept so busy handling the cases that come before it that they cannot devote time to other deserving work of this chamber, the answer is I think quite obvious. That question was raised during the debate on a bill introduced by my honourable friend from Waterloo about a year ago to require the filling of seats in the Senate within six months of their becoming vacant. I do not think there is any argument at all to support the theory that if the Divorce Committee of the Senate were abolished it would mean a greater measure of interest and participation by the present members of that committee in the other work of the house. True, there is a lot of work to be done, but the reasons why it is not being done are obvious to anyone who cares to review the situation that has developed in recent years within our chamber and elsewhere.

Honourable senators, with some regret I say that I cannot support my honourable friend's bill, for the reasons which I have tried to place briefly before the house.

Hon. John T. Haig: Honourable senators, I would not have participated in this debate but to deal with one point I raised when the honourable senator from Kingston (Hon. Mr. Davies) was speaking. The handling of the bill, I may say, is in the capable hands of the senator from Rosetown (Hon. Mr. Aseltine), and I know that on legal matters he does not need any help from me.

I asked the honourable senator from Kingston a question as to the effect of the passage of this bill on the present law; he replied that as he was not a lawyer he could not answer me. May I now tell him that the passage of this measure would not change the law one iota. People from Quebec who seek divorce could still make petitions to Parliament for relief, and this house would have to deal with them as it saw fit. As an alternative to coming to the Senate for a divorce, such people could go to the Exchequer Court.

May I say that whenever this house gets around to honouring the past chairmen of the Divorce Committee, they cannot pass me by. I was chairman for one day, heard one case and was fired. But I had the honour of serving as a member of the committee for a long time. I call to mind the first case I sat on as a member of the committee some twenty-one years ago. A woman had left her husband, gone to the United States and got a divorce, returned to Montreal and subsequently married another man. Her first husband, thinking her divorce was legal, married again in Montreal. About ten years later he went to draw his will and his lawyer questioned the status of his first wife. The man stated that she had been divorced in the United States, but the lawyer advised him that as the divorce decree had no legal effect in Canada she had better petition Parliament for a divorce. So she came before our committee. She was guilty of adultery, that was certain—her hands were black as coal. And then the man came in and consented to the divorce. His hands were black as coal as well. There were eight of us sitting on the committee and we recommended the divorce.

After the hearing was over I went to the chairman. I said: "I am a new man, Mr. Chairman; I did not say a word today, but that is not the way divorces are handled in my province and if any more cases like this come up I am going to object not only in committee but on the floor of the house". Then he told me the story behind the case and I kept silent.

This bill is no attempt at interfering with the rights of the majority or the minority in Quebec, or Newfoundland, or any other province. If we passed the bill we would simply be saying to the people of Quebec and Newfoundland, "You can go ahead and do as you are doing now, if you like, but if you want to have your divorce petitions heard in a court we are going to give you the opportunity of doing so."

As my honourable friend from Ottawa West (Hon. Mr. Connolly) said the other day, at the time the Confederation pact was entered into that right was provided for. My honourable friend from Grandville (Hon. Mr. Bouffard) said that the passage by the Union Parliament in 1866 of a Civil Code article declaring the indissolubility of marriage was done at the request of the members from Quebec, but in answer to questions asked by me he admitted that the laws in those days were passed by Parliament for each province, that the members from each province would vote on a measure affecting their province and, if it carried, it was then submitted to the whole assembly and adopted by that body. That was the practice they evolved, because otherwise they could not have run the government of the country in those days. What the province of Quebec adopted in 1866 and was written into the British North America Act in 1867, was adopted at the request of the Protestant majority of the province of Ontario. They made the request because, as they said, Quebec wanted that protection. That is clear. That is the basic reason for that provision being in the law. In this bill we are not interfering with that, not touching it at all. We are leaving it absolutely alone. It stands, and will stand as it did on the 1st of July, 1867, when it became the law of Canada. What we are trying to say to the men and women from

Quebec and Newfoundland who seek divorce is that they may apply to the Exchequer Court if they wish to.

Divorces granted in Canada have been increasing yearly. I have not the figures, but the honourable member from Rosetown will give them. During the first years of Confederation there were only two or three divorce petitions a year from the whole of Canada, but they gradually increased. Since 1930 the increase has been tremendous.

No divorces were granted in my province of Manitoba prior to 1930. It was only in that year that we discovered Manitoba had the right to grant divorces in virtue of the terms under which Manitoba entered Confederation in 1870. The Manitoba Act of that year provided that the laws of England as they existed in 1870 were to be the laws of Manitoba, and as England had a divorce law at that time the divorce law of England was enforceable in Manitoba. But nobody knew it then, not even the lawyers, and it was not until 1930 that we found out.

The reason for my speaking today is that I want to assure my friends who do not believe in divorce, my friends from not only Quebec but from every part of Canada, that this bill does not in any way do anything to affect existing divorce legislation, that whatever rights exist now will exist after the bill is passed, if it is passed. This bill does not interfere with one iota of the majority rights or minority rights in the province of Quebec. All it will do is give the people of that province a chance to go before a court if they seek relief by way of divorce.

The Chairman of the Divorce Committee (Hon. Mr. Roebuck) said that if the people of Quebec are satisfied with what is being done for them at present, why not let it be? But are the rest of us satisfied? The chairman and his associates on the committee are doing a good job. I know they are. But again I ask, are the rest of us satisfied? Senators from my province stay in Ottawa every week-end, until Tuesday night, doing nothing. The Senate sits Tuesday night, and Wednesday and Thursday afternoons, then adjourns until the following Tuesday night, and all because the Divorce Committee has to stay here to hear the evidence in divorce cases. Now, honourable senators, there is a limit to that kind of thing. I am prepared to work five or six days a week to do the business of our country, but I do not think that we should come here from all over Canada and wait around while twenty or twenty-five people present their divorce petitions. It is all done to satisfy the whims of people in that province who refuse to allow the minority in Quebec a way to obtain divorce other than through an act of Parliament.

Honourable senators can vote as they like on this bill. It makes no difference to me. I have been here since the 5th of January, except during the adjournment at Easter. Now, how many bills have come over here from the House of Commons this session? We have had the bill to provide short-term credit to grain producers in the west, the bill respecting payment of carrying costs of wheat reserves owned by the Wheat Board, and one or two small unimportant bills. And at present we are waiting for another bill to come to us. They are steam-rolling that bill through the Commons to get it over here as fast as they can.

Hon. Mr. Barbour: The pipe lines bill.

Hon. Mr. Haig: I did not mention pipe lines, I said "another bill". My point is this: I do not see why we should have 60 senators sitting around here from Thursday until Tuesday night, at the expense of the people of Canada, doing nothing.

Hon. Mr. Howden: There are not 60 members on the Divorce Committee.

Hon. Mr. Haig: Senators living in the provinces of Ontario or Quebec do not have to sit around here week-ends.

Hon. Mr. Howden: As I just mentioned, there are not 60 senators on the Divorce Committee.

Hon. Mr. Haig: There are 25.

Hon. Mr. Roebuck: There are 25 senators on the committee, but not all attend. The number who attend is of the order of nine or ten.

Hon. Mr. Haig: But you will admit that there are 25 on the committee.

Hon. Mr. Roebuck: That is true.

Hon. Mr. Haig: Well, they can be forced to attend.

Hon. Mr. Lambert: May I ask a question of the honourable senator regarding the situation which he has just described, the days of idleness and lack of occupation? Does he seriously attribute that situation to the sittings of the Divorce Committee?

Hon. Mr. Haig: I was on the Divorce Committee myself and I found that it would never sit unless the Senate was sitting. If the Senate were to adjourn on the first day of February because there was no business before the house and it was not to meet until the first day of March, you could not hold the Divorce Committee here during February. That was my experience. Maybe there were bad times when I was on the Divorce Commitee, but that was the situation then.

Hon. Mr. Lambert: That is not so.

Hon. Mr. Haig: Yes it is. Senators who come here from British Columbia, Alberta,

and the other western provinces, as well as those from the Maritime provinces, have got to stay here day in and day out. We cannot leave; we cannot get home but must stay here to attend the sittings of the Senate. As I said, this does not apply to senators who live in Ontario or Quebec. They can leave for home on Thursday afternoon or evening and not come back until Tuesday afternoon or evening. It is a very good arrangement for them. But if it were not for the petitions to be heard by the Divorce Committee that situation would not arise.

If the legislative program is delayed, it is not through any fault of the Senate. With four parties represented in the House of Commons, long debates are inevitable. I had the honour and pleasure of being a member of the Manitoba Legislature at a time when all its members belonged to one or other of two parties, and at that time the sessions would last about six weeks. Later on, while I was still a member, there were four parties, and then the sessions never ended in less than four months. We see exactly the same result in the House of Commons. It is bound to occur, because each party has to put up its case, and one or more members of the other groups want to reply.

I have seen a great increase in the number of divorces in this country. Compare the total of applications last year with the number thirty years ago, and you will be astonished. Today there are as many applications in British Columbia alone, and nearly as many in Ontario, as came from all Canada in the old days. And the situation is growing worse, and we have to face it. Whose fault it is I do not know. It certainly cannot be blamed on an extension of grounds for divorce, because the one ground—adultery—has never been added to. Nor is it due to some alteration in Senate law or procedure. It seems that petitions are coming from classes of people who formerly would never have presented them. It is a symptom of the times we are living in, and, as one who has had some experience in this matter, having handled a great many cases, I have some knowledge of the reasons. Not that I approve of divorce. I thank God that none of my children who are married—and quite a few are—have sought divorce. I would hate to think any of them had the intention; and I am sorry for any friends of mine when I hear that their children are contemplating that step.

Nothing that the Roman Catholic church, the Anglican church or any other religious body has said in condemnation of divorce overstates the evil. I admit all this; and if I thought that mere opposition was any remedy I would oppose it with all my power; but opposition is not and cannot be the solution. From 1901, when as a young man I was in a law office, until 1930, only one application for divorce came before the firm. From 1930 to 1955 there have been, I suppose, on an average two divorce cases a week. Whatever the causes that have produced this change, they are unaffected by law. This bill does not suggest any cure. It does not pretend to do so. And in answer to a question from the honourable senator from Kingston (Hon. Mr. Davies), whom I believe to be an honest and sincere man, I say that the position of Quebec is not affected one iota by this measure. All it seeks to do is to give the man or woman who wishes to sue for divorce the right to proceed before either the Senate of Canada or the Exchequer Court. The Exchequer Court is open ten months in the year; the Senate sits about five months.

Hon. Mr. Bouffard: Does my honourable friend assert that if an applicant goes to court the court will be bound to grant a divorce?

Hon. Mr. Haig: Not otherwise than as it has to give judgment now.

Hon. Mr. Bouffard: The court will be bound to grant it if this bill goes through.

Hon. Mr. Haig: I have been on the Divorce Committee for many years. I have spoken of one case; I will now refer to another. A young man belonging to the Roman Catholic Church applied for divorce. His wife, also a Roman Catholic, appeared with him before the committee. We heard the case. It was stated that the wife had attended a party, had taken a drink or two, and afterwards committed an act of adultery, but that it occurred only once. As chairman of the committee I asked the husband, "Is there any evidence at all of another offence?" He said, "No, but I want a divorce". I said: "If my colleagues will agree, I would suggest that you and your wife, who both belong not only to the same religion but to the same church, go to your parish priest, tell him the facts, ask his advice, and take it. Will you do that?" They both said they would. Then, with the consent of my colleagues, I adjourned the case until the 4th of May following. The young man was a druggist, about 35 years of age; his wife was around 30; and they had two or three children. When the couple came back I asked the woman if she had gone to the parish priest. She said that she had. I said, "Did you tell him what I told you to tell him?" She said: "I told him I would be there on a certain day, with my husband, and I named the day, but my husband did not come. So I said to the priest, 'Father, my telephone number is such-and-such, and if he telephones I will come right over'." I then asked the young man: "What did you do? You told me you would

go". He said, "I did nothing; it is none of your business"—or words to that effect. I said, "As far as I am concerned, no divorce will be granted". My colleague, who is here in the chamber, concurred; and the divorce was refused. A judge might have granted it, but I doubt it.

Hon. Mr. Bouffard: He would have been bound to.

Hon. Mr. Haig: My honourable friend may be right, but often when I thought judges were "bound" to do certain things they did not do them.

Hon. Mr. Barbour: May I ask the honourable senator what all this has to do with the bill before us?

Hon. Mr. Haig: I was replying to the honourable senator from Grandville (Hon. Mr. Bouffard). That is the only reason I have spoken, other than to comment on the suggestion of the honourable senator from Kingston (Hon. Mr. Davies), that the bill would effect some change. In my opinion there would be no change in the legal position of the people of Quebec.

In conclusion I would say that I do not think Canada as a nation will come to an end, whether the bill is rejected or whether it is passed. But I believe we have the opportunity of taking a progressive step to amend a situation which is troubling us more all the time. I hope that some action on our part will help Canadians better to understand the nature and extent of the problem.

Finally, let me say I do not know how any one who does not believe in divorce can sit in this house and vote for divorce bills. They say "on division". They will not serve on the committee, but I think they should, because there they would learn something about the problem involved.

Honourable senators, I am going to vote for the bill because, for one thing, I have a great respect for my honourable friend from Rosetown (Hon. Mr. Aseltine). He is one of the dearest friends I have ever had. I have a deep respect for his legal ability and the experience he gained on the Divorce Committee, of which he was a most distinguished member for many years. But my main reason for voting in favour of the measure is that I think it would help Canadians to understand this terrific problem of divorce, and help them to take a greater interest in solving it.

Hon. Felix P. Quinn: Honourable senators, I am not going to make a speech. When this bill was introduced I understood its object was to transfer divorce jurisdiction from the Senate to the Exchequer Court of Canada. I was of that opinion until hearing the remarks of the honourable senator from Winnipeg (Hon. Mr. Haig), but he said in effect that we would not be transferring jurisdiction from the Senate to a court but that both the Senate committee and the courts would function. Well, as I do not see the necessity for a second court I will have to vote against this bill.

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

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 300 to 323, which were presented May 15.

Hon. Arthur W. Roebuck, Chairman of the committee, moved that the reports be adopted.

The motion was agreed to, on division.

VILLA ST. LOUIS DISASTER

EXPRESSIONS OF SYMPATHY

On the motion to adjourn:

Hon. Mr. Macdonald: Honourable senators, before the motion for adjournment is put may I refer to the terrible tragedy that occurred last night near Orleans, a few miles from Ottawa, when an R.C.A.F. jet fighter crashed into a nuns' rest home I have no official details of what occurred, and I only know what I learned from radio newscasts. I understand that a CF-100 jet fighter plane had gone into the air to intercept an "unknown aircraft" and, after making its investigation, proceeded to take part in some training with another CF-100 fighter. As honourable senators are aware, the first-mentioned plane crashed into the rest home where a large number of ill nuns were sleeping. Many were killed and injured. The dead have left friends, relatives and dear ones behind, and I am sure the members of this house will join with me in extending to the bereaved our very deep sympathy.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: Honourable senators, on behalf of my party I would like to join with the Leader of the Government in expressing sympathy to the friends and relatives of those who lost their lives in the tragedy last night. It is one of those things that happen in life and are difficult to account for; but that fact does not lessen the sorrow of the bereaved. I am sure we all sympathize deeply with them in their great loss.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 17, 1956

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

Prayers.

Routine proceedings.

NATIONAL HOUSING BILL

FIRST READING

A message was received from the House of Commons with Bill 215, an Act to amend the National Housing Act, 1954.

The Bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

PRIVATE BILL

CONSTRUCTION OF BRIDGE OVER ST. LAWRENCE RIVER NEAR TROIS-RIVIÈRES—REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill Z-9.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (Z-9) intituled: "An Act respecting the construction of a bridge over the St. Lawrence River near the city of Trois-Rivières", have in obedience to the order of reference of May 9, 1956, examined the said bill and now beg leave to report the same without any amendment.

The report was adopted.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. J. M. Dessureault: With leave, I move the third reading now.

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

FEDERAL EXPENDITURE IN PROVINCES

NOTICE OF MOTION FOR RETURN

Hon. John A. McDonald: Honourable senators, I desire to give notice that on Wednesday next I will move:

That an order of the Senate do issue for a return showing:

1. What was the total expenditure in each province of Canada for the fiscal year 1954-55, by the federal Government, including the statutory subsidy and tax rental agreement payments?
2. What was the total expenditure during the fiscal year 1954-55 in each province by each federal Government department and agency?

Hon. Mr. Macdonald: I may say to the honourable senator that I shall try to get the information as soon as possible.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate I move that when this house rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

The motion was agreed to.

DOMINION CURLING ASSOCIATION

ALL CANADIAN CLUBS NOW MEMBERS

On the Orders of the Day:

Hon. John P. Howden: Honourable senators, it is well known to all our members that the Leader of the Opposition (Hon. Mr. Haig) is an enthusiastic curler. For years he has attended meetings of curlers across Canada, and he has been endeavouring to have all the curling associations united in a single body. I understand that most of our societies had joined the general body. There were one or two exceptions in the east, principally in the Montreal area; but I have just received the glad news from the honourable senator that all these clubs have now joined the Dominion Curling Association, of which he was formerly the president, and a very active one. I am happy to give the house this information, and to add my congratulations.

Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable senators, I did not expect this. I thank the honourable senator from St. Boniface (Hon. Mr. Howden) very much for his kind references.

Twenty-seven years ago the curlers of Manitoba, Saskatchewan and Nova Scotia set out to form a curling association for all Canada. Gradually the curling associations of Alberta, New Brunswick, Prince Edward Island, Newfoundland and eastern Quebec—the section around Quebec City—came under the Dominion Curling Association, but the clubs in the Montreal district and the Ottawa Valley remained under the Royal Caledonian Curling Club of Scotland. Notwithstanding our strong desire that these clubs should join the Dominion Curling Association I earnestly requested our members not to approach them in this connection. Well, just two days ago they sent me an application

for affiliation. I will be attending our annual meeting in Toronto tomorrow and I am confident that this application will be approved. It will mean that, with the exception of Scotland, Canada will be the only country in the world having all its curlers under one organization.

We hear a lot of talk about bringing people from various sections of the country closer together. There is nothing like a curling bonspiel to do this. It is really something for curlers from, say, British Columbia, to hear Quebecers using the French language on the curling rinks. Anyway, whether French or English is spoken, the rocks certainly seem to understand what to do.

Honourable senators, I am sure I speak on behalf of every curler in Canada when I say how delighted we are that the clubs from the Ottawa Valley and the Montreal district have seen fit to apply for membership in the Dominion Curling Association.

PRIVATE BILL

MARITIME STOCK BREEDERS' ASSOCIATION—THIRD READING

Hon. Charles G. Hawkins moved the third reading of Bill I-10, an Act respecting The Maritime Stock Breeders' Association.

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

LIVE STOCK AND LIVE STOCK PRODUCTS BILL

SECOND READING

Hon. J. Adélard Godbout moved the second reading of Bill I-7, an Act to amend the Live stock and Live Stock Products Act.

He said: Honourable senators, this is not a very important piece of legislation. Its sole purpose is to bring the Live Stock and Live Stock Products Act up to date with respect to chicks, poultry and hatcheries in certain provinces, especially as regards interprovincial trade.

At the outset it might be useful to explain that the law with respect to trade within the provinces will continue to apply after this bill is passed to seven provinces—that is, all provinces except Ontario, Quebec and Newfoundland. These seven provinces have asked that the federal law apply in their territories. Of course, the law will apply to all ten provinces as far as interprovincial or foreign trade is concerned.

The purpose of the first clause of the bill, which amends section 42 of the act, is to include hatching eggs in the reference to chicks throughout Part III of the act and to make provision for their inspection by federal officers. Since the section was first passed, some 20 or 25 years ago, much has been learned about the productive capacity of hatching eggs.

Under the second clause of the bill hatcheries which offer hatching eggs or chicks for sale would be relieved from the necessity of grading according to the existing federal standard. It is felt that federal grading is not applicable to modern conditions and does not correspond at all with what buyers expect from sellers of chicks or hatching eggs. However, the amendment reserves to federal officers the right to inspect the grading of R.O.P. eggs or chicks. "R.O.P." means "Record of performance."

Clauses 3 and 4 relieve the hatchery owner from the obligation of submitting advertising or other publicity material to the federal officers for approval. It is no longer considered necessary to submit such material for approval, as most hatcheries in Canada comply with the requirements of the federal officers more closely than they did twenty years ago. Passage of this bill would bring the law in line with modern trends.

Hon. Mr. Reid: May I ask the honourable senator if the proposed changes in the act, as they affect hatching eggs and poultry, have the support of the various poultry organizations throughout Canada? My own province of British Columbia is highly developed in poultry matters, and I am wondering particularly if the organizations there support the proposals.

Hon. Mr. Godbout: Honourable senators, there is no doubt that the hatcheries throughout the country have asked for and support these improvements in the act, which has not been amended for perhaps 20 or 25 years. I am sure most of the larger hatcheries in British Columbia and Ontario are anxious that the law be amended as the bill proposes. Heretofore all advertising and publicity material has been submitted to the federal officers. There is no doubt that the capacity and integrity of the modern hatcheries are well above the standards required by the federal law. For instance, the present egg-grading requirements have little application to modern commercial practice.

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

REFERRED TO COMMITTEE

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

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

Hon. Mr. Reid: Honourable senators, the custom is to refer such bills to the appropriate committee. I am much interested in

the poultry business, and I should like to have some explanations before I agree to the bill.

Hon. Mr. Godbout: Then, I would move that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

POST OFFICE BILL

SECOND READING

Hon. William H. Golding moved the second reading of Bill C, an Act to amend the Post Office Act.

He said: Honourable senators, this is a very simple bill, but it proposes an important amendment to the act. The purpose of the bill is to give sanction to a practice whereby the Postmaster General has transferred a contract from the actual contractor to another person at the request of the former, when the transfer was in the public interest and did not entail additional costs.

I am sure all of us who have represented rural constituencies in the other place will have some knowledge of this practice with respect to rural mail contracts. When a contractor takes ill, or when for some other reason he cannot carry on his contract, the Post Office Department has found it more convenient to transfer the contract than to call for tenders. However, it appears that recently the Department of Justice has expressed grave doubts as to the legality of this procedure. It is of course the desire of the Post Office Department to continue the practice, which has been found to be most satisfactory from the standpoint of a minimum disruption of service, the elimination of costly temporary arrangements, and the saving of time and expense involved in the invitation of tenders. The proposed legislation is intended simply to remove a doubt as to the legality of a long-established practice.

It has been the practice since Confederation to authorize the transfer of contracts for the conveyance of mail, entered into as a result of tenders, from one person to another under the existing terms and conditions, provided certain requirements are fulfilled. The requirements are that: (1) The contractor requests the change; (2) The person suggested is satisfactory; (3) The change is in the public interest; and (4) There is no increase in cost.

If the service and the rate have been satisfactory, such contracts have been renewed for a further term or terms in the same manner as other mail contracts. That is, a contract which has been transferred may on expiry be renewed at the same rate.

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Transfers of mail contracts from one person to another, where the annual expenditure is $1,000 or less, have been negotiated by virtue of the authority invested in the Postmaster General under section 23 of the Post Office Act. The Department of Justice has expressed the opinion that the Post Office Act in its present form does not permit the Postmaster General to transfer a contract when the amount involved is $1,000 or more.

As far as the Post Office Department is concerned, the practice of transferring contracts under the conditions outlined has proved to be most advantageous. I have already mentioned that the advantages are a minimum disruption of service, the elimination of costly temporary arrangements, and the saving of time and expense involved in the invitation of tenders.

The circumstances in which contracts are transferred are as follows. In many cases the transfer is negotiated from the estate of a contractor to his widow or children. In most other cases the transfers are negotiated when the contractor sells his farm or business or when the contractor is in the hands of the sureties and the transferee is the person who has worked as courier.

As to cost, the average rate per mile per annum of the rural route contracts which were transferred was $60.24 per mile. The average rate obtained through the invitation of tenders during the same period was $70.03 per mile. Theoretically, a saving of $50,000 was effected by negotiating some 162 transfers of contracts for amounts in excess of $1,000 during the year ending September 30, 1954.

At the present time there are approximately 13,000 contracts for the conveyance of mails.

Hon. Mr. Davies: May I ask the honourable senator a question? Does this bill deal entirely with mail deliveries on rural routes, or does it include deliveries in cities?

Hon. Mr. Golding: I believe it deals with deliveries anywhere, but I have been speaking only about rural routes.

Hon. Mr. Davies: What is the maximum amount of a contract that may be transferred without the calling of tenders?

Hon. Mr. Golding: If this bill passes there will be no limit to the amount.

Hon. Mr. Davies: I don't like that.

Hon. Mr. Golding: During the twelve-month period from October 1, 1953 to September 30, 1954 the following transfers were authorized: under $1,000—303; over $1,000—162.

I think it is in the interest of the department to have authority to transfer contracts,

and it wants to be sure that when making transfers it is acting within its legal rights. That is why the bill has been introduced.

If it is the wish of honourable senators that the bill be considered in committee, I shall be glad at the appropriate time to so move.

Hon. Mr. Roebuck: Do I understand that the department has been making transfers in the past but has only recently found out that it is not within its power to do so?

Hon. Mr. Golding: That is right. It was just recently that the Department of Justice indicated there is some doubt as to the legality of the practice which has been followed for a long time.

Hon. David A. Croll: Honourable senators, this raises a question of some importance with respect to the Post Office Department. I think that most of you will recall that when the postal rates were raised a year or so ago the increase was said to be necessary because of the cost of implementing the 40-hour week and the increase in wages. A matter was brought to my attention last year which has particular reference to Toronto. During the very heavy Christmas rush at the post offices much overtime was required and many employees who wanted to spend Christmas with their families could not get sufficient time off to do so. In return for working overtime at Christmas the department allowed them time off at a later date. Honourable senators will appreciate that this practice is wrong in principle and an obsolete method of dealing with employees. It should be abolished at once. The worker should be paid for his services and not bartered with. The 40-hour week means just that, and overtime should be paid for in the proper way.

May I make this observation: overtime is not an incentive to the employee but is rather a penalty on the employer. If an employer was permitted to use overtime in that fashion he would be able to reduce his labour force. Private industry does not ask an employee to work overtime in the busy season in return for time off in the non-busy season, and the Government should be a model employer.

The normal practice is to pay time-and-a-half after eight hours in a day and 40 hours in a week, and double time on holidays. Whether the practice which was followed in Toronto last Christmas will be followed there again or in other places next Christmas I do not know, but I use this opportunity to serve notice on the Post Office Department that the view of at least one member of the Senate—naturally I speak for myself—is that if extra employees are required at Christmas they should be hired in the normal way. The practice of bartering with people who are in no position to barter, because their job may be at stake, is one that should be brought to an end very quickly.

Hon. Thomas Reid: Honourable senators, I hope this bill will go to committee. As to the remarks just made by the honourable senator from Toronto-Spadina (Hon. Mr. Croll), may I say that it is difficult to see what overtime has to do with this bill. In any event, his statement that overtime is entirely a penalty on the employer is too sweeping, for there are trades where overtime is an incentive to the worker. I know whereof I speak. Overtime is not entirely a one-sided thing today. I say that without fear of successful contradiction.

Honourable senators, since I first came to Ottawa, in 1930, I have known of no Government measures that have generated more discussion than bills dealing with rural mail carriers. I doubt if there has been a session in which many members of the other house did not speak about rural mail carriers. Many, naturally looking for votes, have advocated putting all mail carriers on a salary or wage basis. Now, anyone who has ever looked into the matter must realize how difficult an undertaking that would be. There are some rural mail routes on which the scheduled delivery is once a week. On other routes a man uses a horse or dog-team most of the time and delivers mail to perhaps 25 persons twice a month. And all across this country, of course, there are districts where mail is delivered six times a week. As a member of the other house I represented the most populous of all the districts in Canada which had rural mail routes. On one rural route in my district there were 650 mail boxes. Even today there are in the district mail routes with as many as 425 mail boxes, a fact which indicates the great congestion of population there.

Now, if you take a rural mail carrier who has his own car to service as many as 650 or 425 mail boxes and compare him with a carrier, probably a local merchant, who delivers mail once a week or twice a month, you realize what a great gap there is between the two. An illustration such as this helps one to see how difficult, if not almost impossible, it would be to place all rural mail carriers under a standard wage or in the Civil Service.

All through the years tenders have been called for the servicing of rural mail routes. That comment brings me to the particular point I want to mention. I am sorry that I did not bring with me this afternoon the correspondence that I have in connection with a certain case, and I am asking that the

bill be referred to committee so that I may there draw the attention of the authorities to this case. It has to do with a route in the disrict where I live. Tenders were called for and some ten or more bids were submitted. Following the negotiations, and the award of the contract to the lowest tender, which is the necessary consequence of our tender system, the person to whom the contract had been given withdrew. The man who put in the second lowest tender expected that he would get the contract, and what was his astonishment to find that it went to an outsider who had never tendered at all. Naturally he wanted to know how this came about. Writing to me, he said: "I was the next lowest tenderer; why should I not have been asked to tender again?" So when I came to Ottawa I took up the matter with the department, which made inquiry of the Vancouver head office. The reply received was that the office in Vancouver had never been informed of the list of tenderers, and as the mail had to be kept going departmental officers went out and selected a man in the district who was willing to do the work. Cases of this kind could be easily rectified, I suggest, if the authorities here would notify local offices which are directly handling rural mail that under such circumstances the person who submits the second lowest tender should at least be given an opportunity to carry on the work. I am pleased that this bill will be considered in committee, because when the officials are there I can produce the correspondence. Nothing can be done about it now, but I thought it well to make the matter public in this way.

As one honourable senator, in speaking to this motion, introduced a topic unrelated to any provision of the bill, I hope nobody will tell me I am out of order if I mention something else which is not directly in point. I am not saying it in an "evangelical" way, but in as kindly a fashion as I can. I am one who takes some interest in philately—to the uninitiated the collection of stamps. There has been considerable talk and agreement among philatelists that from a pictorial point of view recent issues are not up to the standard of ten years ago and earlier. I do not mention this in a spirit of carping criticism; I do not know who is responsible, but I hear these remarks everywhere. One has only to look at a certain recent issue to be forced to ask what kind of an animal it is supposed to represent. It is hard to tell.

Hon. Mr. Haig: A goat.

Hon. Mr. Reid: A few years ago Canada was producing some of the most attractive stamps that could be found anywhere. Why are our standards declining? Does the fault lie with our artists, or with those who choose the designs? I think others will agree with this criticism.

Hon. W. Rupert Davies: Frankly, honourable senators, I do not like this bill at all. It amounts to this: the Post Office Department admits that for years it has been doing something illegal, and it is now asking us to condone what I do not think it should be allowed to do. If someone who holds a contract for a rural route gives it up, surely the job should be thrown open to tender. I am not greatly impressed with the suggestion that, by not doing so, a few hundred dollars may be saved. The point is, this is Canada, and the money the department is spending is the taxpayers' money, not the money of the Liberals, the Conservatives, the C.C.F.'ers, or any other party; so if someone gives up his contract the appointment should be thrown open to everyone who may want to tender. If we approve what this amendment apparently means, it would seem that local politicians, postmasters, or any one else in authority can pick out someone, notwithstanding that half a dozen others may want to do the work, and perhaps would do it at a saving, and tell him, "You can have this contract from now on". It seems to me that from this point of view we should give serious consideration to the bill before we consent to pass it.

Hon. Gordon B. Isnor: Honourable senators, as one who, down through the years, has had a good deal of experience with regard to rural mail contracts, I wish to compliment the mover of the second reading on the fair manner in which he has presented the bill. I cannot agree at all with the honourable senator from Kingston (Hon. Mr. Davies). It is clear from the bill that there will be no increased cost to the Government, and certainly the rural mail box holder will be saved considerable inconvenience. The Post Office Department is asking authority if a contract-holder dies suddenly and he has a widow or son able to carry on the work, to transfer the mail contract held by the head of the family to another member, or perhaps to some other person, and thus ensure uninterrupted service. If, on the other hand, the department were to adopt the course suggested by the honourable senator from Kingston and call for tenders, the service would be held up, and perhaps in the end there would be increased expense to the taxpayers.

Hon. Mr. Davies: On the other hand, money might be saved.

Hon. Mr. Isnor: Not very often. The department would already have gone through the operation, a year or two earlier, of calling for tenders. Having accepted the lowest tender—for that is the rule of the department—it would be merely transferring the contract at the same figure. Therefore I say the arrangement gives a good service to the people at large and entails no additional cost to the taxpayers.

I am in accord with the general principle of the bill. If we approve of what the officials have been doing, and there is some doubt as to their legal right to do it, I certainly think we should remove the doubt and give them the necessary authority to carry on.

I will not refer now to the remarks made by the honourable senators from Toronto-Spadina (Hon. Mr. Croll) and New Westminster (Hon. Mr. Reid). At some other time I may deal with some comments of the honourable senator from New Westminster. I think that he is—if I may use the expression—entirely "off the beam".

Hon. Mr. Stambaugh: So is the honourable member from Toronto-Spadina.

Hon. Mr. Isnor: Well, I would not say that. There are differences of opinion with regard to hours. It is not unusual in the operation of firms and other organizations for an employee to be told, in the busy season, "If you will put in a little extra work now, we will give you an additional week during a dull period". So when an employee has given the Post Office exceptionally good service, say around the Christmas season, and has worked overtime—which a good many persons like to do—he may be allowed an extra week in the fishing season or at some other time when things are slack.

I repeat that I am in accord with the general principle of the bill.

Hon. Arthur W. Roebuck: Honourable senators, my friend from New Westminster (Hon. Mr. Reid) drew a distinction between "evangelical" and "kindly". I took it to mean that evangelism is not kindly, and as I was charged recently in this house with being "evangelical" I now take strong exception to the accusation.

Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: I want to compliment the sponsor of the bill on the exceedingly clear and comprehensive explanation he has given of it. He did it very well, and I think we should appreciate the fact. But I hope the bill will be sent to committee, because from various remarks which perhaps were not entirely pertinent it appears that a good many questions could be asked of representatives of the department. The senator from Toronto-Spadina (Hon. Mr. Croll) said there was one person in the house who did not altogether agree with the overtime methods employed by the department. Let me say there are two such members here.

There is a good deal to be said on both sides with respect to the relationship between employer and employee. Most of us get along very nicely with those we hire and have no arguments at all. However, where there is a large number of employees, such as in the Post Office Department, certain principles must be carefully followed in order that the rights of both parties may be protected and duly observed.

My friend from Toronto-Spadina said that overtime is a penalty on employers. I do not know just what he meant by that, but I do not agree that long hours in busy seasons and short hours in non-busy seasons should be a rule of employment in big institutions. That is not in line with the principle of the eight-hour day. I think the senator from New Westminster said that overtime is a blessing to many employees. That is true, but not free overtime or overtime when it is convenient to the employer and short hours when it may or may not be convenient to the employee. That is a case of "heads I win, tails you lose". Overtime is a blessing to the employee only when he is paid for it, not when he gives it practically free. It may be a real blessing if wages are low and it enables the employee to raise his living standard. We may be able to discuss this question in committee with the senior officials of the Post Office Department, but in principle I agree with my friend from Toronto-Spadina that as a general rule it is not right for employers of large groups of workers to disregard the principle of the eight-hour day in favour of long hours in busy times and short hours in non-busy times. That does not represent a square deal.

With regard to the assignment of contracts, as a matter of contract law agreements that are not personal in character are assignable by the parties. If I hire a doctor he cannot transfer his privileges and obligations to somebody else without my consent, for it is a personal contract. Contracts of employment are personal contracts and are not assignable, but contracts of a general character where the personal skills or virtues of one side or the other are not involved, are assignable as a matter of right by one party without the consent of the other. I would presume that a contract for the carrying of mail is not a personal but a general contract and, according to common law, assignable.

The only reason why the Postmaster General has not been able to assign certain contracts in the past was that he had to act according to the strict letter of the Post Office Act, which apparently did not give him this power. However, he is not asking for more in this regard than is the ordinary right of every contractor of a private nature. I see no reason for denying him this power which he has exercised in the past.

Hon. Mr. Haig: If I make a contract with a man he cannot assign it to someone else.

Hon. Mr. Roebuck: If it is a general contract he can.

Hon. Mr. Haig: Not unless the contract contains a specific provision permitting him to do so.

Hon. Mr. Roebuck: No, the contract has not got to contain such a provision. This is very old law, which perhaps you and I have not read since we were at school. I stand ready to be contradicted by the honourable senator, but my memory of the old fundamental law, as in *Hansen,* is that you can assign a contract which has no personal features but not one which has personal features. I think these contracts for the carrying of mail are general and not personal contracts, but I may be wrong. As I said, it has been a long time since I have read this law. Evidently the Postmaster General thought that under the Post Office Act he had the right to do what he has been doing, and no doubt there has not been objection from anybody. If the carrying out of a contract is interrupted, why should the minister not transfer the burden or privileges to someone else? These are short contracts, so why should it be necessary to call for tenders again to ensure a reasonable deal for the public, when tendering has already been done, and perhaps quite recently? There does not seem to be the slightest objection to giving him the power to substitute one contract for another when all three parties agree, and when the public has been protected by the calling of tenders in perhaps the very recent past. I must say that at this stage I am in favour of the bill.

Hon. John T. Haig: Honourable senators, my friend from Toronto-Trinity (Hon. Mr. Roebuck) referred to personal contracts. Well, practically every contract is a personal contract. If I make a contract to build a house I cannot assign the work to somebody else. If I take a contract to deliver mail on some rural route I cannot transfer that obligation to somebody else, for according to the law I am the only person who has been entrusted to deliver that mail. I agree with the honourable senator from Kingston (Hon. Mr. Davies). I do not blame the Post Office officials for what has happened. They have transferred contracts, without calling for tenders, when the amount involved has not exceeded $1,000. I do not think anybody ever checked on this and the practice just went on. Back in the days when the limit was fixed at $1,000 that probably was considered a lot of money. I remember when $1,000 was an awful lot of money. I used to teach school for $420 a year. I was a pretty fair teacher too, being rated as a second-class professional teacher. If a principal got $1,000 a year everybody thought he was a pretty big man. Indeed, it has only been in the last fifteen or twenty years that $1,000 has not seemed like a large amount. When I first came to this house, 21 years ago, the sessional indemnity was $4,000 a year. That amount purchased as much in goods then as $8,000 purchases today.

I make no accusation against the Post Office Department. My relationship with the Deputy Postmaster General, in particular, has been most happy. Some people say he is not the greatest deputy minister in the service, but in my opinion he is one of the greatest. He has an abundance of common sense, and that is useful to him in the performance of his duties.

Honourable senators, I think this bill should go to committee. I also think it ought to be made clear to the Post Office authorities that if they award a contract for delivery of mail for, say, $4,000 on Route 19 assuming that is the lowest tender and a year or two later the contractor wants to transfer the contract to somebody else, we do not think the department should say the other fellow can take it and do what he likes.

Hon. Mr. Roebuck: Oh, no.

Hon. Mr. Isnor: The bill says if "no additional expenditures involved."

Hon. Mr. Haig: The trouble with that practice is that no chance is given for a new tender to come in. In Manitoba, if a man has a route it is hard for anybody else to come in. I do not like to give a government official the power of selecting someone to succeed a person who happens to give up his contract. I think the contract should be open to tender. The Winnipeg School Board, the City of Winnipeg, the Province of Manitoba, and I think all other public bodies in the dominion, call for new tenders when a contract is given up. Of course, I quite realize that in certain cases, such as the construction of a building which demands urgent completion, it might be disastrous to halt the work for even a moment and the

Government might find it necessary, if the existing contractor could not continue, to appoint a new one.

Hon. Mr. Roebuck: Would it not also be a disaster in the case of mail delivery?

Hon. Mr. Haig: Well, it would not happen so often. I do not like the idea of anybody having the right to say that the contract should be passed on to somebody else. I am a city man, although I was brought up in the country, and I know there is more fighting in politics over the rural mail routes than anything else. In Manitoba there is often a big row about somebody else taking on a contract. I say that when a man has quit his contract a new tender should be called for.

Honourable senators, I think this bill should go to committee, where the proper officials could be present and the matter fully discussed.

Hon. W. Ross Macdonald: Honourable senators, since hearing what has been said here today, I quite agree that this bill should go to committee.

I do not intend to enter into a discussion as to whether some personal contracts are assignable and others are not. Probably the general statement made by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) is correct, but in any event we know that the contract in question is assignable. The Government has not only recognized the assignment but has extended the term at the expiration of the contract, though it had no power to do so. The bill asks for that power in future.

Hon. Mr. Roebuck: Not to extend the contract?

Hon. Mr. Macdonald: Yes, at its expiration.

Hon. Mr. Haig: That is right.

Hon. Mr. Macdonald: After its expiration the contract can be extended.

Hon. Mr. Haig: At the same rate.

Hon. Mr. Macdonald: At the same rate, but at no additional expense.

Hon. Mr. Isnor: The department is doing that now.

Hon. Mr. Macdonald: Yes, it is doing that now.

Now, the question has arisen as to whether a contract of this type should be assigned. If a contractor died his son might want to carry on the contract. In such a case would anyone suggest that the son should not be given the right to carry on the contract?

Hon. Mr. Roebuck: Or his personal representatives.

Hon. Mr. Macdonald: Yes, or his personal representatives. I might point out that these contractors are under bond, and they cannot assign a contract to anyone they like; the person to whom it is assigned must be acceptable to the department. He must be of good character, of some substance, and one who can be trusted.

With respect to continuing the contract of an assignee, may I point out that in many cases an assignee has gone to considerable expense to get equipment to complete the contract. Suppose a contract had only two years to run, and the new man had to get equipment and probably give up some other job. If he renders good service to the community should he not have the same right to have the contract extended as did the original contractor? I would also point out that the new contractor receives less money for carrying out this contract than those who had tendered, except the man who actually got the contract.

Hon. Mr. Davies: Does the leader not think that this might possibly lead to nepotism?

Hon. Mr. Macdonald: It has not so far, and I cannot imagine that it will. The practice has proved to be very satisfactory throughout the country; there have been no complaints with respect to assignees continuing the work, and I do not think the business of the Post Office Department could be carried out in the manner expected of it unless it had the power that is being asked for in this bill.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Golding, the bill was referred to the Standing Committee on Banking and Commerce.

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

MOTION FOR SECOND READING—DEBATE POSTPONED

On the Order:

Resuming the adjourned debate on the motion of the Honourable Senator Aseltine, seconded by the Honourable Senator Hodges, for the Second Reading of Bill (I-5) intituled: "An Act to amend the Exchequer Court Act".—(Hon. Senator Hacket).

Hon. Mr. Haig: Honourable senators, with the consent of the house I would ask that this order stand until Wednesday next.

Hon. Mr. Beaubien (Acting Speaker): The order stands until Wednesday next.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 324 to 337, which were presented on May 16.

Hon. Arthur W. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill U-11, an Act for the relief of Marcel Alban St. Amour.

Bill V-11, an Act for the relief of Grace Elizabeth Browning MacDonald.

Bill W-11, an Act for the relief of Mary Carol Devone Henry Scott.

Bill X-11, an Act for the relief of Stanley Mira Levene, otherwise known as Stanley Mira Francis.

Bill Y-11, an Act for the relief of Alice Isabel Christian Thompson.

Bill Z-11, an Act for the relief of Czarna Landzman Desmarais.

Bill A-12, an Act for the relief of Real Perras.

Bill B-12, an Act for the relief of Andrea Marietta Hiekisch Farago.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Acting Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until Tuesday, May 22, at 8 p.m.

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THE SENATE

Tuesday, May 22, 1956

The Senate met at 8 p.m., Hon. Arthur L. Beaubien, Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 338 to 344, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

TRANS-CANADA HIGHWAY

NOTICE OF INQUIRY

Hon. Thomas Reid: Honourable senators, I beg to give notice that it is my intention to ask the following questions of the Government on Thursday next:

(1) In agreeing to the relocation of a different route of the Trans-Canada Highway in that part of British Columbia between the Pattullo Bridge and Abbotsford, and on sections between Abbotsford and Bridal Falls, what proportion of costs for the proposed relocation of these sections will be undertaken by the Dominion?

(2) What amount of moneys has already been paid by the Government to the Province of British Columbia on the present designated Trans-Canada Highway on the sections recently agreed upon for relocation between the Pattullo Bridge and Bridal Falls?

(3) In the event of the Government having agreed, or decided to assume a percentage of the costs involved in relocating and building these new sections of the Trans-Canada Highway, is it the intention of the Government to take into consideration the amount of money already paid to the provincial Government for the present sections now in use, which will be abandoned as part of the Trans-Canada Highway following completion of the new proposed sections?

Hon. R. B. Horner: Honourable senators, I do not propose on this occasion to make any reference to the matter raised by the honourable senator from New Westminster (Hon. Mr. Reid), but I should like to know when I may properly do so. Will it be in order to discuss the subject when the question has been answered?

The Hon. the Acting Speaker: I think my honourable friend will have plenty of opportunity in the very near future to take up the question.

Hon. Mr. Horner: Thank you.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill C-12, an Act for the relief of Barbara Mary Elliott Priestley.

Bill D-12, an Act for the relief of Nancy Elizabeth Theresa Butler Waugh.

Bill E-12, an Act for the relief of Robert James Clarke.

Bill F-12, an Act for the relief of Veronica Rose Latter Haworth Robinson.

Bill G-12, an Act for the relief of Billie Mae Margaret Taylor Dennis.

Bill H-12, an Act for the relief of Naida Donnithorne St. James.

Bill I-12, an Act for the relief of Alma Elizabeth Mackie Wahlberg.

Bill J-12, an Act for the relief of William Maguire.

Bill K-12, an Act for the relief of Anne Perley-Robertson McNicoll.

Bill L-12, an Act for the relief of Colette Palardy Loranger.

Bill M-12, an Act for the relief of Esther Kathleen Hamilton Williamson Maynard.

Bill N-12, an Act for the relief of Helga Maria Berger Pilgrim.

Bill O-12, an Act for the relief of Ruth Carol Friedman Allen.

Bill P-12, an Act for the relief of Joseph Thomas Evans.

Bill Q-12, an Act for the relief of Marie Jacqueline Carmen Van Troyen Morin.

Bill R-12, an Act for the relief of Hazel Wilhelmina Langtry Kimpton.

Bill S-12, an Act for the relief of Sergei Vermala.

Bill T-12, an Act for the relief of Stanley Tom Wood.

Bill U-12, an Act for the relief of Amelia Alice Stefani Schofield.

Bill V-12, an Act for the relief of Bridget Rowley McHale Bowman.

The bills were read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill U-11, an Act for the relief of Marcel Alban St. Amour.

Bill V-11, an Act for the relief of Grace Elizabeth Browning MacDonald.

Bill W-11, an Act for the relief of Mary Carol Devone Henry Scott.

Bill X-11, an Act for the relief of Stanley Mira Levene, otherwise known as Stanley Mira Francis.

Bill Y-11, an Act for the relief of Alice Isabel Christian Thompson.

Bill Z-11, an Act for the relief of Czarna Landzman Desmarais.

Bill A-12, an Act for the relief of Real Perras.

Bill B-12, an Act for the relief of Andrea Marietta Hiekisch Farago.

The motion was agreed to, and the bills were read the third time, and passed, on division.

CANADA SHIPPING BILL

COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Transport and Communications to Bill H-7, an Act to amend the Canada Shipping Act.

Hon. A. K. Hugessen moved that the amendments be concurred in.

He said: Honourable senators, perhaps I should offer a word of explanation to the Senate on the amendments suggested by the committee to this bill. It will be recalled that the bill was explained on second reading by the honourable senator from Vancouver South (Hon. Mr. Farris), and an extended discussion followed which gave evidence of the fact that this was quite an important and, in some respects, even a controversial bill. Your committee found that to be the case, for it held three long sittings and heard a great number of representations. Our consideration of the bill was divided into two rather separate and distinct parts. The bill contains a large number of amendments to the Canada Shipping Act, some of minor, and one or two of major importance. The one which aroused most discussion and resulted in our first recommendation for a change would amend section 114 in such a way as to empower the Governor in Council to make regulations requiring masters and mates of fishing vessels to hold certificates of competence. So far, there has never been such a requirement with respect to masters and mates of fishing vessels, and a good deal of objection was taken to the proposed amendment. That objection came principally, I think, from the members of the committee who come from the Maritime provinces, and who, I must say, by their knowledge of this subject, and all other subjects relating to shipping, gave the committee a great deal of assistance. We heard the deputy minister, and we heard the secretary of the association which represents the fishing industry.

After those representations, and a good deal of discussion, we have recommended that this section of the bill be struck out. It was obvious that there was a feeling, even among certain representations of the fishing industry itself, that a time might come when it would be necessary to require masters of fishing vessels to obtain certificates. But this will be a matter of rather prolonged education and negotiation between the department and the industry itself. We felt the time had not arrived, and no special reason was given us to show that the time has arrived, when the Governor in Council should be given power to require masters and mates of fishing vessels to obtain licences. That was the only amendment suggested to all the provisions of the bill relating in a general way to the proposed amendments to the Canada Shipping Act.

The second topic, and one which took up a great deal of the time of the committee, was a very interesting one relating to the subject of oil pollution of the sea. As honourable senators will recall from the speech by the honourable senator from Vancouver South (Hon. Mr. Farris), section 26 of the bill gives the Governor in Council power to make regulations to enforce the International Convention for the Prevention of Pollution of the Sea by Oil, 1954. That convention is set out as a schedule to the bill and, if approved, will appear as the Fourteenth Schedule to the Canada Shipping Act.

A great deal of discussion took place on the subject of oil pollution and on the terms of the international convention. Honourable senators from the eastern seaboard urged strongly that the convention in its present form does not give sufficient protection to the fishing industry on the east coast from pollution of the waters of the Atlantic Ocean by oil, because it provides for an area of only fifty miles outside the territorial waters within which ships are forbidden to discharge oil; whereas, for some of the European countries which signed this convention the limit within which ships are not allowed to discharge oil is much greater than fifty miles.

However, I think as a whole the committee felt that half a loaf is better than no bread. We have no international convention at the present time with respect to this very important subject, which is becoming one of great interest and urgency; and it was felt that Canada should become a party to this convention, in the hope that perhaps within the next two or three years after it has been

ratified by the necessary number of countries we may be able to improve and tighten it up so as to give our fishermen on the Atlantic coast better protection than they would receive under the convention in its present form.

The committee did make an amendment to section 26 of the bill to carry out the suggestion made by the honourable senator from Vancouver South when he moved second reading of the bill. He pointed out that although this convention is attached as a schedule to the bill, in its then form the bill did not state that the Parliament of Canada approves of the convention. We therefore amended section 26 to provide in terms that the Parliament of Canada approves of this international convention which, as I have said, appears as a schedule to the bill; and we authorized the Governor in Council to make regulations not inconsistent with the terms of the international convention for the purpose of carrying its provisions into effect.

Honourable senators, I think that is all I need say in explanation of the committee's amendments.

Hon. Mr. Burchill: May I ask my honourable friend if any specific reason was advanced as to why the distance of 50 miles offshore was chosen?

Hon. Mr. Hugessen: Yes. One of the most important countries whose assent is essential if the convention is to have any real force is, of course, the United States of America. We were told that the United States shipping interests were very much averse to having any limit at all—in other words, they wanted to be allowed to discharge their oil wherever they wished—and that it was only possible to get the United States to agree to become a party to the convention by restricting the limitation on the discharge of oil to 50 miles along the Atlantic coast.

Hon. Mr. Hackett: Would the honourable gentleman say if he has been informed of any diplomatic intercourse concerning the extension of this limit to 100 miles off the United States shore? This was referred to in a dispatch which I read in the New York *Times* of yesterday.

Hon. Mr. Hugessen: Nothing of that kind was brought to our attention.

The motion was agreed to, and the amendments were concurred in.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hugessen: Next sitting.

ST. LAWRENCE SEAWAY AUTHORITY BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill 216, an Act to amend the St. Lawrence Seaway Authority Act.

He said: Honourable senators, the Senate will recall that in the year 1951 Parliament passed the St. Lawrence Seaway Authority Act, which in general terms set up the St. Lawrence Seaway Authority for the purpose of constructing, in conjunction with its counterpart in the United States, a deep sea shipway from Montreal to Lake Erie. The present bill contains a number of amendments to that act. For the most part these amendments are required owing to one condition which exists in connection with the seaway. That condition has relation to the bridge over the St. Lawrence River near the town of Cornwall.

Many years ago, I think in the late eighties or early nineties of last century, the New York Central Railroad Company built a branch from the northern part of the state of New York to the city of Ottawa, and of course the branch had to be constructed, over the St. Lawrence River, in the vicinity of the town of Cornwall. The bridge which carries this railway is in two parts: the southern part crosses over from the United States to Cornwall Island, in the course of which it crosses the International boundary; the northern part crosses from Cornwall Island to the mainland of Canada, entirely within the dominion. It is with the first or southern part of this bridge that a question now arises. It has been found necessary to remove this bridge, in the interest of navigation when the seaway is constructed.

This is apparently the only bridge in the vicinity which crosses the St. Lawrence River. Quite a number of years ago—I do not know when—arrangements were made for this bridge, primarily a railroad bridge, to be used also for vehicles and passengers, and a private company was set up, known as the Cornwall International Bridge Company, which leased the bridge from the New York Central Railroad Company, for the purpose of sending roadway traffic over the bridge at such times as it was not being used by the railway. I understand it is not wide enough to be used for both purposes at the same time, but that very few trains pass over it.

Now, it has been found necessary, as I say, to remove this bridge; and the intention is to replace it by another bridge about a mile away, I think, at a part of the river which rather strangely is called Pollys Gut. The principal purpose of the bill now before the Senate is to give the necessary authority to the St. Lawrence Seaway Authority to

bridge Pollys Gut, and if honourable senators will follow the bill with me they will see in what respect it achieves the object which I have endeavoured to explain.

In its first section it amends section 10 of the St. Lawrence Seaway Authority Act by authorizing the St. Lawrence Seaway Authority to acquire either alone or in conjunction with its counterpart in the United States shares or property of any bridge company operating and managing bridges. That would permit the St. Lawrence Seaway Authority, if it can do so, to acquire the shares of the Cornwall International Bridge Company, which will have to be acquired in some way because that company has rights which would have to be either acquired or expropriated. This section permits the St. Lawrence Seaway Authority to acquire all the property necessary to build the proposed bridge.

Section 3 contains the specific authority which the proposed new section 14A of the bill grants to the Authority to construct, maintain and operate a bridge over Pollys Gut, with all necessary approaches and facilities.

Hon. Mr. Farris: Any suggestion to change the name?

Hon. Mr. Hugessen: No. Perhaps the house would welcome an amendment from my honourable friend.

Section 4 amends section 15 of the act by authorizing the Authority to establish tolls for pedestrians or vehicles using the bridge.

Hon. Mr. Crerar: Does my honourable friend know of any other place in Canada where pedestrians are charged tolls to cross a bridge?

Hon. Mr. Bradette: Yes; in Montreal.

Hon. Mr. Hugessen: I think there are quite a number.

Section 5, although it does not say so in specific terms, also relates essentially to this particular project. It is proposed thereby to add to the present act a provision that authorizes the American counterpart of the Seaway Authority, known as the St. Lawrence Seaway Development Corporation or other similar authority in the United States, acting in conjunction with our own Authority, to do whatever may be necessary in Canada for the purposes of carrying out the provisions of the act. That is necessary because, as honourable senators will realize, the international boundary goes down the middle of the river. Our Authority may have to do things on the United States side and the American Authority may have to do things on our side in the course of the construction of the bridge. I understand, in fact it has been suggested, that one of the ways by which the bridge may be built is that the Canadian Authority shall build the whole of the substructure and the American Authority shall build the whole of the superstructure. In any event, it appears that a provision of this kind is necessary under the circumstances which I have described.

Section 7, although again in general terms, relates to this specific problem. It permits the St. Lawrence Seaway Authority with the approval of the Governor in Council to incorporate subsidiary companies for the purpose of carrying on any of the operations which the Authority might itself carry on. It is altogether likely that if this power is granted, advantage will be taken of it to form a separate corporation for the purpose of operating this bridge, and that for this reason. Primarily, of course, the St. Lawrence Seaway Authority is a seaway body, and the tolls which it levies for the seaway have relation to that and that only, whereas the tolls that it might levy on a bridge would be something quite different; in that respect it would be acting as a highway authority and would have to levy the tolls applicable for a highway bridge of that nature and character.

Hon. Mr. Euler: May I ask a question with reference to the tolls? Ordinarily, within a country, transportation rates are subject, I believe, to the Board of Transport Commissioners. As this is an international matter, will there be any control of rates, and if so, by whom?

Hon. Mr. Hugessen: I do not believe there is any authority in the Board of Transport Commissioners to govern rates on road bridges. Of course it would have the right to govern rates in so far as the railway uses a new bridge.

Hon. Mr. Euler: But this structure will be international in nature. The Canadian board would have no authority over the American end of it, would it? What authority would control?

Hon. Mr. Hugessen: I do not know that I can answer that question. Of course the tolls would have to be settled as between the Canadian Authority and the American Authority, and I suppose they would be such as both Authorities would consider to be sufficient to provide for the cost of maintaining the bridge, and at the same time attracting more traffic.

Hon. Mr. Horner: That problem may diminish when the Americans own the whole thing!

Hon. Mr. Hugessen: In any event, I have stated the principal reason for the bill.

There are a few proposed amendments to the St. Lawrence Seaway Authority Act which do not deal specifically with this particular bridge. There is the right to authorize

the Authority to procure the incorporation of subsidiaries. Also there is a provision that the Navigable Waters Protection Act shall not apply to works undertaken by the Authority; and it is further provided that the net proceed of the sale of surplus property under the administration of the Authority shall be paid to it so that these amounts may be credited against expenditures.

That, I think, is as much explanation on second reading as the Senate will require, though if questions are asked I shall be glad to do my best to answer them. It will be my purpose, if the Senate gives second reading to the measure, to suggest that it be sent to the Standing Committee on Transport and Communications for further study.

Hon. Mr. Horner: The honourable senator has referred to this undertaking as a "deep sea" channel. It is not so, nor will it be when it is completed. It will be no more than 27 feet deep, and therefore insufficient for the largest ocean-going vessels. The only harbour such boats can go into is up in my country, at Churchill, where there is 75 feet of water. Only partly loaded large boats can travel down the St. Lawrence at the present time, and there will be a similar limitation on large sea-going vessels when you are through with this project.

Hon. Mr. Roebuck: May I ask a couple of questions? As I understand the bill, it is intended to authorize the construction of a specific bridge.

Hon. Mr. Hugessen: Yes.

Hon. Mr. Roebuck: Yet its purpose is phrased in the widest terms,—not to construct a certain bridge at a certain place but, to quote from the explanatory notes:

> . . . to empower the St. Lawrence Seaway Authority to construct, maintain and operate international bridges . . .

How many bridges do they propose to construct?

Hon. Mr. Hayden: The notes say "as specifically authorized by the St. Lawrence Seaway Authority Act".

Hon. Mr. Roebuck: Very well, but the bill authorizes the construction of bridges.

Hon. Mr. Hayden: No. The only one authorized is authorized in section 3.

Hon. Mr. Hugessen: This question was raised in the other place and the answer given was that section 3 of the bill specifically authorizes the Authority to build and operate this bridge and this bridge only, and that it was not intended to empower the Authority by inference or in general to build any other international bridge. If it wishes at any time in the future to build another international bridge it will have to come back to Parliament for an amendment to the act.

Hon. Mr. Roebuck: Why put it in general terms? Why should the first clause not give authority to construct this specific bridge as authorized by the act? Would that not be better for clarity's sake?

Hon. Mr. Hugessen: That is exactly the point. The only one that would be authorized by the act, if this bill goes through, would be the one at Pollys Gut.

Hon. Mr. Roebuck: Then why make it plural?

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Roebuck: Why do you not specify that the Authority is to build a bridge at Pollys Gut and not bridges as may be authorized?

Hon. Mr. Hugessen: It amounts to the same thing. By section 10 of the act the Authority is given power to build any bridge or work pursuant to the act. Then by section 14A the work which it is authorized to construct is the bridge over Pollys Gut and no other.

Hon. Mr. Roebuck: Well, it does not seem to be very good draftsmanship. May I ask another question? Is there any limitation imposed on the amount of the tolls, how long they shall be maintained, and what shall happen in the event that, say, a certain amount of money has to be raised? Will it be necessary to pass an order in council before tolls are applied, or is there any limitation on the amount that shall be raised by tolls? Is there anything for the protection of the public in the matter of tolls which may be levied?

Hon. Mr. Hugessen: No, there is nothing specific of that kind in the bill, and I suggest to my honourable friend that at this stage it might be very difficult to be specific in these matters. In the first place it is not known, I imagine, how much this new bridge will cost, or how much compensation will have to be paid to the Cornwall International Bridge Company. Moreover, any provisions of that kind would have to be made by way of agreement between the American Authority and the Canadian Authority and would not be subject solely to the jurisdiction of the Parliament of Canada.

Hon. Mr. Roebuck: Not solely, but to the extent that they would be subject to Canadian jurisdiction why could not the Authority, after acquiring the knowledge, obtain authorization or, shall I say, ratification by order in council?

Hon. Mr. Hugessen: Well, I do not think that my honourable friend need be too deeply

concerned with the possibility that the Seaway Authority or any subsidiary company which it may organize for the purpose will charge excessive tolls to people using this bridge. After all, it is a body subject to the control of Parliament. My honourable friend will realize what an enormous volume of protests there would be addressed to members of Parliament if the Authority did seek to charge tolls that were thought to be excessive or indeed out of line with the tolls that are charged on bridges of a similar size elsewhere.

Hon. Mr. Roebuck: What could we do about it? We would be helpless.

Hon. Mr. Dupuis: May I ask the honourable senator from Inkerman (Hon. Mr. Hugessen) a question?

Hon. Mr. Hugessen: Certainly.

Hon. Mr. Dupuis: Section 22 of the act is repealed and the following is substituted therefor:

22. (1) The Navigable Waters Protection Act does not apply to works undertaken pursuant to this act.

(2) Any work constructed in accordance with this act is a lawful work notwithstanding that it interferes with navigation.

May I ask whether this bridge will be constructed in such a way that it will have to be opened up to let vessels through or will it be high enough to allow navigation to proceed underneath?

Hon. Mr. Hugessen: I do not know, but I think it is to be built in conjunction with locks that are to be constructed at the falls and therefore it will likely be a swing bridge or something of that kind.

Hon. Mr. Dupuis: Will there be automobile traffic on it?

Hon. Mr. Hugessen: Yes. The bridge will also be used by the New York Central Railway to replace its present bridge and tracks.

Hon. Mr. Dupuis: Apparently the Seaway Authority will face the same difficulty that we are going to face in Montreal if the Victoria bridge is built in such a way that it will have to be opened up to let navigation through.

Hon. Mr. Isnor: I am particularly interested in the capital expenditures to be made under this bill. The explanatory note opposite section 2 of the bill reads:

The money spent by the Authority is provided by loans that must be recovered by tolls; it is therefore advisable that the proceeds of the disposition of property be credited against expenditures.

As I understand it, the principle is that certain expenditures will be made and toll charges will be credited to offset the expenditures. Is that right?

Hon. Mr. Hugessen: Yes, that is right as I understand it. To the extent that property is sold by the Authority the proceeds of sale will be credited against capital expenditures, and the net amount will be that which will have been spent by the Authority in respect of which it will seek to levy tolls for the purpose of paying operating charges and interest, I suppose.

Hon. Mr. Isnor: I have no objection to this, but I want to get the information on record, for we have been told the direct opposite at recent meetings of the Finance Committee. It has been stated there that since 1920 all capital expenditures on public buildings have been charged up as expense items in the particular year concerned, with no charge being made to capital account, and that the revenue from any building sold has gone to the Consolidated Revenue Fund of Canada. An altogether different policy is being pursued here, and I want to make sure it is on record so that I may bring it up at some future time.

Hon. Mr. Hugessen: That would appear to be so from the explanation given of section 2.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hugessen, the bill was referred to the Standing Committee on Transport and Communications.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 23, 1956

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

Prayers.

Routine proceedings.

POST OFFICE BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C) intituled: "An Act to amend the Post Office Act", have in obedience to the order of reference of May 17, 1956, examined the said bill and now beg leave to report the same without any amendment.

The report was adopted.

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

Hon. Mr. Hayden: With leave of the Senate, now.

Some Hon. Senators: Next sitting.

Hon. Mr. Hayden: Next sitting.

LIVE STOCK AND LIVE STOCK PRODUCTS BILL

REPORT OF COMMITTEE

Hon. Charles G. Hawkins, Acting Chairman of the Standing Committee on Natural Resources, presented the report of committee on Bill I-7.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Natural Resources, to whom was referred the Bill (I-7) intituled: "An Act to amend the Live Stock and Live Stock Products Act", have in obedience to the order of reference of May 17, 1956, examined the said bill and now report the same without any amendment.

The report was adopted.

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

Hon. Mr. Hawkins: Next sitting.

PRIVATE BILL

ALBION INSURANCE COMPANY—REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill H-10.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (H-10) intituled: "An Act to incorporate The Albion Insurance Company", have in obedience to the order of reference of May 10, 1956, examined the said bill and now report the same with the following amendments:

1. Page 1, line 13: immediately after the word "Company" insert the words "of Canada".
2. Page 2, line 30: immediately after the word "hundred" strike out the words "and forty".
3. Page 3, line 20: immediately after the word "than" delete the word "twenty" and substitute therefor the word "forty".
4. In the title: immediately after the word "Company" add the words "of Canada".

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Hayden: Next sitting.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 345 to 357, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill W-12, an Act for the relief of Shirley Susan Morris Duggan.

Bill X-12, an Act for the relief of Maureen Evelyn Allison Cooper.

Bill Y-12, an Act for the relief of William Windsor Frewen.

Bill Z-12, an Act for the relief of Ethel Hansen Echlin.

Bill A-13, an Act for the relief of Muriel Doreen Southall Fisher.

Bill B-13, an Act for the relief of Paulette Lavallee Plotkin.

Bill C-13, an Act for the relief of Michael Costom.

Bill D-13, an Act for the relief of Peter Butler.

Bill E-13, an Act for the relief of Ivy Umilta Gooding Joseph.

Bill F-13, an Act for the relief of Margaret Lash Johnston.

Bill G-13, an Act for the relief of Ethel Simon Baroff.

Bill H-13, an Act for the relief of Golda Cohen Winter.

Bill I-13, an Act for the relief of Henriette Lessard Hughes.

Bill J-13, an Act for the relief of Ewart Ernest Clouston.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

CANADA SHIPPING BILL

THIRD READING

Hon. J. W. de B. Farris moved the third reading of Bill H-7, an Act to amend the Canada Shipping Act.

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

NAVIGABLE WATERS PROTECTION BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill O-8, an Act to amend the Navigable Waters Protection Act.

He said: Honourable senators, this bill provides for certain amendments to Part I of the Navigable Waters Protection Act. That is a statute which has been in force for a great many years, and the particular sections which are now being amended have remained in their present form for a long time. To some extent, people who had to apply for a permit under Part I of the act, which deals with the construction of works such as dams, booms and wharves on navigable waters were, I think I could say, in somewhat of a straitjacket, because the provisions of the statute had no flexibility at all. I emphasize that the main portion of the bill deals only with Part I, which has to do with this type of work on navigable waters.

Up to the present time and under the statute as it now stands, if you were proposing to construct a wharf or boom on navigable waters, you would have to apply through the Minister of Public Works for the necessary approval, deposit your plans, and then carry out a process of advertising in the *Canada Gazette* and in the newspapers in the area; and after a period of time had elapsed the Governor in Council might, if he saw fit, approve of the work.

Hon. Mr. Reid: What about a bridge?

Hon. Mr. Hayden: This applies to bridges. Section 2 of the act says:

> "work" includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure, . . .

The difficulty has been that the statute gave no recognition to the fact that sometimes a work might be of such urgent necessity that the applicant could not afford to wait the several months or more that were required to clear the matter in order to get the necessary approval, and in that regard the statute was inflexible.

Under the bill the old provisions in the statute remain—that is, you must deposit plans, do certain advertising and apply for approval. But subsection 2 of section 4 of the bill is a relieving subsection whereby if the minister is satisfied that there is an emergency you may get permission to proceed with the construction before all the time required by advertising, etc., has elapsed. There is an additional provision that if you have proceeded with a work without having obtained approval and that work has not been found objectionable by the minister—that is, if he has not considered it to be an interference with navigation and has not ordered it to be destroyed—when a period of five years has elapsed you may, by complying with the requirements for depositing the plan and advertising, get approval after the event.

These are all in the nature of relieving provisions, and therefore are highly desirable in the interest of the public and those who may operate under this statute.

I should point out to honourable senators that when the bill goes to committee some amendments will be proposed to subsection 2 of section 4. As it is drawn, in my opinion it creates confusion or something worse. I have already called it to the attention of the department, and some amendments will be proposed to remove the confusion.

Another important thing the bill does is to substitute the Minister of Public Works for the Governor in Council, wherever the Governor in Council is authorized by Part I to do certain things.

If the bill is passed it will be the Minister of Public Works who may directly do these things.

Honourable senators, those are the main purposes of the bill before the house.

Hon. R. B. Horner: Honourable senators, I do not expect that the honourable senator who just explained the bill, being merely a member of the legal profession, ever donned cork boots and made use of these aids on what are called navigable waters.

On the question of the control of navigable waters, I would like to mention the Ottawa River upstream from here. I have often wondered on just what authority the Upper Ottawa Improvement Company takes unto itself authority to make charges in connection with certain lumbering operations on that part of the river. Anyone who cares to inquire will find that charges are actually made for

the use of the Ottawa River. For instance, if you are floating timber or pulpwood logs down the river you have to pass them through chutes or booms, and for doing that a certain toll per thousand feet or per cord, as the case may be, has to be paid to the company. I wonder if this bill is going to have any effect whatever on that phase of lumbering operations.

Hon. Mr. Hayden: I can tell my friend that what this bill provides for is approval by the minister of the construction of works on navigable waters. It has nothing whatever to do with tolls. I would assume that if a chute were a private venture on a navigable water it would have been approved before its construction was proceeded with.

Hon. Mr. Lambert: May I ask the honourable senator if he has any explanation of the provision for raising from $1,000 to $5,000 the value of works that do not require approval by the minister? I assume the increase is related to the inflationary spiral in the cost of bridges and other public works, but there may be some other explanation as well.

Hon. Mr. Hayden: My friend has raised a question in connection with section 3 of the bill, which rewrites section 4 of the statute. Again, it is relieving, and is designed to take a burden of detail off the department in cases where it would appear that certain works could not possibly interfere with navigation.

I suppose the department has reached the conclusion that no substantial work of the kind in question here could be constructed nowadays at a cost of less than $5,000, so it proposes that the limit of $1,000, which has remained in the statute from the time it was originally enacted, be increased to $5,000. I think the dollar amount is perfectly safe, because it would appear to me that the real test is whether or not the work would be likely to interfere substantially with navigation.

Hon. Arthur W. Roebuck: Honourable senators, is this not in line with the progress of our times?—that is, if it is progress; it may be the opposite of progress, a going backwards. There was a time when this kind of thing had to be dealt with by act of Parliament, but the increased volume of public business has made it necessary to transfer a great amount of detail to the executive. We are now going a step further; we are transferring the responsibility from an overloaded executive to the head of the department in charge, the individual who perhaps knows more about it than anybody in the Government—that is, in the elected circle—though of course there may be officials who are more familiar with these matters than a changing minister could be. It is a part of the process of progress or change which some of us—and I am included—resist to the extent of our ability, whereby power is taken from Parliament and exercised by the executive in secret, or nearly so; at all events behind closed doors and without public discussion. This particular change does not offend, because it concerns detail work, without very much influence on the general public. The building of these public works is not likely to affect very much the economy of our nation, nor indeed to be the subject of much discussion. The amendment seems to me to be right and necessary, because of the tremendous bulk of public business in our time.

Hon. Mr. Reid: I note that section 4 refers to plans and works on sites which have not been approved. I always thought that plans must be approved by the Government before a wharf could be built at, or a bridge built over, a navigable stream. I imagine it will come as a surprise to most honourable members that this section is now being inserted in the bill.

But what I rose to draw to the attention of the house particularly is that the time has come when, in my opinion, the Government will have to look more closely into bridges, dams and groynes across navigable streams. What may be called a new menace has arisen. Pipe lines for oil and gas are beginning to be placed across navigable streams, and while these installations do not in any way interfere with navigation, because usually they are down in the bed of the river, it has been found that a danger exists, for should a leak take place in the pipe fish will be destroyed. In view of the present extent of construction of pipe lines for gas and oil, note should be taken by the Government of this potential menace. A large pipe line to bring oil from Alberta crosses the Fraser River; and whilst every precaution is being used by the company to avoid the possibility of erosion or leakage, the danger is there. So it is time that the Government should give attention to these works, not perhaps from the standpoint of obstruction, but as a development which requires close scrutiny to be given by the department before a company is permitted to cross a navigable stream with pipes for either oil or gas.

Hon. Mr. Power: Is it not now the case that whoever wants to construct a pipe line beneath the bed of a river must obtain permission of the department and approval of the Governor in Council?

Hon. Mr. Reid: I am not sure.

Hon. Mr. Hayden: If the statement of my honourable friend from New Westminster

(Hon. Mr. Reid) were in the form of a question, it might be pointed out that under the Navigable Waters Protection Act, which has been in force for many years, the definition of "work" includes "tunnel or pipe".

Hon. Mr. Reid: Fine.

Hon. Mr. Hayden: So the foresight which the honourable senator hopes the Government will now acquire was acquired, apparently, many years ago.

Hon. Mr. Hackett: If the honourable senator from Wellington (Hon. Mr. Howard) chose to tell the story of a pipe line that burst in Lake Memphremagog, in which he owns an island, he could also tell of the destruction—the horrible destruction—not of sockeye, but of other fish in that beautiful lake.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hayden, the bill was referred to the Standing Committee on Transport and Communications.

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, May 16, the adjourned debate on the motion of Hon. Mr. Aseltine, seconded by Hon. Mrs. Hodges, for the second reading of Bill I-5, an Act to amend the Exchequer Court Act.

Hon. John T. Hackett: Honourable senators, when I made a short speech in the house the other day I was told that nobody could hear me. So if I raise my voice today I do not wish to be regarded as approaching this difficult subject in a bellicose mood.

Bill I-5, if it becomes law, will be known as the Exchequer Court (Divorce Jurisdiction) Act, 1956. Its purpose, as disclosed by the bill, is to confer jurisdiction on the Exchequer Court of Canada to grant divorces *a vinculo matrimonii*, on the ground of adultery, committed after marriage, to persons domiciled in Quebec. The effect of the bill, which was set forth in complete detail by the honourable senator who introduced it (Hon. Mr. Aseltine), would be twofold. First it has to do with the Senate itself and those members who give their time to the divorce committee. Secondly, it seems to open the door to grounds for divorce which might be available to Quebecers, including grounds which could not and would not now be considered by the Senate. Possibly I should retract the words "could not" and say that, as I am informed, they would not be considered here. At the present time adultery is the sole ground on which divorce is granted in the Senate.

The reasons given in support of the bill were manifold. It was said that the Fathers of Confederation did not intend that Parliament should be converted into a divorce court; that Parliament should not give its time to the petty squabbles which sometimes arise in domestic life; that senators should devote their time to national and international matters as distinct from domestic grievances; that parliamentary divorce is the most antiquated divorce system in the world; that it is cumbersome and costly; that petitions for divorce *a vinculo matrimonii* are heard by no other legislative body. The honourable senator informed the Senate that the bill seemed to him to be the best remedy available to cure a difficult situation. So much for the reasons.

If the bill became law it would relieve senators from hearing petitions for divorce on the ground of adultery committed after marriage by persons domiciled in the two provinces mentioned, and would transfer petitions from Parliament to a court where rules of law obtain that are not binding upon Parliament. At this moment I wish to refer to a document to which I will make further reference later.

As honourable senators are well aware, the question of marriage and divorce has been discussed in England by members of a number of royal commissions. The report of the latest commission, the Royal Commission on Marriage and Divorce, 1951-55, was presented to the British Parliament in March of this year. The noble lord who was appointed chairman of that large and illustrious commission, Baron Morton of Henryton, stands in high repute for his learning, wisdom and industry. He is a law lord who came to Canada a few years ago as a guest of the Canadian Bar Association.

During the debate on the bill now before the Senate there was some controversy between my honourable friend from Grandville (Hon. Mr. Bouffard) and some other honourable senators as to what was the effective difference between submitting a petition to Parliament and submitting it to a court. I believe my honourable friend answered that the difference was that Parliament exercises a discretion which is free, unfettered and uncontrolled in any way, whereas a court is bound by a judicial discretion. While I appreciated the honourable gentleman's address I was unable to go all the way with him, but I do support his assertion concerning the difference between Parliament and a court with regard to decisions to be rendered.

Here is what the Royal Commission on Marriage and Divorce, 1951-55, says with regard to this very matter. I am quoting from page 264, section 1007:

Although in the statute the words "may make an order" are used, the discretion of the court is not an absolute but a judicial discretion to be exercised in accordance with the rules of law. Consequently, if all the requisite facts are proved the order asked for must be made unless there is some compelling reason to the contrary.

I think that indicates the possible difference between the outcome of a petition presented to Parliament and the outcome of one that might be presented to the Exchequer Court if this bill becomes law.

Hon. Mr. Farris: May I interrupt the honourable senator to ask him a question? Has the Parliament of this country ever acted on that discretion?

Hon. Mr. Hackett: Well, it has acted to this extent—and I bow to the long experience of the honourable gentleman who asks the question—that adultery, to my knowledge, is the only ground upon which divorce has ever been granted by the Senate Divorce Committee. I am impressed by the fact that additional grounds are included in the bill, and an attempt might be made to enforce them in the courts. If the honourable gentleman reads clause 3 he will see that it would provide the Exchequer Court with power to grant divorce for reasons other than adultery.

Hon. Mr. Euler: May I ask where that appears in the bill?

Hon. Mr. Hackett: In section 3 of the bill which is before me.

Hon. Mr. Euler: Would you kindly read it?

Hon. Mr. Hackett: Certainly. Clause 3 reads as follows:

Section 18 of the Exchequer Court Act is amended by adding thereto as subsections (4), (5) and (6) the following:

"(4) In an application for a divorce made pursuant to paragraph (k) of subsection (1) of this section, if the court is satisfied by the evidence that the case of the plaintiff has been proved, and does not find that the plaintiff has been in any manner accessory to or has connived at the adultery of the defendant, or that the plaintiff has condoned the adultery complained of, or that the action was commenced and is proceeded with in collusion with the defendant or the co-respondent, then the court may give judgment declaring such marriage to be dissolved and in so doing may grant a judgment nisi prior to granting a judgment absolute:

Provided always that the court shall not be bound to give such judgment if it finds that the plaintiff since his marriage to the defendant has been guilty of adultery, or if the plaintiff has, in the opinion of the court, been guilty of unreasonable delay in commencing or proceeding with the action or has been guilty of mental or physical cruelty to the defendant, or has, without just cause, deserted the defendant or separated *a mensa et thoro*—

That is the form of separation in Quebec, namely, separation from bed and board.

—from the defendant, before the adultery complained of or has conduced to the commission of adultery by the defendant.

"(5) A married woman who, either before or after the passing of this act, has been deserted by and has been living separate and apart from her husband for a period of two years and upwards, and is still living separate and apart from her husband, shall, if her husband was, immediately prior to the desertion, domiciled in a province not having courts with jurisdiction to grant a divorce *a vinculo matrimonii*, be deemed to be domiciled in that province for the purpose of an application for a divorce made pursuant to paragraph (k) of subsection (1) of this section.

"(6) The divorce jurisdiction conferred upon the court shall be exercised only at the city of Ottawa."

Hon. Mr. Euler: May I ask a question at this point? Does that in any way alter the provision that before divorce can be granted by a court, adultery must be proved?

Hon. Mr. Horner: In anything the honourable senator has read from the bill, I cannot see how the existing ground for adultery is changed.

The Hon. the Speaker: An honourable senator may ask a question of the honourable gentleman who has the floor, with his permission, but may not make a statement.

Hon. Mr. Euler: I asked a question a moment ago. I do not want to press the matter, but would like an answer.

Hon. Mr. Hackett: The attempt appears to be to get into a federal court a question which is dealt with otherwise in the courts of other provinces, and if this question falls into a federal court it seems to me to follow that legislation will be introduced to give to the people in the provinces affected the prerogative that is enjoyed elsewhere.

Hon. Mr. Euler: But if this bill becomes law will it not leave unchanged the present ground for divorce, which is adultery? The point I want to make is that the bill does not provide for widening the ground for divorce.

Hon. Mr. Hackett: I am submitting that it is an attempt to widen, because by federal legislation you would be putting into the Exchequer Court, a federal court, cases which a Quebec court could not hear. There would be an appeal from the Exchequer Court to the Supreme Court of Canada.

The next argument that the sponsor of the bill advanced was that under section 91 of the British North America Act the legislative power as regards marriage and divorce was conceded to the dominion. My honourable friend from Vancouver South (Hon. Mr. Farris) read into the record an excerpt that he had taken from a newspaper, and which

he said might be interpreted by a person who was schooled in the law as meaning that divorce could not be granted by the courts until article 185 of the pre-Confederation Civil Code of Quebec had in some way been removed or amended. I am one of those who share the opinion which in an offhand way the honourable senator said might be so read and so interpreted.

With regard to subsection 26 of section 91 of the B.N.A. Act, I would draw to the attention of honourable senators the facts that provincial legislation had to be passed in order to make effective the legislation that was passed here in 1930 and is to be found in R.S.C. 1952, chapter 85, under the short title "The Divorce Act (Ontario) 1930". Ontario did approve, and it enacted legislation to establish the agent that could apply the law. Considering the law in Quebec and the attitude which the people of that province have taken to this question, it does not seem likely that legislation will be enacted by the provincial Legislature of Quebec to change article 185 of the Quebec Civil Code.

Hon. Mr. Reid: May I ask my honourable friend if it is a fact that the law he quotes as now affecting Ontario could affect Quebec?

Hon. Mr. Hackett: No, it does not. What I said, or intended to say, was that law was passed in the federal Parliament affecting divorce; but that Parliament has no power under section 91 to set up courts. Under section 92 of the B.N.A. Act that power is conferred on the provinces. The province of Ontario concurred in this point of view and set up a court and passed the necessary legislation to make it effective in Ontario, but not in Quebec. I intended to say further that so long as the pre-Confederation law of Quebec remains as it is, it would seem very doubtful that the federal powers would or could in truth make a change in that regard.

It is true that section 101 of the B.N.A. Act gives the federal Parliament the right to enact laws establishing courts. It was under that act that the Supreme Court and the Exchequer Court were established. At one time they were one court, but in the year 1885 they were separated. The Exchequer Court was set up for reasons quite different from the matters which form part of the consideration of marriage and divorce. Section 58 of the Supreme and Exchequer Courts Act, 38 Victoria, provides that:

> The Exchequer Court shall have and possess concurrent original jurisdiction in the Dominion of Canada, in all cases in which it shall be sought to enforce any law of the Dominion of Canada relating to the revenue, including actions, suits, and proceedings, by way of information, to enforce penalties and proceedings by way of information *in rem*, and as well in *qui tam* suits for penalties or forfeitures as where the suit is on behalf of the crown alone.

And so on.

That has been extended by section 18 of the Exchequer Court Act, as follows:

> (a) every claim against the crown for property taken for any public purpose;
> (b) every claim against the crown for damage to property injuriously affected by the construction of any public work.

I shall not read the whole section, but one finds running through the Exchequer Court Act an interest of the crown. The purpose of the act was to provide a tribunal for the crown to exercise its right of action or resist claims made upon it. Admiralty matters have been added, and also questions of patent and copyright, all of which are international questions. But one finds at no place any reference to civil rights, unless civil rights in a diluted form be found in copyright and patent matters or claims against government-owned railways can be so considered. I suggest that to embroider onto the Exchequer Court jurisdiction in matters of divorce would be to extend its jurisdiction entirely beyond what it was intended to be.

I do not overlook for a moment the question of the function of the Senate and its protection of minority interests. Reference has been made to the people who constitute the minority in Quebec. I represent a senatorial division which probably has the largest minority interest in any senatorial division in the province. I have never heard of any complaints by the minority of unwillingness to come to the Senate in Ottawa with petitions for divorce. Quebec has never asked, through its Government or its representatives in this chamber, for a transfer of divorce jurisdiction from Parliament to the courts, and I would be disinclined to believe that the Senate would wish to force upon a province legislation which it does not seek and has said, I believe long before my advent here, that it did not want.

So much for that aspect of minority interests which have always been so carefully and so jealously protected by this honourable body.

I would now like to say a few words about divorce itself. One of the reasons advanced for seeking to shift the hearing of divorce petitions to another tribunal is that divorce is increasing. That is one of the misfortunes of western civilization. If honourable senators are interested in the story that marriage and divorce proceedings have followed in England, I may say it seems that the matter was, from antiquity, in the jurisdiction of the ecclesiastical courts, with an appeal to

the Pope. At the time of the Reformation great changes came about. The appeal to the papacy ceased and the sovereign became the dominating power in Church as well as in State. But at that time there was no question of divorce as we deal with it and understand it now. It was a form of separation, not as is stated in the bill, *a vinculo matrimonii*—from the chain of wedlock, if you will—but *a mensa et thoro*, which is separation from bed and board. The ecclesiastical courts dealt consistently with matrimonial matters which were other than dissolution of a valid marriage. They dealt with dissolution of marriage that was found to have never been valid, because of something that occurred before marriage or something that prevented its completion, such as non-consummation. But divorce is something that follows a valid marriage.

In 1535 the appeal to the Pope ceased in England. The ecclesiastical courts continued to render judgments or decrees. I am not discussing how people may have acted upon them, but there was no admission by any authority at that time that a valid marriage could be undone, and it was not until the early 1700's that legislation was enacted to give Parliament jurisdiction over marriage and divorce. I am not trifling with history; I am reading from a report which came to me the other day in which it is stated that it was only between 1715 and 1856 that Parliament passed private bills of divorce and during that time only 244 divorces were granted by the Parliament of England by way of private bills. The cost, the delay and the increase in the number of divorces brought about changes; and the subject was referred to the courts.

There have been two or three royal commissions on marriage and divorce in England. Until 1857, when the Divorce and Matrimonial Causes Act was passed, the only way of securing a divorce in England and Wales was through an act of Parliament. The royal commission of inquiry which began its work in 1850 did not finish its labours until 1855, and two years later it was followed by the statute I have just mentioned. Another royal commission was appointed in 1909, under the presidency of Lord Gorell, and it brought about further changes. There was no other inquiry on the subject until the one I have already mentioned, the chairman of which was Lord Morton of Henryton. I am not overlooking the efforts of Mr. A. P. Herbert, M.P., which brought about some changes in the law of divorce by act of Parliament. But the Morton investigation took five or six years to complete. Its report is a remarkable study; and I hope that copies will be made available to all members of our parliament, including, of course, the Senate. I obtained two copies, one of which I sent to an old friend who now faces me, and who frequently tells me I am wrong—

Hon. Mr. Roebuck: Where could one get a copy?

Hon. Mr. Hackett: —and I kept one for myself, which I shall be glad to lend to the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). The last paragraph of this report, which is the fruit of nearly seven years' careful study by men and women learned, patriotic, and well endowed with wisdom, is this:

> It is our hope that a real, marked extension of the work of education, pre-marital instruction, marriage guidance and conciliation would check the tendency to which we have referred, to resort too readily and too lightly to divorce. Unless this tendency is checked there is a real danger that the conception of marriage as a lifelong union of one man with one woman may be abandoned. This would be an irreparable loss to the community. There are some of us who think that if this tendency to divorce continues unchecked it may become necessary to consider whether the community as a whole would not be happier and more stable if it abolished divorce altogether and accepted the inevitable individual hardship that this would entail.

Hon. Mr. Burchill: Is that the statement of Lord Morton's Commission?

Hon. Mr. Hackett: Yes. That is a finding of the commission.

Hon. Mr. Burchill: That is the last royal commission?

Hon. Mr. Hackett: Yes. The report was tabled in the British Parliament at the end of March this year.

Hon. Mr. Farris: The commission recommended with practical unanimity the continuance of the present divorce law.

Hon. Mr. Hackett: Honourable senators now know to whom I sent the first copy! I am not going to agree entirely with my honourable friend's statement. The commission has said, in effect, "We have got to struggle on, but we must do everything we can to curtail the encouragement and the opportunity of divorce".

Now, these words I have read are solemn words; they are ominous words. Ours is a young country. Many people wish to come to Canada because of its wealth, because of the opportunities it offers to youth; in fact one of our difficulties seems to be that more people desire to enter Canada than we have been willing at times to admit. But I think that over and above the wealth of Canada, the richness of its mines, the glory of its forests, what impresses people most is our capacity—which is a blessing from on high—to get along together. We do not always agree, but so far we have never quarrelled.

That is why I was somewhat reluctant to attempt to set forth here some debatable points of view. I had no desire, nor have I any desire, to attempt to break a lance with anybody, and I have no particular interest in trying to argue points. The Parliament of Canada, which has brought men and women together in the Commons and in the Senate, is a great school of tolerance. Here we learn to appreciate one another's differences. Parliament has engendered in us a feeling—a commiseration or a pity almost—one for the other, which helps to make Canada a better place in which to live. Nobody wants divorce, and nobody wants the number of divorces to increase. Divorces happen and most people are sorry when they do, including the individuals directly concerned. I am one of those who likes to believe that, if we can bear a little while longer, the day will come when we can convince younger people they owe it not only to one another, to their children and families, but to the state and to their God, to be a little more tolerant with each other's shortcomings. I think it would be better to wait until that time comes rather than to say that because so many divorce petitions are being presented to Parliament we should rid ourselves of the task of hearing them and adopt procedures followed in other countries.

Including myself, sixteen senators have so far addressed the Senate on this most difficult question. I find that most of those who favour the point of view expressed in the bill come from that new and surging part of Canada, the west, over the mountains and on the plains. They are entitled to their views, but the people nearer my homeland seem to feel differently about it. It may be that if some of those honourable senators whose homes are a long distance from Ottawa did not have to remain here over week-ends when others are able to go home, they would feel differently. It may be that an adjustment in the time of Senate sittings is needed. A different point of view might emerge on this topic of divorce if we could do more business at one time and so make it unnecessary for a large number of senators to remain in Ottawa every week during the session.

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

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 338 to 344, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the committee, moved that the reports be adopted.

The motion was agreed to, on division.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill C-12, an Act for the relief of Barbara Mary Elliott Priestley.

Bill D-12, an Act for the relief of Nancy Elizabeth Theresa Butler Waugh.

Bill E-12, an Act for the relief of Robert James Clarke.

Bill F-12, an Act for the relief of Veronica Rose Latter Haworth Robinson.

Bill G-12, an Act for the relief of Billie Mae Margaret Taylor Dennis.

Bill H-12, an Act for the relief of Naida Donnithorne St. James.

Bill I-12, an Act for the relief of Alma Elizabeth Mackie Wahlberg.

Bill J-12, an Act for the relief of William Maguire.

Bill K-12, an Act for the relief of Anne Perley-Robertson McNicoll.

Bill L-12, an Act for the relief of Colette Palardy Loranger.

Bill M-12, an Act for the relief of Esther Kathleen Hamilton Williamson Maynard.

Bill N-12, an Act for the relief of Helga Maria Berger Pilgrim.

Bill O-12, an Act for the relief of Ruth Carol Friedman Allen.

Bill P-12, an Act for the relief of Joseph Thomas Evans.

Bill Q-12, an Act for the relief of Marie Jacqueline Carmen Van Troyen Morin.

Bill R-12, an Act for the relief of Hazel Wilhelmina Langtry Kimpton.

Bill S-12, an Act for the relief of Sergei Vermala.

Bill T-12, an Act for the relief of Stanley Tom Wood.

Bill U-12, an Act for the relief of Amelia Alice Stefani Schofield.

Bill V-12, an Act for the relief of Bridget Rowley McHale Bowman.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 24, 1956

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

Prayers.

Routine proceedings.

THE ESTIMATES

REPORT OF FINANCE COMMITTEE

Hon. Charles G. Hawkins, Chairman of the Standing Committee on Finance, presented the committee's third report.

The report was read by the Clerk Assistant as follows:

Your committee recommend that they be authorized to print 1,000 additional copies in English and 200 additional copies in French of their final report on the Estimates laid before Parliament for the fiscal year ending March 31, 1957, and that Rule 100 be suspended in relation to the said printing.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hawkins: Next sitting.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate I move that when this house rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

The motion was agreed to.

FEDERAL EXPENDITURE IN PROVINCES

INFORMATION TABLED

On the notice of motion by Hon. Mr. McDonald:

That an order of the Senate do issue for a return showing:

1. What was the total expenditure in each province of Canada for the fiscal year 1954-55, by the federal Government, including the statutory subsidy and tax rental agreement payments?
2. What was the total expenditure during the fiscal year 1954-55 in each province by each federal Government department and agency?

Hon. Mr. Macdonald: I now table the information asked for.

POST OFFICE BILL

THIRD READING

Hon. William H. Golding moved the third reading of Bill C, an Act to amend the Post Office Act.

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

LIVE STOCK AND LIVE STOCK PRODUCTS BILL

THIRD READING

Hon. W. Ross Macdonald, for Hon. Mr. Godbout, moved the third reading of Bill (I-7), an Act to amend the Live Stock and Live Stock Products Act.

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

DIVORCE BILLS

THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill C-12, an Act for the relief of Barbara Mary Elliott Priestley.

Bill D-12, an Act for the relief of Nancy Elizabeth Theresa Butler Waugh.

Bill E-12, an Act for the relief of Robert James Clarke.

Bill F-12, an Act for the relief of Veronica Rose Latter Haworth Robinson.

Bill G-12, an Act for the relief of Billie Mae Margaret Taylor Dennis.

Bill H-12, an Act for the relief of Naida Donnithorne St. James.

Bill I-12, an Act for the relief of Alma Elizabeth Mackie Wahlberg.

Bill J-12, an Act for the relief of William Maguire.

Bill K-12, an Act for the relief of Anne Perley-Robertson McNicoll.

Bill L-12, an Act for the relief of Colette Palardy Loranger.

Bill M-12, an Act for the relief of Esther Kathleen Hamilton Williamson Maynard.

Bill N-12, an Act for the relief of Helga Maria Berger Pilgrim.

Bill O-12, an Act for the relief of Ruth Carol Friedman Allen.

Bill P-12, an Act for the relief of Joseph Thomas Evans.

Bill Q-12, an Act for the relief of Marie Jacqueline Carmen Van Troyen Morin.

Bill R-12, an Act for the relief of Hazel Wilhelmina Langtry Kimpton.

Bill S-12, an Act for the relief of Sergei Vermala.

Bill T-12, an Act for the relief of Stanley Tom Wood.

Bill U-12, an Act for the relief of Amelia Alice Stefani Schofield.

Bill V-12, an Act for the relief of Bridget Rowley McHale Bowman.

The motion was agreed to, and the bills were read the third time, and passed, on division.

DEPARTMENT OF TRANSPORT BILL

SECOND READING

Hon. T. A. Crerar moved the second reading of Bill 249, an Act to amend the Department of Transport Act.

He said: Honourable senators, let me say at once that this bill has the germ of an authoritarian principle in it and since some honourable senators are probably aware of my attitude of mind on most matters of that kind they will agree that I sponsor the bill without any blowing of bugles or clanging of cymbals, and indeed with very little enthusiasm, but because it is necessary.

It may be useful if I briefly sketch the background because the bill in itself is a very simple measure.

During the war years it was necessary to institute a great many controls over the ordinary working of the country's economy. Those controls were introduced under the War Measures Act, which act, as honourable senators will recall, enabled the Government to govern by decree almost anything except the levying of taxes. When the war was over, of course, the War Measures Act ceased to have practical effect. However, the Government at that time—and this, I may say, was subsequent to my leaving the Government—brought in a bill entitled the Emergency Powers Act, which in due course was passed by Parliament. That act gave the Government a pretty wide degree of authority to pass orders in council dealing with matters in which the economy of the country might be affected. One of the orders passed under the act granted authority for the control of the movement of bulk goods either by rail or by ship on inland waters and also, as I recall, on coastal waters as well when transported in ships of over a certain tonnage. But it was not long before the Emergency Powers Act was subjected to a good deal of criticism—some people were asking why it was necessary to keep it in force years after the war—and Parliament caused the Act to expire on May 31, 1954. Then in order to ensure the orderly and efficient movement of goods in bulk, by rail and ship, the Department of Transport Act, which was passed in 1936, was amended by the addition of a subclause. This was done in the session of 1953-54, about two years ago.

Under that amendment to the Department of Transport Act provision was made for the appointment of a transport controller, whose authority extended to control of the use, operation or supply of transport and storage facilities and to control of practically all transport of goods in bulk. The bill defined "goods in bulk" as including grain and grain products; ores and minerals (crude, screened, sized, refined or concentrated, but not otherwise processed); ferrous metals; iron and steel scrap; sand, stone and gravel; pulpwood, woodpulp, poles and logs; coal and coke; and sulphur and phosphate.

It will be recalled that in 1954 the world, internationally, was in a very uneasy posture. There was fear that war might break out; the tension was very considerable; and in the event of the development of any international emergency the Government under this amendment to the Department of Transport Act, possessed the power to direct the movement of the bulk goods which I mentioned a moment ago. That tension has apparently eased, although I daresay it is felt that the need for control still exists. Speaking quite frankly, were it not for one thing I would not support the renewal of these powers; and let me say that I do not want my sponsorship of this bill to be cited against me if on some future occasion I should oppose a similar measure. In that respect I am giving no hostages to fate.

Hon. Mr. Macdonald: The honourable senator still has an open mind!

Hon. Mr. Crerar: Yes, always an open mind.

The real need for this measure today is in connection with the movement of grain. There has been a congested condition affecting grain out in the Prairie provinces, and the Transport Controller's efforts, at any rate during the past year, have been devoted almost wholly to assisting in the movement of grain in order to reduce this congestion. In doing so, he could direct the railway companies to ease up on the carriage of pulp or ore or some other commodity and concentrate the available supply of cars on the movement of grain. That is an illustration of the sort of power which, under this legislation, the Transport Controller possesses. Now that congestion, so far as western grain is concerned, still persists, and should there be a large crop on the prairies this year it will almost certainly continue for another year, perhaps two years.

So the main purpose of this bill—and this was pretty well disclosed in the debate on the measure in the other house—is related to grain and the need for facilitating its movement. This is made perhaps more necessary by our rigid inflexible system of marketing grain. As honourable senators know, the marketing of wheat, oats and barley is completely and rigidly controlled under the Wheat Board Act by the Wheat Board, which is declared to be an agent of the crown. The rigidity of control frequently gives rise to an inflexible state of affairs. If the Wheat Board is to move grain out of the country to meet its export commitments, it

is necessary to have some control exercised by a transport controller so that, when necessary, box cars can be made available for the movement of that grain.

Hon. Mr. Roebuck: Why would it not be possible to have an official of the Board of Transport Commissioners handle a matter of that kind?

Hon. Mr. Crerar: I do not know that the Board of Transport Commissioners would want to be burdened with this, and I do not think it should be. The cost of administering the control is very small. As a matter of fact, the Transport Controller is a member of the Board of Grain Commissioners for Canada. He is administering this control in addition to doing his other duties, and his total staff is no greater than five or six at the outside. It is not intended that this should be a permanent institution, and indeed it is not desirable that it should be. However, if we are to have a transport control, it is better to have it this way. It is important that the congestion which there has been for the last several years in the movement of grain in the prairie country be reduced, and so it is necessary, as I have said, to have some control exercised by a transport controller when the Wheat Board gets an opportunity to sell grain abroad. To my mind this is the only justification for continuing the Transport Controller's power.

Subsection 3 of section 6A of the Department of Transport Act now reads:

> This section shall expire on the 31st day of May, 1956.

If nothing were done about it, the Transport Controller's power would expire at the end of this month. The sole purpose of the bill which I am submitting to the house is to amend subsection (3) of section 6A to the effect that the power shall expire on the 31st day of May, 1958; in other words, it extends the power for two years. Having regard to all the circumstances involved, it is desirable that this power be continued. But once we get rid of all the Wheat Board's arbitrary powers—and I am not yet without hope that that day will arrive—I think we will find there will be no need for a Transport controller.

Hon. Mr. Hackett: Is there any amendment to the bill, to include pipe lines, for instance?

Hon. Mr. Crerar: I beg your pardon?

Hon. Mr. Hackett: I asked if there is any amendment to the bill, and I added, rather facetiously, to include pipe lines, for instance?

Hon. Mr. Farris: Our honourable friend is in the wrong house.

Hon. Mr. Crerar: It is a facetious question.

Hon. Mr. Macdonald: I do not understand the question. Both the honourable senator from Churchill (Hon. Mr. Crerar) and I are too Scottish to get it.

Hon. Mr. Crerar: I understand it is a facetious question. My Scottish upbringing developed in me a great solemnity, so I did not see the point for a moment or two.

Hon. Senators: Oh, oh.

Hon. R. B. Horner: Honourable senators, I have only a few comments to make at this time. I read the report of the debate in the other house on this bill. The great complaint in western Canada is that the Transport Controller is not controlling and that there is mismanagment in the distribution of box cars. That is the complaint you hear on every hand. I believe the railroads are not allowing much interference, and that may be all to the good when the controller is doing very little indeed. It is true there are many districts in the west where the farmers have made fair wheat sales, but there are other districts where the farmers have sold very little. This may be due to grade, but that is hard to understand. Many of the farmers have not sold sufficient grain to pay their bills and there is generally a great deal of dissatisfaction. The honourable senator from Churchill (Hon. Mr. Crerar) hopes the day will come when the Wheat Board is divested of its arbitrary powers. What a forlorn hope! If he were to start in Winnipeg and travel clean west to the foothills of the Rocky Mountains he would be amazed at the small number of those who would support the idea of abolishing the Wheat Board. He could put them all in one railroad car.

Hon. Mr. Beaubien: And have some room to spare.

Hon. Mr. Horner: Yes. The farmers of western Canada would like to see a farmer-controlled board. I would like to see a committee of farmers inquire into this whole question of the distribution of box cars.

There is another important matter in connection with the question of handling grain. One of the causes of the pile-up of grain in western Canada, particularly in Alberta, even at this date, was the strike of stevedores and loaders in Vancouver a year ago last winter. A guaranteed sale of approximately $30 million worth of wheat was lost. I contend that the board lost the sale of that grain because we were not able to deliver it to an eastern market. We were strike-bound. Dislocation occurred and fear spread throughout the western provinces just at the time navigation opened and great hope was held out. Orders were coming in, and boats were

ready to load, but were tied up by the strike. That is a thing the farmer fears. He has no means of combating such a strike, and when one occurs it costs him and the rest of the Canadian people a lot of money. We simply must work out some scheme to deal with the problem, so that labour unions can negotiate and get what is coming to them without tying up vital services. Let them hire the best counsel in the land and debate the question, but the work must be carried on.

I do not like the idea of a transport controller, and I do not think he is doing a very good job. For the life of me I cannot see what the Board of Transport Commissioners busies itself with. I am sure one or two of its members could carry out the duties allotted to this special controller.

Honourable senators, that is all I intend to say on the subject.

Hon. Norman P. Lambert: Honourable senators, I am sure the honourable senator from Churchill (Hon. Mr. Crerar) would be the last person in this chamber to adopt an apologetic attitude for the bill under discussion, which recommends the continuation in office of the Transport Controller, Mr. Roy Milner. Mr. Milner is responsible to the Minister of the Department of Trade and Commerce, not to the Wheat Board. The Wheat Board, which is the marketing agency for grain, was established by the Canadian Wheat Board Act of 1935. The Senate, together with the other house, has amended the act nine times, recognizing the undisputed fact that orderly marketing as prescribed in the act is essential to the national economy. Owing to abnormal conditions the Prairie provinces yielded larger crops in the past two years than ever before, and it became necessary to appoint a transport controller to ensure that delivery of grain to elevator points and thence to the head of the lakes was facilitated. I submit very strongly that the work of Mr. Milner, as Transport Controller, apart altogether from the Wheat Board Act, has been largely responsible for the satisfactory disposition of the surplus of grain at this time.

Hon. Mr. Horner: Satisfactory nothing!

Hon. Mr. Lambert: There is in the elevators today, according to the latest figures I have, vacant space for about 140 million bushels, and this is largely due to the orderly disposition of cars for the shipping of grain from elevator points, under Mr. Milner's direction. So long as the Wheat Board remains in existence as the marketing agency for wheat and other grains in this country, the Department of Trade and Commerce, which is responsible for this activity—and not the Department of Transport—must see to it that the grain is moved; and if nature in her bountifulness should produce another great crop there will be more need than ever for the extraordinary powers that have been given to the transport controller, to help to get order out of chaos in the marketing of the crop.

I am sure my honourable friend from Churchill will join me in acknowledging the great ability of Mr. Milner, who resigned from his position with the Board of Grain Commissioners to do this special work in conjunction with the Wheat Board. That work is a public service to this country.

Hon. Senators: Hear, hear.

Hon. Mr. Reid: I would like to direct a question to the sponsor of the bill. Is wheat the only product that has been controlled under this act for the past two years?

Hon. Mr. Crerar: There is control over movement of the list of commodities that I mentioned.

Hon. John T. Haig: Honourable senators, I do not intend to enter into a discussion about wheat. The quarrel has nothing to do with the Grain Act at all. The quarrel is between the private elevators and the pool elevators. It is claimed that Mr. Milner gives preference to the private elevators, and that he should allot more cars to the pool elevators, because more grain goes through them than through the private elevators. It is contended that the pool elevators are the ones that should get the preference. One has only to read the newspapers and the House of Commons *Hansard* of this session and every other session to find that this same question comes up again and again.

I happen to know Roy Milner. I have known him longer than any other member of this house, even the honourable senator from Churchill. His brother was a student in my law office and is now a lawyer in the city of Winnipeg. I know his father and mother well. Roy Milner is a very able and a comparatively young man.

Hon. Mr. Burchill: He came from New Brunswick, did he not?

Hon. Mr Haig: No, he came from Ontario.

Hon. Mr. Lambert: He came from Brampton.

Hon. Mr. Haig: I also know that if there was one Liberal vote cast in the city of Winnipeg, it was by Roy Milner's father. It is my opinion that Roy Milner is a very representative man in my city and the surrounding community, and he is an able appointee to the position of Transport Controller. Indeed, he is the kind of man I like to see occupying

such a position. I know the Milners to be people who consider Canada first, and that is most important.

I can understand the viewpoint expressed by the senator from Blaine Lake (Hon. Mr. Horner). In that respect may I digress for a moment, to say that the farmers in the three Prairie provinces are engaged in the biggest gambling game there is in the world today. They have had a good crop for the past two or three years, and I hope they will get a reasonable return for what they have produced. They are a fine people, and they form an essential part of the economic credit of this country. I say most emphatically: if the farmers of Manitoba, Saskatchewan, and Alberta are unable to meet their debts, God help the rest of Canada. The wheat farmers are the backbone of our country, and therefore they need all the help we can give them. Let us not get into any wrangles here as to who is right and who is wrong on this question. I make those remarks merely to clear the atmosphere.

In conclusion, I repeat that Roy Milner is a good appointee, and I am pleased to see his term of office extended for another two years. If in that period we are called upon to face the same problems we have faced in the past, there is nobody I know of who will be able to do a better job than he.

Hon. Senators: Hear, hear.

Hon. Arthur W. Roebuck: Honourable senators, I have one or two observations to make. Usually, when wheat is being discussed I say nothing, because I live in a city and know very little about the wheat question. Of course, I recognize the importance of the industry, and quite readily agree with the Leader of the Opposition (Hon. Mr. Haig) as to the excellent qualities of the people engaged in it.

However, let me say to the senator from Churchill (Hon. Mr. Crerar) that orderly organization of an industry is not undemocratic; liberalism and democracy do not necessarily involve chaos or the failure of people to stand in line and work together in sensible co-operation. There is nothing undemocratic in the Government of this country organizing the shipment of a great product such as our wheat; as a matter of fact, the Government would be very lax indeed if, at a time when the national interests as to the disposition of our wheat were in danger, it did not interfere and prevent the dragging and pulling, and backing and filling, of various people or organizations who were trying to capture the few cars that remain to be disposed of. To my mind, there is nothing undemocratic about this piece of legislation.

Two things only cause me concern at the present moment, and I hope that in the course of the years they will disappear. The first is the floor price of wheat: that is government gambling which is not to our economic good. I hope that in due time all floor prices will disappear, and that every industry will stand on its own feet and be healthy for having done so. Certainly such a system would be more beneficial to our national economy.

Secondly, I hope that in the course of events any compulsion in the matter of purchase and sale will disappear, and that the producers will be able to sell their wheat and other products without control of any kind. If there is to be government organization to assist in the selling of these products, the participation of producers therein should be voluntary. Then the industry would stand on its own feet, and rise or fall on its own merits, without government compulsion.

Some Hon. Senators: Carried.

Hon. Mr. Crerar: Honourable senators,—

The Hon. the Speaker: I would point out that if the honourable senator from Churchill speaks at this time he will close the debate.

Hon. Mr. Crerar: Honourable senators, regarding the points raised by our colleague from Toronto-Trinity (Hon. Mr. Roebuck), I do not find myself in disagreement with him. Under certain conditions I don't know that there is anything very undemocratic in having a transport controller—I repeat, under certain conditions. We have abnormal conditions today in respect of the movement of wheat; and that alone, it appears to me, is the justification for continuation of control.

The Transport Controller operates under pretty broad powers; and of course, as always, the success or otherwise of such an operation depends a great deal on the kind of individual who exercises the authority. I have heard it said that the best kind of government in the world is dictatorship tempered with assassination. In other words, if we are to entrust an individual with great powers, it is of great importance what kind of individual is selected to exercise those powers. That we all know from our own observations and experience.

I agree with everything that has been said by the senior senator from Ottawa (Hon. Mr. Lambert) as to the qualifications of Mr. Milner, a man of ability and integrity, whom I have known for many years. But my colleague from Ottawa was in error when he said Mr. Milner had resigned from the Board of Grain Commissionners. He is still a member of that board.

Hon. Mr. Lambert: I should have said he was seconded from the Board of Grain Commissioners.

Hon. Mr. Crerar: That is right; he was seconded from the Board of Grain Commissioners for this job, but his office is still in the Grain Commissioners' offices.

My honourable friend from Blaine Lake (Hon. Mr. Horner) expressed himself rather vigorously, as he always does, and we are delighted to hear him do so. He criticized, indirectly at least, the way Mr. Milner has handled the distribution of cars.

Hon. Mr. Horner: Yes, sir!

Hon. Mr. Crerar: I may say to my friend that the people he should criticize in that respect are the members of the Wheat Board. Mr. Milner does not distribute cars to Blaine Lake, Qu'Appelle and other points in Saskatchewan at all. That is not his job. The Wheat Board knows the quantity and kind of wheat it wants to move, and it directs the placement of cars for that purpose. If there is a shortage of cars for the movement of wheat Mr. Milner will tell the coal people, the pulp and timber people and others dealing in bulk commodities, to go a little easier on the use of cars so as to allow more for the movement of wheat, and his orders are effective.

That is the main principle involved in this control. Once the cars are made available the Wheat Board knows the number of cars at its disposal, and it decides where they will be sent. For instance, if the board has made export sales of No. 3 northern or No. 2 northern it knows from its records the areas in which that grade of wheat can be secured, and so it directs cars to those particular areas. In the meantime other areas have to take fewer cars. That is one of the things I have in mind when I speak of the rigidity of this marketing system.

Hon. Mr. Horner: Would you permit a question?

Hon. Mr. Crerar: Certainly.

Hon. Mr. Horner: If hundreds of empty cars were standing on sidings for days, while at the same time wheat was waiting to be moved, whose duty would it be to deal with that situation? I should think the Transport Controller ought to move about the country and see to it that these cars were moved to where they were needed. Would that not be his duty?

Hon. Mr. Crerar: That is not the controller's responsibility at all. If cars were lying idle on sidings while at the same time elevators were filled with grain awaiting transportation, I do not know whose duty it would be to rectify that situation.

Hon. Mr. Roebuck: That would be the railway's job.

Hon. Mr. Crerar: The controller's duties do not extend to the allocation of cars over the prairie area. His main responsibility is to keep the overall movement of bulk goods in Canada before him, to scan the transport of all kinds of bulk commodities; and if a shortage of railway cars in a particular area is proving detrimental to the movement of wheat he can order the railways to allocate fewer cars for this, that and the other purpose for a few weeks, a month or two months, until the wheat situation is cleared up. That is about the main job of the Transport Controller.

I agree with my honourable friend from Blaine Lake about the tie-up at Vancouver, due to strikes and that sort of thing. But that is about as remote from the responsibility of the Transport Controller as anything one might imagine. This bill simply extends his powers for two more years. It may be that in two years from now we shall not have an International Wheat Agreement; it may be that the Wheat Board will not be under the necessity of pushing forward certain grades of wheat to meet commitments under such an agreement. That we do not know. In my opinion the time limit of two years is a very wise provision in this bill, and I am quite certain that the Department of Transport and everyone associated with the Government would like to get rid of the controls as quickly as possible.

For the reasons I have given, I think the bill should get second reading.

Hon. Mr. Reid: What about the question I asked?

Hon. Mr. Crerar: What was that?

Hon. Mr. Reid: Were any other commodities outside of wheat controlled under the act in the last two years?

Hon. Mr. Crerar: I apologize to the honourable senator for not answering that question. Of course, during the war, the controls were much more complete. But laterally the controls on certain commodities have tended to decline, or so I have been informed. However, a dealer in lumber, for instance, might have orders for delivery to the prairies or somewhere else and want cars to make the shipment, and the Transport Controller might say, "You will have to wait a little while because we need these cars for wheat movement". In the main the need for continuing this control is, I am informed, to facilitate the movement of wheat from the western

provinces, and as far as possible to relieve the congestion that has existed there for some considerable time.

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

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Crerar: If there is a desire on the part of any honourable senator that the bill be referred to a committee, that can be done. However, I do not think it is necessary. As I have said, the bill simply extends the powers of the Transport Controller for another two years, and if it is agreeable to the house I shall move third reading now.

Hon. R. B. Horner: Honourable senators, before this bill is read the third time, may I be permitted to make a few remarks?

Hon. Mr. Haig: Go ahead.

Hon. Mr. Horner: I have had a number of experiences on this question of the spotting of freight cars for loading wheat. Why, as recently as a year ago I saw box cars being auctioned off to elevator companies. I remember at one time there was a row of box cars on the sidings up the line, but the trainmen would not bring them into the town because they wanted to allot one to each of the line elevators and not to the pool. There was a car order book with 200 or 300 cars listed in it and when the manager of the wheat pool wanted a car the railway conductor said, "We won't be bothered with that; we will put cars where they are not using a car order book".

I recall another experience in a place where there was one elevator, and somehow or other the train crew adopted the practice of coming in at night when they would have a good chance to slip all the cars to the elevator agent. On this particular occasion I walked six miles, got hold of a bag of wheat, and climbed on to the car before the train came to a stop. The train moved up to where the elevator was, and the elevator man was all ready to lower the spout into the car when I said, "No you don't, I am going to load this car". Well, it was desperately cold weather—40 below zero—and they took me into the caboose which was standing on the siding between the elevator and the station, and showed me an order to the effect that this car, a foreign car, could not be loaded by a man drawing in wheat, but had to be loaded by the elevator. I learned afterwards that the elevator man had given them $20 for the car, and that this order that they showed me was a fake. I drove my horse and cutter, with two sacks of grain, to the next town. On the siding there were a couple of good box cars; I put a sack of grain on each, and told the brakeman that I was going to load those two cars and to move them to a place where I could do so. He complained that it was too cold, but I said "I will make it good for you" and I gave him a little money. We came to Blaine Lake, and there was a pitched battle to decide who was going to load the cars. I said I would load them if it took me all winter. Well, I did load the cars, and I got 20 or 25 cents a bushel more than I would have got if that grain had gone through the elevator.

There is a racket in the spotting of cars for loading wheat. That is the complaint, and I will never be satisfied until conditions are changed. I am reminded of Stephen Leacock's account of his experience as a gardener during the war. He felt that, like everyone else, it was his duty to produce as much food as possible, so he went out and bought a straw hat, overalls, a hoe and a rake. The result of his efforts was a nice large box of vegetables, which he shipped east to Montreal, and—to illustrate the efficiency of the railroads—the last he heard of it was that it had arrived at Windsor, Ontario.

It seems to me that if I were the controller I could do quite a good job by arranging to have cars moved on an equitable system to where they are needed, not have them shifted around for nothing. The farmers will never be satisfied until cars are assigned to the elevators of their choice, whether they belong to the United Grain Growers or to any other organization. I contend that transportation is hampered by the practice of assigning one car to each elevator, without regard to the wishes of those who grow the grain and are paying the freight. By the way, in Saskatchewan the freight rate is about double the rate in Manitoba.

Hon. Mr. Beaubien: Then move to Manitoba!

Hon. Mr. Lambert: May I ask the honourable senator from Blaine Lake (Hon. Mr. Horner) if he is suggesting that, at points where the car distribution system is in effect, preference is given to pool elevators over private elevators?

Hon. Mr. Horner: No; I am suggesting that I should have the right to deliver my grain to whatever elevator I want it to go to, with the assurance that it will be shipped.

Hon. Mr. Lambert: I understood the honourable senator to suggest that there are hundreds of grain cars standing empty on sidings.

Hon. Mr. Horner: Yes.

Hon. Mr. Lambert: He did not designate the points at which this condition exists. In his

subsequent remarks he made the observation that he thought grain cars were being unequally distributed among the elevators, and he intimated, as I understood him, that pool elevators enjoyed favouritism in the matter of apportionment.

Hon. Mr. Horner: No. I said that, as the supply was distributed, one car would be assigned to each elevator. So, although a car order book might contain the names of 200 growers requiring car space at, say, the pool elevator, and though there might be very little demand from the other elevators, the additional cars needed to supply the pool members' requirements were held back. I maintain that the farmer should be assured of car service at the elevator of his choice, whether pool or otherwise.

Hon. Mr. Lambert: Regardless of whether he belongs to the pool organization or is farming on his own.

Hon. Mr. Horner: Absolutely.

Hon. Mr. Lambert: I should like to speak to that point. My honourable friend knows very well that the whole pool organization in western Canada, of which he has spoken profoundly and understandingly on other occasions, was adopted by the farmers as a means of alleviating their economic injustices, and that it was the culmination of many years of organized effort. The beginning of the movement, as my honourable friend from Churchill knows full well, was definitely associated with the establishment of the car order book system at country elevator points, whereby the individual producer, before he was organized into a group, by putting his name on the list could make the railways recognize his right of priority according to the place he occupied on that list. As I understand it, that system still obtains, with one great difference, that today the grain growers in western Canada are organized into what is known at a wheat pool, whose elevators belong to its members; and where there is a car order book the railways must supply cars to shippers in order of precedence. Pool members naturally have the priority: probably they constitute a large majority of farmers in the particular district. I suggest to my honourable friend that if, at any points in the grain growing and marketing areas of western Canada, hundreds of cars remain empty on the sidings, it is his duty and the duty of the farmers' representatives at those places to inform the Wheat Board and the Transport Controller.

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

JUDGES BILL

SECOND READING

Hon. J. W. de B. Farris moved the second reading of Bill 252, an Act to amend the Judges Act.

He said: Honourable senators, this is a short and simple bill, but of some importance. It provides for an increase in the number of judges in two provinces, Quebec and British Columbia. It relates to what we in British Columbia term the trial court and to a similar court in the province of Quebec.

It is proposed that in Quebec the number of Superior Court judges shall be increased by four to a total of 48. The number of Supreme Court judges in British Columbia will be increased by two, to 11, or, including the Chief Justice of the province, to 12.

I may explain to the house that section 92(14) of the British North America Act provides that the administration of justice in a province, including the constitution, maintenance and organization of provincial courts, is vested in the province. Therefore, the present bill would not have been introduced had the two provinces concerned not taken steps to make the bill necessary. At its recent session the Legislature of Quebec passed an act authorizing the number of Superior Court judges in that province to be increased by four. I thank my honourable friend from Victoria (Hon. Mr. Hackett) for providing me with this information. It occurred to me that some honourable member might ask me a question on this point, and I thought I had better make sure what I was talking about. I myself checked the situation in British Columbia and I found that in 1955 the Legislature there, by chapter 13, authorized a change in the constitution of the provincial Supreme Court to provide for two additional judges. The two legislative acts—one initiated by the Duplessis Government in Quebec and the other by the Bennett Government in British Columbia—are an express indication of the importance and necessity for creating these additional judgeships.

I am not competent to voice an opinion in respect of Quebec, but I have a distinct and somewhat painful knowledge of conditions in my own province. As a matter of fact, I have to fly back to British Columbia within the next two weeks to take part in an important trial which was set down for hearing a month ago. There has been such a complete congestion of litigation before our courts that it has been simply impossible to get a case heard until at least two months after it has been set down for trial. Honourable senators can well understand what an undesirable situation this is.

Hon. Mr. Roebuck: Is the situation not worse in Quebec?

Hon. Mr. Farris: It may well be. Perhaps my honourable friend knows that better than I do.

Hon. Mr. Roebuck: I have some reason for believing that the Quebec courts have been two years behind in the hearing of cases.

Hon. Mr. Farris: We are not two years behind in British Columbia, but we are certainly jammed up with current cases that have actually been set down for trial.

Hon. Mr. Dupuis: What about Ontario?

Hon. Mr. Roebuck: It is not so bad.

Hon. Mr. Farris: I think the average layman has an idea that a judge works just so many hours a day grinding out judgments, and the layman's attitude probably is, "Let the judge work a little harder and catch up". I would point out that it is contrary to the basic principle of the administration of justice that a judge should be forced to act in a routine way. His work cannot be considered on the basis of the number of hours he actually sits in court. It is essential that judges, in order to fairly administer justice, should have sufficient time for thorough study of the problems presented to them. I know that in my province the judges are greatly handicapped in their effort to give important cases that deliberation and contemplation which is so essential in weighing the scales of justice between man and man.

I might say that in gathering information about this measure I read *Hansard* of the House of Commons, and much to my surprise I found that this bill—unlike the pipe line legislation now before that house—was handled expeditiously. In a very few minutes of one sitting of that house the bill was given second and third readings and was passed without a dissenting voice.

In view of the fact that the Legislatures of British Columbia and Quebec have seen fit to pass statutes providing for additional judges, and in view of the fact that the members of the other house, with their intimate knowledge of these matters, have seen fit to pass this bill without delay, I think the Senate should accept my word, and that of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) that the bill is highly desirable and should be promptly enacted.

Hon. Arthur W. Roebuck: Honourable senators, I heartily concur in the remarks of the sponsor of this bill. He has pointed out how essential it is that a judge should have enough time for contemplation and study in the preparation of judgments, and so forth. But there is another factor to be considered. A judge should be able to hear a case without having to hurry. One of the worst things in the conduct of litigation is to see a judge hurrying the parties, cutting them short,—

Hon. Mr. Farris: And jumping on the lawyers.

Hon. Mr. Roebuck: Yes, shutting them off. Sometimes they need to be shut off a little bit, but it is far better that a judge should show a great deal of patience than be impatient in these matters. My colleagues of the important court on which we serve, the Standing Committee on Divorce, have had some experience in this very thing in recent times. Because of our new organization and the larger number of subcommittees hearing divorce petitions, we have not found ourselves being hurried. We are not pushed to get through our work. The result is that no person goes away thinking he did not have time to present his case fully, and that he has not been fairly dealt with. I think it is even more important to the litigants than to the judge that the judge should not be rushed and overloaded with work.

Hon. Mr. Reid: I have two questions that I should like to ask the honourable senator from Vancouver South (Hon. Mr. Farris). First, is the Superior Court of Quebec equal in stature to the Supreme Court of British Columbia?

Hon. Mr. Farris: Yes.

Hon. Mr. Reid: The second question: what is a puisne judge?

Hon. Mr. Farris: A puisne judge is a judge other than the Chief Justice of a court.

Hon. Vincent Dupuis: Honourable senators, I have a great deal of confidence in the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) and I have always desired that his province and mine should live in harmony. I fully agree with him and the sponsor of the bill that this legislation is really needed at this time. It has long been pressed for by the bar of the province of Quebec. And the provincial Legislature at its recent session passed a statute authorizing an increase of four in the number of Superior Court judges—which legislative action, as was pointed out by the honourable senator from Vancouver South (Hon. Mr. Farris), had to be taken before this bill could be introduced in Parliament.

So far as the district of Montreal is concerned, I wish most sincerely to felicitate our Associate Chief Justice there, who, with the gracious co-operation of other judges, has arranged for a more even distribution of cases,

so that judges who happen to have no cases ready to be heard in the morning are assigned others that can be proceeded with. The roll has therefore improved greatly in the past couple of years, but we are still in arrears.

From my experience as a lawyer in Montreal I feel that not only four additional judges, but twice that number should be appointed. Consequently, I heartily support the bill.

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

THIRD READING

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

Hon. Mr. Farris: I see no object in delaying third reading.

Hon. Mr. Roebuck: No.

Hon. Mr. Farris: With leave of the Senate, I move that the bill be read the third time now.

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

PRIVATE BILL

ALBION INSURANCE COMPANY—COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill H-10, an Act to incorporate The Albion Insurance Company.

Hon. Vincent Dupuis, for Hon. Mr. Hayden, Chairman of the committee, moved that the amendments be concurred in.

The motion was agreed to, and the amendments were concurred in.

THIRD READING

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

Hon. Mr. Dupuis: With leave, I move the third reading now.

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

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 345 to 357, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the Committee, moved that the reports be adopted.

The motion was agreed to, on division.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill W-12, an Act for the relief of Shirley Susan Morris Duggan.

Bill X-12, an Act for the relief of Maureen Evelyn Allison Cooper.

Bill Y-12, an Act for the relief of William Windsor Frewen.

Bill Z-12, an Act for the relief of Ethel Hansen Echlin.

Bill A-13, an Act for the relief of Muriel Doreen Southall Fisher.

Bill B-13, an Act for the relief of Paulette Lavallee Plotkin.

Bill C-13, an Act for the relief of Michael Costom.

Bill D-13, an Act for the relief of Peter Butler.

Bill E-13, an Act for the relief of Ivy Umilta Gooding Joseph.

Bill F-13, an Act for the relief of Margaret Lash Johnston.

Bill G-13, an Act for the relief of Ethel Simon Baroff.

Bill H-13, an Act for the relief of Golda Cohen Winter.

Bill I-13, an Act for the relief of Henriette Lessard Hughes.

Bill J-13, an Act for the relief of Ewart Ernest Clouston.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until Tuesday, May 29, at 8 p.m.

67513—37

THE SENATE

Tuesday, May 29, 1956

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

Prayers.

Routine proceedings.

LIBRARY OF PARLIAMENT

CIVIL SERVICE COMMISSION REPORT

The Hon. the Speaker: Honourable senators, I have the honour to present the following report from the Civil Service Commission.

The report was read by the Clerk Assistant as follows:

The Civil Service Commission, at the request of the Library of Parliament, and in accordance with the provisions of sections 62 and 9 of the Civil Service Act, has the honour to submit for approval the following:

It is recommended that the establishment of positions authorized for the Library of Parliament be amended by deleting one position of Librarian 4 and adding one position of Librarian 5, effective April 1, 1956.

The Hon. the Speaker: Honourable senators, when shall this communication be taken into consideration?

Hon. Mr. Reid: Next sitting.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 358 to 364, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill K-13, an Act for the relief of Mary Ethel Irving Buchanan Simcox.

Bill L-13, an Act for the relief of Constance Catherine Mary Pilon Milmine.

Bill M-13, an Act for the relief of Joseph Henri Maurice Messier.

Bill N-13, an Act for the relief of Mildred Helena Seale Darker.

Bill O-13, an Act for the relief of Robert Alfred Price.

Bill P-13, an Act for the relief of Alfred Sevigny.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

TRANS-CANADA HIGHWAY

INQUIRY AND ANSWER

Hon. Mr. Reid inquired of the Government, pursuant to notice of May 22:

1. In agreeing to the relocation of a different route of the Trans-Canada Highway in that part of British Columbia between the Pattullo Bridge and Abbotsford, and on sections between Abbotsford and Bridal Falls, what proportion of costs for the proposed relocation of these sections will be undertaken by the Dominion?

2. What amount of moneys has already been paid by the Government to the Province of British Columbia on the present designated Trans-Canada Highway on the sections recently agreed upon for relocation between the Pattullo Bridge and Bridal Falls?

3. In the event of the Government having agreed or decided to assume a percentage of the costs involved in relocating and building these new sections of the Trans-Canada Highway, is it the intention of the Government to take into consideration the amount of money already paid to the Provincial Government for the present sections now in use, which will be abandoned as part of the Trans-Canada Highway following completion of the new proposed sections?

Hon. Mr. Macdonald: I have the following answer to the honourable gentleman's question:

1.—50 per cent, as provided for in the Trans-Canada Highway Agreement.

2.—$1,031,286.92.

3.—Payments made previously will be credited against claims made for construction on the proposed relocation.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill W-12, an Act for the relief of Shirley Susan Morris Duggan.

Bill X-12, an Act for the relief of Maureen Evelyn Allison Cooper.

Bill Y-12, an Act for the relief of William Windsor Frewen.

Bill Z-12, an Act for the relief of Ethel Hansen Echlin.

Bill A-13, an Act for the relief of Muriel Doreen Southall Fisher.

Bill B-13, an Act for the relief of Paulette Lavallee Plotkin.

Bill C-13, an Act for the relief of Michael Costom.

Bill D-13, an Act for the relief of Peter Butler.

Bill E-13, an Act for the relief of Ivy Umilta Gooding Joseph.

Bill F-13, an Act for the relief of Margaret Lash Johnston.

Bill G-13, an Act for the relief of Ethel Simon Baroff.

Bill H-13, an Act for the relief of Golda Cohen Winter.

Bill I-13, an Act for the relief of Henriette Lessard Hughes.

Bill J-13, an Act for the relief of Ewart Ernest Clouston.

The motion was agreed to, and the bills were read the third time, and passed, on division.

NATIONAL HOUSING BILL

SECOND READING

Hon. David A. Croll moved the second reading of Bill 215, an Act to amend the National Housing Act, 1954.

He said: Honourable senators, the purpose of Bill 215 is to amend the National Housing Act, 1954. Its provisions are directed mainly towards the urban redevelopment and home improvement provisions of the act. There are other changes proposed, but they are of less importance.

I think I can give you the crux of the bill, to begin with, in capsule form.

When the proposed amendments become effective, the federal Government will continue in a more realistic fashion to provide financial aid to municipalities in acquiring and clearing blighted or slum areas in any municipality, and when cleared, the area will be put to its highest and best use. This may include its use for a public purpose, or for housing of all kinds, or—and I ask the house to note the change implied in these significant words—for commercial or industrial purposes.

There is a further requirement that families dispossessed by the acquisition and clearance must be re-housed in suitable and adequate accommodation within their family means.

The amount of federal assistance, in the first instance, will be one-half of the gross cost to the city of acquiring and clearing the area. The proceeds from the disposition of the cleared area will be divided between the municipality and the federal Government. The home improvement provisions of the act, which I am sure will be of particular interest to honourable senators, are being amended in two ways: first, by increasing the amount of loan that may be made available to an individual for the improvement of his home, and, secondly, by extending the period over which the loan may be paid back, from the present maximum of five years to a maximum of ten years. The maximum amount of the loan in respect of a single family dwelling is being increased from $2,500 to $4,000.

Those are the two main and important provisions of the bill, and before dealing with the proposed amendments in more detail I should like to review briefly the background of federal legislation on housing.

The first significant housing legislation was the Dominion Housing Act of 1935, which established a system of joint lending. Approved lenders, consisting mainly of life insurance companies, made loans under the act jointly with the Minister of Finance. The lenders' share of the loan was 75 per cent and the Minister of Finance contributed 25 per cent. Under the act of 1935 approximately 5,000 housing units were financed. National Housing Act of 1938 continued the joint lending arrangements and added provisions relating to low rental housing. Under the 1938 act more than 21,000 units were financed.

The 1944 act broadened the scope of the legislation very materially. It did three significant things. It continued joint lending; made provision for limited dividend low rental housing, and made it possible for banks to make guaranteed loans for home improvement and home extension. This represented a re-introduction of the principles of the Home Improvement Loans Guarantee Act of 1937, under which $50 million was loaned for home improvement purposes prior to the war. Provision was also made for research in housing and community planning.

Then came the National Housing Act, 1954, which wrote history in this country when the Bank Act was amended and insured loans were introduced. Within twenty-one months after that act introduced the banks to the loaning field, 108,000 loans were approved.

Let me present all this in perspective. Under the 1935 act 5,000 units were financed. Under the 1938 act 21,000 were financed. Then came the 1944 act, and in the ten years from 1944 to 1954 200,000 units were financed. And under the 1954 act, in less than two years 108,000 units have been financed. Honourable members will agree that is progress.

In 1945 about 12 per cent of the houses built throughout Canada were financed under the provisions of the federal act. Ten years later, in 1955, this proportion had increased to about 46 per cent, involving the insurance of loans aggregating in excess of $600 million.

During the year 1955 house building in Canada set an all-time record, with over 142,000 dwelling units started and more than 131,000 completed. Since 1945 the number of families in Canada has increased by 843,000, while 911,000 houses have been completed. During the past three years the number of

houses completed has exceeded the increase in family formations; the excess of houses over family formations in 1955 was 53,000. That figure may give the impression that the sense of urgency has disappeared, but it does not mean that we can afford to be complacent. Housing has played and will continue to play a major role in our development. The problem does not admit of a static approach.

The Senate will be happy to know that the one millionth post-war house has already been started. Nor have the low income groups been neglected. They are provided for in two ways—limited dividend loans and federal-provincial projects.

Under the limited dividend provision, the Central Mortgage and Housing Corporation is authorized to make loans up to 90 per cent of the loaning value of the project, repayable over a period of 50 years. The loan bears interest at 3¾ per cent per annum. The sponsor of such a project may establish a company the dividends of which, by its charter, are limited to 5 per cent of the amount invested by the sponsors. A long-term money arrangement and low interest rate permit the units to be rented at moderate and low rentals. This provision first came into effect in the 1944 act, under which 7,000 units have been financed to date. Over 1,000 of these units have been for elderly persons, and the monthly rents have ranged from $17 to $45 for fully serviced apartments. Units for other families of low income, financed under this provision, have ranged up to $60 per month.

The federal-provincial section of the act provides also that the federal Government in partnership with a province may build rental housing for low income families. Capital costs and operating costs or losses on these projects are borne 75 per cent by the federal Government and 25 per cent by the province. The province in turn, may have an arrangement with a municipality under which the municipality may contribute towards the province's share. Under this provision of the act about 6,000 housing units have been completed for people of moderate and low incomes. Nearly half of these rental housing projects are subsidized directly, and the remainder are rented at rentals calculated to cover the amortization of the capital, interest, taxes and administration costs. In the subsidized projects rents are geared to family income and adjusted for the size of the family.

I have already indicated that the National Housing Act has been amended from time to time to meet changing circumstances. The most important change took place in 1954, when the insured loan arrangement was established. Prior to 1954 loans were made on a joint basis, the lending institutions providing 75 per cent and the federal Government 25 per cent. As the house is aware, prior to 1954 the banks were prohibited from making loans secured by residential real estate. Under the 1954 act approved lending institutions provide the full amount of the loan and obtain from Central Mortgage and Housing Corporation insurance against loss. The Bank Act was amended so as to permit banks to provide loans under the National Housing Act. The extensive branch system of the banks has added about 4,000 new points where the borrower can seek a house loan. It is true to say that mortgage money for housing is now available in every nook and corner of our country, and it is not stretching it too far to say that it is available at every whistle stop. The banks have participated to a significant degree. From March 22, 1954, when the new act came into effect, to the end of 1955, commitments have been made to the extent of 107,949 units, involving in excess of $1 billion. The banks have approved about 47 per cent of these loans.

The policy of the federal Government, as indicated by the National Housing Act, has been to create climate and conditions favourable to the development of a high level of housing construction. This has been done primarily through the efforts of the federal Government to encourage a steady flow of mortgage funds into the housing market. The housing activities assisted by the act are to be seen mainly in the new suburbs on the perimeter of our cities where so many families have acquired homes.

What is equally important, we have an established construction industry organized and capable of carrying on building in both summer and winter, whose full capacity has not yet been tested, and which is employing more than 300,000 people in the ratio of one on the job and two off the job.

While a large and extensive program of house construction has proceeded on the perimeter of our cities, little attention has been paid to the heart of our cities, which is also the heart of our problem. We are now entering an historic period in the building of our cities. Within the next 25 years the population of Canadian cities and towns will double. The amount of urban housing to be built in this brief span of time will exceed in quantity all that has been inherited from the past. Our national economy has already displayed the productive capacity to accomplish this very great task. There remains the challenge to give our cities a character and design worthy of the great opportunity.

It is with this aspect of our urban growth that the bill before us is vitally concerned. While the suburbs have spread into the surrounding countryside, many changes have overtaken the existing housing in the centre of our cities. In old residential districts some houses have been replaced by apartment buildings, many have been converted to boarding houses and other uses. From nearly a century of house building Canadian cities have inherited a stock of housing which is caught in the relentless process of depreciation and obsolescence.

The growth of cities has placed new demands upon the centre of urban areas with increasing traffic, growing commerce and a changing pattern of living. During the past ten years, we gave the highest priority to building homes—and that is as it should be—mostly in the suburbs where land and services were available, and took no concerted action to conserve and replace the existing stock of the nation's older housing.

There are now more than 3·8 million housing units in Canada, two-thirds of which are more than 25 years old. More than half a million are more than 50 years old. About 10 per cent of all our housing is more than 75 years old. These houses which shelter the majority of our population are a very important part of our national wealth, but it is a form of wealth which does not improve with age and use. The stock of housing must inevitably decline in physical condition and usefulness unless there are effective measures of conservation and unless steps are taken to replace what is obsolete in our housing inventory.

The last census showed that in our major cities alone as many as 100,000 units are in a serious state through lack of repair and, I regret to say, are lacking in the most elementary sanitary arrangements for healthy living. In most cities there are areas where the sanitary arrangements have reached a condition which can only be rectified by complete redevelopment. I refer of course to blighted areas—in other words, just plain slums.

Since 1944 grants have been offered to municipalities to acquire and clear substandard, blighted or slum areas. To re-house families living in these areas, loans have been made available to limited dividend corporations and the federal government has been ready and has entered into partnership arrangements with provincial governments to build low rental houses. On May 24—just last Friday—a housing project of 100 subsidized rental units was started in Saint John, New Brunswick, to cost $896,070. Already there are in Saint John 288 subsidized rental units. Though much has been done, a great deal more could be done under this dominion-provincial arrangement for low rental housing.

In the past, grants for blighted or slum areas were payable only after—I emphasize the word "after"—acquisition and development by the municipalities. That imposed a financial burden which many municipalities could not meet; thus, due to municipal financial stringency and credit, some essential undertakings were not proceeded with and local incentive and initiative were lost thereby. That is being corrected in this bill.

This bill does not propose to change the net amount of the grant. Under the present legislation the federal Government may enter into an agreement to pay the municipality from the very inception and during the process of acquisition and clearance one-half of the cost to the municipality. When the project is disposed of the proceeds are shared between the municipality and the federal Government on an equal basis. Thus the federal Government will be a half partner of the municipality from the very beginning of the undertaking of any redevelopment project. This adds flexibility to the arrangements and provides the municipality with half the gross finances during the process of acquisition, clearance and disposal. This financial arrangement will be welcomed by the municipalities.

Here is another important point which will be of interest to this house. At the present time an area may be acquired and cleared only if it is to be used for re-housing or for public purposes. The bill removes this limitation, so that cleared land may be put to the highest and best use; which may be for re-housing or public purposes, or commercial or industrial purposes. I am sure the house has now caught the significance of those words.

There remains, however, one important limitation—the redevelopment area must be of substantial size so as to establish a new neighbourhood character. The bill does not contemplate piecemeal projects. It is considered that a municipality may have to exercise its power of expropriation to acquire sufficiently large tracts of land to round out workable sites. The bill anticipates no little plans. There is a provision to the effect that any families dispossessed must be re-housed in suitable accommodation at rents within their means, which means that there must be a relocation of families.

And while we are talking about slum projects, it will be interesting for the house to know that the federal Government has given grants to two slum clearance projects—one

in St. John's, Newfoundland, and the other in Toronto. In Toronto there is what is known as the Regent Park (North) project, pursuant to which about 40 acres were cleared by the city, and upon that area 1,289 housing units have now been completed. The federal grant amounted to $1,300,000. The province contributed $1,000 per housing unit.

Under the present bill it will not be essential for the province to participate in any projects, but it will be necessary that the province formally approve a municipal-federal undertaking. Provincial participation will of course be welcomed by both the municipality and the Government.

There is one very interesting fact that I want to emphasize about the Regent Park (North) project. Prior to its acquisition and clearance the tax payments to the municipality for the property involved, the 40 acres that I mentioned, were some $36,000 a year. The new project is paying annual taxes amounting to $240,000 per year, while at the same time it is reducing the principal debt and paying all carrying charges. I emphasize this because it clearly demonstrates what many of us have for a long time been saying, that slum clearance not only serves a social and welfare purpose but an economic one as well, not to mention the human betterment.

At the present time there are under active consideration two other projects—one, the Regent Park (South) project in Toronto, which may be almost a repeat of the Regent Park (North) project; and the other, a very large project in Montreal.

The second significant amendment contained in the bill before us deals with home improvement loans. At the present time loans may be made by banks to individuals wishing to improve their homes. These loans are guaranteed by the federal Government. The present limit is $2,500 for a single home and $1,250 for each additional housing unit in the building. These loans are repayable in not more than five years. Under the proposed legislation the loan is being increased to a maximum of $4,000 for each individual housing unit and $1,500 for each additional unit, repayable in periods up to 10 years.

The bill contains a number of minor amendments, which I do not propose to deal with at this time. They can be fully discussed when the bill is before the appropriate committee, where details will be available.

Now, let me sum up, if I may. This bill, as I interpret it, removes a further roadblock to slum clearance. The first approach to the redevelopment of slum areas was one of participation. The federal Government would give a grant and the lands had to be redeveloped for housing or public use. This bill is aimed directly at the heart of the problem which our great cities face. It is no longer a matter of mere participation, it is now a partnership between the federal Government and the municipalities. The partnership is a 50-50 one and the lands may be used for the best possible purposes, either commercial or industrial. I believe that this is the beginning of a realistic attack on slums. If the amended act catches the imagination of the people and arouses their sense of social justice, then if I were a slum I would worry.

This is the tenth anniversary of the National Housing Act which was passed in 1946. The first 10 years have been memorable ones. We have benefited from 10 years of its operation. I think that is worthy of note and comment and commendation. The administrators are not ivory-tower dreamers, but are ever trying to improve the act and to provide adequate housing within the reach of those whose need is greatest. Their approach has been realistic, productive and profitable. I mention the Government and the minister as worthy of commendation. I pay special tribute to the Central Mortgage and Housing Corporation, which have done a magnificent job since the act came into effect in 1946.

Hon. John T. Haig: Honourable senators, this is a very important bill. I come from a city that would be very glad to see it passed, but I want to point out some difficulties although I may not know them all.

For 14 years I represented on the Winnipeg School Board an area now known as Number One Slum District. The houses which were there then are still standing. I have canvassed families in every one of them, and I know what these places are like.

We want to clear away the slums in Winnipeg and in every other city, town and village of Canada. The problem is how to do it. Will it be solved if this bill becomes law? That is the question. In my own province, and probably in every other, municipalities require more and more money for their various activities, including the maintenance of schools. I am thinking of a house in my own city, which I will not further identify, consisting of six rooms, namely, three bedrooms, a kitchen, a dining-room, a living-room and also a bathroom. The occupants include six children, all of school age. To build a house suitable for that family would cost today not less than $10,000. The existing dwelling could be sold to the commission for about $2,000; the land is worth not more than $1,500, probably only $1,000, because the frontage is limited to 25 feet. So, at best, $3,500 would be available for the building of a $10,000 house. True, the dominion and municipal authorities would each pay half of the value of

$3,500, but what is the situation of the man who built the place and owns it? The Winnipeg commission, like that in some other cities, is composed of social service workers. I honour these people for the work they do. They loyally support a policy they believe in, and most of us have confidence in them. But how can the tenants of a $3,500 house, who are paying $120 a year in taxes, afford to occupy a $10,000 house on which the taxes are $350 a year?

It is not enough for the federal Government to assume half of the cost of acquisition and clearance. If it intends to solve Canada's slum problem it will have to provide the municipalities with greater relief in respect of taxation. Real estate cannot carry much longer the cost of our educational system. As I have pointed out, the expense of maintaining schools is far greater than it was some years ago. And it is also to be noted that one of the chief elements of the added cost of living is higher rentals. For some time there was in effect a law under which the owner of a piece of real estate who rented it could not set the price; he got only what he was permitted to charge; whereas if his money had been invested in bonds his profit would have been unrestricted. It was a law which should never have been passed—I have said so before in this house—but it was an element in reducing the cost of living, and now that it has been repealed, the tenant of course has to pay more.

I repeat that I am in favour of slum clearance, but how are slums to be cleared away, whether in Winnipeg, Toronto, Saint John, Montreal—if Montreal has slums, as I presume it has—?

Hon. Mr. Hackett: It has other things!

Hon. Mr. Haig: I know it has other things; but what will be the position of a property owner who is compensated with no more than $3,500, if a house to replace it cannot be built for less than $10,000? In my city people from the slum area told the commission, "If you solve our cost problem we will move out of our present accommodation; if you do not solve it you have got to put us out". Similar difficulties, I have no doubt, face the authorities in Regina, Saskatoon, and all through the prairie country, where during five or six months each year the weather is very cold and good accommodation at reasonable prices is necessary.

Slum areas present other problems. In Canada, as in the United States and Britain, they seem to breed an unusually large proportion of zoot-suiters, although admittedly these youngsters are recruited from every part of a city. And there is no doubt that an unduly large proportion of hospital admissions —in Winnipeg, nearly one-half—come from about one-tenth of a city's area, namely the slum district. This is not right. Men, women and children from these sections are as much entitled to have their health safeguarded as are those in any other area.

I have raised these questions, not in opposition to the purpose of the bill, but to point out that although the Government has gone a long way in the right direction, it is not providing by this bill a cure for the problem.

I know a young man who lives in exactly the same kind of house in which I lived 50 years ago. At that time my tax bill was $100 a year. We had three bedrooms, a large combination living-dining-room, a reasonably sized kitchen, a basement with a furnace, and so on. I paid $100 a year in taxes and I thought I was being robbed when they were finally boosted up to $125. I kicked awfully hard about it, but the city assessors thought otherwise. This young man I mentioned now pays $360 a year in taxes for the same accommodation. That illustrates how taxes have increased in Winnipeg, and our city is no exception. As a matter of fact, Winnipeg is a well-governed city and has been honestly and extremely well run. I can only go back fifty years, but during that length of time I have known nearly every man and woman who has served on the city council and the school board and I can say they have been honest, upright and able representatives, who have always tried to keep expenses down. Nowadays a school with eight rooms costs some $300,000 to build but when I was on the board a similar school cost only $100,000, yet people said we were extravagant. Those are the facts. There is absolutely no solution in this bill to the slum problem.

Hon. Mr. Farris: What is the solution?

Hon. Mr. Haig: The solution is for the federal Government or the provincial Government or both to pay a larger share towards the cost of education. There is no doubt at all about that, and the day will come when this will have to be done if our children are going to be educated. I realize such a policy might be looked upon by some as an interference with provincial rights; but the fact is we are giving money now for education. The federal Government has to give the provinces and municipalities more money or provide them with a larger field of taxation in order to meet the cost of education. I don't care which way it is done, but the municipalities have to get a larger share of the earnings of people in order to carry the load. I have no objection when the city taxes me on account of the cost of fire and police protection and street cleaning, but my house should not be

heavily taxed to help meet the cost of educating the children in the community while the owners of the business block across the road pay only a small share of this cost. The federal Government pays no taxes in my city, yet it takes out $15 or $20 million a year in income tax alone.

The solution is this. Give the municipalities sufficient money to carry on their services, and let the federal Government, in co-operation with the municipalities, clear out the slum areas and replace them with new houses. At the same time the federal and municipal governments will have to share the cost of compensating owners for transferring from one house to another. As far as the municipalities are concerned, it would pay them in the long run to do this, but they cannot afford to do it alone. The cost is just too high. I know it is for Winnipeg, and I am sure it is for Montreal, Fredericton, Halifax, or any other municipality.

There are several other matters involved in this bill. There is the question of housing rental by the provinces. I am not talking politics. Three or four other senators are present from Manitoba and they have opposite political views to mine, and I am sure they would be ready to answer me if I were talking politics. The Government of Manitoba claims —I think this is right—that it is spending all it can afford on assisting its municipalities, and that it has got to have greater help in this regard. The federal Government has offered some kind of settlement, which is due in 1957. But it is not enough under the present cost of living and of everything else. These costs have increased so much over the last twenty-five years that it is just impossible to work on the basis of old standards.

Hon. Mr. Barbour: I wonder if the honourable senator would permit me to ask a question?

Hon. Mr. Haig: Certainly.

Hon. Mr. Barbour: How would he suggest the federal Government should raise the taxes to pay this?

Hon. Mr. Haig: It would not need to raise the taxes.

Hon. Mr. Barbour: Do you mean there is money enough as it is?

Hon. Mr. Haig: The taxes are high enough now, but the Government could contribute more to education and cut down on other things. Education is far more important than many of the things it is spending money on now.

Hon. Mr. Macdonald: It is much easier said than done.

Hon. Mr. Haig: Surely it is, but it has got to be done.

Hon. Mr. Macdonald: Nobody has yet discovered how to do it.

Hon. Mr. Haig: Why in the world should we send a soldier and his wife and nine children to Europe, build a house for them there and keep them all over there so that the soldier can take his training there. I do not know why, and nobody else does either.

Hon. Mr. Macdonald: Ask the soldiers.

Hon. Mr. Haig: Our soldiers should not have to have that kind of training.

Hon. Mr. Baird: Hear, hear.

Hon. Mr. Haig: The point is that education and slum clearance is something we have to take care of, and we cannot effect slum clearance unless we lighten the load on the municipalities. They have only so much money. That is the situation. I will not vote against this bill, for it probably is an attempt at slum clearance, but personally I do not think it will succeed. It may in some of the richer cities like Toronto, but I don't think it will do any good in my own city. We just have to get more financial assistance than is proposed in this bill, and unless we get it I do not see how we can clear up our slum areas. We will have them with us for a long time. This whole question requires the attention of the best minds in the country.

Mention has been made of money being spent on rental houses for soldiers. This type of housing scheme has not been successful in Manitoba, for our provincial Government has refused to pay any part of it. Back around 1938 the federal Government did build some houses there and rented them to veterans, giving them an option to purchase. The municipality agreed to a certain tax levy that would remain unchanged. Well, that particular housing project is still in existence, but no new buildings have been constructed under that arrangement for probably the last seventeen or eighteen years. Time and time again schemes have been introduced to build up areas for veterans. I will admit that the federal Government has been willing to pay 75 per cent of the cost, but the provincial Government has said it cannot pay the remaining 25 per cent. Whether it can or not I do not know. In any event, if this bill goes into effect I do not expect any results from it as far as slum clearance is concerned.

Hon. Arthur W. Roebuck: Honourable senators, I cannot let this bill receive second reading without making some comments.

First, I wish to compliment the honourable senator from Toronto-Spadina (Hon. Mr. Croll) upon the wealth of information contained in his explanation. He expressed himself with a clarity that was remarkable and at the same time most acceptable. I think his latent enthusiasm was delightful.

Hon. Mr. Hugessen: Hear, hear.

Hon. Mr. Roebuck: The senator from Toronto-Spadina is a humanitarian, and no doubt the humanitarian aspects of this bill touch his heart very closely, as they do mine. I commend him for the work he has done in the preparation of his address and for the service he has rendered to this house by its delivery.

I think it is true, and that in justice to this chamber it should be said, that when matters of humanitarian interest come before it they always receive sympathetic consideration by all honourable senators.

The Leader of the Opposition (Hon. Mr. Haig) dwelt on a problem that always confronts us when an effort is made to cure evils arising from the housing shortage. In the main, of course, he is right in saying that the task is to provide good housing at a cost which people in the lower income brackets can afford to pay.

I noticed the enthusiasm with which my friend from Toronto-Spadina spoke about the limited dividend provisions of the act. But although the greatest of care may be exercised by the department to see that the dividends to be reaped by those who are putting up the money for the building of a house shall not be excessive, I did not hear him say anything about any limitation upon the value of land required for the building of the house. I speak from experience. Not long ago I thought I would build a house—it seemed to be necessary at the time—and I looked around for a lot, but I could not find a suitable one within the limits of the city of Toronto for less than $6,000. That would be a very high figure to pay for a start—just to get someone to move off a piece of land so that I might use it. An item in a Toronto newspaper recently told about a farm on the outskirts of the city—when I say "the outskirts," I mean miles away—which sold for $1 million. That is indicative of what was going on all over the place.

Hon. Mr. Macdonald: Another one sold for $2 million.

Hon. Mr. Roebuck: Well, I suppose it depends on the size. There seems to be almost no limit to the prices that will be paid for land. My friend from Toronto-Spadina referred to the blighted areas in the centres of our cities. If an inquiry is made it will be found that those blighted areas are very high in land values and very low in building values. In discussing housing problems it only confuses the issue to speak of real estate; for real estate, in the ordinary accepted meaning of that term, includes two types of value, namely, the value of the house that is constructed by man's hands, and the land value, which is not due to the efforts of a particular owner, but to the efforts of the community and of all the citizens combined.

The Leader of the Opposition complains of the tremendously high taxes. He is right. But can he tell me of anything higher than the tax on houses? Take the sales tax of 5 or 6 or 7 per cent—

Hon. Mr. Hayden: Ten per cent.

Hon. Mr. Roebuck: —when that tax is paid, that is the end of it, but when money is put into a house the purchaser pays 3 or 4 or 5 per cent annually on that house as long as it is in his possession. A house is the most heavily taxed property in Canada. On the other hand, land values are so under-taxed that the owner is able to extact from the user a tremendous—

An hon. Senator: Socialism!

Hon. Mr. Roebuck: My friend says "Socialism." No, that is not socialism. It is the very antithesis of socialism; it is just common sense applied to municipal affairs. Taxes on land values are so low that the owner of the land is able to charge the user of the land fantastic prices. The solution is not to try to rob the dominion treasury of enormous sums of money, as the Leader of the Opposition suggests, in order to carry municipal services. He speaks of "the federal Government". Well, the federal Government has not a copper of its own. He really means the taxpayers who supply the money to the federal Government. How does he propose to get the money? He speaks not in terms of small figures but large figures. Should we increase the income tax, or is it high enough already? Should we raise the sales or corporation taxes, or raise the tariffs, or are they not high enough now? If the cost of municipal services is switched to the dominion treasury, it must always be remembered that it is still the taxpayer who supplies the money. And when one considers the kinds of taxes—the land value tax, the house value tax, the tariff tax, and so on—what is the choice between them? The taxpayer puts up the money in any event. True, some kinds of taxation are more damaging than others. The one that is least damaging of all is the land value tax.

My friend says, "Reduce the cost of the dominion Government and then you will

not need to increase the taxes." There is something in that, but perhaps not nearly as much as he suggests. I recently read of a reduction by the United Kingdom in its expenditures on military upkeep, a reduction in the number of soldiers to be kept under arms. Also it has been stated, whether truly or not I do not know, that Russia is talking about reducing her expenditures. I have wondered, although I have no knowledge upon which to base a decision, if the time is not coming soon when this dominion will be able to reduce the heavy taxes which we are bearing for military purposes. Very large sums indeed are paid for military upkeep. I have never voted against them, for I would not take the responsibility of doing so, but I do hope that those who are responsible for these heavy expenditures will, in the near future, consider the possibility of reducing them somewhat, but in keeping with the public security.

Honourable senators, I like to see houses built. There has been a wonderful development and I think the dominion Government is entitled to a great deal of credit. I share with the member for Toronto-Spadina his enthusiasm, latent and otherwise. I also agree heartily with the Leader of the Opposition that it is time we examined underlying principles and facts and brought a realistic view to the question of housing.

I know that municipal taxes are a matter for provincial and not dominion legislation; but my friend from Toronto-Spadina talks about a partnership between the municipalities and the federal Government for the provision of housing, and the important questions to which I have referred are of interest to the dominion as well as to the provinces. Under present arrangements for meeting housing needs some persons become immensely wealthy at the public expense while others are required to pay exorbitant rates of tax on their homes. Unless we give some thought to that problem, with a view to reducing the cost of owning and occupying houses, we may not be so generous in our gifts or partnership. Now that we are partners in this operation which involves huge expenditures, we have something to say about it. And let us not refer to those who try to make an intelligent analysis of the problem as socialists, and think that thereby we have answered them. We have to match thought with thought, not just call names. We must give consideration to the big problem of housing and how we are going to deal with it.

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

REFERRED TO COMMITTEE

On motion of Hon Mr. Croll, the bill was referred to the Standing Committee on Banking and Commerce.

THE ESTIMATES

REPORT OF FINANCE COMMITTEE ADOPTED

The Senate proceeded to consideration of the third report of the Standing Committee on Finance, which was presented on May 24.

Hon. Charles G. Hawkins, Chairman of the committee, moved that the report be adopted.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 30, 1956

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

Prayers.

Routine proceedings.

ST. LAWRENCE SEAWAY AUTHORITY BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill 216.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (216) intituled: "An Act to amend the St. Lawrence Seaway Authority Act", have in obedience to the order of reference of May 22, 1956, examined the said bill and now report the same without any amendment.

The report was adopted.

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

Hon. Mr. Hugessen: Next sitting.

NAVIGABLE WATERS PROTECTION BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill O-8.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (O-8) intituled: "An Act to amend the Navigable Waters Protection Act", have in obedience to the order of reference of May 23, 1956, examined the said bill and now report the same with the following amendment:

Page 2, lines 21 and 22: delete "compliance with section 7," and substitute therefor "deposit and advertisement as in the case of a proposed work,".

The Hon. the Speaker: When shall this report be taken into consideration?

Hon. Mr. Hugessen: Next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill Q-13, an Act for the relief of Marie Theresa Gerega St-Jacques.

Bill R-13, an Act for the relief of Julius Michael Cantor.

Bill S-13, an Act for the relief of Gerald Zelman.

Bill T-13, an Act for the relief of Lucille Viola Arthur Ward.

Bill U-13, an Act for the relief of May O'Connor MacKenzie.

Bill V-13, an Act for the relief of Rita Cleevely Scott.

Bill W-13, an Act for the relief of Leah Banfield Rideout.

Bill X-13, an Act for the relief of Margaret Isobel Gillespie Mackenzie.

Bill Y-13, an Act for the relief of Edda Roehm Sackmann.

Bill Z-13, an Act for the relief of Joseph Ernest Adrien Joly.

Bill A-14, an Act for the relief of Jacqueline Bussiere Sirois.

Bill B-14, an Act for the relief of Doris Elaine Cameron Gladwish.

Bill C-14, an Act for the relief of Myra Goodman Lobell.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

MOTION FOR SECOND READING NEGATIVED

The Senate resumed from Wednesday, May 23, the adjourned debate on the motion of Hon. Mr. Aseltine, seconded by Hon. Mrs. Hodges, for the second reading of Bill I-5, an Act to amend the Exchequer Court Act.

Hon. W. M. Aseltine: Honourable senators,—

The Hon. the Speaker: Honourable senators, if the honourable senator from Rosetown (Hon. Mr. Aseltine) speaks now, his speech will close the debate.

Hon. Mr. Aseltine: Honourable senators, it is not my intention to make a very long speech, but there are some matters which I would like to clear up, and some additional remarks that I want to make, in the hope that they may have some influence upon those who are wavering and have not yet decided just how they will vote on this bill.

In the first place, however, I want to thank all those who have taken part in this debate. The debate opened on the 28th of February and has continued on and off for the last three months, during which time we have had quite a number of excellent speeches. I want to congratulate particularly my seconder (Hon.

Mrs. Hodges), who made, in my opinion, an outstanding speech; it was so good, in fact, that it received prominence on the front pages of daily papers in all parts of Canada. I want to thank all honourable members who have spoken in support of the bill. I should also mention that the press gave us very good coverage, and my special thanks are tendered to Mr. Grant Dexter, of the Winnipeg *Free Press*, who wrote two very fine articles, which were published in that paper on February 28 and 29 last.

Before I go any further there is one little matter I should clear up with respect to the report made in 1947 by Mr. John F. MacNeill, the Clerk of this house, who at that time was our Law Clerk and Parliamentary Counsel. The honourable senator from Queens-Lunenburg (Hon. Mr. Kinley) indicated, I believe, that in my remarks on February 28 I gave the impression that the suggestions which were made in that report were those of Mr. MacNeill. I had no intention of leaving that impression; he was merely enumerating the various suggestions which from time to time have been made by other people, and in connection with which he did not bring in any final report.

I thought I made out a good case for the passing of this bill when I spoke on February 28, and in my opinion no convincing argument has been made against it. The question before us is not one of divorce; it is simply whether the practice we have been following for many years is going to continue. The honourable senator from Queens-Lunenburg said something to the effect, if I remember correctly, that when moving the second reading I had implied that one purpose of the bill was to reduce our work. I should just like to quote from *Hansard* to convince my honourable friend that I said nothing of the kind. I am reading from page 198:

> May I emphasize that the bringing in of this bill is not an attempt on my part to get out of doing some work. During my term as Chairman of the committee I never complained, no matter how many cases we had to deal with. The purpose of the bill is not to reduce our work, but to remove from Parliament a work that we should not be doing here.

And at page 197:

> In those days, while my friends from Ontario and Quebec were spending their week-ends in Montreal and Toronto we were working very hard at disposing of numerous cases. I never objected; in fact, I rather enjoyed the work. However, I always felt that this was not a task that Parliament should be dealing with at all. It seemed to me that my time was being more or less wasted and that I could have applied myself better to more important national matters. I always believed, too, that that was the opinion of the people of Canada as a whole, that they did not think we should be spending our time on matrimonial squabbles between husband and wife, but would prefer to have us handling matters of more importance to the country at large.

Then I went on to explain why Bill I-5 was being introduced. I beg your indulgence while I read a few more lines from what I said on that occasion:

> Bill I-5 deals with parliamentary divorce only; it does not propose to change the grounds for divorce, and it has nothing whatever to do with the question whether divorce should or should not be permitted. It is merely a proposal to change the present practice under which persons from two provinces of Canada have to come to Parliament to seek a divorce. The bill deals with nothing else, and I hope that honourable senators who participate in the debate on it will try to confine themselves to the issue.

I may say that I prepared drafts of two speeches. The earlier draft I discarded because it contained certain facts and figures that might have resulted in a wide-open debate on the question of divorce, and I did not want that to occur. I was careful to leave all this material out of my speech of February 28, yet in spite of that certain senators, it seemed to me, strayed far afield of the bill.

As I said before, I feel that no good case had been made out against the bill. It is my opinion right now that, down in the bottom of his heart, no senator present today can find any real reason for not voting for the bill.

Parliamentary divorce at first was no problem at all. To indicate how it has developed since the year 1867, I would like to put on the record a table showing the number of divorces granted by Parliament in various years:

1867	0
1868	1
1869	1
1870	0
1871	1
1872	0
1873	1
1874	0
1875	1
1876	0
1877	3
1878	3
1879	1
1880	0
1885	5
1890	2
1900	5
1910	20
1920	100

Then we come to the year 1930, when Ontario was given divorce jurisdiction.

1930	247
1940	62
1943	92
1944	111
1945	179
1946	290
1947	348
1947-48	292
1949	350
1950	240

1951	294
1952	312
1953	282
1954	378
1955	406

Honourable senators will see that in 1867, when the British North America Act was passed, divorce petitions to Parliament were so few that they created no problem at all, but that as the years have gone by, and particularly since the last war, the number of cases has increased by leaps and bounds. From January 1, 1931—that is after Ontario secured divorce jurisdiction—to December 31, 1955, 4,133 divorces were granted by Parliament. All the petitioners were from Quebec, except 17 from Prince Edward Island and 30 from Newfoundland. In addition, many petitions were heard and refused, some were partly heard and withdrawn, and others were wholly withdrawn. That is the picture at the present time.

Now, honourable senators, the question is, what are we going to do about it? Are we going to continue to handle divorces or are we going to turn the cases over to the Exchequer Court to be adjudicated upon in the usual way?

During the debate on this bill it was said by several honourable senators, including myself, that no other parliament or legislature in the world today deals with divorces in the manner in which we do here. In my opinion our practice is indeed archaic. We are following a practice which prevailed in England after the Reformation. I have in my hand the report of the Royal Commission on Marriage and Divorce presented to the British Parliament in March of this year. Incidentally, I see from the speech made by the honourable senator from Victoria (Hon. Mr. Hackett), delivered during my absence last week, that he too has a copy of this report. It is well worth reading. I would like to quote one short paragraph from page 4:

> It appears that in the years immediately after the Reformation in some cases parties regard themselves as entitled to marry again after (or possibly even without) a decree of divorce *a mensa et thoro*, but by the beginning of the seventeenth century the earlier view prevailed that the courts had no power to dissolve marriages. From then until 1857, the only means of setting aside a valid marriage was by private act of Parliament—a practice which developed at the end of the seventeenth century. This process was both slow and expensive, and over the period 1715 to 1852 the total number of dissolutions was, according to the report of the Royal Commission of 1850, only 244.
>
> These arrangements continued unchanged until the middle of the nineteenth century. The situation as it existed in 1850 was summarised in the report of the Royal Commission of 1909 as follows:
>
> ". . . according to common law as well as ecclesiastical law and practice, divorce remained unrecognized; but the Legislature recognized it, in case of a wife's adultery, and in case of a husband's, when his adultery was accompanied with aggravating circumstances, by giving a remedy . . . through what was in form a legislative, but in substance a judicial, proceeding, which was open, as a matter of course, on sufficient evidence, to anyone who was rich enough to pay for it. The cost and inconvenience were, however, so great that the remedy was obviously beyond the means of the great bulk of the community."

It seems to me, honourable senators, that when divorce jurisdiction was given to the Parliament of Canada by the British North America Act of 1867 we were merely adopting a practice that had existed in England prior to the Reformation.

It was said, I think by the Chairman of the Divorce Committee (Hon. Mr. Roebuck), that the committee could handle even more cases than are now coming before it—even if they increased to 600 or 700. I do not think that a man of his ability and experience in public life was summoned to this house for the purpose of spending the greater part of his time on that kind of work. I think his talents could be used to greater advantage in the consideration of national affairs. I have no doubt that if half the members of this chamber belonged to the Divorce Committee and it divided itself into ten or fifteen sections, they could handle a great many more cases; however, it would not be very long before public opinion would demand that something be done about it. It is my view that we should take the matter in our hands right now and do something about it.

As I said earlier, this work takes up a great deal of the time of a number of senators. The senator from Queens-Lunenburg said that although he did not believe in divorce in any form, he was willing to serve on the committee and do his part. I have before me the attendance record of the committee for last session, which shows that out of 52 sitting days the senator from Queen's-Lunenburg was present on only 15 occasions.

Hon. Mr. Kinley: Honourable senators, may I rise on a question of privilege? I have been on the committee ever since I became a member of this house, and I regularly attended its sittings until last session, during the greater part of which I was travelling in the Mediterranean.

Hon. Mr. Aseltine: We have on the Divorce Committee one senator from the province of Quebec. I am not going to name him, but I will look right at him. Out of the 52 sitting days last year, he attended four days.

If this situation is to continue, my suggestion is that the senators from Quebec, who so much favour the present procedure for handling divorce petitions, should themselves take over the work of the committee.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Aseltine: Let them sit here from Monday to Friday for the first eight weeks of the session instead of going home to Montreal or Quebec City every Thursday night; and when the bulk of the petitions have been heard and disposed of, let them stay here on Tuesdays and Fridays to attend the committee.

Hon. Mr. Reid: What a hope!

Hon. Mr. Aseltine: That is what would happen if other senators refused to do the work. Why should the senators from the far east and west, instead of occasionally having a free week-end in which to attend to their own business, have to stay in Ottawa just to do the work that is properly that of the senators from Quebec who favour the handling of divorce in this way? If they want to keep divorces in the Senate, let them do the work.

Hon. Mr. Bouffard: Honourable senators, I rise on a question of privilege. I would not like the house or the public to feel that the senators from Quebec have refused to do their duty because of not serving on the Divorce Committee. If we are not members of the committee, it is because we cannot conscientiously belong. If the other senators wish us to go on that committee and deal with the petitions, we will do so, but by refusing them. My honourable friend would not like that.

Hon. Mr. Horner: The judges have to do this type of work.

Hon. Mr. Bouffard: Judges have to do it. We do not.

Hon. Mr. Aseltine: I may say that in Saskatchewan we have quite a number of judges of the same religious faith as the honourable senator from Grandville (Hon. Mr. Bouffard), yet day after day they hear divorce cases and decide them according to law. I do not think there is any excuse at all for the senators from Quebec. But I will leave that question for the moment.

I would like to refer now to the remarkable speech which was made by my friend the senator from Ottawa West (Hon. Mr. Connolly). I listened to him very attentively, and until just before he ended I was under the impression that he was going to vote for my bill. He went into the subject very fully and showed how this question had been dealt with at the time of Confederation, and he led right up to the finale; then, much to my consternation, he said that he was going to vote against the bill. Well, I thank him for making that speech because it was helpful to me. It gave me an insight into the question that I did not have before.

The senator from Ottawa West spoke immediately after the senator from Toronto-Trinity (Hon. Mr. Roebuck) and opened his remarks with the following words, as reported at page 297 of *Hansard*:

> Honourable senators, I think I should say in the first place that if the honourable gentleman who introduced this bill (Hon. Mr. Aseltine) wanted to find a good reason why it should have been introduced, the speech which has just been made would probably justify everything that he has done.

He was referring, of course, to the speech made by the honourable member from Toronto-Trinity.

Then, as reported at page 298, the senator from Ottawa West said this:

> The avowed purpose of the bill, in its practical result, is to end parliamentary divorce in Canada, and to substitute for it a limited divorce jurisdiction in a federal court, the Exchequer Court of Canada. If the bill should pass, the judicial function now exercised by our Standing Committee on Divorce would practically disappear.

I agree with that. As I said in my previous speech, an occasional case from Quebec might come to Parliament; but that province would likely follow the pattern of Ontario after it was given divorce jurisdiction. As honourable senators know, we have had no petitions from Ontario since then.

I want to quote further from the speech of the honourable senator from Ottawa West, at page 298 of *Hansard*:

> Let me put it in another way. In 1930, when Parliament passed the Divorce Act (Ontario), the federal authority did not relinquish to that province its power to legislate upon divorce. Rather, that act declared that the divorce law which would run in Ontario thenceforth would be the law of England as of a certain date. From this declaration it followed that in Ontario thereafter, for the administration of justice in matters of divorce, resort could be had to the courts of Ontario. The validity of that act has not been successfully questioned. I doubt if it could be successfully questioned and I think the same could be said of this bill if it becomes effective. Perhaps I should add that pursuant to the authority vested in Ontario in 1930, that province proceeded in 1931 to enact the Matrimonial Causes Act. This Ontario legislation deals with such matters as maintenance, alimony, custody, and the settlement of property rights between the consorts. There are no such provisions made by the bill now before the Senate, . . .

This is the point I now want to emphasize.

> . . . and so it can be assumed that jurisdiction over these matters—which, and perhaps here I disagree slightly with the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck), I think are matters of property and civil rights within the province—should remain in the courts of the provinces to which this bill applies.

Now, I agree entirely with that statement.

When drafting this Bill I-5 I examined the Ontario bill very carefully and deliberately left out all references to the law of England, so that control over maintenance, alimony,

custody, settlement of property rights, and nullity would be left with the two provinces concerned. And it is my opinion, honourable senators, that if this bill is passed the Exchequer Court will have no jurisdiction whatever over those matters; that they would continue to reside within the powers of the courts of Quebec and Newfoundland.

I think I have disposed of the main arguments of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). But my honourable friend said something else, namely, that there was no demand from the province of Quebec for this legislation. Now, I do not admit that at all. As honourable senators know, I have served on the Divorce Committee for almost 22 years, and during that time I have had many conversations with lawyers from the province of Quebec who were conducting cases on behalf of clients. Time and time again they told me, almost to a man, that their clients do not want to have to come to Parliament to go through our complicated procedure to get a divorce; rather, they would like to have their cases dealt with more quickly and economically by some court. Many of these lawyers suggested that in their opinion that court should be the Exchequer Court of Canada, so as not to necessitate the setting up of a court in Quebec, which is objectionable to the people of that province.

I want to point out in this connection also that at the time the Ontario Act of 1930 was passed there was no agitation for that legislation from the province. Prior to that time, from 1920 to 1928, as I said in my original remarks, the Senate had passed four bills to give the province of Ontario jurisdiction, but they were rejected by the other house. Then in 1930 a private member of the Commons from another province brought in a bill to give Ontario jurisdiction, and it was passed on a free vote in both houses.

The honourable senator from Ottawa West said that the reason why Parliament was given exclusive jurisdiction was that the rights of the minority should not be taken away from them. I agree with that. The provisions of this bill cannot affect in any manner whatever the rights of majorities in the provinces of Quebec and Newfoundland. The purpose of the bill is merely to provide the minority—whether Catholic, Protestant or of no religion—who believe in the right of divorce, a convenient and less costly means of having cases heard and disposed of than by petitioning Parliament for a private bill. There is no attempt to impose or force anything on the people of Quebec. The honourable senator from Grandville states that anyone belonging to his faith who comes to Parliament for a divorce is a sinner. Well, the Bible says that all men are sinners—

Hon. Mr. Roebuck: And liars.

Hon. Mr. Aseltine:—and I do not think the retention of divorce business in Parliament will help at all in that respect. If a minority is in favour of divorce, I cannot see that it makes any difference to what religion it belongs. The object of the legislation passed in 1867 was to give the minority protection, and that is all we are concerned with. I would be the last person in the world to try to force anything on the people of Quebec; but let me repeat that nothing in this bill seeks to impose anything on the majority; it is solely for the relief of those who believe in the principle of divorce. They must believe in it or they would not bring their petitions before us.

Hon. Mr. Horner: They find it necessary.

Hon. Mr. Aseltine: Probably they prefer that course to living in adultery and having illegitimate children.

I shall leave that part of the subject for the moment, and address myself to the matter of costs. The honourable senator from Toronto-Trinity said that, were this bill to pass, there could be no assurance that the expense of getting a divorce would be any less. Let me assure him that in Saskatchewan, and no doubt in many other provinces, the average cost is less than $400, and even in exceptional cases, where it is necessary to produce proof of an unusual kind, the total cost would be no more than $500.

Hon. Mr. Roebuck: That is, in local courts, not in the Exchequer Court.

Hon. Mr. Aseltine: I am referring to local courts, where the plaintiff can issue a writ for $5, obtain a decree *nisi*, and then a final decree. The solicitor's disbursements will be no more than $50 or $60.

The honourable senator from Toronto-Trinity also said that the Senate committee is able to reduce a petitioner's expenses by remitting part of the parliamentary fee of $210. I looked up the record for 1955 and found that in only 22 cases out of 406 was there any remission at all. So obviously it is not a very important factor. Even where a remission is made, the balance which remains to be paid by the petitioner is much more than all the disbursements of a lawyer on behalf of his client in an action in the provincial courts. If jurisdiction in these matters were conferred on the Exchequer Court the costs in any circumstances would not be more than they are now, and my opinion is that in practically every case they would be much less. No parliamentary fee

would be required; and there would be no expense for advertising, which under the present system, with advertisements in two newspapers, one French and one English, and in the *Canada Gazette*, frequently amounts to $100.

Within a week I could draw up a set of rules for the direction of the Exchequer Court in cases of this kind. I could also prepare a tariff of costs which would be reasonable, so that a lawyer acting for a wife suing for divorce, upon getting judgment against him, could make him pay all the costs. In that way the wronged woman would have to pay very little, if anything.

So I contend, as I did when I introduced the bill, that the present system, besides being cumbersome, is costly. In England it was found to be so burdensome that it was abandoned in 1857, when the Matrimonial Causes Act was passed. I have no doubt that, if this bill should pass and jurisdiction is vested in the Exchequer Court of Canada, the outlay required of litigants will be considerably less than it is at present.

I wish now to refer to two other paragraphs, Nos. 220 and 221, in the report of the British Royal Commission on Marriage and Divorce, issued in March. Some question was raised in the course of this debate as to whether the Exchequer Court would be able to exercise discretion, and what the word "may" in section 3 of the bill means—whether "shall" or something else. This report may be of some help. It states:

> 220. Although the court may have jurisdiction and grounds of divorce can be proved to exist, it does not always follow that a divorce will be granted, since the conduct of the spouse seeking relief may in certain circumstances act as a bar to relief. Where there has been collusion between the parties, or where the matrimonial offence has been condoned or connived at by the spouse seeking relief, the court must refuse a decree. In addition, the court in England has in certain circumstances a discretion to grant or refuse a decree. The most frequent exercise of the court's discretion is in respect of the petitioner's adultery.
>
> In Scotland there are no discretionary bars (except where in an action on the ground of insanity the pursuer's conduct has conduced to the insanity).
>
> 221. In both countries the courts will inquire into conduct which constitutes a bar to relief, whether this is pleaded by the other spouse as a defence or comes to the notice of the court in some other way. In England a statutory duty has been laid on the court to inquire in every case, so far as it reasonably can, as to the existence of collusion, connivance or condonation.

Honourable senators, in my opinion that is exactly what this bill would do.

I would like to give the house a few reasons why I named the Exchequer Court in this bill. In the first place, it is a federal court at present in existence and no new court would have to be set up. The British court is known as the Admiralty, Probate and Divorce Court. It deals with matters which are absolutely individual and separate, and yet it has no difficulty in handling them. Therefore, in my opinion the handling of divorce cases would not conflict at all with the other duties of the Exchequer Court of Canada. A set of divorce rules and a tariff of costs could be drawn up in short order, as I have already stated, and a judge sitting ten months a year could easily dispose of all the cases that would come before him. It is my belief that there is no other effective way to handle these cases.

In his speech of March 20 the honourable senator from Calgary (Hon. Mr. Ross) said he did not think it was necessary to give the Exchequer Court jurisdiction to hear divorce actions, that more satisfactory results could be had by changing the rules of the Senate. Under his proposal a Quebec person seeking divorce would first take proceedings in the Superior Court of the province, praying for separation as to bed and board on the ground of adultery on the part of the respondent, and if the petitioner succeeded in his action he would file with the Senate a petition for divorce, accompanied by a certified copy of the final decree of the Superior Court, whereupon the Senate would take action without hearing any witnesses. Well, a judge in the province of Quebec could grant judgment for separation as to bed and board for a dozen different reasons, and only in the odd case would it be granted on the ground of adultery. In all other cases the petitioners would still have to come to Parliament and make their application in the usual way. Another point is that even when there was a certificate to the effect that separation as to bed and board had been granted on the ground of adultery, Parliament would not know whether there had been collusion, connivance or condonation. So I do not think the honourable gentleman's proposal would prove satisfactory at all.

In conclusion, I would point out that Canada is growing up and Canadians are demanding that the prestige of Parliament be maintained. There is a great deal of difference between conditions as they are now and as they were for a long time after 1867, when in some years there were no divorces at all, and only one or two in others.

A few years ago a prominent senator from Florida visited Ottawa, and in the course of a tour of the Parliament Buildings he was shown the Senate Divorce Committee rooms. He was simply astounded when informed that the Parliament of Canada heard evidence on squabbles between husbands and wives from Prince Edward Island and Quebec,

which at that time were the provinces without divorce courts. It amazed him that we spent so much time on that kind of work. I firmly believe that the majority of Canadians feel the same way and, as I said before, I think the members of this house also feel the same way at the bottom of their hearts. While travelling on our continental trains across Canada I am continually approached by people asking about parliamentary divorce. My inquirers are greatly surprised to hear that we handle so many divorce cases and spend so much time on them.

Honourable senators, this bill would merely give limited jurisdiction to the Exchequer Court, which would have the right to grant divorces on the ground of adultery alone. It is a more limited jurisdiction than that exercised by Parliament, which can grant divorces on any or no ground at all, as it sees fit. I think this bill should be put to a vote, and I hope that when you come to vote you will forget politics and vote the way you feel you should. Just as surely as I am standing here, if this measure is defeated today it will not be the end of the matter, but the question will be brought up from time to time until eventually parliamentary divorce is dispensed with.

The Hon. the Speaker: Are honourable members ready for the question?

Hon. Senators: Question.

The motion of Hon. Mr. Aseltine was negatived on the following division:

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Honourable Senators

Aseltine	Hardy
Baird	Hodges
Bradley	Horner
Cameron	MacKinnon
Crerar	McKeen
Croll	Paterson
Euler	Reid
Gershaw	Wilson—17.
Haig	

NON-CONTENTS

Honourable Senators

Barbour	Jodoin
Beaubien	Kinley
Bishop	Lambert
Bouffard	Leonard
Bradette	Macdonald
Burchill	Marcotte
Connolly (Halifax North)	McDonald
Connolly (Ottawa West)	McIntyre
Dessureault	Molson
Fournier	Pouliot
Godbout	Power
Golding	Quinn
Gouin	Roebuck
Grant	Ross
Hackett	Stambaugh
Hawkins	Taylor
Howard	Tremblay
Howden	Turgeon
Hugessen	Veniot
Inman	Wall—40.

Hon. Mr. Farris: Honourable senators, I was paired with the honourable senator from De Lorimier (Hon. Mr. Vien). Had I voted, I would have voted for the bill.

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION ADOPTED

The Senate proceeded to consideration of the report of the Civil Service Commission respecting the Library of Parliament.

Hon. Norman P. Lambert moved that the report be adopted.

He said: Honourable senators, I should like to offer a word of explanation of this report, which was tabled yesterday by His Honour the Speaker. It has particular reference to to the case of Mr. Forget, a well-known and experienced member of the Reference Staff of the Library of Parliament. A year ago the Civil Service Commission reviewed the classification of librarians throughout the service, added one more classification and adjusted the rates of pay, but through oversight the case of Mr. Forget was not taken into consideration. He was classified in Grade 4. Other members of the staff who were in that class were raised to Grade 5. Representations were made to the commission, and the classification of Mr. Forget in Grade 5 has now been approved. The Joint Committee on the Library, and the Librarians, have been so advised, as is indicated by the report from the commission and the accompanying letter from the Librarians.

The Civil Service Commission's recommendation does not involve a promotion in the real sense but is a mere change in classification from Grade 4 to Grade 5. If the change were not made Mr. Forget would receive a lower salary than he received under the former Grade 4 classification. That classification carried a salary range of $4,650 to $5,400, and the new range is $4,500 to $4,980. The range for Grade 5, to which those formerly in Grade 4 were promoted is $4,860 to $5,400. The present recommendation, if concurred in, would place Mr. Forget in the Grade 5 classification and make him eligible to receive the increased salary.

Hon. Mr. Reid: May I ask the honourable senator if the classification Librarian Grade 4 is done away with and if no members of the staff are now classified lower than Grade 5?

Hon. Mr. Lambert: There is a classification Librarian Grade 4, but it carries a lower salary than the former Grade 4. The reclassification carried out last year gave the older employees under Grade 4 a Grade 5 rating and accordingly a higher salary.

The motion was agreed to, and the report was adopted.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 358 to 364, which were presented on May 29.

Hon. Mr. Roebuck, Chairman of the committee, moved that the reports be adopted.

Hon. Jean-François Pouliot: Honourable senators, I would much appreciate it if the honourable gentleman would tell us if the committee has taken advantage of the recent amendment to the rules of the Senate permitting a complaint to be made about any crime or misdemeanour committed by witnesses before the committee? And if there have been complaints, to whom and when were they made?

Hon. Mr. Roebuck: In reply to the honourable senator, may I say that no complaints have been made. However, members of the legal profession who as a rule appear before the committee have been notified of the change in the rules and warned of its implications. That action, which was thought sufficient for the moment, was taken after thorough consideration by the committee.

Hon. Mr. Pouliot: It was a warning, not a complaint?

Hon. Mr. Roebuck: When we sent out the notice advising the profession of the change in the rules, that in itself was a very definite warning that people who come before the committee are liable to prosecution if they violate the Criminal Code by committing perjury or fabricating evidence. Since that time we have not had occasion to take advantage of the new rule. Perhaps the warning had the desired effect.

Hon. Mr. Pouliot: The change was for the future, not for the past, was it not?

Hon. Mr. Roebuck: It was.

The motion was agreed to, and the reports were adopted, on division.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second readings of the following bills:

Bill K-13, an Act for the relief of Mary Ethel Irving Buchanan Simcox.

Bill L-13, an Act for the relief of Constance Catherine Mary Pilon Milmine.

Bill M-13, an Act for the relief of Joseph Henri Maurice Messier.

Bill N-13, an Act for the relief of Mildred Helena Seale Darker.

Bill O-13, an Act for the relief of Robert Alfred Price.

Bill P-13, an Act for the relief of Alfred Sevigny.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 31, 1956

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

Prayers.

Routine proceedings.

NATIONAL HOUSING BILL

REPORT OF COMMITTEE

Hon. J. W. de B. Farris, Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 215.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (215) intituled: "An Act to amend the National Housing Act, 1954", have in obedience to the order of reference of May, 29, 1956, examined the said bill, and now report the same without any amendment.

The report was adopted.

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

Hon. Mr. Reid: Next sitting.

DIVORCE STATISTICS

REPORT OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's 365th report.

He said: Honourable senators, the house will no doubt be pleased to know that the Divorce Committee held its last meeting for the present session this morning. I now propose to read the committee's 365th report and to make some comments as I go along.

For the present session 435 petitions for bills of divorce were presented to the Senate and dealt with by the Standing Committee on Divorce, as follows:

Petitions heard and recommended	356
Petitions heard and rejected	9
Petitions withdrawn	14
Petitions not proceeded with	56
	435

Honourable senators may note the number of the petitions which were rejected. For the most part they are contested cases in which the proof was not sufficient to satisfy the committee beyond peradventure that the Parliament of Canada should intervene.

Hon. Mr. Horner: What were the 56 petitions which were not proceeded with?

Hon. Mr. Roebuck: Almost all of them were applications which the petitioners did not complete and which are in consequence transferred to the next session of Parliament. Our hope is that in the meantime the parties in each case may become reconciled.

Of the petitions recommended during the present session of Parliament, 5 were from petitioners domiciled in the province of Newfoundland and 351 were from petitioners domiciled in the province of Quebec.

Of the petitions heard, 13 were opposed.

Of the petitions recommended during the present session of Parliament, 82 were by husbands and 274 were by wives.

On a previous occasion I suggested that some of the lady members of the house might make some comments on this point to the disparagement of us men, and the response I got on that occasion was, "The figures speak for themselves."

Of the petitioners domiciled in the province of Newfoundland, one was a husband and 4 were wives.

Of the 351 petitioners domiciled in the province of Quebec, 81 were husbands and 270 were wives.

The committee met on 41 days and held a total of 138 meetings of subcommittees. On 29 days the committee functioned in three sections. On 8 days the committee functioned in two sections. On 4 days the committee functioned in one section.

I might explain this to some degree. This session we have been using only three subcommittees, whereas last session on a number of occasions we used four. The amount of work that can be accomplished by four subcommittees is quite considerably more than the amount that can be accomplished by three, but our difficulty was that the solicitors simply would not prepare their cases and bring them forward in large enough numbers to keep more than three subcommittees busy. If there had been more cases ready to be tried on any day we would have divided into more subcommittees.

In 9 cases only the committee recommended that part of the parliamentary fees be remitted.

It is only in instances of real poverty, and indeed where the respondent is a woman, that fees are ever reduced. Unless the circumstances are most remarkable and unusual the standard practice is to reduce the fee to $50, but that amount does not cover the cost of trying the case.

The fees paid to Parliament for bills of divorce heard and recommended during the 1956 session amounted to $73,595.

That is a large sum of money, but of course expenses are incurred by the Divorce Committee in its proceedings. During a meeting of the committee this morning a request was sent to the Chief Treasury Officer of the Senate, Mr. Gilman, for a report showing the cost incurred in handling all these cases. I have not these figures before me at the

moment, but they will be available later, and certainly before the commencement of next session.

Assuming that all bills of divorce recommended by the committee, now in various stages before Parliament, receive the Royal Assent, the comparison of dissolutions of marriage granted by Parliament in the last ten sessions is as follows:

1947-48	292
1949 (2 sessions)	350
1950	240
1951	294
1952	312
1952-53	282
1953-54	378
1955	402
1956	356

Honourable senators will observe that my prognostication of a larger number of cases this session than last session was not correct. We actually tried some 40 fewer cases this year. That is not a great change, but it is in the right direction and welcome.

Statistics covering the number of divorces granted in Canada during the years 1951 to 1955, both inclusive, (1956 for Newfoundland and Quebec), are as follows.

I do not propose to read the entire statement to the house, but will hand it to *Hansard*. It will be noted that there is a slight increase, but the figures are fairly regular through the years.

The statement is as follows:

	1951	1952	1953	1954	1955	1956
Canada	5,163	5,634	6,110	5,922	5,801	
Newfoundland	4	3	9	8	1	5
Prince Edward Island	10	9	15	8	7	
Nova Scotia	187	188	185	249	253	
New Brunswick	156	200	181	117	181	
Quebec	290	309	273	370	401	351
Ontario	2,102	2,202	2,774	2,468	2,274	

Honourable senators will notice the remarkable regularity in those figures.

	1951	1952	1953	1954	1955	(1956)
Manitoba	361	338	374	371	337	
Saskatchewan	226	223	218	250	237	
Alberta	589	630	603	610	627	
British Columbia	1,339	1,532	1,478	1,471	1,483	

My friends from British Columbia will be particularly interested in the figures from that province; they too show remarkable regularity, and are fairly high. Of course those divorces were all granted by courts in that province and not by Parliament.

The following statement shows a comparison between the number of divorces granted to husbands and wives respectively in the years mentioned:

	Husbands	Wives
1951	2,010	3,155
1952	2,218	3,416
1953	2,421	3,689
1954	2,337	3,585
1955	2,256	3,545

You will notice that the wives have it in every year.

I should like now to make some general comments in addition to the formal report. To begin with, I would pay tribute where tribute is very much due, to the members of the committee, of which I have the honour to be chairman. I am proud of the members of this house who devote their time with remarkable devotion and sense of responsibility to this daily work.

In the early part of the session we sat every day of every week, from Monday until Friday, inclusive, and in the latter part of the session we have been sitting two days a week.

While I bow to all the members of the committee, I take off my hat to Senators Barbour, Golding and Howden.

Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: My friends in the house are joining with me in this tribute. I may say that at least one, and I think all three, of these gentlemen had 100 per cent attendance. In addition to attending the general committee, they have each sat on nearly 40 subcommittees, hearing five, six, and sometimes more cases in a single day.

I shall give the figures of attendance at the general committee. Those who attended more than 20 sessions, being approximately 50 per cent of the meetings, deserve, I think, some special recognition from this house. They are Senators Barbour, Golding, Howden, Gershaw —I pause here to say that Senator Gershaw acted as chairman of a subcommittee on nearly every day we met since the session opened; this duty he handled with consummate skill and kindness. Associated with Senator Fergusson, who is a lawyer, and another member of the committee, he has conducted a very competent court. Also on this list, after Senator Gershaw, are myself, Senator Hodges, Senator Kinley—and here let me pause to make another remark. I think something is coming to Senator Kinley. I cannot refer to another debate and I do not need to make reference to it, but I wish to point out that Senator Kinley has been a very constant and capable member of the Divorce Committee for more than ten years. Last session he took a European trip and in consequence his record of attendance at the committee's meetings, though not very low, was much lower than has been his custom. This time he is in the upper class of those who have done the work. Then there were Senator Smith, Senator Hawkins, Senator Fergusson, Senator Cameron and Senator Burchill.

All those senators have attended more than 20 meetings of the general committee together with the meetings of the subcommittees.

And let me here pay a tribute to the two women senators of the Divorce Committee.

Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: It is said that this is a man's world, but I am glad to say that the Senate Divorce Committee is not entirely a man's committee, because the women members of the committee have brought to it something which the men themselves could not bring. They have destroyed the idea that divorces are given by men and not by women. It is much more healthy to have a committee of this kind. I want to mention too the sense of responsibility which these two women members have evidenced on all occasions, their excellent attendance record, their common sense, their knowledge, and their ability in the judgment of these difficult cases.

There is only one member of the committee who has attended more than ten but less than twenty meetings, and that is Senator Croll. He has been a valuable member, but he has had other duties to fulfil and they have reduced his attendances.

I wish to say something also about Senator Ross. Our honourable colleague has not been very well and we have excused him on a good many occasions, but he is an important member of the committee and has attended whenever he has been asked to do so. He has tried cases, almost always as chairman, on nine different occasions.

Senator Baird is another who has held himself open to come whenever he was asked. He has not a high attendance, but he has contributed to our committee's work. The rest have just a few attendances not worthy of mention.

I have reported on attendances for two reasons: one is to give credit where credit is due, and the other is to inform the house on how many members actually do this work. There are 12 members in the over 50 per cent class, and adding the other three that I have mentioned, Senators Croll, Ross and Baird, we find that practically all this work has been done by only 15 members. We have a committee of 22 members, and the Leader of the Government (Hon. Mr. Macdonald) and the Leader of the Opposition (Hon. Mr. Haig) are *ex officio* members. Nobody expects them to attend these meetings, for they have other important work to do.

Senator Aseltine we look upon as the father or grandfather of the committee. He served for 10 years as chairman and now holds his position in a rather honorary capacity. Senator Aseltine has never refused to take a case. He has been asked to do so only when there was a difficult case to be heard, and he has taken quite a number.

Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: I want to pay tribute to the Senate staff which handles all this multifarious and complicated detail. I commence with Mr. Harvey Armstrong, Chief Clerk of Committees, who supervises all divorce petitions and certifies to the applications having satisfied the formal requirements. Mr. John A. Hinds, Assistant Chief Clerk of Committees, also examines petitions and takes care of the handling of the routine, the interlocutory work of the Divorce Committee. Mr. James MacDonald is Clerk of the main committee and No. 1 subcommittee, Mr. Gerard Lemire is Clerk of No. 2 subcommittee; and Mr. Alfred Fortier is Clerk of No. 3 subcommittee. These three gentlemen perform a very valuable function and their task is not an easy one. To their knowledge and skill, and to their devotion to their duties, a great deal of credit is due. I feel that all my confrères on the committee thoroughly agree with this statement. Mr. MacDonald, who is clerk of the committees on which I personally sit—the main committee and No. 1 subcommittee—renders a service that is most commendable, highly valuable and really outstanding.

I give honourable mention to Mr. Ralph Ells, who calls the cases and faithfully looks after many details of that nature.

And then, honourable senators, I must say that a great part of the routine hard work of the committee is done by the *Hansard* reporters who record the evidence day after day. It is exhausting work, and it is done with a great deal of care and efficiency. Mr. Basil Lake, as you know, is the Chief of the Senate Reporting Branch; Mr. Graydon Hagen is the senior reporter, and Messrs. Shelton, Hubbard, Crockett and Lawrence are the other reporters. I should not omit to mention also the amanuenses, the young women who type these long stories day after day with a great deal of devotion.

Let me close this portion of my remarks with a tribute to the late W. T. Mathews, who, as you know, passed away just a few days ago. He was a very valuable official of our department, and very popular, because he was so willing, so obliging and so efficient. We are all grieved at his passing. We miss him, and we send our condolences to his family.

That, I think, is the substance of my report, except for some remarks I wish to make about the general work.

I have not been at all satisfied, honourable senators, with the state of the rules under which we hear these cases. I have here the original rules. They were remodelled as long ago as 1906, and were adopted during the session of that year. That is half a century

ago. I asked for a memorandum from Mr. Armstrong as to the changes which have been made in that period. This is his report:

Rule 134. With respect to reporting and printing of evidence.—A change was made to provide that the Clerk of the Committee shall notify the reporters to attend at the meetings of the Committee. Formerly the rules provided that they be notified by the chairman.

That is a mere nothing.

Also, that the evidence be printed under the supervision of the Clerk of the Committee instead of the Clerk of the English Journals.

Rule 136. Publication of notice.—The period was changed from "to be published during at least three months before consideration by the Committee" to "once a week for a period of four weeks".

Rule 138.—The change here provides for the filing of the petition in the Senate instead of the presentation of the petition to the Senate, also, the time limit for filing of the petition was reduced from the first 60 days of the session to the first 6 weeks of the session.

Rule 139(5). Information to the respondent.—The period within which the respondent must file a notice of his (or her) intention to oppose the granting of the petition was reduced from two months to 30 days.

Those are all the changes which have taken place in the rules in the last half century, and it is accordingly not to be thought that they are up-to-date and streamlined according to modern procedure. The pleading which comes before us, as a result of the lack of demand on our part, is often atrocious. In our form appear the words "on divers occasions"; and time and again there comes before us a husband charging a wife, or a wife charging a husband, with having committed adultery "on divers occasions": In other words, so far as the pleading is concerned, the whole life of the respondent is put in review, because adultery is charged at some time and some place, with some person unnamed. That is not according to modern pleading, and one could not get away with it in any other court.

By practice, though not by our rules, the petitioner must state particulars when they are demanded. But as this requirement does not appear in the rules, a lawyer who does not know the practice may come to Parliament at a great disadvantage in answer to such a pleading. The position of the petitioner may be even worse. The petitioner cannot demand particulars from the respondent, and all manner of defences may be put forward. For instance, there may be a denial of the charges, or there may be an allegation of connivance, collusion, or condonation. The respondent may allege that the parties have lived together, or have forgiven each other; or that the petitioner has been guilty of such cruelty as disentitles him or her to the relief claimed. It seems to me that our rules should require from the respondent, when the petition is opposed, a short, concise statement of the facts upon which he or she relies and which he or she intends to prove, so that the petitioner shall have notice of what he or she must meet. Similarly, the petitioner should be required to give to the respondent a concise statement of the facts upon which he or she relies.

Hon. Mr. Farris: Who makes these rules?

Hon. Mr. Roebuck: They were made by this house fifty years ago.

Hon. Mr. Farris: Is my friend giving notice of amendments?

Hon. Mr. Roebuck: No. I will say what we intend to suggest, but I am not giving notice of amendments now, because I am not yet ready to do so. This matter was discussed in the committee this morning, and action, the nature of which I shall mention, was decided upon.

One point before I come to the suggestions: it relates to the more debatable question as to whether the petitioner should be required to name the co-respondent. There is no such obligation at the present time. There are two sides to this question. What appeals to me is that if a husband charges his wife with adultery with some person, the least he can do is to tell her, if he knows, who that person is; or *vice versa*, if the wife charges the husband and she knows the name of the person with whom she alleges adultery has been committed, her husband is entitled to know who the accused person is said to be as well as when and where the adultery was committed. The committee, too, in my opinion, is entitled to this information. Further, the co-respondent so named should be served with notice of the proceedings. I imagine that sometimes a person so charged would like to come before the committee and say, "The allegation is false; the story is concocted; I have had no improper relations whatever with the respondent". Under the present rules, the names of alleged co-respondents are frequently mentioned in the evidence, but as these persons have no knowledge of what is going on they have therefore no means of protecting their reputations.

Now, what are we to do about it? To amend these rules is a detailed and exacting piece of work. It requires a study of the rules of the provincial and United Kingdom courts for purposes of comparison with our existing procedure. The committee this morning passed a resolution asking for a report, before the next session of the house, from the Clerk of this house, Mr. MacNeill, who through experience of many years is well informed on these matters; from our Parliamentary Counsel, Mr. Hopkins; and from the Chief Clerk

of Committees, Mr. Armstrong. We require that this memorandum be presented to the committee as soon as it assembles after the opening of the next session. No doubt the committee will consider that report; and I am giving notice, though not a formal notice, that this committee, not I, will ask for a revision. Some thought, at least, should be given to the matter before the Divorce Committee resumes its work.

Of course, it will be remarked that changes in the rules cannot be made retroactive. That goes without saying: the changed procedure would be applied only to petitions filed after the changes are made. But I do hope that we can make progress in this regard, and that a sensible, careful, well-considered revision will be made which will help the committee carry on its work effectively.

Hon. W. Ross Macdonald: Honourable senators, I rise at this time to express the appreciation of the house to the Chairman of the Divorce Committee (Hon. Mr. Roebuck) and the other members of the committee for the splendid service they have rendered Parliament in their difficult task. I know there are many here who would prefer that all divorces be considered outside Parliament, but so long as the law remains as it is we should feel happy indeed to know there are members of the Senate who are prepared to give their time and talents to this important work.

I wish to thank the chairman of the committee for his faithfulness to his task and for the general interest he has taken in the divorce work. He has suggested certain changes in the rules. I will not comment on them at present, but I look forward with interest to reading the report which is to be presented at the next session of Parliament by outstanding officials of this house.

We are greatly indebted to the members of the Divorce Committee generally. They heard and recommended 356 petitions. A number of the members were very regular in their attendance and several others were present at many of the meetings. Theirs is a splendid record indeed, and on behalf of Parliament—and I think I can say on behalf of the people of Canada—I thank them.

Hon. Senators: Hear, hear.

The Hon. the Speaker: Ordered that the report do lie on the table.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate I move that when this house rises today it stand adjourned until Monday next at 3 o'clock in the afternoon.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill D-14, an Act for the relief of Jennie Zalezniak Wiseman.

Bill E-14, an Act for the relief of Phyllis Elizabeth Jardine Williams.

Bill F-14, an Act for the relief of Martha Hope MacDougall Fortier.

Bill G-14, an Act for the relief of Hugh Oliver Semper.

Bill H-14, an Act for the relief of Yvonne Elizabeth Thurgarland Brosseau.

Bill I-14, an Act for the relief of Hugh Lawrence Byers.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

ST. LAWRENCE SEAWAY AUTHORITY BILL

THIRD READING

Hon. A. K. Hugessen moved the third reading of Bill 216, an Act to amend the St. Lawrence Seaway Authority Act.

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

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill K-13, an Act for the relief of Mary Ethel Irving Buchanan Simcox.

Bill L-13, an Act for the relief of Constance Catherine Mary Pilon Milmine.

Bill M-13, an Act for the relief of Joseph Henri Maurice Messier.

Bill N-13, an Act for the relief of Mildred Helena Seale Darker.

Bill O-13, an Act for the relief of Robert Alfred Price.

Bill P-13, an Act for the relief of Alfred Sevigny.

The motion was agreed to, and the bills were read the third time, and passed, on division.

CANADIAN NATIONAL RAILWAY COMPANY BILL

SECOND READING

Hon. G. Percival Burchill moved the second reading of Bill 248, an Act respecting the construction of a line of railway in the province of New Brunswick by Canadian

National Railway Company from a point at or near Bartibog in a westerly direction to the Tomogonops River in the vicinity of Little River Lakes.

He said: Honourable senators, on the occasion of a recent visit to Charleston, South Carolina, when I was leaving my hotel the clerk asked me, "Senator, what part of Canada do you come from?" I replied, "I come from New Brunswick." He looked at me for a minute and then he said: "Well, you don't say! You sure do live a way up in the woods."

Hon. Senators: Oh, oh.

Hon. Mr. Burchill: Well, probably that is true, but it is a great source of satisfaction to the people of New Brunswick to know that these woods which some of us have been logging over for many years have been found to contain something more than timber and pulpwood. By the way, these woods contain the finest spruce timber to be found in any province of Canada, bar none.

Hon. Mr. McDonald: Except Nova Scotia.

Hon. Mr. Burchill: About five years ago a young geographical student, Mr. Bennett Baldwin, of the University of New Brunswick, was working on a geographical survey in the vicinity of the town of my distinguished colleague, Senator Veniot, when he made an important discovery. He made a report to Dr. Graham MacKenzie, head of the Department of Geology of the university, which indicated that an unusual body of ore was present in the vicinity of Bathurst. On the strength of this report Mr. M. J. Boylan, of Toronto, became interested in the area and, as a result of his enterprise and bold adventure, prospecting companies, individuals, and mining corporations of some magnitude from all over the continent have been drawn to this whole area stretching over the counties of Gloucester and Northumberland, from the watershed of the Nepisquit River to the watershed of the Miramichi River. This ore body is a combination of zinc, lead and copper, with small quantities of silver and gold, and it is now conservatively estimated to contain 75 million tons.

It is interesting to note that Mr. W. S. Fairweather, Vice-President of the Canadian National Railways, in testifying before the committee of the other place, made the statement that there is such an enormous amount of zinc available that one knows very definitely that for a period of a hundred years at least there would be no question as to the supply of zinc concentrates.

Last week, at Newcastle, in conversation with one of the executives of one of the larger mining companies interested in the area at the present time, a gentleman asked the executive if the ore body could not be considered as one of the largest on the continent. He replied that he regarded it as one of the largest bodies of base metal ore in the world. It is a zinc-lead-copper combination, with a little silver and gold, but the metallurgy is not the same in the Bathurst area as it is in the vicinity of Newcastle.

At Little River, one of the Miramichi tributaries, the Heath Steel Mines, a subsidiary of the American Metals Company, has been operating for some time. It has discovered a very large mine there which is being developed today. The company is building a concentrating mill at the mine and is making substantial progress. Up to the present time, I understand, it has proved an ore body of 700,200,000 tons in that area.

The Heath Steel Mines must of necessity find a market for the ore, which must be transported from the mine to the shipping point. To this end the company has made an agreement with the Canadian National Railways to build a branch line into the mine. This bill gives the enabling authority to the Canadian National Railways to build the branch line. The project will cost about $3 million, and Heath Steel Mines guarantees to ship 75,000 tons of concentrate per year for six years, in default of which it will pay a penalty of $3 per ton.

I know that honourable members who realize that New Brunswick has not shared in the same measure of general prosperity which other sections of our great country have enjoyed over recent years, will rejoice with me in this rich source of natural wealth and give their support to the bill.

Hon. Senators: Hear, hear.

Hon. Mr. Reid: May I ask the honourable senator a question? First of all, I want to say that I think we all rejoice with him because this ore body has been discovered and is to be developed, for it will be a wonderful help to his province.

I come to my question. Section 5 of the bill speaks of loans not exceeding $3,220,000, but the schedule on page 4 gives the estimated cost of construction as $2,800,000. If the work of construction and completion of the line will cost $3,220,000, why is that amount not stated in the schedule? There is a difference of $420,000 between the two figures.

Hon. Mr. Burchill: I think the reason is that it is difficult to make a very close estimate of the cost. However, if my honourable friend wants a better answer he may get it from the officials in committee. I shall move

that the bill go to the Transport and Communications Committee, if the house so desires.

Hon. Mr. Hugessen: I think the answer to the question asked by my honourable friend from New Westminster (Hon. Mr. Reid) was given by Mr. Fairweather in his evidence before the committee of the other house. Mr. Fairweather said that although it was estimated that construction of the railway line would cost about $2,800,000, it is the practice to add 10 per cent for contingencies.

Hon. Mr. Reid: Then it occurs to me that the amount of $3,220,000 should appear in the schedule. It seems to me that the two figures are confusing.

Hon. Mr. Hugessen: Apparently it is common practice to add 10 per cent for contingencies. It is conceivable that costs may rise from time to time.

Hon. Mr. Reid: The difference between the two figures in this case is 15 per cent.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Burchill, the bill was referred to the Standing Committee on Transport and Communications.

NATIONAL PARKS BILL

SECOND READING

Hon. John J. Kinley moved the second reading of Bill P-8, an Act to amend the National Parks Act respecting the boundaries of Cape Breton Highlands National Park.

He said: Honourable senators, this is a very simple bill, and contains only one enacting paragraph, which reads as follows:

> The lands described in the schedule to this act are withdrawn from Cape Breton Highlands National Park, described in the schedule to the National Parks Act, and declared to be no longer required for park purposes.

This park was established in 1930.

Hon. Mr. Crerar: 1937.

Hon. Mr. Kinley: I am told that it was established in 1930. It is referred to in chapter 43 of the Statutes of Canada, 1936. The land, which was provided by the province of Nova Scotia, was approximately 390 square miles in extent. The purpose of this bill is to withdraw an area of 13·3 square miles from the park, because it is said to be no longer needed. This will not detract from the utility of the service of the park. I asked the authorities the reason for the withdrawal, and who was to get the land, and I was told that the land was to be withdrawn because research conducted during the last year or two indicated that the prospects for discovery of base metal ores in this particular area were good. This area, which is near the southwest corner of the park, is known as "The Panhandle". That land will of course go back to the province of Nova Scotia.

The bill, though simple, is interesting, in that it has to do with a national park in the scenic part of Cape Breton Island, which is known as the most easterly part of Canada; in fact, the radio commentators say that it is where the east begins. That is not exactly correct, because I think Cape Charles in Labrador is some hundreds of miles further eastward than the northern tip of Cape Breton Island. Now that Newfoundland is part of Canada, the honour of being the most easterly point of the dominion of Canada must go to Cape Race. Nevertheless, this park, situated in the Highlands of Cape Breton, with its scenic surroundings, delightful climate and natural beauty is of interest to the whole of Canada. At this time of year everyone is thinking of the out-of-doors and planning a summer vacation. Now, since many nice things have been said in this house about the other provinces, I think I could very properly say that I know of no more enjoyable place to pass a summer vacation than in the Highlands of Cape Breton. This park, with its Keltic Lodge, provides a splendid playground.

It should be said that my friend the honourable senator from Halifax North (Hon. Mr. Connolly) was the instigator of the movement to create the park; and I think he was instrumental in having the splendid hotel constructed there. We are very thankful to him for that kind of accommodation and development in the province of Nova Scotia.

The approaches to the park, while rugged, are good. Last year great improvement was made to what is now called the "Road to the Isles". Instead of crossing by ferry, one may now go by way of the New Canso Causeway, which is in itself well worth going to see. It is a great feat of engineering, connecting the mainland with Cape Breton Island. There are three main roads leading to the park by way of the causeway. One going from Halifax across the new Angus L. Macdonald Bridge, which is a most modern and extensive highway improvement and a splendid convenience to people travelling to the eastern part of Nova Scotia; thence along the new paved highway skirting the southeastern shore and across country to Antigonish. A second route leads through Truro, and a third route is known as the

Sunrise Trail. All these roads lead toward the causeway and thence to the national park in Cape Breton.

The park itself is a great asset to the country. And if minerals are discovered there it may be that in the near future Nova Scotia will be in the happy position of New Brunswick, as so eloquently described this afternoon by the honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill), of having base metal mines adding to its industrial prosperity.

Honourable senators, I am very glad to have had an opportunity to explain this bill to the house and to say a few words about the splendid holiday attractions in the Cape Breton Highlands. People in search of a change and recreation can be sure of finding there a variety of charming scenery, a delightful climate tempered by the sea, the traditional hospitality of the Scottish people in that part of the country, and every facility for good living.

Hon. T. A. Crerar: Honourable senators, this is a bill of more than passing interest to me. I agree with everything the sponsor (Hon. Mr. Kinley) has said about the beauties of Cape Breton and the fine national park in the northern part of that island. As a matter of fact, I take a little personal pride in the park, because I had the responsibility of being minister of the department concerned at the time this park was established. I recall very well the day in the autumn of 1935, after the new Government had come into office, when the late Angus L. Macdonald came to my office. He was then Premier of Nova Scotia and it was the first occasion on which I met him. He came to discuss the establishment of a national park in his province.

As most honourable members probably know, in the establishment of a national park the province has to make the area available, and then the federal department responsible for national parks takes over its development. The site of the Cape Breton Highlands Park was selected after a good deal of consideration. Three areas were examined, and it was unanimously agreed by everyone interested that this one was the best. I have visited all the national parks in Canada with the exception of the recently established one in New Brunswick. The Rocky Mountain parks, such as Jasper and Banff, have majestic settings in the mountains, but on the whole I believe Cape Breton Highlands Park is probably the most beautiful and finest national park in Canada. It has evergreen hills, from which clear streams flow, and in addition it is partly bordered by the sea, which is the park's greatest asset.

I was hoping that the sponsor of the bill, the honourable senator from Queens-Lunenburg, who I understand is a very proficient golfer, would have something to say about the golf course in the park. I may inform the house that here is, potentially, the finest golf course in Canada. I take some pride in this fact also, because one evening I spent a couple of hours with the golf course architect, going over the layout of it.

The park has an excellent golf course, good fishing, and delightful scenery, and in the summer months of July and August its climate cannot be excelled. I do not know how many square miles of area the bill proposes to withdraw from the park.

Hon. Mr. Kinley: It is 13·3 square miles.

Hon. Mr. Crerar: That is in the south-western portion?

Hon. Mr. Kinley: Yes.

Hon. Mr. Crerar: That will not detract from the beauty and utility of the park.

Honourable senators, I have taken the opportunity to make these few remarks mainly because the man who was responsible for getting the park established in Nova Scotia was my good friend, the late Angus L. Macdonald. In the same year the Government established a park in Prince Edward Island, a different kind of park altogether. It has a beauty all its own and I may say to my honourable friend from Queen's-Lunenburg that if he wishes new pastures in which to test his golfing ability he can find an excellent golf course in the Prince Edward Island National Park.

Hon. W. M. Aseltine: Honourable senators, I have listened with a great deal of interest to the two excellent speeches delivered on this bill. I am one of those who are absolutely opposed to the cutting down of the areas of any of our national parks. When application was made to reduce the area of the Prince Albert National Park in Saskatchewan I fought the matter for several weeks. When application was made to reduce the area of the Banff National Park in order to build some hydro-electric development, I opposed it also. And if I were a member from Nova Scotia, in view of what has been said about this wonderful park, I would certainly fight this bill to the limit, I would not allow the area of that park to be reduced by one square foot. It is apparently a beautiful spot and it should be left that way forever. I do not think that the discovery of a few minerals along the outside perimeter of the park should influence Parliament to agree to any reduction at all in its size.

In any event, I would like to see a map of the whole territory and I would also like to

have a great deal more information on what is proposed. Unless we see such a map and have that information it is absolutely impossible for us to decide whether it is a good thing or not.

Honourable senators probably know that I am a great lover of the outdoors. I spend all the spare time I can in the open. If I get fed up with the work in my legal office I go off fishing or hunting, and if I get fed up with what goes on here I sometimes do the same. When I do that kind of thing I like to have a good place to go to, and I feel sure that if I were living in Nova Scotia I would like to spend my holidays in this park. It is not too big a park; it is small, compared with other national parks.

As I said before, honourable senators, generally speaking I am absolutely opposed to the reduction of the area of this or of any other national park.

Hon. Felix P. Quinn: Honourable senators, I am prompted by the remarks of our good friend from Rosetown (Hon. Mr. Aseltine) to say something on this bill. Perhaps the sponsor of the bill could explain why it is necessary to withdraw some 13 or 14 square miles from this national park for the purpose of exploring or surveying or prospecting or developing the mineral wealth of that part of Nova Scotia. I did not think it was necessary to do anything like this. I thought that prospectors and surveyors could go anywhere, even on private property, and especially on property which is owned and controlled by the crown. I would like to have that feature explained. I do not see why this area could not be left within the national park and the exploration carried on just the same without interfering in any way with the development or the beauty of the park. I was interested in what the honourable senator from Churchill (Hon. Mr. Crerar) said in his testimony to the natural beauty of the Cape Breton National Park. I have been through it and I have travelled over the Cabot Trail, and I enjoyed it immensely.

One beautiful summer morning, some years ago, when I was a member of the other house I was campaigning along the eastern shore of Nova Scotia, and I stopped at a general store which was just over the border in Guysborough county. While I was inside the store a car pulled up and I noticed it carried State of Michigan licence plates. The man in the store asked me if I knew who it was and I said I had no idea. I went out toward the car and as I approached it a rather elderly man got out. I said, "Good morning, sir," and he answered "Good morning." I told him who I was and what I was doing. He said, "I run into politicians occasionally when I am home, but you are the first one I have met since I came to this country." I asked him if he was alone and he said that he was accompanied by his wife. He told me how he came to be there. He said: "Every year along in the fall my wife and I would take the train to New York and from there go on an ocean trip and visit various parts of Europe. I have been all over England, Ireland, Scotland, Wales, France, Germany, in the Alps and Pyrenees, and toured Italy. In fact, I have visited all the interesting parts of Europe. However, I am getting up in years, and on my return last fall a professional friend of mine said to me: 'You are getting too old to travel now. I notice your last trip has taken a lot out of you. Why do you go so far away? Why don't you take a trip like I took this year?' So I asked my friend where he went, and he told me it was to Nova Scotia. I had to ask him where that was." Then I said to the man from Michigan, "Do you mean to tell me you did not know where Nova Scotia was?" He said, "Well, I've heard of it." This reminds me of the story my friend from Northumberland-Miramichi (Hon. Mr. Burchill) told about the man in South Carolina who thought New Brunswick was away up in the woods.

The Michigan tourist said: "My friend went to the pocket in his car and took out a road map, on which he pointed out the location of Nova Scotia. He told me: 'You go to Detroit, cross over to Windsor and follow a beautifully paved road through Ontario, then through Quebec and New Brunswick and on into Nova Scotia, where you will see one of the finest countries in the world.' I took his advice and I am here. I have been here three weeks. I came by Amherst, went over the Sunrise Trail, through Pictou and Antigonish, crossed by ferry to Cape Breton, and drove along the Cabot Trail." He added: "Let me tell you, Mr. Quinn, that you have everything in Cape Breton that they have in Europe. You have mountains, rivers, lakes and natural beauty." Then, pointing to a little place called Marie-Joseph looking out on the Atlantic Ocean, with the sun shining down and glimmering over the water, he said, "Where on earth could you find a more beautiful scene than this in front of us right now?"

Hon. Mr. Aseltine: What about the fishing?

Hon. Mr. Quinn: He did not say anything about fishing but you can get that there too —salmon fishing and trout fishing—and in the fall there is deer hunting and moose hunting. I am just recounting what this gentleman told me, that you can find in Nova

Scotia everything that is to be found, at much greater expense, in Europe. He ended by saying: "Remember, I have only been part way through Nova Scotia; I have not yet seen Halifax and the western part of the province, but I have seen enough of it to sing its praises, and when I get back I will tell the people in Michigan about the wonderful scenery in Nova Scotia."

I am glad to hear my honourable friend from Queens-Lunenburg speak so highly of the beaches at the national park in Cape Breton. I can confirm what he has said; but I should like to know why the territory it is proposed to withdraw from the park could not be left within its boundaries.

Hon. James P. McIntyre: Honourable senators, so much has been said about the national park in Cape Breton, Nova Scotia, that I think some mention should be made of our national park in Prince Edward Island. I have had the pleasure of taking my honourable friend from Churchill (Hon. Mr. Crerar) through it. When talk arose about the establishment of a park in the province, some officials same from Ottawa to select the site. One of them, I believe, was a Mr. Smart. I drove these gentlemen to two or three places which were thought to be suitable for this purpose, and I do not think they were very much impressed. Finally I took them to the area where the park is now established. They were in the rear seat; I was driving the car. I drove right on to the shore and for miles along the beach; and as I heard the sound of the waves lapping in from the north, I noticed these men moving about in the back seat, and I said to myself, "This is the place they are going to pick for the national park". And that is what they did. There is no question that it is a beautiful place.

Last year I visited Fundy Park, in Albert County, New Brunswick. It commands a magnificent view of the Bay of Fundy.

On Cape Breton Island you drive to the national park over the Cabot Trail and what they call Smoky Mountain, and the sea is in view all the way around.

The national park in Prince Edward Island has wonderful scenery in the background and fine farmlands. The sea to the north, and one can travel for 25 miles over paved roads in the park to the home of Lucy Maud Montgomery. There one may see the Lake of Shining Waters, Lovers' Lane, and other scenes reminiscent of the work of this famous authoress. There is also a very fine golf course, to which I had the pleasure of taking the honourable senator from Churchill and the Minister of National Revenue. Mr. McCann told me he thought—and I say this without wishing to minimize the attractions of Cape Breton—that it was the finest golf course he had seen.

All in all, any one who visits the national park at Prince Edward Island will be well repaid for his trouble. I have to give great credit for its establishment to the honourable senator from Churchill, who was the minister in charge of the department concerned when the park was created and who, through the officials, developed it to its present state and equipped it with a good hard surface road. Visitors from the United States and various parts of Canada have told me that it has the finest bathing beach in North America, and probably in the world.

Hon. Mr. Aseltine: Is the honourable senator in favour of allowing the area to be reduced?

Hon. Mr. McIntyre: No.

Hon. Mr. Aseltine: Well, that is the whole problem here.

Hon. Mr. McIntyre: We want to enlarge it.

Hon. Mr. Kinley: Honourable senators—

The Hon. the Speaker: If the sponsor of the bill (Hon. Mr. Kinley) speaks now he will close the debate.

Hon. Mr. Kinley: I had not supposed that this bill would produce such an animated discussion of the beauties of our Atlantic provinces, but I think it has been all to the good, and that we can benefit from it.

Let me speak frankly. I suppose the honourable senator from Churchill (Hon. Mr. Crerar) takes a natural pride in having been an innovator in this matter, but he was associated with the Premier of Nova Scotia, the late Hon. Angus Macdonald. Our friend from Churchill was in charge of the federal department concerned with the project, and from time to time he came to Nova Scotia. However, I want to give the honourable senator from Halifax North (Hon. Mr Connolly some credit—

Hon. Mr. Crerar: I will agree.

Hon. Mr. Kinley: —for the organization and completion of this work, the details of which were looked after by his department when he was a member of the provincial government.

From time to time I have heard the honourable senator from Rosetown (Hon. Mr. Aseltine) speak on the subject of national parks, and he has consistently opposed any reduction of their areas. So far as I am concerned, however, I do not think it is for me, when this Government bill is before us, to argue whether or no 14 square miles should

be withdrawn from the present park. The proposal of the Government of Nova Scotia is made pursuant to an arrangement between that province and the Dominion, so I think we must assume that it is in the interests of all concerned.

In reply to a remark of my good friend from Bedford-Halifax (Hon. Mr. Quinn) I would say that I do not know why prospecting in this area could not be carried on, but from a general knowledge of business which, I suppose, is shared by us all, it is my opinion that prospecting or developing cannot be done advantageously unless the interests concerned have title in the land. God gave us, in Nova Scotia, a land of great beauty, but we need more industrial development, and anything that can be done in that respect should be done. The property affected by this bill, which is known as "The Panhandle" in the southwest corner of the park, and is, so to speak, attached to it, could well be returned to the province.

I support the bill, and I hope it will be passed.

Hon. Mr. Quinn: Suppose an ore body was discovered in this area which it is proposed to withdraw from the park and that ore body extended over the rest of the park, could the promoters not go ahead just the same and develop all of it?

Hon. Mr. Kinley: That is a question.

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

REFERRED TO COMMITTEE

Hon. Mr. Kinley: Honourable senators, I move that this bill be referred to the Standing Committee on Natural Resources. I have a map of this area which will be available to the committee. The purpose of the bill is in the main a matter for examination in committee.

The motion was agreed to.

NAVIGABLE WATERS PROTECTION BILL

COMMITTEE AMENDMENT CONCURRED IN

The Senate proceeded to consideration of the amendment made by the Standing Committee on Transport and Communications on Bill O-8, an Act to amend the Navigable Waters Protection Act.

Hon. Mr. Beaubien: Honourable senators, I move that this amendment be now concurred in.

The motion was agreed to.

THIRD READING

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

Hon. Mr. Haig: Now.

Hon. Mr. Beaubien: With leave, I move the third reading now.

The motion was agreed to, and the bill, as amended, was read the third time, and passed.

DIVORCE BILLS

SECOND READINGS

Hon. G. Percival Burchill, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill Q-13, an Act for the relief of Marie Theresa Gerega St-Jacques.

Bill R-13, an Act for the relief of Julius Michael Cantor.

Bill S-13, an Act for the relief of Gerald Zelman.

Bill T-13, an Act for the relief of Lucille Viola Arthur Ward.

Bill U-13, an Act for the relief of May O'Connor MacKenzie.

Bill V-13, an Act for the relief of Rita Cleevely Scott.

Bill W-13, an Act for the relief of Leah Banfield Rideout.

Bill X-13, an Act for the relief of Margaret Isobel Gillespie Mackenzie.

Bill Y-13, an Act for the relief of Edda Roehm Sackmann.

Bill Z-13, an Act for the relief of Joseph Ernest Adrien Joly.

Bill A-14, an Act for the relief of Jacqueline Bussiere Sirois.

Bill B-14, an Act for the relief of Doris Elaine Cameron Gladwish.

Bill C-14, an Act for the relief of Myra Goodman Lobell.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Haig: Now.

Hon. Mr. Burchill: With leave, I move the third reading now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until Monday, June 4, at 3 p.m.

THE SENATE

Monday, June 4, 1956

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

Prayers.

Routine proceedings.

STAFF OF THE SENATE

CIVIL SERVICE COMMISSION REPORT

The Hon. the Speaker presented to the Senate a report from the Civil Service Commission recommending that the position of Cleaner and Helper be exempt from section 12 of the Civil Service Act.

The report was read by the Clerk Assistant.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Macdonald, the report was referred to the Standing Committee on Internal Economy and Contingent Accounts.

PRESIDENT OF INDONESIA

DR. SUKARNO TO ADDRESS MEMBERS OF BOTH HOUSES

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that tomorrow morning a joint sitting of the two houses of Parliament will be held in the House of Commons to be addressed by the President of the Republic of Indonesia. Honourable senators are asked to be in their places at 10 o'clock in the morning and are cordially invited to attend.

PRIVATE BILL

WESTERN GOSPEL MISSION—REFUND OF FEES

Hon. Arthur L. Beaubien moved, with leave:

That the parliamentary fees paid upon the Bill F-5 intituled: "An Act to incorporate The Western Gospel Mission" be refunded to the petitioners, less printing and translation costs.

The motion was agreed to.

THE YUKON, ACCESS TO SEA—FRASER RIVER, ENGINEERING SURVEYS

INQUIRY AND ANSWER

Hon. Thomas Reid inquired of the Government, pursuant to notice of May 15:

1. What representations, if any, have been made by the Canadian Government to the Government of the United States, looking towards giving Canada direct access from the Yukon to the sea through territory known as "The Panhandle"?

2. For a copy of the first report of the Government under the two hundred and eighty thousand dollar ($250,000.00) grant made last year to the British Electric Company, or Corporation, for the carrying out by that company of hydro-electric engineering surveys on the Fraser River.

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

1. No representations have been made to the Government of the United States by the Government of Canada to obtain direct access from the Yukon to the sea through the Territory known as "The Panhandle".

2. No grant was made as suggested. Only a site reconnaissance report has been received to date on the Fraser river. It was on the basis of the information contained in this report that it was decided to have detailed engineering investigations carried out and a complete report on them prepared. A contract was, therefore, entered into with the British Columbia Engineering Company on June 14, 1955 for the carrying out of this work. It is not possible to know at this time when a complete report on the work will be forthcoming which can be made public.

COLUMBIA RIVER HYDRO-ELECTRIC POWER

INQUIRY AND ANSWER

Hon. Mr. Reid inquired of the Government, pursuant to notice of May 17:

What, if any, representations have been made by Premier Bennett, of the Province of British Columbia, or by any member of the British Columbia Government, either to the federal Government or International Joint Commission, suggesting the trading of Columbia River hydro-electric power for access rights by Canada through the United States Alaska Panhandle?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is: None.

NATIONAL HOUSING BILL

THIRD READING

Hon. David A. Croll moved the third reading of Bill 215, an Act to amend the National Housing Act, 1954.

Hon. Thomas Reid: Honourable senators, before the bill receives its third reading may I, with apologies, take up the time of the house to make a few observations? I should like to have had an opportunity to ask certain questions when the bill was in committee, but unfortunately I was unable to be present, for I was attending a meeting of the Joint Committee on the Federal District Commission.

I am sure every honourable senator was much impressed with the figures which were placed on the record of the other house by the Minister of Public Works, under whose

jurisdiction this measure will be administered, and as well with the figures placed on our own record by the honourable senator from Toronto-Spadina (Hon. Mr. Croll). Therefore, it is not my intention to put any more figures before you. What has been accomplished under the National Housing Act since its inception is, I am sure, a source of some pride to the people of Canada.

I was very much interested and pleased to notice that the minister had said that under this act it was not the responsibility of the Government to compete with private enterprise. His words were: "The Government should not assume responsibilities which could effectively be borne by private enterprise." Nevertheless, there is some interference with private enterprise, and it is with regard to that matter that I wish to speak for a few minutes to this house.

I do not know the circumstances in municipalities in other provinces, but I find that, generally speaking, in British Columbia private builders are not now building houses for sale or rent, because such people are not prepared to accept as low a down payment as $1,000 to $1,500. The result is that most of the housing in that province is carried on under the Central Mortgage and Housing Corporation.

Before this act came into effect, and operated so successfully, builders and private citizens were building houses for sale because they were able to obtain a down payment of from 35 to 75 per cent. But today no purchaser is going to pay down that much money when he can have a house built under Central Mortgage for as low a down payment as $1,000 to $1,500, depending on the cost of the house, and have his mortgage payments amortized over a period of 25 years.

Central Mortgage, however, before making a loan, takes into account the age and income of the prospective borrower. For instance, a man of 60 years of age would have serious difficulty in getting a loan, because the corporation would naturally think he might not live long enough to pay it back. I am speaking of actual cases, not just supposition. Similar restrictions apply to income. Unless a borrower is earning $5,000 or over per annum he would have difficulty in obtaining a loan from the corporation. The latest figures published by the Dominion Bureau of Statistics show that some 83 per cent of the working population of this country have annual incomes of less than $5,000. Of these, 34 per cent make as much as $3,000 per annum and another 34 per cent make $2,500. One can readily see that the men and women in the low income bracket get no advantage from the existing legislation.

Now, without any explanation at all, as far as I know, the family income required for loaning purposes by Central Mortgage has been increased. This was one of the matters I intended to ask about in the committee. In 1953 the average income that a borrower must have before he could obtain a loan was $4,961; in 1954 it had increased to $5,382; and I understand that now it is $5,447. On top of that, interest rates have been increased. In 1954 the rate of interest charged on loans under the National Housing Act was 5½ per cent; in 1955 the rate was reduced to 5¼ per cent. Without in any way passing judgment on the Minister of Finance in his efforts to tighten up on credit, I say that there seems to be a conflict there; on the one side we have the Government endeavouring to curtail the use of credit, and on the other side we have the Minister of Public Works, through the Central Mortgage and Housing Corporation, urging the building of more homes and in the process the interest rate on National Housing Act mortgages has been increased to 5½ per cent. Officials of the Central Mortgage and Housing Corporation recently made a most interesting statement to the Gordon Royal Commission. In that statement they estimated that in the next 25 years the population of Canada will be increased by 10·5 million people—in other words, that in 1981 the population of Canada will be 26·5 million—and that by that time Canada will require 3,400,000 new homes, the estimated cost of which would amount to $35 billion, the owners' share being $15 billion and the lenders' share $25 billion.

They had something to say also regarding the old houses in this country. It may interest honourable senators to know that two-thirds of the present houses in Canada are 25 years old, 500,000 are 50 years old, and something like 10 per cent, equal to 380,000 houses, are 75 years old. While I am on this point I am willing to predict, from personal observation, that many of these old homes will outlast many of the new ones being built today.

Hon. Senators: Hear, hear.

Hon. Mr. Reid: I say that without fear of successful contradiction. As a matter of fact, having visited and inspected some recently built ones while they were under construction, I wonder if they will last even 25 years, the term in which the payments will continue to be made.

I would like to suggest to the Government that consideration be given to a housing system that is in vogue in the United States in regard to older houses. A problem arises when an owner wants to sell an older-type

house. But even though a house is only one, two, five or ten years old, unless the owner is willing to take less than $1,000 as a down payment he will have a lot of difficulty in disposing of his house. What he is up against is that a prospective purchaser can go to Central Mortgage and Housing Corporation and by making a down payment of $1,000 or $1,500, have a house built costing up to $12,500. Many elderly people in this country whose children have married and have families and homes of their own are left with splendid houses too big for them, houses that were built of the finest lumber and materials, which cannot be sold unless the owners are prepared to take a second or third mortgage as well as a low down payment. Otherwise the prospective buyer may go to Central Mortgage and Housing and contract a loan which is payable in instalments over a 25-year period.

I say to the Government in all sincerity that if it wants to do a little more it should review the cost of houses. During the last war, under the war-time housing legislation, a number of houses were erected in the constituency which I then had the honour to represent; and I remember that members of the C.C.F., who were always predicting doom, said that these houses would become a slum area. Just before I returned here after Easter this year I had the opportunity of looking over this particular housing project, and I was pleased to find that every one of these homes was tastefully painted, and all of them had attractive gardens at the back and neat lawns in front. As I reflected on these conditions I remarked that perhaps one of the causes of slums is not so much the type of houses as the kind of people who live in them. The occupants of these dwellings, each of which cost in the neighbourhood of $3,500, bought them under the war-time housing provisions of the National Housing Act; and now they have a beautiful village. I mention this as illustrating the possible advantage of providing a smaller and less costly house, not inferior in material but lower in price, for the use of that great majority of our people who earn less than $5,000 a year.

These are points which seem to me well worth while bringing to the attention of the Senate and of the Government. In doing so I am not to be understood as criticizing the present great housing scheme, which has been so successfully carried on. A splendid job has been done. Not long ago it was reported that the one millionth house erected under the scheme had been completed. But I thought it my duty to rise and draw these points to the attention of the Government in the hope that the Minister of Public Works particularly will bear in mind the needs of the lower income groups.

The honourable senator from Toronto-Spadina (Hon. Mr. Croll) will be interested in a recently reported incident which no doubt can be paralleled in many other places. A news despatch headed "Widow Pays Lower Rent for 'Hovel'" states:

> A widowed mother of nine, whose house was described to the Anglican Synod Thursday as a "miserable, ramshackle hovel," said Thursday night she has had her rent reduced from $100 to $65 a month.
>
> The case of Mrs. Marjorie Caster, 39, was described to the Anglican diocese of Toronto by Rev. R. K. Perdue, in a plea for more low-rental housing schemes.
>
> Mr. Perdue said the rent is being paid to a "respectable trust company" in Toronto, some of whose directors, he said, are probably "Anglicans and pillars of their church."

I hope they are very proud of taking $100 a month from a poor widow.

Hon. Mr. Barbour: They have cut down the rent.

Hon. Mr. Reid: It was cut down only recently. Apparently when these people were praying and looking up to God on Sunday not much thought was given to the widow. I say that in all seriousness.

The present bill seems to offer a great deal of encouragement to municipalities. But in general I have to agree with the remarks made by the Leader of the Opposition (Hon. Mr. Haig) that many municipalities may not be able to take advantage of it. I know that, were I still reeve of the municipality in which I had the honour to hold that office for nine years, I would be unwilling to recommend that it embark on the housing business, because, as we found in earlier years, and as the Government no doubt realizes, the moment a municipal body engages in this activity it lets itself in for trouble. For instance, in the matter of dispossession, no municipality or government is prepared to evict a tenant for not paying his rent or other obligations. So I think the Government acted very wisely in so handling the housing scheme as to leave the financial responsibility with banks and other institutions; otherwise the scheme would not be in the fine position in which it is today.

I advise the Government to give some further thought to the difficulties which the municipalities have to face. In some districts —Toronto, for example—the city authorities may be able to acquire land, clear it, subdivide it and sell it for housing purposes; but a municipality which contains slum areas or quite a number of hovels must as a first step find accommodation for those who live there before removing them to new quarters, and

before taking any steps to remodel the slum districts. Such a course may be possible in cities with other and adequate accommodation, but it is beyond the resources of rural municipalities. So, I repeat, there will be a good deal of hesitancy about embarking on new housing projects; first, because councils do not care to get into this business; secondly, because they have not the funds.

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

CANADIAN FARM LOAN BILL

SECOND READING

Hon. John A. McDonald moved the second reading of Bill 84, an Act to amend the Canadian Farm Loan Act.

He said: Honourable senators, these amendments to the Canadian Farm Loan Act which are contained in the present bill come at a very appropriate time, when financial institutions as well as individuals are withdrawing from the farm loan business and going into more profitable fields. This leaves the Canadian Farm Loan Board in a position where it can take up the slack and do a much larger business than it has been doing up to the present time.

The Economics Branch of the Department of Agriculture for the province of Ontario, in a recent survey covering over 700 farms, found that in the past individuals have taken nearly 50 per cent of all farm mortgages; sellers of farms have taken about 33 per cent; financial instiutions, about 9 per cent; and family mortgages accounted for about 4 per cent, leaving a comparatively small number made by Government loaning institutions.

One reason, perhaps, why the Canadian Farm Loan Board has not been doing more business is that there have been occasions when a long time elapsed after the applications were received and the appraisals were made before the farmers actually received their loans.

I have not heard very much criticism of the board; and it was my pleasure to work quite closely with the officials in Halifax when I was with the provincial Government. I think the board has done especially good work in keeping interest rates down. We have to think back to the position of borrowers in the 'twenties. Early in that decade several of the provincial Governments had experimented with the farm loaning business, but with no great success. As a result, interest rates jumped from 7 per cent to 12 per cent. This was the situation which the federal Government was faced with in 1927, 1928 and 1929, when it was contemplating legislation of this type. The Canadian Farm Loan Board's rate has been 5 per cent in recent years.

Another reason why these amendments come at an opportune time is that many farmers today find it necessary to change over from horse power to machine power. Many have already done so, particularly in the Canadian west. I am sure that a lot of people whose pleasure it was to drive behind a fine span of horses, and to work with horses, regret that this change has to be made.

Hon. Mr. Burchill: Hear, hear.

Hon. Mr. McDonald: I am sure people cannot take the same pride in working with a tractor, truck or automobile that they can in working with horses. But we must move with the times, and the economic situation today is such that many farmers must add to their acreage. This in turn necessitates the spending of a lot of money for farm machinery. I want to suggest, however, that many who own moderate-sized farms with productive acreage should not jump too quickly in making this change from horse power to machine power. Many farmers who do mixed farming and grow fruits and vegetables, especially those whose own families do the farm work, can carry on more economically in this fashion than by investing in expensive farm equipment. Before such farmers go out and spend large amounts of money for farm machinery they should make sure they will employ the machinery a sufficient number of days in the year to justify the expenditure.

Honourable senators, I now wish to give you some explanation of the proposed amendments to the act, but before doing so I think I should tell you that I am indebted to Mr. F. L. Chester, Commissioner of the Canadian Farm Loan Board, for much of the information which I am going to present to the house. Mr. Chester has indicated that he or some other competent authority will be pleased to provide information in committee if the bill is given second reading.

The act which this bill amends has been of assistance to farmers of Canada, not only as a source from which loans could be had but, as I have said, it has been especially helpful in keeping interest rates on farm loans from institutions and individuals at reasonable levels.

Besides this form of farm credit we have also had in operation a form of government guarantee of bank loans made to farmers under the provisions of the Farm Improvement Loans Act. Under the Canadian Farm Loan Act a loan can be made for a maximum

of 25 years, which period, if this bill passes, will be extended to 30 years. This change is made in subsection 2 (f) of section 6 of the bill. Loans made by the banks under government guarantee have been for a shorter period of up to five years for an intermediate credit.

We also now have the advantage of the Canadian Fisherman's Loan Act, passed last year, which is a parallel act to the Farm Improvement Loans Act. In consequence the Canadian Farm Loan Act will no longer have to govern loans to fishermen. This change is made by section 11 of this bill.

The original Canadian Farm Loan Act provided for a co-operative scheme between the federal Government, the participating provinces and the borrower, each contributing 5 per cent of the amount loaned to the capital of the board, and the lending funds of the board were provided by the federal Government.

All provinces in Canada, excepting Ontario, Saskatchewan and Prince Edward Island, participated from the outset. In 1934 the Canadian Farm Loan Act was amended and the federal Government became the sole owner, having repaid the capital provided by the provinces and the borrowers. Lending was then extended to all provinces in Canada and has since been continued uninterrupted. The Canadian Farm Loan Board maintains a branch office, responsible for the processing of all loans, in each province except Newfoundland. Applications for loans from Newfoundland farmers are made direct to the head office in Ottawa. I expect that if and when the applications are of sufficient number a branch office will be opened in Newfoundland.

The main purposes for which the Canadian Farm Loan Board was set up were:

1. To reduce farm mortgage interest rates of between 7 and 12 per cent.

2. To provide a dependable source of funds for farm mortgage lending under varying economic conditions.

3. To provide mortgage loans for a long period. As I have said, it is 25 years at present, and if this bill is approved it will be 30 years.

4. To provide for the orderly repayment of farm mortgage loans with maximum ease by amortizing the loan through equal annual, semi-annual or monthly instalments of principal and interest.

The provision by this board of moderate and stable interest rates for farmers across Canada has always been predicated upon a competitive and self-sustaining operation without the benefit of government subsidies, so that the mortgage interest rates charged farmers by all mortgage companies could properly and fairly be influenced by that charged by the board. The board makes loans to farmers across Canada without restrictions as to age, residence, sex or nationality. Since commencing loaning operations in 1929 this board has made mortgage loans in excess of $100 million to more than 43,000 farmers in Canada. At the present time there are more than 20,000 borrowers, owing a total of over $44 million.

The collection experience of the board has been considered good, and as at March 31, 1955, the total in interest arrears amounted to only $173,381, representing ·439 per cent of outstanding principal. Foreclosures of loans have always been kept to the lowest minimum consistent with safety of investment, and foreclosure has been resorted to only when the borrower's position has been apparently hopeless. The board's record of real estate acquired shows 684 securities from 1929 to 1949 and 17 securities from 1949 to 1955—a total of 701.

Actual losses sustained by the board since its inception total $716,917. These losses have been taken care of by the reserve for losses built up through the years, and which now totals $2,349,258.

The board in 1955 required 123 employees to place 2,137 new loans totaling $8,207,000, while administering an investment of $40,000,000. It cost the board 1·39 per cent of investment in 1955 to administer 20,982 loans.

With the permission of the house I shall place three short tables on *Hansard*.

Hon. Senators: Agreed.

The tables are as follows:

A history of the board's maximum loan limits on first mortage:

1929 to July 2, 1934	
50% of appraised value of land and 20% of permanent insured improvements thereon not to exceed	$10,000
July 3/34 to April 6/35	
50% of appraised value of land and 20% of permanent insured improvements thereon not to exceed	7,500
April 17/35 to June 17/52	
50% of appraised value of land and buildings not to exceed (These are on first mortgage)	5,000
June 18/52 to present	
60% of appraised value of land and buildings not to exceed	10,000
Proposed amendments	
65% of appraised value of land and buildings not to exceed	15,000

A history of interest rates charged by the board on first mortgage is as follows:

	Interest rate charged	Cost of funds to Board
1929 to Oct. 12/34	6½%	5 %
Oct. 13/34 to May 22/35	5½%	4 %
May 23/35 to April 1/45	5 %	3½%
April 2/45 to March 31/52	4½%	3 %
April 1/52 to present	5 %	3¾%-3⅞% Present cost 3¼%

Repayment periods:

1929 to April 16/35

Interest plus 1 or 2% of principal at option of borrower. Equivalent to amortization on a 23 or 32-year plan.

April 17/35 to present

Repayment on amortized plan not in excess of 25 years.

Hon. Mr. McDonald: In summary, the first 5 sections of this bill could be said to simplify the capital structure of the Farm Loan Board. It will broaden the board's activities by increasing the maximum amount of loans from $10,000 to $15,000 that can be provided under the act. It will simplify and improve the lending procedure by eliminating the short-term second and chattel mortgage loans, and it will dispose of the capital of the board acquired in connection with its operations under the Canadian Fisherman's Loan Act.

The short-term loans are made for 5 years and bear one per cent higher interest than the regular 5 per cent interest on regular first mortgage loans. Under this bill it will be possible to loan up to 65 per cent of the appraised value of properties, instead of the present limit of 60 per cent. As the act stands at the present time, the capital of the board consists of $5 million, which was originally advanced at the inception of the Board, together with issued shares of stock to the amount of $2,240,301. It is considered desirable to convert this original capital into an ordinary loan by the Government to the Board at current rates of interest.

The bill further provides for the cancellation of the $2,240,301 issued capital stock to the par value of $1 per share, and in substitution the board will be capitalized by 30,000 shares of stock of the par value of $100 per share, the total value of which will be $3 million.

With respect to reserves, under the existing statute the board has been required to set aside at least 10 per cent of its net annual earnings in a special reserve fund, and at present this amounts to $878,000. But this is not a reserve in the ordinary sense of the word because it has not been available under the statute for the payment of losses. In addition, the board, under long practice, has had a special reserve built up on the basis of one-half of one per cent of its lending. This reserve now amounts to $2,349,258. In substitution of these two reserves, the bill provides for the establishment of a single reserve account to which all losses may be charged, and it is stipulated in the bill that the amount of the reserve will never exceed the amount of the capital, which, as I have indicated, will be $3 million.

Prior to 1952 the board could raise money only by the issue and sale of bonds to the Minister of Finance, which was an awkward and cumbersome method of financing; and in 1952 Parliament made provision for simple borrowing by the Board from the Minister of Finance without the necessity of issuing bonds. It is now proposed to go a step further and drop the bond-issuing provisions entirely, and to convert all the board's borrowings into simple straight loans from the Minister of Finance. The original purpose of the bond-issuing power was to enable the board to borrow money directly from the public; but this was never done.

The board will repay the capital advance of $29,000 for loans to fishermen and $161 shares of stock, less the operating deficit of $5,203. As the few outstanding fishermen's loans are paid, the proceeds will be paid into the consolidated revenue fund.

Honourable senators, if this bill receives second reading I will be pleased to move that it be referred to the appropriate committee.

Hon. R. B. Horner: Honourable senators, I wish to make a few remarks. First of all, I abhor the very thought of a mortgage on a farm, and always have. I doubt the wisdom of increasing the amount of loans. I am sympathetic toward men who take up farming without experience. A great many Canadian farmers today who are using tractors and modern machinery would be much better advised even to use oxen. I knew a farmer in Saskatchewan who had 250 acres of nicely seeded wheat before an engine had ever turned a wheel on the farm; he worked horses before he ever thought of using heavy machinery and a tractor. When travelling by train up the Ottawa Valley from Montreal or in any other direction I can easily tell the farms that are worked by horses because the fields are nicely worked and tilled; but where tractors are used, in an endeavour to save a few dollars, the land is in an awful mess, and one can see holes at the corners of the fields where the tractor turned. On a small farm with a few dairy cows, and where there is a bush lot for winter use, a team of horses is almost essential, and often the team is called upon to pull a tractor out which has bogged down. For instance, on a wet morning a farmer who attempts to operate a tractor on a hilly farm

will get stuck on every little knoll and sit with his wheels spinning, where an old team of horses would walk faithfully along.

Something has recently been said in the press about the trend towards mechanization of farming in France; but four or five years ago when I visited that country I saw a large number of horses at work in the fields. And in my travels through Belgium I saw on the farms a great many beautiful horses, fit for show, but not one tractor did I see. It was wonderful to see a couple of young colts among the cows in every pasture field.

The farmer who uses a tractor finds when it is worn out that he must have cash to repair it or buy a new one; whereas, if he uses horses, he can drive to town in his horse and buggy and leave his pocket-book at home. Too often one sees a farmer who assumes a mortgage in order to keep up with the mechanization trend, only to find that the cost of maintaining machines and buying fuel has greatly increased. For instance, even diesel fuel oil has increased from 17 to 21 cents a gallon. There are a great many farmers in the northern part of Manitoba and across Saskatchewan, and of course in eastern Canada as well, who would be much better off if they could not obtain a mortgage to buy mechanized equipment. When they do buy a tractor they are either digging it out, or overhauling it, or they are out on the road driving their cars and spending the money and extra time that they think they saved by using the tractor instead of the faithful horse. Furthermore, the horse will reproduce its own at little cost to the farmer; he can always have colts coming along to replace the older horses.

I would warn farmers to think very carefully before they mortgage their land for any purpose. In my own case, when I bought land my first desire was to get a clear title to it as quickly as I could. Of course, honourable senators will tell me that the banks were at that time not allowed to lend money on land. Well, my answer is they lent it to me. I would go to my banker and lay my clear titles on the table and tell him that I wanted to borrow a certain amount of money for a year. I would tell him also that if I lost my crop and the worst came to the worst I could always mortgage my land, but I would do it only as a last resort. Sure enough, I would get my loan, and whether the banker was acting strictly according to the provisions of the Bank Act or not it worked well for me for many years.

So I advise all young farmers to keep their land clear as long as they possibly can. Although credit is not as readily available as it once was, there are some people who are able to get it for the purchase of land and machinery. Of course, I believe that the record of repayment under this legislation has been very good and the losses have been exceedingly small. However, we do not know what lies ahead of us, and therefore I would caution farmers to hold their titles clear. They should borrow against their land only as a last resort.

Hon. F. W. Gershaw: Honourable senators, the Canadian Farm Loan Act has been in operation now for quite a number of years, and it has no doubt been of benefit to many Canadian farmers particularly because, as the sponsor (Hon. Mr. McDonald) has mentioned, it has effected lower interest rates. I well recall the days when a farmer who wanted even a short-term loan had to pay from 8 per cent to 10 per cent interest. By and large the profits from farming are not sufficient to bear such high rates.

The sponsor of the bill spoke of the long delay in obtaining long-term and intermediate loans from the Farm Loan Board. The trouble in the district from which I come is not only the delay, but the fact that in many cases a loan is never made at all. I come from what is called the dry area. I recall seeing some years ago a letter from the chief official of the board in which he said they were not making any loans in the dried-out area. It was, I think, a great mistake to make that general statement, because there are in that area men who have made a real success of farming and who are quite worthy of obtaining loans. The idea of blanketing off an area and not giving consideration to applications from it is certainly not fair to the farmers of that district.

I observe that the fisherman can get loans, but I find nothing in the bill that says that the farmer on irrigated land is included. I have correspondence from men who have large interests in irrigated land, and they complain they cannot get a loan; they complain that their applications are not even considered. This act is not used within my district to the extent that the farmers feel it should be used. There is a good deal of criticism that loans are refused without adequate investigation. That may apply on a limited scale, but I have heard so much about the problem that I feel I should place these few remarks on the record.

Hon. W. M. Aseltine: Honourable senators, I think we are labouring under some misapprehensions in our discussion of this measure. It is absolutely impossible to get money from the Canadian Farm Loan Board, secured by way of a mortgage on land, for the purpose of buying new machinery or to expand a farming operation in any manner whatever. I know that to be the fact, because

year after year I have had clients make application for loans, and nine-tenths of them were refused.

I recall particularly the year 1934, when the amount which the board could borrow from the Government was increased to $90 million. Passage of the bill was delayed in this house, and I asked the then Leader of the Government to hurry it through for the benefit of a great many farmers in my district who had clear titles to quarter-sections of land but were in bad shape after the dry years; they had used up their resources and wanted to borrow some money to carry on. Finally, Parliament passed the bill, and I went home and told my farmer clients to go ahead and make their applications for loans. Well, it took several hours to fill out the three or four sheets of information required, which included all the borrower's history fom his birth-date forward. The farmer had to give all the details of his debts, including his grocery bills and so on. The result was that no loans were made to the people who had a clear title to their quarter-section of land, because the loan had to be big enough to pay off all the borrower's debts, and if it did not do that he had to go to his creditors and get them to agree to accept 50 per cent or perhaps 75 per cent of his obligations.

I took this question up with the board, and I was told that it was not in a position to lend money to people to do anything except pay off their debts and obligations and start afresh. I think that is still the principle behind this whole loaning operation.

The honourable senator from Medicine Hat (Hon. Mr. Gershaw) has said very few loans have been made in his district. The same is true of the district I come from. The reason is, as I have said, that the loans are not for the purpose of buying machinery or expanding in any way, but rather to meet the farmer's total obligations, and in most cases the amount available is not large enough for that purpose. The whole object of this bill is to put a farmer back on his feet, pay up all his debts, and give him a chance to start over again.

If a person has security he can go to the bank and, under the act which was passed a few years ago, borrow sufficient money to buy his combine or tractor or anything else of that kind; but I am informed he cannot do that on money borrowed from the Farm Loan Board because it will not lend money for that purpose.

I raised this objection the last time the Canadian Farm Loan Act was up for amendment. I hope this bill is referred to committee, so that we may ask these questions and find out if what I said is exactly true. Over the years I have helped clients make dozens of applications and I cannot remember right now that any one of the loans ever went through, because the farmers could not get enough money to clean up all their obligations. My honourable friend from Blaine Lake (Hon. Mr. Horner) seems to think that money can be borrowed from the Canadian Farm Loan Board for the purpose of buying tractors and combines and other farm machinery, by placing a mortgage on a piece of land, if you happen to have a piece of land for which you have a clear title. However, my experience has been just the opposite. It has not been the policy of the board in our district at any rate to do that, even though we have in the Rosetown area one million acres of land under cultivation, one of the finest farming areas in the whole of western Canada.

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: And as a rule we have not been able to get a loan large enough to pay the balance owing on a piece of land, pay off prior mortgages on some other piece of land and that kind of thing, and if you cannot do that you cannot get a loan at all. You may have a section of land with a clear title and not be able to get a loan of any kind unless you pay all of your debts.

I agree that raising the maximum amount to $15,000 may be of some assistance and I am certainly pleased to see that the chattel mortgage feature has been done away with. If you made application for a loan under the present law there was not only a long delay, with the possibility of not being able to get it at all, but if it was accepted finally you had to give a first mortgage on your land, and sometimes a second mortgage, and you had to give also a first mortgage on all your goods and chattels, that is, on all your farm machinery. In other words, it tied you up completely, so if things went bad you could not borrow money in any other way at all, because the banks would not lend you anything; they would say, "Well, everything you have is mortgaged to the Farm Loan Board, and that is the end of it so far as we are concerned".

I would like to have the answers to a lot of questions that I intend to ask on this bill, even though it is an improvement on what we have had before. I think the policy of the board, as I have found it, is wrong. If a man is farming and has a clear title to a piece of land he should be able to borrow some money from the board on that land just as he can borrow from a mortgage company on land that he has a clear title to. Therefore, I hope that the sponsor of the

bill will have an expert at the committee so that we can ask him these questions I have in mind.

Hon. Thomas Reid: Honourable senators, it is only to be expected that there would be different views regarding this bill, and no doubt honourable senators who preceded me have spoken on how the provisions of the bill would affect their own district.

I am rising first to commend the Government for the amendments proposed in the bill. I can say that as far as the Fraser Valley district is concerned the Farm Loan Board was a godsend in many instances. I further believe that farmers generally would rather owe money to the Government than to machinery companies or the banks for the machines they have to buy.

I will go this far in agreeing with the honourable senator from Blaine Lake, that there are arguments that can be used in favour of the use of horses rather than machinery. When tractors were first introduced in my district you could pass through the Fraser Valley and see sometimes eight or ten horses idle in the field while the farmer's tractor was at work. I remember one farmer saying to me that he hoped he would be able to sell his hay so that he could buy gasoline and oil for his tractor. I asked him, "Who is going to buy the hay if all the farmers are using machinery and tractors?" I say to the honourable senator from Blaine Lake it was inevitable that machinery was adopted by the farmer; in fact, I do not know where the farmer would be today without machinery or the tractor. In so far as my part of the country is concerned, it is almost impossible to get farm help. You will see throughout that area many instances of a farmer's boy at 10, 11 or 12 years of age driving a tractor, plowing and cultivating with machinery the fields which perhaps would never be cultivated if the farmer had to depend on horses or on outside help. You realize, of course, that today industry has offered to the workman the five-day week, three weeks' holidays, superannuation and sick leave benefits, and now labour is advocating even shorter hours and a guaranteed annual wage. Just what the ultimate end will be I do not know.

Hon. Mr. Barbour: Don't forget the 30-hour week.

Hon. Mr. Reid: And the farmer has to compete with that. No, I cannot imagine what the farmer would do without the tractor or machinery. I do not know much about the prairies, but I know that in the lower Fraser Valley you cannot get men to milk cows, or to work 8 and 10 hours every day; furthermore, you cannot get men to work with horses today, because after a day's work in the field the men would have to spend an hour or more feeding and cleaning them.

Many farmers in my district would have lost their farms were it not for the help given them by the Farm Loan Board.

Honourable senators, I am not sure if I can manage to be present at the meetings of the committee to which this bill will probably be referred, because of the fact that I have other committee meetings to attend. However, if the sponsor of the bill cannot give me now the information I want, I would appreciate it if he would obtain it for me in committee, if I am not able to be at the meeting. I would like to have answers to the following questions: What is the chief reason for increasing from 25 to 30 the number of years for the repayment of a loan? And how many farmers of 50 years of age have obtained a loan from the board? A man who is 50 now will in 30 years be 80. Generally speaking, a farmer is at his best at 40; at that age he is experienced and in his full strength. If the Farm Loan Board adopts the policy followed by Central Mortgage and Housing Corporation it is going to be extremely difficult for a man of 45 or 50 years of age to get a loan, because by the time it is repaid he will be over 80.

Hon. Mr. Aseltine: A man of that age will not get a loan, even today.

Hon. Mr. Reid: Well, that is what I would like to find out. In my district I think he can. I would like to be informed as to the real reason for changing the term for repayment from 25 to 30 years, and also as to the number of farmers over 45 years of age who have not been able to obtain loans.

Hon. G. Percival Burchill: The preceding speaker has said some of the things which I thought I would like to say; but I rise chiefly for the purpose of congratulating the honourable senator from King's (Hon. Mr. McDonald), who has so ably presented this bill.

Hon. Senators: Hear, hear.

Hon. Mr. Burchill: I think he did a splendid job. He gave us all the information we need, and he did it so well that we have in our minds a pretty clear presentation of the objects of the bill. No man is better qualified than the honourable senator from King's to introduce such a bill, for his record as Minister of Agriculture for the province of Nova Scotia during several years is an outstanding one.

It is always most refreshing to hear from the honourable senator from Blaine Lake (Hon. Mr. Horner). I sometimes wish that

things were as he thinks they are. Unfortunately we do not live in the kind of world of which he spoke this afternoon; and I think the questions he raised were adequately answered by the honourable senator who has just taken his seat.

As the honourable senator from King's and others who come from Nova Scotia know, there is in that section of the country a real problem because of changes in the size of farm holdings. The small farmer of years ago, who got along very nicely on a quite limited acreage, is passing out. He can no longer live on a small piece of land, so he has turned to some other occupation; and in order to increase production these small holdings have been amalgamated into larger farms. In farming, as in industry, increased production is the answer to the problem of survival. When those who operate these amalgamated farms set out to compete, they have to buy expensive machinery. For the last several years, in two and perhaps three provinces, the provincial departments of agriculture have been trying to induce farmers to build silos as the only effective means of carrying on a dairy business. Considerable headway in this respect has been made both in Nova Scotia and New Brunswick, where we see evidence of many silos, principally the horizontal type, being built. But silage cutters and machines used in the preparation of proper silage cost money, and farmers are not in a position to purchase what they need unless they are able to borrow.

Hon. Mr. Aseltine: Money for this purpose cannot be loaned under the provisions of this bill.

Hon. Mr. Burchill: I welcome this legislation as providing a means for farmers to obtain the up-to-date machinery which is absolutely necessary in order to run efficiently even a moderate-sized farm in these provinces at the present time. What the honourable senator from New Westminster (Hon. Mr. Reid) said is quite true. How in the world can any man operate a farm today and come out square at the end of the year in our section of the country if he has to pay 80 to 90 cents an hour in competition with industry for labour? It is impossible. Much as we regret it, the horse, to which the honourable senator from Blaine Lake referred, has faded out of the picture.

When the honourable senator from King's replies, I should like him to answer two questions. First: I presume that the Farm Loan Board pays the Government a certain rate of interest for the money it borrows: does that rate vary from time to time? My second question is: are there various provincial farm loan boards which are engaged in the same type of service; and if so, is there any conflict between the Farm Loan Board and the provincial boards in this respect?

Hon. John T. Haig: Honourable senators, I do not wish to discuss the bill, but before the honourable senator from King's replies I should like to clear up one or two misunderstandings. The honourable senator from King's did not say—or if he did, he was mistaken—that this board lends money to anybody to buy machinery. That is done under the Farm Improvement Loans Act. The applicant goes to a bank and specifies the machinery he wants, an advance up to 75 per cent of the cost is made, and a note or a lien is taken. I know of one bank in Virden where the young man in charge of accounts made in three weeks 175 loans to farmers for machinery.

The bill before us has to do with farmers who have debts against their farms and want to borrow money. The maximum advance has been increased from $10,000 to $15,000, and debts existing when a loan is made on a farm are included in the total to be advanced. But, I repeat, money cannot be borrowed from the Farm Loan Board for the purchase of machinery. The problem as far as Manitoba is concerned—and, having quite a large number of farmer clients, I think I know as much about the matter as anyone here—is similar to that in New Brunswick, but on a much larger scale. When my honourable friends from Blaine Lake and Rosetown and I were growing up, a man with a half-section of land was regarded as quite a large farmer. Today, with such an acreage, he is a "piker"; he cannot make it pay with the high-class, expensive machinery now in use. To have a first-class farm one must operate at least a section of land. When I was a boy the farmer hired in the spring a man to help him sow his land; he engaged someone in June and July for summerfallowing; and in August and September two or sometimes three men were brought in to take off the crop and put it in stacks: and between that time and the first of December, whenever the threshermen came around, he would have his grain threshed. But nowadays one has only to go to Manitoba, Saskatchewan or Alberta to see a very different condition of things. The farmer goes around his fields with a tractor and after a while his wife will come along in a truck. The farmer will load the truck with wheat or whatever grain it is and his wife will deliver it to the elevator. Then she will return to the farm for another load.

Hon. Mr. Aseltine: That is not so now, for the elevators have too much wheat.

Hon. Mr. Haig: That is true in your district, because you grow too much wheat.

Hon. Mr. Macdonald: I am not a farmer but what about the sowing of the grain?

Hon. Mr. Haig: The same thing is true. One man can do it all. Nowadays, for the same acreage, a farmer will sow as much grain in two weeks as the honourable senator from Blaine Lake used to sow in six weeks.

Hon. Mr. Horner: That is not so.

Hon. Mr. Haig: Well, it is being done. As the honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill) said, the real crux of the argument is the fact that farmers will not do this work for the financial return that the grain will yield. That is the trouble. What my friend from Blaine Lake has said would be right if they could get men to do the work, but they just can't.

The trouble with this whole set-up is that the Canadian Farm Loan Board cannot compete with private lenders in making loans to farmers. Loan companies are able to do things the Farm Loan Board can't. For instance, the loan manager of a private company will go out at any time and appraise land, and he can lend a farmer more money than the board can. Farmers will nearly always borrow from private companies in preference to the board.

The figures presented by the honourable senator from King's are about right. I understand that only about 2 per cent of the loans made to farmers in Ontario are made by the Canadian Farm Loan Board.

Hon. Mr. McDonald: Approximately 3 per cent.

Hon. Mr. Haig: Well, that is almost as bad. In Manitoba the figure is about 5 per cent. That is simply ridiculous. My honourable friend has said they are cutting down costs. Well, farmers are paying the same rate of interest proportionately that other borrowers are. It is true they are not paying 8 per cent, but neither is anyone else. I used to borrow from the bank at 8 per cent interest, but I wouldn't have to pay that now, because it is not the going rate.

I happen to know the branch manager of the Farm Loan Board in Winnipeg. He is a smart young man and is very familiar with the difficulties encountered by the board in its operations. I have gone to him with farmers seeking loans and he has said, "Senator Haig, I can't make that loan" and I have replied, "Well, I can place it elsewhere, but it will cost the farmer one per cent or 1½ per cent more". Usually the farmer has said, "All right, I'll take the loan at that rate, because I want the money to buy certain land I'm after." Many a farmer wants to buy an adjoining quarter- or half-section of land to his own farm, but quite often the loan which the board is able to give is insufficient for the purpose. The fact that the maximum loan is being increased to $15,000 may help in some cases, but this still doesn't take fully into account the present low purchasing value of the dollar and the increased value of farm land over, say, the past fifteen years.

I understand the new Commissioner of the Canadian Farm Loan Board is Mr. Chester.

Hon. Mr. McDonald: That is right.

Hon. Mr. Haig: He was an alderman in Winnipeg for some years. He is a smart fellow and he knows his business, but his hands are tied. The board should give him more latitude in respect to making loans. The same is true of the branch managers. For one thing, in Manitoba, Saskatchewan and Alberta a farmer is unable to secure a loan from the board from November 1 until May 1. Why is this? Well, the officials say, "As long as the land is covered with snow we won't make a loan on it".

Hon. Mr. McDonald: They cannot appraise it properly under those conditions.

Hon. Mr. Haig: But the loan managers of private companies do. There is not enough authority vested in the commissioner or the local managers of the board. I have known the manager of the branch in Winnipeg for a long time. He always votes Liberal, but outside of that he is a pretty fine fellow. He was born and raised on a farm and he understands farming life. He was a credit manager of a private company in Winnipeg, so he is familiar with credit matters and experienced in dealing with the public, and he can judge a person's ability to make good. However, he is hamstrung by a book of rules and regulations which he cannot go beyond. He simply cannot compete with the manager of a private loan company who is given practically full authority in the matter of making loans.

The honourable senator from Rosetown may live in a better farming district than the honourable gentleman from Blaine Lake, or *vice versa*, but generally speaking I know where the best farm districts are in Manitoba, and so does anybody else who has lived there long enough and has had anything to do with farming. That knowledge is available to the board, but what good is it to the manager in Winnipeg if he is not allowed to use it? That is the type of thing I object to in the operations of the Canadian Farm Loan Board. Through the years the board has done a lot of good work but I do not think our farmers have obtained nearly as much benefit

from it as they would have if a little more freedom had been vested in its commissioner and local managers. If the board had realized that the value of land fluctuates with changing economic conditions Canadian farmers would have enjoyed better service from the board.

Hon. Mr. Hackett: In his reply would the honourable senator from King's advise us if the cost of administration is charged against the benefits which have accrued to the board?

Hon. T. A. Crerar: Honourable senators, after listening to the numerous agricultural loaning experts in the house it is with a little diffidence that I rise to make a few observations upon this bill. Not being an expert I probably am not qualified to judge, but it does seem to me that this bill is a definite improvement on the measure it supersedes. The important part of it really represents a reconstruction of the capital structure of the Canadian Farm Loan Board to make its regulations more easily administered and applied. That is all to the good. The powers under which the board can loan, as I understand it, are not extended or enlarged, but the board is given authority to increase loans from $10,000 to $15,000. The provisions of this bill would enable a farmer who might have a mortgage on his farm at, say, 6 or 7 per cent interest, payable in three or four years' time, to set that loan up anew. He can borrow from the Farm Loan Board now on a long-term basis up to 30 years, at interest of 5 per cent, discharge his old mortgage, and save in two ways: he can effect a saving on the rate of interest he is paying, and he can amortize his debt over 30 years if he wishes to do so. The effect of that, of course, would be to reduce his immediate obligations and, as year succeeds year, he would have more money from the proceeds of his labour to invest in labour-saving equipment, farm machinery, and so on. That is all to the good.

There are some fields of activity, I think, that governments would do very well to keep out of, but I have always felt that the Government is quite justified in engaging in this field.

Honourable senators, again with a little hesitation, may I offer a comment or two to express my own views on the general condition of agriculture? It is clear to me, at any rate, that nowadays agriculture in Canada, both east and west, is passing through a very critical stage. A great handicap to the farmer—or, if one prefers to use a more euphonious term, "the agriculturist"—is that he is exposed to hazards not experienced in other lines of business. In this very district at the present time farmers are almost unable to do any seeding on the land because of the intermittent rainfall. It is now June 4, and there is a grave possibility that if seeding cannot be done very soon it will be too late to do it this spring. The same is true of western Canada. Ordinarily the Prairie provinces do best with cereal crops if seeding is done by May 10. If seeding is done later there is a greater hazard of frost and rust damage. This season very little seeding was done in the Prairie provinces before May 10. Fortunately, today a farmer with mechanical equipment can do in three or four days' time the work that formerly took him perhaps two or three weeks with four-horse teams; by working from daylight to dark, if the weather is suitable, he can now manage to get his seed planted in time. The same is true of harvesting operations.

But the need for mechanized equipment raises a pertinent problem. The farmer who requires such equipment to get the work done expeditiously faces a very heavy outlay of capital investment. My honourable friend from Blaine Lake (Hon. Mr. Horner) would be better able than I to give an estimate of the equipment required on a farm to do work expeditiously. That raises another problem. If a farmer is going to use expensive equipment to the best advantage he must have a farm unit of the size that is suitable to it. This puts the small farmer—the quarter-section man, or the man with a hundred or two hundred acres—in a difficult position, for he cannot afford to spend $12,000 or $15,000 on equipment for the limited amount of land he cultivates. Sometimes I think that, particularly in the Prairie provinces, we are in a state of transition, and that two types of farmers will emerge. The first type will perhaps farm anywhere from 800 to 2,000 acres of land, or maybe more, and he will be able to afford $25,000 to $40,000 for the necessary equipment. Then there will be the small unit farmer who cannot afford such equipment, and he will be pushed back to the use of horses, as in the past. It may be that my judgment in this matter is wrong. However, I suggest that some day, perhaps during a future session when we have ample time on our hands, it might not be a bad idea if this house were to institute an inquiry into these matters, for I believe them to be of great importance to the well-being of this country.

One more observation, and I am through. We have seen the growth of industry and the emphasis put upon industrial development. Sometimes in reading the sayings of the wise I find myself bewildered. I think we are putting too much emphasis on industrial development of all kinds. Agriculture is one of the oldest professions in the world, and deserves

our consideration. The advance of industrialization has resulted in shorter hours of labour in the factory, and the wages of the factory worker have been greatly increased. This means that the future of farming is threatened. Our young men are going to the towns and cities to take advantage of shorter hours and higher pay. Why would not a young farmer, if he were looking for a position, enter the civil service, for instance, if he could do so? Why would he not go into a factory where he would work 40 hours a week at good wages, and have the hope that probably within a few years he would be working only 36 hours a week for the same wages? How in the world can we expect him to stay on the farm, particularly if he is in a mixed farming operation, where he has to tend his livestock seven days in the week and gets no overtime for it?

Hon. Mr. Macdonald: He has freedom and he is his own boss.

Hon. Mr. Horner: And he has a life worth living.

Hon. Mr. Crerar: A good deal has been said on that score, but I hope the honourable leader (Hon. Mr. Macdonald) is not too much impressed by it. It is true that there is a great deal of freedom on the farm, but I would point out that people today want security more than they want freedom; indeed, they are willing to sacrifice freedom for security. Heaven knows where that road will lead them. As I said earlier, these are important problems; they might well engage the attention of this house at some future time. In the meantime, I cordially support the bill which was so adequately explained by the honourable senator from King's.

Hon. George H. Barbour: Honourable senators, I am prepared to go along pretty well with the remarks expressed by the honourable senator from Rosetown (Hon. Mr. Aseltine) on this bill. Let me cite the case of a man I know who owned two farms, each of which carried a mortgage. In 1953 he purchased a third farm. Although this latter farm had been sold in 1922 for $10,000, and the land was certainly more productive in 1953 than in 1922, he was not able to get a 50 per cent loan from the Farm Loan Board. He was told that he must first clear off the other two mortgages if he wanted to keep the other farms. So he was compelled to raise money elsewhere.

I have frequently heard other complaints about the length of time a farmer must wait before getting a loan. As the Leader of the Opposition (Hon. Mr. Haig) has said, farmers are unable to get their land valued for loan purposes between the months of November and May.

Further, I am advised that a farmer can get a mortgage from a loan company at a cost of about $15 or $20, but to get a loan from the Loan Board he must pay $10 when he makes his application, and in addition his legal expenses amount to as high as $75. When this bill goes to committee I should like to ask the honourable senator from King's if that is the case, and if so why the cost is so high.

Hon. Mr. McDonald: Honourable senators—

The Hon. the Speaker: Honourable senators, if the honourable senator from King's speaks now, he will close the debate.

Hon. Mr. McDonald: —I shall attempt to answer as many of the questions raised as I can at this time, but may I say that the Commissioner of the Canadian Farm Loan Board is now in the gallery of the house and is available to meet with us in committee this afternoon. Unfortunately, he has to go to Toronto, and will not be available to us again this week. I am sure he is our best adviser, and if it is agreeable to honourable senators, we could meet in committee this afternoon.

Hon. Mr. Reid: How will the senators who are not now in the house be notified of the meeting?

Hon. Mr. McDonald: May I say to the honourable senator from Blaine Lake (Hon. Mr. Horner) that I heartily agree with what he said. I know of many farmers who have unwisely mortgaged their land to make the changeover from horses to machinery when their acreage was not large enough to make the operation profitable. I speak more for the farmers in eastern and central Canada than I do for those in the Prairie provinces when I say that I think we should keep in mind the fact that the farmer often has help from within his own family, and it is not always necessary for him to assume the heavy financial burden of buying machines and paying for gas and oil. If a farmer can get along with horses, he is producing his own power on his own fields at much less cost than if he were operating a tractor.

The honourable senator from New Westminster (Hon. Mr. Reid) asked a question as to extending the term of loans from 25 to 30 years. Many requests were made by people for an extension of time beyond 25 years; in fact, the Federation of Agriculture asked that the term be increased to 40 years. It was thought that an extension to 30 years was reasonable under the circumstances. Of

course, I cannot imagine the board making a loan to a man of 50 years of age for the full 30-year period.

Hon. Mr. Reid: That is the point.

Hon. Mr. McDonald: His age would have to be taken into consideration. He might get a loan for, say, 10 or 15 years. It must be remembered that the Canadian Farm Loan Board is dealing with public funds. In this respect I should like to ask the honourable senator from Rosetown (Hon. Mr. Aseltine) if he would be prepared to make a personal loan in a case where the board has turned the applicant down. It must be remembered that loans are made only when there is reasonable assurance that they will be repaid with interest. However, these particular cases can be discussed when the bill is considered in committee.

Hon. Mr. Aseltine: I would have no objection to making a loan to a farmer who had a clear title to his land; it is good security.

Hon. Mr. McDonald: The honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill) referred to the rate of interest. I have already placed on *Hansard* the table covering the rate of interest at which the board borrows money from the Minister of Finance, which is 3¼ per cent, and the rate which it charges the borrower, which is 5 per cent. The board pays its administration costs and sets up its reserve out of the profit it makes on the difference between its borrowing and lending rates. It may be said that over the past four years the amount left over after administration costs was quite small —I think it was something like $300,000. Some suggestion has been made that the board should reduce its interest rates to farmers. The answer to that criticism is that if the rate were reduced by even only one-half of one per cent it would mean a reduction in income of more than $200,000 a year, a reduction that the operation could not stand.

Some questions have been raised about the delay by the board in making appraisals of land. It has to be remembered that the appraisers are trained men and know their job well, but it would not be safe for one of them to loan money in, say, the province of Nova Scotia without personally making an inspection of the land in question. This has to be done at a season when the snow is off the ground.

Honourable senators, I may not have answered all the questions raised but, as I said earlier, the commissioner is prepared to discuss the bill with us in committee if we can assemble there this afternoon.

Hon. Stanley S. McKeen: Honourable senators, there is one question I would like to ask on the subject of these loans. A question was already asked whether a bank loan would be made to a person whose application was turned down by the Farm Loan Board. Was not the purpose of this legislation to lend money at a cheaper rate of interest than could be secured commercially? Of course, if a farmer can borrow money at the bank, naturally he would have no need to go to the Farm Loan Board. But am I correct in understanding that the purpose of this legislation is to give farmers loans that are not considered safe bank loans, and at a cheaper rate of interest?

Hon. Mr. McDonald: That is right.

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

REFERRED TO COMMITTEE

Hon. Mr. McDonald: Honourable senators, if it meets with your approval I would move that the bill be referred to the Standing Committee on Natural Resources. The National Parks Bill is also before that committee for consideration, having been referred to it on motion of the honourable member from Queens-Lunenburg (Hon. Mr. Kinley). Whether we have time to consider both these bills this afternoon or not, I do not know, but I would like to have Mr. Chester, the commissioner of the Canadian Farm Loan Board who is at present in the gallery, appear before the committee.

Hon. Mr. Reid: You will not be able to get the committee assembled now.

Hon. Mr. Aseltine: The Committee on Natural Resources is not the right committee to refer this bill to.

Hon. Mr. McDonald: Honourable senators, I am at your service.

Hon. Mr. Haig: Honourable senators, I just want to raise an objection. This matter has nothing to do with the Committee on Natural Resources at all. This is a banking bill, and if there is any bill that should be referred to the Banking and Commerce Committee, this is one. The bill deals with the lending of money—it has nothing to do with natural resources at all—and it should be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. McDonald: Honourable senators, it is immaterial to me which committee is chosen. I thought that the Natural Resources Committee had more members who are personally interested in this matter than perhaps the Banking and Commerce Committee had.

Hon. Mr. Reid: What is the hurry? Could we not take it up next week?

Hon. Mr. McDonald: There is no hurry.

The Hon. the Speaker: Honourable senators, the question is on the motion of Hon. Mr. McDonald that this bill be referred to the Standing Committee on Natural Resources.

Hon. Mr. Aseltine: No.

Hon. Mr. Haig: No.

Hon. Mr. Aseltine: That is not the right committee.

Hon. Mr. McDonald: If there is objection to referring it to the Standing Committee on Natural Resources I would be pleased to change it to the Banking and Commerce Committee.

The Hon. the Speaker: Honourable senators, with leave of the Senate it is moved by Hon. Mr. McDonald that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to, and the bill was referred to the Standing Committee on Banking and Commerce.

DIVORCE

BILLS—SECOND READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill D-14, an Act for the relief of Jennie Zalezniak Wiseman.

Bill E-14, an Act for the relief of Phyllis Elizabeth Jardine Williams.

Bill F-14, an Act for the relief of Martha Hope MacDougall Fortier.

Bill G-14, an Act for the relief of Hugh Oliver Semper.

Bill H-14, an Act for the relief of Yvonne Elizabeth Thurgarland Brosseau.

Bill I-14, an Act for the relief of Hugh Lawrence Byers.

The motion was agreed to, and the bills were read the second time, on division.

REPORTS OF COMMITTEE

Hon. Mr. Roebuck: Honourable senators, may I have the indulgence of the house to revert to standing orders for the purpose of presenting some reports of the Standing Committee on Divorce?

Hon. Mr. Haig: Agreed.

Hon. Mr. Roebuck presented the committee's reports Nos. 366 to 382, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, June 5, 1956

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

Prayers.

Routine proceedings.

PRIVATE BILL

NIAGARA LOWER ARCH BRIDGE COMPANY LIMITED—FIRST READING

Hon. W. D. Euler, for Hon. Salter A. Hayden, presented Bill J-14, an Act respecting Niagara Lower Arch Bridge Company Limited.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Euler: With leave, next sitting.

PRESIDENT OF INDONESIA

ADDRESS TO MEMBERS OF BOTH HOUSES

Hon. W. Ross Macdonald: Honourable senators, this morning we were privileged to hear an outstanding address by the first President of the Republic of Indonesia, at a meeting of members of both houses. I am sure all honourable senators would like to have that address, and the other addresses delivered this morning, appear in the permanent records of this house. With leave, therefore, I would move:

That the address of His Excellency Dr. Sukarno, President of the Republic of Indonesia, to members of both houses of Parliament this day, and other addresses delivered on this occasion, be printed as an appendix to the Debates of the Senate and to the Minutes of the Proceedings of the Senate, and form part of the permanent records of this house.

Hon. F. Elsie Inman: Honourable senators, in future would it be possible to have a notice sent to each senator's room advising when a visitor is coming to address members of both houses? Unfortunately I was not in the chamber yesterday afternoon at the time notice was given that the President of Indonesia would address members of both houses. I had a speaking engagement, and had previously arranged to show some slides early in the evening. Therefore I did not learn in time, that the President of Indonesia would be here, and I am greatly disappointed because of having missed his address.

The motion was agreed to.

See appendix to today's Hansard, *p. 633.*

PUBLIC BILLS

SUSPENSION OF RULES

Hon. W. Ross Macdonald moved, pursuant to notice of May 29:

That for the balance of the present session, Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

Hon. R. B. Horner: Honourable senators, before the question is put, I would like to ask a question. I know it is customary, two or three days before prorogation or dissolution, to move for the suspension of certain rules. However, may I ask the Leader of the Government (Hon. Mr. Macdonald) to be frank enough to tell us exactly the purpose of this resolution at this particular time?

Hon. Mr. Macdonald: Honourable senators, I shall be perfectly frank in my answer to the question asked by the honourable senator from Blaine Lake (Hon. Mr. Horner).

As has been said, a motion in these words is customarily passed toward the end of each session. My recollection is that it is passed about the time the last interim supply bill is likely to come to us. The words of the motion clearly state its purpose, namely, to relieve the house of the observance of Senate Rules 23, 24 and 63 as they relate to public bills.

As to the effect of the motion, its passage would remove the delays which must occur under our rules at the various stages of consideration of public bills. For instance, Rule 23 requires that two days' notice must be given of the second reading of a bill. Similarly, there is a rule providing that this house must meet on every sitting day at three o'clock in the afternoon.

I will be perfectly frank, as I try to be in answering all questions in this house, in giving my honourable friend an explanation of the effect of this motion. There are two bills which may be affected by it, if not today, in all likelihood tomorrow. One is the interim supply bill. As honourable senators will recall, in March we approved a bill granting interim supply for the months of April and May. We are now into June, but for reasons which we all know and to which I shall not refer, the bill granting additional interim supply has not come to us. It may come to us today or tomorrow, but I would think that, at the very latest, it would reach us on Thursday. Whenever it does come before the house I am quite sure honourable senators would want to give it first and second readings that day,

and perhaps even give it third reading, and allow it to pass. However, that will be a matter for the house to decide.

There is another bill that is likely to come to us, I hope, today, but in all probability, I would say, tomorrow. That is the pipe line bill. It has been discussed, as we know, for a number of weeks in the other house and is now at the third reading stage in that house. If that bill comes to us tomorrow, under our rules it would receive first reading immediately. It would then be necessary, if the present rules are in effect, for the bill to stand and not be called for second reading until Friday. Now, honourable senators, we have completed practically all the work that is on our order paper, so unless we suspend the rules mentioned in the motion we would sit here on Wednesday and Thursday doing nothing, and start consideration of the second reading of the bill on Friday. I do not think honourable senators would want to do that. I feel they would like to commence consideration of that bill on second reading as soon as reasonably possible after it reaches this house.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Macdonald: I doubt if there is one senator in this house who would desire that this bill should receive first reading tomorrow, if we get it, and remain here Thursday without being considered by this house, although we have no other work before us, and then be taken into consideration on the second reading stage on Friday.

Honourable senators, let me impress upon you that the suspension of these rules does not in any way curtail debate. There will be every opportunity under the rules of our house for debate to go on in the usual way without any curtailment whatsoever, and without restriction.

The only prpose of my motion, so far as the pipe line bill is concerned, is to enable us, if the house so desires and so votes, to start consideration of that bill tomorrow on the motion for second reading, but without curtailing debate in any way whatsoever.

Honourable senators, if the motion which I have submitted carries, I would suggest that instead of meeting tomorrow afternoon at 3 o'clock we should meet tomorrow morning at, say, 11 o'clock and receive the bill.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Macdonald: If honourable senators wished to start discussion immediately on second reading it could be done. However, if honourable senators felt they would like to have the bill for several hours, we could adjourn after the routine proceedings until, say, 2, 2.30 or 3 o'clock in the afternoon, and then proceed with the motion for second reading of the bill.

Honourable senators, I have been perfectly frank with you, and I think you will agree that this motion should be passed.

Some Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable members, I thank the Leader of the Government for the statement he has made. There is one point in the statement that I am just a little perturbed about. I quite agree with the idea of meeting tomorrow morning at 11 o'clock; I think it is a good one. But I suggest that we resume at 2 o'clock in the afternoon, and, after second reading, go into Committee of the Whole House to consider the bill. I say that because, so long as I have been connected with this house or have known anythink about it, it has been the practice to refer important bills to committee. This house, during my experience, has always been noted for its efficient work in committee, where detailed information could be asked for and obtained. Ordinarily I would have suggested that the bill should be remitted to the Banking and Commerce Committee, the Natural Resources Committee, or some other standing committee, but perhaps only the members of the committee would attend the meeting; other senators, though having the right to attend, might not feel like doing so. So, all things considered, it seems to me that it would be best to refer the bill to the Committee of the Whole and have a full discussion. The Leader of the Government, in accordance with a practice in the other place, could send for officials and have them in attendance to answer questions on which he is not fully informed.

Hon. Mr. Macdonald: A big job.

Hon. Mr. Haig: This house is noted for its deliberate handling of legislation from the other place, especially bills which affect Canada as a whole. When the Fathers of Confederation were engaged in their historic debates, Brown of Ontario and Cartier of Quebec were particularly keen on the creation of an appointive Senate. Macdonald rather favoured an elective second chamber, but to this Brown was absolutely opposed, because a body of that kind had been in existence in Canada from 1841, and, he contended, had been a complete failure. In the result the appointive method was accepted. At that time Macdonald insisted, and there was general agreement with him, that the Senate should consist of a body of men—at that time nobody anticipated women senators—

Hon. Mr. Euler: They were not "persons"!

Hon. Mr. Haig: —who would give "sober second thought" to legislation coming from the other house. I still think that that principle is the right one. Perhaps, if I were in the other chamber, I would be fighting like a tiger on one side or the other. The members of that house are the elected representatives of the people, and therefore it is their responsibility to deal first with national problems. I do not think that our position is on all fours with theirs. We have to say whether, all things considered, it is advisable in the interests of Canada that a pipe line should be constructed in the manner that is proposed.

I have before me a copy of the bill. There are some questions about it which I should like to ask the Leader of the Government, but they are of a technical nature, and it may be that he is not sufficiently informed at the moment to answer them. For instance, how is the cost of gas supplied to Winnipeg to be determined?

If a city requires so many cubic feet a year, will it be charged less than if it takes a larger amount? How are the payments to be arrived at? Will Winnipeg, say, be charged with a fixed proportion of the total cost of the service across Canada, and in what relation to, say, Montreal and Toronto? Departmental officials will be able to give us that information, and it could be obtained in Committee of the Whole. So I repeat that while I assent to our meeting at 11 o'clock tomorrow, I think we should meet again at, say, 2 o'clock. I suggest that hour rather than 3 o'clock, because it would afford us a greater opportunity to ask questions if the house went into Committee of the Whole. Then we could have all the next day, if necessary, to discuss the legislation. I would like to hear from the Leader of the Government as to whether he favours this idea. The Department of Trade and Commerce will know what officials should come here to assist the leader. I have read the contracts, and while they tell part of the story they do not tell the whole story. I make my suggestion in the belief that it would enable us to perform our duty in this house. For this reason I would like to see it agreed to before we pass the motion.

Hon. Mr. Macdonald: Honourable senators, the question of whether this bill should be considered by one of our standing committees or by the Committee of the Whole is one which the house itself will have to decide.

Hon. Mr. Haig: I agree.

Hon. Mr. Macdonald: The idea of having the bill handled by the Committee of the Whole House has occurred to me too, and I think I can say I would agree to that procedure. True, it would mean more work on my part, but I would be willing to take that on. The Leader of the Opposition (Hon. Mr. Haig) has suggested that certain departmental officials should make themselves available in the house to assist me, and indeed I would welcome their help. I am satisfied the department would send its best informed officials. An excellent adviser would be Mr. M. W. Sharp, Associate Deputy Minister of Trade and Commerce, and he would know what others should accompany him. Personally I would be agreeable to adopting this course.

Hon. Norman P. Lambert: Honourable senators, I would like to express myself on the point which has been raised by the Leader of the Opposition. Actually, I think we are out of order in discussing, before this bill comes to us, how it will be dealt with in the Senate. In the meantime the only thing this house is called upon to decide is whether it is willing to suspend three rules of the Senate in order to bring a certain bill before us in the way the Leader of the Government has suggested.

Hon. David A. Croll: Honourable senators, as I understood it the proposal made by the Leader of the Opposition is that the bill be read a first time at 11 o'clock tomorrow morning, and then at 2 o'clock in the afternoon we should forgo second reading—

Some Hon. Senators: No, no.

Hon. Mr. Haig: No, the idea is to take as long as we like.

Hon. Mr. Croll: —and go into Committee of the Whole. Or was it to go into committee on second reading? I could not follow the suggestion.

Hon. Mr. Macdonald: After second reading.

Hon. John T. Hackett: Honourable senators, I would like to say a word at this point. I recall that when John Buchan, Lord Tweedsmuir, came to this country as Governor General he was met at the shipside by a group of newspaper men. They asked him what his occupation had been before he was appointed Governor General of Canada, and somewhat to their amazement he replied "Politician and publisher". He may have given a somewhat different meaning to the word "politician" than the more or less scurrilous connotation that applies to the word here and now. I am called by some a politician. If that means

being interested in the affairs of the country—

Hon. Mr. Reid: What is wrong with that?

Hon. Mr. Hackett: —I have been that for a long time, and all the time I have been associated with a political party that has not always sat to the right of His Honour the Speaker.

I should like to say a few words about the motion that is now before the house to suspend certain rules. If I could appeal only to the party of which I am a member I might feel that my endeavour could not rally a very large majority to my point of view; but there is in this house a group of men who express opinions that people are glad to hear, for they are opinions of men and women of thought, courage and experience. The Government of Canada is entrusted to Parliament, and Parliament is composed of Her Gracious Sovereign, the Senate and another legislative body. I have not lived on another continent or on another planet for the last two or three weeks and I am not entirely unaware of some of the occurrences, regrettable occurrences, of these last few days. But however regrettable occurrences elsewhere may have been, it behooves this body to give an example and to preserve the dignity of Parliament.

Some Hon. Senators: Hear, hear.

Hon. Mr. Hackett: I shall not attempt to review in detail the events to which I have made reference, but I think that without attempting to place the blame, without saying who is right or who is wrong, we can agree that there have occurred regrettable instances in one of the great legislative bodies on this continent—

The Hon. the Speaker: Will my honourable friend permit me to remind him that any reference to the debates or the proceedings of the House of Commons is definitely out of order?

Some Hon. Senators: Hear, hear.

Hon. Mr. Hackett: Mr. Speaker, and honourable senators, I always bow, or endeavour to bow, with such grace as I can command, to the ruling of the Chair. In this instance, Mr. Speaker, you are putting no burden on me. I shall endeavour to say what I intend to say without making reference to, or naming any events in, another chamber under this roof, but possibly I am entitled to mention what is common knowledge throughout the land, of what every newsboy on the street, every taxi driver, every person in the city, knows, that chaos has reigned where order should prevail.

The Hon. the Speaker: In order that there may be no misunderstanding, I must again refer my honourable friend to the very well-known parliamentary rule to which I have alluded. And I will express the view that the Chair should be respected.

The Senate has no specific rule which prevents reference by a senator to debates in the House of Commons but, under Rule 1, in all cases not provided for the standing orders, rules, usages and forms of proceeding of the Lords House of the Imperial Parliament shall be followed. In the House of Lords, by usage, allusions to the debates in the other house are out of order.

Bourinot, Fourth Edition, at page 357 says:

> It is also a part of the unwritten law of Parliament that no allusion should be made in one house to the debates in the other chamber, a rule always enforced by the Speaker with the utmost strictness.

May, Fourteenth Edition, at page 427, says:

> The rule that allusions to debates in the other house are out of order, prevents fruitless arguments between members of two distinct bodies who are unable to reply to each other, . . . but it is mainly founded upon the understanding that the debates of the other house are not known, and that the house can take no notice of them.

It is abundantly clear that all authorities agree that the dignity of Parliament can best be maintained by members confining themselves strictly to the subject-matter under consideration. I believe that any reference to the debates or proceedings in another branch of Parliament—and in order that there shall be no misunderstanding, I mean in the House of Commons—is distinctly out of order, and I so rule. I ask honourable members of this house to observe that rule and to attempt no evasion of it. Anyone with intelligence and long parliamentary experience knows the wisdom of the rule, and I hope honourable senators will abide by it.

Some Hon. Senators: Hear, hear.

Hon. Mr. Hackett: I bow to your ruling, Mr. Speaker, but I hope that the aroused interest and the universal comment upon events have not escaped the knowledge of this house and will not preclude a reference to those events as they have been expressed by the press and by the people at large.

I said a few moments ago that Parliament is comprised of the Queen, the Senate and the House of Commons. For the moment I wish to direct my remarks to the Senate and the

rules which govern its deliberations. The Leader of the House (Hon. Mr. Macdonald) has moved that certain rules be suspended until the end of the session. I submit to the house that the end of the session is not yet in sight, and that the two bills or anticipated legislation to which he has referred have not yet come to the attention of honourable senators. I understand that in certain circumstances the rules have been suspended in the past, but to suspend the rules for the very purpose of passing hurriedly one of the two pieces of legislation, as the honourable leader frankly admitted was the purpose, is placing fetters upon the members of this honourable house which they should not be asked to wear.

Hon. Mr. Roebuck: It is striking fetters off.

Hon. Mr. Hackett: The honourable gentleman will undoubtedly have something to say about his view of my submission, and I shall listen to him with my usual attention and respect.

The first of the rules which we are asked to put aside for the time being is, Rule 23, which says:

Two days' notice must be given of a motion for any of the following purposes:

(a) To make a new rule or standing order, or to repeal or amend an existing rule or standing order;

(b) For an Address to His Excellency the Governor General, not merely formal in its character;

(c) For an Order of the Senate for any papers or documents not relating to a bill or other matter appearing among the Orders of the Day, or on the notice paper;

(d) For the appointment of a special committee;

(e) For the adoption of the report of any such special committee;

(f) For the second reading of a bill;

(g) A like notice is required of any inquiry, not relating to a bill or other matter appearing among the Orders of the Day, or on the notice paper.

Rule 24 reads:

One day's notice must be given of any of the following motions:

(a) To suspend any rule or standing order, or any part thereof;

(b) For the third reading of a bill;

(c) For any substantial amendment to a private bill;

(d) For the consideration of substantial amendments made in a public bill by a Committee of the Whole;

(e) That the Senate resolve itself forthwith into a Committee of the Whole;

I ask that, with the consent of honourable senators, the remaining paragraphs of that rule be copied into my remarks as if forming part of my reading:

(f) For the appointment of a standing committee;

(g) For an instruction to a committee;

(h) For the adoption of a report, not merely formal in its character, from any standing committee;

(i) For an adjournment of the Senate, other than the ordinary daily adjournment or that under Rule 14, 25 or 44;

(j) For any purpose to which neither the next preceding nor the next succeeding rule applies; and—

(k) A like notice is required of any inquiry relating to a bill or other matter appearing among the Orders of the Day or on the notice paper.

Further, we are being asked to suspend Rule 63, which reads:

No bill shall be read twice the same day; no Committee of the Whole House shall proceed on any bill the same day the bill is read a second time; and no bill shall be read the third time the same day that the bill is reported from the committee.

If these rules be suspended this honourable Senate will find itself as entirely—

Hon. Mr. Horner: Gagged.

Hon. Mr. Hackett: —impotent as it would be had closure been imposed: and even more so, because here no public utterance could be made after the acquisition of essential information. It would mean that this house, and its members, would be surrendering their right to contribute a sober second afterthought, for there is no possibility of thought if information be not available, and this house will not have had an opportunity of gathering and considering the information on which to make an essential decision.

I do not like to go too far into the discussion of this bill, because it has not been distributed yet, and the information concerning it is far from complete. But with the passage of this motion we in this house will have yielded up our right to weigh and consider information and to afford that assistance to the people of Canada, of whose government we form an essential part; we will be admitting that a matter of prime importance may be rushed through this house without adequate consideration.

Hon. Mr. Hardy: May I ask the honourable senator to what bill he is referring so frequently?

Hon. Mr. Hackett: I think that is probably a very pertinent question. I refer to the bill concerning which we were told by the honourable leader of this house that we were being asked to suspend certain rules in order to put it through rapidly, a bill that neither the Senate, the honourable senator from Leeds (Hon. Mr. Hardy) nor I has yet seen.

Hon. Mr. Hardy: There is no bill before the house now.

Hon. Mr. Hackett: Very well; it might be in order if the honourable gentleman were to move that the motion for suspension of rules be put aside until the bill to which it applies comes to the house. In the meantime I shall

do the best I can in the absence of the information which, as the honourable senator has suggested, has so far been absolutely lacking. I for one am disinclined to pass a motion for the suspension of rules concerning legislation that I have not seen, and concerning matters about which I know nothing.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Barbour: Everybody is in the dark?

Hon. Mr. Hackett: I submit, to be scurried through a narrow gateway without any opportunity of knowing where it leads is something that is absolutely unworthy of the dignity of this house. What is the great rush?

Some years ago Parliament passed the Emergency Powers Act, a piece of legislation which served a very useful purpose during the war years. When the war was over the taste of power had been so highly cultivated in those who wielded it that they renewed many times that legislation in the form of the National Emergency Transitional Powers Act, which enabled a portion of the Government to act without much assistance from Parliament. That act was continued from year to year, and the term "emergency" and the necessities of the moment were used as a means of retaining power. I think it was Lord Acton who uttered the words: "All power corrupts, and absolute power corrupts absolutely". This has found expression in our own Canadian Parliament. Now we in the Senate of Canada are asked, without debate, and before the presentation or arrival of legislation, to say that we throw aside all opportunity for discussing it when it comes to us, for appreciating its value, or the means of obtaining information necessary on which to formulate an opinion.

I submit that this motion, if passed, will place this honourable Senate and the senators in a belittling and degrading position. It would be a sacrifice of our status; it would be a yielding of our usefulness. I do not like to say that it would be the death knell of the Senate, but it certainly would be an additional ground and a very potent argument in the mouths of those who, feeling that this honourable body is useless and capable of rendering no service to the crown, seek its abolition.

I have been a partisan, and I have disagreed with men to whose party I did not belong. But most of us have had in common a belief in and a respect and a love for Parliament, and it occurs to me that by allowing this resolution to be carried we are showing and proclaiming to the high heavens that other things are far more important than Parliament. We are yielding to the temptation to permit the executive to intrude upon Parliament.

Hon. Mr. Roebuck: What executive?

Hon. Mr. Hackett: We in this Senate, knowing that matters which have been discussed abroad for some weeks are now coming here, are asked to treat these matters as if they were of no importance and not worthy of attention.

Some Hon. Senators: Oh, no.

Hon. Mr. Hackett: Well, how much attention?

Hon. Mr. Macdonald: All you want.

Hon. Mr. Stambaugh: All that is necessary.

Hon. Mr. Croll: The Government tried to have that bill reach us 10 days ago but your party would not allow it to get here. Let us get some facts in this debate.

Hon. Mr. Barbour: Wait and see how much attention.

Hon. Mr. Hackett: After the axe has fallen it is rather late to wait and see. It is better to point out in advance of what is coming and endeavour, if not to dodge it, to prevail upon honourable senators that they are incurring perils of parliamentary doom and in particular of this house in which we sit. It is intimated that this legislation must be passed in a great hurry.

Hon. Mr. Macdonald: No.

Hon. Mr. Hackett: What is the haste? And however great the haste may be with regard to a pipe line or other kindred undertakings, no matter how important they are, how can they be compared or weighed in the balance with our parliamentary institutions? We are asked to surrender, to yield up, those things that make for the stability, for the freedom, for the well-being of this Canadian land. We are asked to say that this honourable Senate can make no contribution to debate, that it does not require any information.

Hon. Mr. Barbour: The motion does not say that at all.

Hon. Mr. Hackett: Well, if the honourable gentleman cares to read the rules and see what they require and what they exact, and what will happen if this motion be passed, he possibly would be less inclined to contradict me.

Hon. Mr. Euler: May I ask my friend a question?

Hon. Mr. Hackett: Yes.

Hon. Mr. Euler: His leader has suggested that the whole matter be discussed clause by clause in Committee of the Whole. Does

my friend regard that as being a sufficient opportunity for discussing all the aspects of the bill or not? I am just curious to know. Does that not give full opportunity for discussion that he suggests we are going to be deprived of?

Hon. Mr. Hackett: I do not think that it gives a full opportunity. We are told that this is a great question, on which the well-being of half a continent rests; and we are asked, when we come to discuss this highly disputed bill which we are told is of vital importance, to rush it through.

Hon. Mr. Macdonald: Oh, no. I made no such suggestion. That suggestion cannot be read into the language that I used.

Hon. Mr. Hackett: Let us follow the ordinary procedure that is written into the rules of this house, which are the fruit of long years of experience. It means, if we adopt the resolution, that the legislation when it comes here will be hurried through. There is no guarantee from the honourable gentleman opposite, and even did he give it he might not be able to fulfill the undertaking, because the rules would have gone—the protection of debate, the protection of securing information necessary to appreciation of the facts, of their worth, would have vanished.

I have always liked to cherish faith in these institutions. I believe that our people at large have had faith in our great national institutions—the civil service, if one will, within its proper ambit; the army, in times of trial; the courts, and, above all, Parliament. I have had faith. That faith, whether I be allowed to say it or not, has trembled in the last few days, and when I read that this honourable chamber is willing to be scurried through the gates in defiance of the rules that govern debate in this chamber, I am disturbed. My faith is shaken, hence my opposition to the resolution.

> Enough, if something from our hands have power
> To live, and act, and serve the future hour;
> And if, as toward the silent tomb we go,
> Through love, through hope and faith's transcendent dower,
> We feel that we are greater than we know.

Hon. Jean-François Pouliot: Honourable senators, I would like to refer to an illustrious figure of the past. He was not a parliamentarian; he was a philosopher; his name was Diogenes; and once he went around with a light in his hand to find an honest man, but he found none. Some weeks ago, when I used a searchlight in this chamber, I was more fortunate than Diogenes, because I found several public-spirited women, who are great debaters, and a large number of eminent Canadian citizens who are remarkable law-makers,—I mean, the senators of Canada. I found them with the light I had in hand; and I make no distinctions as regards those of my colleagues who belong to parties other than my own, although during the last hour I felt a draft of hot air in anticipation of the legislation which is to come from the other chamber. But I will not enlarge upon that.

When we examine the rules, one after the other, I think no one can complain about the motion which is before the house, and for this very good reason, that the rules which are to be suspended if the motion is agreed to are rules which date back for centuries in the House of Commons and the House of Lords at Westminster. For instance, honourable senators, the Honourable the Speaker knows very well that the reason for the delay between readings of a bill is that in the British Parliament there are not enough seats for all members. That is true both of the House of Commons and the House of Lords. No one knows that better than the honourable senator from Victoria (Hon. Mr. Hackett) who, no doubt, when he went to the Privy Council to argue a case, attended many debates at Westminster.

There is no question of depriving any member of the Senate of his liberty. Everybody knows that the legislation referred to by the Leader of the Government (Hon. Mr. Macdonald) will come before us tomorrow. The honourable gentleman who has just spoken has only to be here and he will not be deprived of the opportunity to make as many speeches on this particular bill as he wishes to make, provided of course he remains within the rules and bows to the rulings of the Honourable the Speaker.

I do not wish to be evasive or circuitous, so I will come straight to the question, and say that what I have hated in my political life is humbug. I have fought it on various occasions, and at times with success.

From my experience in this chamber—and I will speak no more of the dead, but of the living—I am impressed with the atmosphere of serenity which exists here, which is a model for all Canadian legislatures and for all municipal councils and public bodies. In the Senate they will see the guiding star of democracy and liberty in Canada.

Some Hon. Senators: Hear, hear.

Hon. Mr. Pouliot: These principles are not in peril because three rules are suspended to prevent unlimited discussion and waste of time, silliness, repetitions, and speeches which are out of order. Who will suffer from the suspension of these rules? Is there one senator who will be affected, provided he adheres to his duty and attends the sittings? What difference does it make

if the motion for second reading is called immediately after first reading, when everybody has an opportunity to express his opinion about the bill? What difference does it make if the third reading is moved immediately after all honourable senators who want to speak on the second reading have made their speeches? Is there one who will suffer injustice? What is the injustice? It is not in the motion of the Leader of the Government; it is in the speeches of those who complain of an injustice which does not and cannot exist. To argue otherwise is an insult to the Honourable the Speaker of this chamber and to the intelligence of all my colleagues. We are not old people, but we are not children either. Whenever legislation has been brought before us I have admired the study and painstaking care that every member of the Senate has given to it. Mr. Speaker, would it be possible for honourable senators serving under your experienced guidance, your knowledge of the rules and history of Parliament, your spirit of fair play and sense of tact, good judgment and kindliness, to doubt the fairness of any ruling you would make in the future? Your past conduct is a guarantee of your future conduct in dealing with us who serve under you.

Honourable senators, I cannot say how much I have admired the quality of the debates that have taken place in this chamber since my appointment to the Senate in January of this year. In those few months the Senate has considered all types of questions, including some very contentious legislation, and I have admired the unfailing dignity and the sincerity of honourable members and their ambition to serve their country well, as good red-blooded Canadians should.

When I was a member of the other house the Chairman of the Private Bills Committee sometimes would ask for the suspension of the rule requiring remittance of divorce bills and other bills to that committee. The fact we suspend rules does not mean that we abandon British parliamentary traditions and procedure. Indeed, I trust the Senate to such a degree that were the leader or any other member to move suspension not only of three rules but of the full 152 rules that govern the Senate, I would vote in favour of the motion.

Some years ago I was a member of a Canadian delegation to a British Empire Parliamentary Conference held in Westminster Hall, London, England. Our meetings were presided over by Lord Simon. On one occasion I read a paper that I had prepared on the importance of parliamentary rules. I said I was interested in the parliamentary rules of Australia, for they were four times more numerous than those of the House of Commons of Canada. My remarks were followed by an address by a Mr. Schramm, a delegate from New Zealand, from the Antipodes, who stated: "I am surprised that a Canadian delegate should stress the importance of rules governing the debates of a legislative assembly. I do not think they are necessary at all in a well-organized legislative body and I think we could easily dispense with them". These remarks were made by a British Commonwealth parliamentarian in the very presence of Lord Simon, in a committee room of the Mother of Parliaments.

I had prepared a treatise on the standing orders of the various legislative bodies of the British Empire and I took it to a reader of a firm of English publishers, Longmans, Green and Company, near St. Paul's in London. He asked me if he could look it over for a few days, and when I returned he advised me: "My friend, unless a foundation is supporting you I would not publish a book on rules. Nobody reads them."

Honourable senators, this country is founded on a spirit of fairness, justice, liberty, good manners and tact, and this spirit will last for ever in the Senate, whether we suspend three rules or 152 rules.

Some Hon. Senators: Hear, hear.

Hon. David A. Croll: Honourable senators, this resolution reads:

> That for the balance of the present session Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

When notice of this motion first appeared on the order paper I ascertained that the suspension of these rules is very common, and the practice has been carried on for a long time, perhaps before I even got into politics—and that is a considerable number of years ago. However, when the notice appeared I indicated I would oppose it, and when it appeared on the order paper yesterday I again indicated I would oppose it, for at those times I thought it was a luxury which this house could not afford. But today, in the light of the information given by the Leader of the Government (Hon. Mr. Macdonald), and from what we know ourselves, I realize that it becomes a necessity to suspend these rules in order that we may conduct public business properly and carry out bargains made between honourable men who have a right to expect us to carry them out. I know the purpose of and the need for this resolution at the present time, and my honourable friend wounds me when he says that it is belittling and degrading to members of the Senate.

Hon. Mr. Horner: So it is.

Hon. Mr. Croll: Well, your repetition does not make it any more certain.

Hon. Mr. Hackett: May I inform the honourable member that I made no statement at all which is repetitious.

Hon. Mr. Horner: Nor did I.

Hon. Mr. Croll: Oh, I know where the statement came from. I recognized the voice, and welcomed it very much.

The Leader of the Government has tried for more than a week to bring this measure before this house; and I think the Government has shown a great deal of concern and solicitude for the Senate by attempting to have it sent here, so that we might deal with the bill normally. I was impressed today when I heard the Leader of the Opposition (Hon. Mr. Haig), an old and tried veteran in the political life of this country, express the opinion that we shall have ample opportunity to discuss the bill. In the Senate we are in the fortunate position of being free to discuss the measure when it comes here, without haste or heat. I think the honourable senator from De La Durantaye (Hon. Mr. Pouliot) made a point. I will repeat it, because I was impressed by his remark. How can anybody be deprived of any rights and opportunities for discussion, when we have two days after the first reading of the bill? On the first reading the bill is not debatable. What is lost by forgoing two days' notice of second reading? Everybody in the Senate can read and write and understand what has been going on. We have all been concerned and interested in the debate, and many of us have sat in the House of Commons—perhaps I should say "the other place"—and certainly it is not wrong for me to say that we have been reading the Commons *Hansard*. We have talked to our constituents. During the two weeks of debate, when I was home on weekends, I received many, many telephone calls, and my ears have been ringing ever since. These calls showed the great interest and awareness of the public. I thought this house would welcome the resolution at this particular time because it affords members an opportunity—I repeat, an opportunity—to do what has not been done in the other place, that is, to get information. That is the strength of this house.

Hon. Mr. Horner: For one day!

Hon. Mr. Croll: Two days. The Senate meets tomorrow at eleven o'clock. If any honourable senator wishes to speak at that time, he has the assurance of the Leader of the Government that there will be an opportunity to do so. lot of information can be obtained within two days. The information will be here and available to every member of the house, not to just a select committee. This will give the house an opportunity, not to take a second look at this bill, but to take a first look, because the people who should have taken a first look did not do so.

Some Hon. Senators: Hear, hear.

Hon. Mr. Croll: We would have ample time for discussion on second reading, in committee, and on third reading. It would have been much better to have a longer time for discussion—it would have appeared to have been much better. Certainly the opportunity for discussion would not have been any better.

Some Hon. Senators: Hear, hear.

Hon. Arthur W. Roebuck: Honourable senators, may I make a few remarks? Apparently coming events have cast their shadows —and I use the word "shadows" advisedly. In the past this has been a calm and reasonable house where we have inquired into legislation thoroughly, examined it, thought about it, taken the time necessary to consider it, and finally given it our approval or disapproval, as in our judgment in the interest of Canada we have seen fit. I was very much impressed by the suggestion of the Leader of the Opposition (Hon. Mr. Haig), made in the sincerity of our previous discussions, that when the bill comes here this house go into Committee of the Whole for its detailed consideration, rather than send the bill to a standing committee. I thought it was a splendid idea, and so did the Leader of the Government (Hon. Mr. Macdonald). That discussion took place not as between political parties or partisans, but on both sides in the spirit of elder statesmen considering a mere matter of procedure in a normal, quiet way.

Then I was amazed at the super-heated phrases uttered by my friend from Victoria (Hon. Mr. Hackett) in reference to a change in the rules of a minor character, for that is a procedure which we have followed here year after year as long as I have been in Parliament, and no doubt much earlier. My friend talked about "gagging" this house.

Hon. Mr. Hackett: I did not use that term.

Hon. Mr. Roebuck: No, it was the honourable gentleman from Blaine Lake (Hon. Mr. Horner) who used the term "gagging". However, the honourable senator from Victoria did compare the suspension of the rules—which would allow us to discusss the bill immediately on its arrival—with the imposition of closure. That is what he called it. Now, surely, my friend cannot have read the rules that it is proposed to be set aside. I refer to Rule 63, which commences:

No bill shall be read twice the same day. . . .

In the margin are these words, "Restrictions on dealing with bills." We are not proposing to impose restrictions. What we are proposing to do is to remove restrictions. How can one talk about removing restrictions with the thought in mind of closure? The ideas are incompatible. The purpose of the rule is to enable us to deal with a large mass of legislation in an orderly way, so that no bill can be slipped or railroaded through surreptitiously and so quickly that members know little if anything about it. But in this instance there is practically no other legislation to take precedence over this bill which is expected to come from the Commons. We are all aware of what the bill contains, and we are all itching to get at it and discuss it.

The purpose of the motion is to allow us to commence debate immediately the bill arrives. The proposed change would enable immediate commencement of the debate, and it evidences a complete misapprehension to say that it would affect the debate itself. It is the commencement of the debate that will be affected by the change now proposed, not how long it shall go on or when it shall terminate.

My friend spoke about being denied the opportunity for consideration of the legislation. Will he tell me how it can aid consideration to require us to stand at ease for two days while this bill is before the house, before we can say a word, ask a question or attempt to get the information for which he expresses a desire?

The honourable senator talked also about the legislation being rushed through, when it is in fact a matter of getting at the work and doing it. We in this house usually do not allow rules to stand much in our way; our debates are quite free in that regard. True, there are certain outstanding rules which we must and do observe, but at the same time we allow other senators to interrupt and make comments and that sort of thing.

Hon. Mr. Aseltine: Why not suspend the rules altogether? Surely they are there for some purpose.

Hon. Mr. Roebuck: They are there for some purpose and when they are necessary we observe them, but we are not bound by them when they are not necessary.

Hon. Mr. Horner: May I ask a question? The honourable senator speaks of the debate not being limited. Can he assure us that the house will adjourn on each of the next two days at the usual hour?

Hon. Mr. Roebuck: Why should I give such assurance? The house itself will decide when it shall adjourn; and were I to attempt to give an assurance of that kind, the senator from Blaine Lake would be the first to take me to task. It is, I repeat, for the house to decide how long we will sit. But I can assure my honourable friend that we will sit as long as it is necessary. Further, I give this assurance to my honourable friends, the senator from Blaine Lake and the senator from Victoria, that I am prepared to sit here and listen to what they have to say just as long as they want to talk, unless it becomes pure repetition, and I would not accuse either of them of indulging in that. I am ready to stay here and discuss this measure until it is threadbare and we all have had every opportunity to speak on it.

I wrote down these words of the senator from Victoria: "We are yielding to the temptation to permit the executive to intrude upon Parliament". I asked, "What executive?" but got no answer. I think that remark calls for some reply. The great strength of this house rests in its independence and the independence of its members.

Hon. Mr. Horner: I would like to think so.

Hon. Mr. Roebuck: I wish you would think so, because in thinking so you would be right.

Hon. Mr. Farris: Let everyone speak for himself.

Hon. Mr. Roebuck: Quite so; and I speak for myself. I stand in my place in this house seeking nothing from anybody, in or out of Parliament, and without the slightest fear of anyone, or of anyone influencing my thought or actions. I know of no position in the community that is as free and independent and gives one the opportunity for untrammelled thought as does a place in this Red Chamber. It is a most unjust imputation upon the members of this house to suggest that the executive or anyone else can give us directions. We are the freest, the most independent and the most sure-footed legislative chamber in the dominion of Canada.

I can assure my friends who seem to have caught the nervousness of the moment that when the bill in question comes here it will be debated fully and freely and everyone will have a chance to express his or her thoughts; moreover, for the first time the full information will be laid before honourable senators and made public. I am sure that the Leader of the Government is prepared to play his part in that regard. I hope that when we complete our proceedings my friends in the Opposition will—I am sure the honourable leader will—join with us in pride in the house to which we belong.

Hon. Felix P. Quinn: Honourable senators, as one of the senior members of this house—I think I am No. 9 on the seniority list—I give way to nobody in my jealousy of the

reputation and dignity of the Canadian Senate.

I followed what the senator who has just taken his seat had to say. He seemed to express some fear that something might happen in the forthcoming debate. I can foresee nothing improper happening because, as I have said, I am jealous of the dignity of this honourable body. I believe that when this bill comes before the Senate it will be debated fully, and every man and woman who wishes to may express his or her opinion fearlessly and honestly.

Hon. Mr. McDonald: Hear, Hear.

Hon. Mr. Quinn: I listened to what was said by my good old friend from De la Durantaye (Hon. Mr. Pouliot), with whom I have been associated here and elsewhere for the past thirty years. He made reference to the Greek philosopher Diogenes. The story is told about Diogenes that he went about with a lantern seeking an honest man. May I say that if he continues his search and arrives in Ottawa, and reaches the Senate, I hope they won't steal his lantern.

Some Hon. Senators: Oh! oh!

Hon. Mr. Macdonald: Honourable senators—

The Hon. the Speaker: Honourable senators, if the Leader of the Government, (Hon. Mr. Macdonald) speaks now, he will close the debate.

Hon. Mr. Macdonald: —I have given consideration to the suggestion made by the Leader of the Opposition (Hon. Mr. Haig) that this bill, after it receives second reading, should be referred to the Committee of the Whole rather than to a standing committee. When he made the suggestion I intimated that I thought I would be in accord with it; and, after listening to the discussion here today, I am completely convinced that that would be the proper procedure.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: If that procedure is adopted I shall, as I said previously, undertake to have the best informed officials from the department come and assist me to answer any questions that may be asked with respect to the bill.

There has been very little opposition to the motion now before the house. In fact the only objection was, I believe, taken by the honourable senator from Victoria (Hon. Mr. Hackett), who used rather surprisingly strong language. I am sure he could not have read into the remarks which I made on moving the motion any suggestion that anyone in this house was going to attempt to rush this legislation through without its being given proper consideration. Certainly, I intended to make the directly opposite point. I feel that this house should give careful consideration to the bill, and I agree that the best way to do that is to go into Committee of the Whole.

I wish to assure the honourable senator from Victoria and all other members of the house that, in so far as I am concerned, debate on the measure will be curtailed in no way whatever; every honourable senator will be given an opportunity, within the rules of this house, to express his or her view.

If this motion carries, I shall have only two suggestions to make: first, that the house meet tomorrow morning at 11 o'clock, at which time the bill can be given first reading; and secondly, instead of second reading being put off until Friday or Monday,—as would have to be done under the rules—that the house proceed with second reading then or adjourn until the afternoon, according to the wishes of honourable senators. No limit will be put on discussion; no one will be fettered, as the honourable senator from Victoria suggested, in the debate on this bill. I ask him, what better arrangement can we make for full consideration than to bring it before the Committee of the Whole? Each senator can speak on the bill once on second reading and once on third reading, but when we are in Committee of the Whole any senator can speak as long and as often as he likes, and no one will be fettered.

Honourable senators, let me once again assure you that it is not my intention nor is it —judging from the remarks of honourable senators who have spoken—the intention of anyone to rush this bill through the house without due consideration. It will receive careful consideration, and I hope that consideration will start tomorrow.

Some Hon. Senators: Hear, hear.

The Hon. the Speaker: The question, honourable senators, is on the motion of the Honourable Senator Macdonald, seconded by the Honourable Senator Beaubien:

That for the balance of the present session Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

Is it your pleasure to pass this motion?

Hon. Mr. Horner: On division.

The motion was agreed to, on division.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, may I revert to motions? I would move that when this house adjourns this day it stand adjourned until tomorrow at 11 o'clock in the morning.

The motion was agreed to.

DIVORCE

BILLS—THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill D-14, an Act for the relief of Jennie Zalezniak Wiseman.

Bill E-14, an Act for the relief of Phyllis Elizabeth Jardine Williams.

Bill F-14, an Act for the relief of Martha Hope MacDougall Fortier.

Bill G-14, an Act for the relief of Hugh Oliver Semper.

Bill H-14, an Act for the relief of Yvonne Elizabeth Thurgarland Brosseau.

Bill I-14, an Act for the relief of Hugh Lawrence Byers.

The motion was agreed to, and the bills were read the third time, and passed, on division.

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 366 to 382, which were presented on June 4.

Hon. Mr. Roebuck moved that the reports be adopted.

The motion was agreed to, on division.

The Senate adjourned until tomorrow at 11 a.m.

APPENDIX

(See p. 621)

ADDRESS
of
HIS EXCELLENCY DR. SUKARNO
President of the Republic of Indonesia
to
MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS
AND THE GENERAL PUBLIC
in the
HOUSE OF COMMONS CHAMBER, OTTAWA
on
TUESDAY, JUNE 5, 1956, at 10.20 a.m.

The President was welcomed by the Right Honourable Louis S. St. Laurent, Prime Minister of Canada, and thanked by the Honourable Wishart McL. Robertson, Speaker of the Senate, and the Honourable L. René Beaudoin, Speaker of the House of Commons.

Right Hon. Louis S. St. Laurent (Prime Minister of Canada): Mr. President, we are honoured by your presence here today for your visit to Canada is tangible evidence of the growing friendship between our two countries. Let me assure you, therefore, of the pleasure which your visit to Canada, to our capital and to this Parliament gives us. If I may take the liberty of making a personal reference, Mr. President, I should like to say that I still recall with the best of memories my own too brief visit to Indonesia in 1954, where you made me welcome and we first became acquainted. I join with my colleagues in the hope that your sojourn in Canada will be as pleasant and rewarding as was my own among the friendly people of Indonesia, whose gracious hospitality I shall always recall with pleasure.

Although it is true that vast distances separate our two countries geographically there exists no such distance or distinction between the hopes and aspirations of our two peoples. We share in the hopes for the building of strong and vital nations, states well adjusted in their relations with their neighbours and anxious to be on good terms with all peoples of good will.

Canada is a young nation made up of diverse races which have brought to this continent cultures, traditions, of other lands out of which we are building a united society. Indonesia too may be proud of her own ancient peoples and traditions, of her rich cultures which today she seeks to preserve and adapt to the demands of the twentieth century. Both our peoples have inherited countries rich in natural resources which we desire to develop, to improve the living standards of our peoples. We both know that national development cannot be achieved by international isolation. So we in Canada take much satisfaction in our co-operation with you in the United Nations and in the modest assistance toward your economic progress that we can make through the Colombo Plan.

As parliamentarians, Mr. President, we have followed with a lively interest the events associated with the convening of Indonesia's first elected Parliament. We know something of the difficulties which were involved in conducting your first national elections last autumn and of the magnificent way in which your people overcame those difficulties. I hope that on your return to Indonesia you and the other distinguished parliamentarians who accompany you will convey our greetings to the members of your new Parliament.

I am sure that my colleagues and friends are aware, Mr. President, of the high esteem in which you are held by your people. In Indonesia the name of Sukarno is synonymous with the achievements of national independence, and to a degree which would be the envy of any statesman you enjoy and richly deserve the title of father of your country.

Therefore it gives me great pleasure, Mr. President, to welcome you to the Canadian Parliament.

I now invite the President of the Republic of Indonesia to address us.

President Sukarno of the Republic of Indonesia: Mr. Speaker, I am deeply grateful for this opportunity of addressing the dis-

tinguished Parliament of this great country. I am also deeply grateful for the invitation which has brought myself and your other Indonesian guests to these hospitable shores.

In one very important sense Canada and Indonesia are neighbours. Your country is both an Atlantic power and a Pacific power, and travelling west from your shores the Republic of Indonesia is a neighbour of yours. Nothing is more important than knowing one's neighbours; that is one more reason why I was so glad to receive this invitation to visit you.

I feel that there is a close link between Canada and Indonesia. Both of these countries are on the verge of a great new period of development, and I am firmly convinced that the future of both countries will bring increased prosperity and increased happiness for all mankind.

Perhaps there is another link between us. In terms of history it is not so very long since Canada released herself from colonial bonds. If I am not mistaken, the uprisings in both Upper Canada and Lower Canada in 1837 did not immediately bring national independence, but they did bring a new political constellation, which led directly to the granting of responsible government to those colonies we now know as Canada. That new political constellation was a direct ancestor of the British North America Act which even today serves, with its amendments, as your constitution.

With us it was different. My nation still had almost one hundred years of colonialism to undergo after the Canadian people had assumed the mantle of nationhood. Our independence did not come smoothly, but it came eventually as a result of war, of enemy occupation, of revolution, and, most important, of a national struggle lasting decades. But now that great struggle is partly over. The Republic of Indonesia has joined the family of nations and seeks to play a full part in the joint tasks and joint responsibilities of that family.

Standing before the members of this Parliament and before you, my thoughts inevitably fly to the far-flung homes of the Canadian people who have chosen you as their representatives and who have handed to you the responsibilities of Government. I would like to convey to those people, spread over this vast country, the most sincere greetings from myself, from members of my party, and from the Indonesian people. Further, I wish to convey to you the most grateful and heartfelt thanks of the Indonesian people for your assistance in the past, and our hope that this visit will lead to even closer relations in the future. It would not be surprising if even closer relations should develop between neighbours, even though they are separated by the thousands of miles' expanse of the Pacific Ocean.

Mr. Speaker, allow me to say a few words to the French-Canadian members.

(Translation):

May I be permitted to say a few words to the French-Canadian members As first citizen of my country, I feel greatly privileged to extend to you most cordial and sincere wishes of the Indonesian people, whom I have the honour of representing here. They are the wishes of a friendly nation whose ideals and interests are almost identical with yours. Such similarity is quite logical since, in all democratic countries, the roots of civilization are basically the same.

Moreover, I avail myself of this opportunity, which is unique in our history, to thank you for the warm welcome you have given me.

(Text):

Mr. Speaker, it is obviously true that the land, the climate and the people are the basic elements for the making of any nation. The future of that nation depends greatly upon what is done with the land and its resources. The political future of the nation depends, it is clear, upon the organized strength of the nation, and the social and cultural development of the nation can be measured only by the peoples' victory over their environment.

Like Canada, Indonesia is a vast country. We have more than 3,000 inhabited islands and our archipelago runs from Malaya to the north of Australia. It is a vast country of 82 million people and—I do not say this in any boastful spirit—it is today the third largest democracy in the world. Our nation is young in this modern world of ours, but it does not enter the family of nations empty-handed. I know that Canada is just beginning to exploit the great wealth bestowed by God upon this country: we of Indonesia are in the same position. The difference between us is that Canada's great natural wealth could not be exploited until science and technology had reached their present level. Indonesia's natural wealth could have been exploited—to the benefit of humanity—long ago. But we laboured under colonialism.

Now we can see no limit to the possibilities of development. It is no exaggeration to say that even we of Indonesia do not know the wealth of our country. It is no exaggeration to say that many of the islands composing our archipelago have hardly been explored, let alone exploited. When modern technology and modern science are devoted to the task of extracting the maximum from those

islands, then I say with no fear of contradiction that Indonesia will contribute very, very greatly to the material well-being of this interdependent world of ours.

Furthermore, it is my belief that Indonesia and the other newly reborn countries of Asia and Africa have other gifts to bring to the world. I would like to quote to you a passage—a very short passage, but a very important passage—from a booklet distributed by the Canadian Government. This booklet was distributed three years ago throughout the countries of southeast Asia, and, speaking of Asia, it stated that:

> Although we may have something to give and to teach, we have also much to receive and to learn. In this vast country of ours, we have found out how we may live and prosper, but from the east, with its ancient cultures, we have much to learn of the abiding things that bring comfort and delight to the mind and heart.

Mr. Speaker, that may well be true. What is equally true is that from the east also can come great material benefit, material benefit for all countries, material benefit both for the west and the east, material benefit for the whole world.

I know that it is a truism to talk of the interdependence of nations: I know that almost every speaker today refers to this, but it is sometimes difficult to appreciate just what it means in cold reality. The Government of Canada has obviously a real understanding of the position: this is shown clearly by the fact that each year Canada contributes more than $25 million to the Colombo Plan. As the representative of a country, and as the representative of a nation benefiting from this aid, I know what the Colombo Plan means and, please believe me, I express the gratitude of my people for this example of the brotherhood of nations and the interdependence of mankind.

We are indeed grateful for all assistance which comes to us, from whatever quarter of the globe it may come. We struggled long for our national identity. We love that national identity, we hold that national identity dear as life itself. We aim, therefore, above all things, to maintain and preserve that national identity. I assure you in all seriousness: nothing will ever take that from us. No hope or promise of quick reward will persuade us to barter one scrap of our independence, for to us that independence, that national independence, is more precious than any other thing in this world.

When I first set foot in the United States I expressed my hope of observing America, amongst other things, as a state of mind. It is important that Asia and Africa be seen as a state of mind. And what is that Asian and African state of mind? Essentially it is the determination that the nations of Asia and Africa develop their own national reality. I use the word "reality" advisedly, because a nation is a reality.

Who could doubt that after observing the post-war world? In particular, perhaps, who could doubt that after observing the Asian and African Conference which was held in Bandung a year ago? That great and historic meeting of twenty-nine states showed clearly the path of history in this post-war and troubled world. Representatives of more than half of mankind, pre-representatives of 1,600 million people, met together in one of Indonesia's mountain cities, and discussed problems common to them all.

Those national representatives of Asia and Africa discussed the basic problem of where their nations stood in this modern world. I know that it is not necessary for me to tell you of the result of that conference. You know that a long and all-embracing resolution was unanimously adopted. That result answered the basic question of where those nations stood. It answered the question of what the peoples of Asia and Africa sought and desired. Those assembled representatives of the majority of mankind clearly expressed their opposition to colonialism in all its forms. That is a basic fact in the mid-twentieth century.

Above all things, this is the period of Asian and African nationalism. This is the era when the old conditions, the old and hated pattern of world society is undone. Who can be surprised by the fact that colonialism, whatever form it assumes, whatever mask it may hide behind, however it may disguise itself, is indeed a hateful and a disgusting thing? I will tell you this: colonialism left Indonesia with a heritage of illiteracy, a heritage of human sickness, of human ignorance, of human degradation, which was a disgrace and a menace to the twentieth century. We had the highest illiteracy rate in the world. We had the highest mortality rate in the world. We had the lowest living standard in the whole world: one "goband" a day, two and a half guilder-cents a day—not even one dollar-cent a day. Our country was rich, but its wealth did not serve to alleviate the misery and ignorance of our people. Having achieved independence, we still feel the consequences of 350 years of colonialism. And those consequences are not light ones.

Illiteracy, sickness which science has long known how to control, technical backwardness, great social inequality, great economic backwardness, were our inheritance, but under a national government, under a government dedicated to the uplifting and progress of our people, these things are not insupportable or unchangeable.

Just eleven years ago almost all of our people were illiterate; today less than half of our people are illiterate. Perhaps it may seem that I am boasting. I do not intend to boast, but I am immensely proud of the achievement in this field, and I am immensely proud of our national progress in other fields. We—a nation previously numbered amongst the voiceless and the unconsidered in the world, a nation perviously numbered amongst the unregarded—we have, for example, but recently completed, to our great satisfaction, the very first general election in our country. This is a considerable achievement, and I am proud of it. I am proud of it because it shows a degree of political progress which could hardly have been expected of a nation which only eleven years ago was not even considered by the world.

We elected, under conditions of universal suffrage and secret ballot, a Parliament and a Constituent Assembly. Although I know well that those things alone are not a guarantee of democracy, I know equally well that without those things democracy cannot exist. We have chosen, and chosen after proper consideration, the democratic path to national fulfilment and national emancipation. We have chosen the path of Pantja Sila, the five principles of our state. They are: Belief in God; nationalism; humanitarianism; democracy and, last of all, social justice. It is our belief that this path will lead us most rapidly to the full and useful life which every nation ought to contribute and enjoy in our present-day world.

We all know that there is more than one road to participation in the world's affairs. We have chosen this Pantja Sila road. It is our sincere hope, our most sincere hope, that it will lead to success.

I am told that people are sometimes surprised at our attitude towards certain international problems in the world. We do not automatically accept the views of any group of people. We do not join in any military organization. We intend to be ourselves. It is true, it is very true, that we are enthusiastic members of the United Nations, and we see in the United Nations the faint outlines of a future world organization. We call our foreign policy not a "neutral" foreign policy; we call our foreign policy "independent" and "active". We call it so because we take an independent line in accordance with what we see as the best interests of the world and our own nation, and we act upon that.

One of the draftsmen of Canada's greatness, Sir Wilfrid Laurier, said, in the year 1900:

> I claim for Canada this: that in future Canada shall be at liberty to act or not to act.

In those words that great Prime Minister, that architect of the future, summed up the foreign policy which we of Indonesia choose to follow today.

We seek to follow a policy which will give the greatest benefit to all mankind, and if that foreign policy should sometimes run counter to what you believe and act upon, believe me when I say that what we do and how we vote is dictated by our ideals, and not by any spirit of opposition.

Yes, we are separated, as I said, by the Pacific Ocean. But we are also joined by the Pacific Ocean! We are neighbours, and nothing is more important than that neighbours should understand each other. I have not come to your vast country to negotiate any treaty. I have come with the hope that this short visit of mine will lead to a better understanding between our nations. If this should be so, I will be well content. You have a great future with your neighbour and friend to the south, the United States of America, that vast country which I so recently visited. There is a saying that an "unseen frontier of friendship" exists between Canada and the United States. It is my prayer that between us of Indonesia and this country of Canada a similar frontier of friendship may develop and grow strong.

Again I say: If our foreign policy should sometimes run counter to what you believe in or act upon, it is dictated by our ideals and not by a spirit of opposition. So let our friendship be strong.

Mr. Speaker, ladies and gentlemen, I beg you, do not under-estimate the force of the nationalist torrent which is today pouring over Asia and Africa. It is a mighty torrent, and one thing is certain: we are in the midst of an historical change which is vital for the whole future of mankind. It is a nationalist torrent, and that torrent is not directed against anyone or any nation. It is a torrent whose object is the greater freedom, the greater liberation, of mankind. I say this in all seriousness: any attempt to stand against that torrent will be in vain, just as every attempt ever undertaken to stand against an historical process has been vain. This torrent is directed only against the outworn principle of colonialism. You may call it a destructive torrent, but it is one which is destructive only of colonialism and one which will lead to a greater and wider horizon of freedom for all men everywhere and in every country. In the framework of history it is constructive and progressive.

Today most of my own country is free, most of my own nation is enjoying the fruit of independence, but to our sorrow and continued dissatisfaction a part of our nation and country stills suffers under colonialism,

that plague on mankind's fulfilment. West Irian—perhaps you know it better as West New Guinea—is still unfree. Until West Irian is rejoined to the rest of my country Indonesia will feel herself incomplete and insecure. There can be no question that West Irian is part of Indonesia, and indeed until 1950 no one in the world would have dreamed of denying that fact. Until we are united with our still unfree brethren we of Indonesia will never be content, because we know just what colonialism means in terms of human unhappiness, in terms of human misery and human degradation.

In this world of ours, troubled and uneasy though it is, there is still much success and many gains for the peace and security of men. Whatever we have gained has been won because man's understanding of other men as brothers has increased.

This is essential. Mankind the world over is basically the same, whatever cultural or ideological details may appear to divide it, Understanding and sympathy are necessary. Active understanding and active sympathy will help relieve the strains and tensions in the world. This is really my message to you. Give us your understanding and your sympathy. Give us, if you can, your active understanding and your active sympathy. If you do that, and if we of Asia and Africa retain that active sympathy and understanding, then the future of the world can indeed be bright.

Yes, mankind is basically the same, whatever racial or ideological details may appear to divide it. Why should mankind divide itself? Look, Indonesia is a country with many religions and many faiths. We have in Indonesia Moslems, we have Christians, we have Civa-Buddhists, we have peoples of other creeds. We have many ethnic units, such as Javanese, Achinese, Balinese, Madurese, Sundanese, etc. But, thank God, we have our will to unity.

We try to practise our state motto "Bhinneka Tunggal Ika", which means "Unity in Diversity". We are tolerant to each other, we are one nation. One of the most remarkable phenomena in modern history is that we of Indonesia, although living on 3,000 islands, are united in one nation, without pressure, without compulsion, without civil war.

What, then, is our unifying force? It is the will to unity, it is "le désir d'être ensemble", instead of suspecting each other, dominating each other, threatening each other and colonizing each other—living at each other's expense.

We of Indonesia try to practise "Bhinneka Tunggal Ika" amongst ourselves. Let us try to practise "Bhinneka Tunggal Ika" amongst nations.

Then, only then, can we look up again to the stars, and say: "Thank God, for You have given us this world, and we have lived according to Your Word."

Hon. Wishart McLean Robertson (Speaker of the Senate): May I, Mr. President, thank you on behalf of the Senate of Canada for coming to us and for the eloquent and inspiring address you have just delivered.

We realize that you are the first head of an Asian state who has ever visited this Parliament. We were disposed to extend to you a hearty welcome, for your reputation had preceded you. We were disposed as well to extend that hearty welcome because of the great respect we have for the Indonesian minister in Canada, and we extend that welcome on the part of all those who have come under the charm and influence of his personality.

We are more honoured and pleased on this occasion, Mr. President, because Indonesia—although a young nation, as the age of states is reckoned—has become a leader of that community of nations in Asia and Africa which are newly independent or just emerging to take their rightful place in the family of free nations. It was just over a year ago that the achievements of the Asian-African Conference held in Bandung, Indonesia, brought dramatically to the attention of the whole world the fact that a new and powerful force was present in world affairs. We welcome this new force which is based on the independence and equality of the people of Asia and Africa. There has long existed among the people of Canada sympathy and understanding for the aspirations of countries like Indonesia which are engaged in the great task of creating new nations out of ancient civilizations.

You, sir, have been a most powerful spokesman, not only for Indonesia but for that larger community of which Indonesia forms a part. We leave this chamber with a clearer understanding of the important matters with which you have dealt and we sense that, great as may be the geographical distances which separate our two countries, we are close in mind and heart. We would ask you particularly, Mr. President, to convey to your parliamentarians and the people of your country generally our warmest expressions of esteem and friendship.

Indonesia is the world's sixth most populous nation, and her natural beauties and resources are justly famous. She may be proud, Mr. President, of her accomplishments at home and her reputation abroad. We wish her well in all her future undertakings.

(Translation):

Hon. L. René Beaudoin (Speaker of the House of Commons): Mr. President, the Right Honourable the Prime Minister, the Honourable the Speaker of the Senate, honourable members of the Senate, honourable members of the House of Commons, ladies and gentlemen:

While listening this morning to the President of the Republic of Indonesia, who enjoys such prominence and popularity in his own country, because of his struggle for her independence, and especially because of the well-deserved success he has achieved as a result of perserverance and courage, I recalled a statement once made by a Canadian writer to the effect that the spirit of independence, is deeply rooted in the heart of peoples. And if, under certain circumstances, and by virtue of certain historic rights, that spirit is sometimes subjected to equitable laws, it is none the less true to the laws of nature and to common aspirations that societies develop in the sense of their autonomy.

This same struggle to which you referred a while ago, Mr. President, we have experienced at home, albeit without clash, or blow, and especially, without bitterness, so that here, that is to say in the Commonwealth, the symbol of the Crown and the good will of all parties are the only bonds which make it a united whole.

While listening to you, Mr. President, we noted that your problems were quite different from ours, though quite as complex. Canada, which is a sovereign country, has always avoided interference in the domestic problems of other countries, and so we are in a position to wish you, and to hope with you, that they may all be solved in accordance with your wishes, for the greatest good and aspirations you symbolize so admirably.

In this task you are ably supported by your Minister of Foreign Affairs, Mr. Ruslan Abduglgani, whose presence at your side I note with pleasure.

(Text):

To you, Mr. President, to your able Minister of Foreign Affairs and to the people of Indonesia, may I express the best wishes of the Canadian people and of the members of this house, and also the sincere hope that you will be successful in all your worthy enterprises till you have fulfilled your cherished ideals.

THE SENATE

Wednesday, June 6, 1956

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

NORTHERN ONTARIO PIPE LINE CROWN CORPORATION BILL

FIRST READING

A message was received from the House of Commons with Bill 298, an Act to establish the Northern Ontario Pipe Line Crown Corporation.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Haig: Before the motion for second reading is put, may I ask the Leader of the Government (Hon. Mr. Macdonald) to outline the contents of the bill briefly, as is done in the House of Commons on first reading?

Hon. W. Ross Macdonald: Do I understand that the Leader of the Opposition would like me to explain briefly the purpose of the bill?

Hon. Mr. Haig: Just the general outline, so that when we read it we will understand it.

Hon. Mr. Macdonald: I will be very glad to do that, although it is somewhat unusual, because in this house a bill is given first reading immediately it is presented, and at that stage is not debatable. However, as the Leader of the Opposition has suggested, when a minister introduces a bill in the other house he usually gives a brief outline of it.

The Hon. the Speaker: Honourable senators, has the Leader of the Government unanimous consent of the house to make an explanation of the bill on first reading?

Some Hon. Senators: Agreed.

Hon. Mr. Roebuck: On one condition, that when the motion for second reading comes before the house the Leader of the Government will not feel that he has already given a full explanation of the bill. If this is merely a superfluous and additional explanation, very well, but it must not interfere with a full and complete explanation when we consider the bill on second reading.

Hon. Mr. Macdonald: I shall be very careful to follow that suggestion.

The Hon. the Speaker: Honourable senators, has the Leader of the Government the unanimous consent of the house to proceed?

Hon. Senators: Agreed.

Hon. Mr. Macdonald: Yesterday afternoon I suggested that when the house resumed this morning the bill should be given first reading, provided it had been printed and distributed. The bill has been printed and copies have been distributed; therefore, when it has been given first reading I will move that second reading be considered when the house reassembles later this day, say at 2.30 this afternoon. In the interval honourable senators will have an opportunity to study the contents of the bill.

I repeat what I said yesterday, that as far as I am concerned debate on this bill will not be curtailed in any way whatever. It was suggested that the suspension of certain rules was for the purpose of rushing the bill through the house in a few hours. That was not the purpose of it; nor was its purpose, as one honourable senator suggested, that the members of this house should be fettered. There will be no fettering in this house, as far as I am concerned, and debate will be in accordance with the rules of the house.

Hon. Mr. Hackett: As amended.

Hon. Mr. Macdonald: It was suggested that this amending of the rules is an unusual proceeding. May I have the privilege of recalling to honourable senators what took place in this house in 1932?

On April that year the Senate was expecting from the House of Commons the Unemployment and Farm Relief Bill. On that day the Right Honourable Mr. Meighen, the then Leader of the Government, had this to say:

> Honourable gentlemen, last evening, the Senate adjourned until the regular hour today, the reason for meeting at this hour being, not that there was business immediately before us, but that there was a prospect of the submission to us of a very important measure which was awaiting passage in the other house.

If my memory serves me correctly that was a measure to which closure was applied in the other house. The Right Honourable Mr. Meighen continued:

> The hope was entertained that this measure might be ready for us this afternoon. That hope has been disappointed and the situation is now pretty much as it was last evening at the time of adjournment. The measure to which I refer is so urgent that I do not care to take the responsibility for having the Senate not in session when the bill is sent to us. Consequently I move that the Senate adjourn during pleasure and meet again this evening.

I might say to honourable senators that the Senate adjourned and met again in the evening, and when it met the bill had not yet passed the House of Commons. However, later

that day the bill did pass the Commons, and the Senate reconvened in accordance with the order that it should be adjourned during pleasure.

That was a very important measure. The rules were amended at that time, in the same way as we amended the rules yesterday.

Hon. Mr. Euler: Suspended.

Hon. Mr. Macdonald: Correct: —in the same way as the rules were suspended by this house yesterday.

When that important measure came to this house there was not any debate whatsoever, which I hope will not be the case this time. I am not suggesting that the Senate was fettered then or that there was any stifling of debate. That very important measure passed its first, second and third readings in this house in less than five minutes. Whether there was any intention to rush it through, I do not know, but I repeat that there is no such intention in my mind in connection with this bill.

The purpose of the measure is that there shall be built in this country an all-Canadian gas pipe line which will enable a great natural resource in the province of Alberta to be brought from that province across Saskatchewan, across Manitoba, into the city of Winnipeg, where it is so sorely needed; from Winnipeg to the Ontario boundary: there, in co-operation with the Government of the Province of Ontario, a line will be built, and leased to the company, from the border of Manitoba to Kapuskasing to carry that gas down to Toronto, into western Ontario, into eastern Ontario and western Quebec. The intention is that Canada shall have a truly all-Canadian gas pipe line.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Roebuck: Did the bill to which the Leader of the Government (Hon. Mr. Macdonald) has referred receive its first and second readings at one sitting?

Hon. Mr. Macdonald: On that occasion the first reading was given without debate. The second reading was moved by the Right Honourable Mr. Meighen, and he did not even make a statement on the motion.

Hon. Mr. Roebuck: This was at the same sitting?

Hon. Mr. Macdonald: Yes. The only member who spoke on the motion for second reading was the Right Honourable Mr. Graham. At the same sitting, on the motion of the Right Honourable Mr. Meighen, the bill was given third reading, and passed. All this occurred in about five minutes.

Hon. Mr. Euler: And without a committee.

Hon. Mr. Macdonald: I thank the honourable senator from Waterloo (Hon. Mr. Euler) for reminding me that the bill was not even sent to committee.

Hon. T. A. Crerar: Honourable senators, I understand the procedure is that the Leader of the Government (Hon. Mr. Macdonald) will move second reading this afternoon; that thereupon debate will ensue; and that later we shall go into committee on the bill. Unfortunately I was absent yesterday, but that is my understanding, and I should like to know if it is correct.

Hon. Mr. Macdonald: All I can do is to propose that the motion for second reading be made this afternoon. I will move that the house do rise until 2.30 this afternoon, when the motion for second reading will be considered. If the bill is read the second time I shall then move that it be referred to the Committee of the Whole House.

Hon. Mr. Reid: After debate?

Hon. Mr. Macdonald: After the bill has been debated and has received second reading I shall move that it be referred to the Committee of the Whole. It will be for the house to decide whether that course shall be taken.

The Hon. the Speaker: When shall this bill be set down for second reading?

Hon. Mr. Macdonald: Later this day. I so move.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill K-14, an Act for the relief of Elizabeth Redling Lefebvre.

Bill L-14, an Act for the relief of Marie Cecile Veronique Goudreau Johnstone, otherwise known as Lucille Goudreau Johnstone.

Bill M-14, an Act for the relief of Claire Esther Cohen Weiner.

Bill N-14, an Act for the relief of Vera Norine Tromley Ashford.

Bill O-14, an Act for the relief of Jacques Demers.

Bill P-14, an Act for the relief of Virginia Ruth Jones Lord.

Bill Q-14, an Act for the relief of Harold Barnes.

Bill R-14, an Act for the relief of Geraldine Isabella Johnson Mole.

Bill S-14, an Act for the relief of Adam Forbes.

Bill T-14, an Act for the relief of Rose-Anna Rose Crombie.

Bill U-14, an Act for the relief of Esther Phoebe Brunger Abels.

Bill V-14, an Act for the relief of Lorna Elizabeth Cadorette Belinsky.

Bill W-14, an Act for the relief of Benjamin Franklin Luther.

Bill X-14, an Act for the relief of Gordon Frederick Collins.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: Tomorrow.

PRIVATE BILL

NIAGARA LOWER ARCH BRIDGE COMPANY LIMITED—SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill J-14, an Act respecting Niagara Lower Arch Bridge Company Limited.

He said: Honourable senators, the company which is now petitioning for this private bill was originally incorporated by the Parliament of the Province of Canada in 1846, the name of the company then being The Niagara Falls Suspension Bridge Company. Among the amendments that have been made in the interval was one changing the name of the company to Niagara Lower Arch Bridge Company Limited. The company was re-incorporated by letters patent dated October 24, 1929, under the provisions of Part I of the dominion Companies Act.

The original bridge was completed in 1848 and has been in continuous operation since that time, except for a short period when traffic over it was halted during a centennial celebration in 1948.

The purpose of the bill is to include in the company's act of incorporation a power to give title on a sale, in the event of a sale of the bridge, its abutments, et cetera. It was discovered several years ago that this power was lacking in the act. All that the bill does is to provide a power of sale under certain conditions, such as obtaining approval of shareholders.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hayden, the bill was referred to the Standing Committee on Transport and Communications.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Honourable senators, I would move that this house now rise until 2.30 o'clock this afternoon, and that consideration of the second reading of Bill 298, an Act to establish the Northern Ontario Pipe Line Crown Corporation, be the first order of business dealt with this afternoon.

The motion was agreed to.

The Senate adjourned until 2.30 p.m.

At 2.30 p.m. the sitting was resumed.

NORTHERN ONTARIO PIPE LINE CROWN CORPORATION BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 298, an Act to establish the Northern Ontario Pipe Line Crown Corporation.

He said: Honourable Senators, as I have previously said, the purpose of this bill is to enable our country to have a Canadian gas pipe line, a line that will run all the way across Canada from this side of the Rockies, through Saskatchewan and Manitoba, into the city of Winnipeg, beyond the Ontario border, through northern Ontario, down into Toronto, with lines extending through western Ontario to the east, through eastern Ontario and into the western section of Quebec, including the city of Montreal.

Hon. Mr. Horner: Might I ask the honourable leader where that appears in the bill?

Hon. Mr. Macdonald: I will answer questions at the end of my remarks, if the honourable gentleman has no objection.

At the present time there are vast quantities of gas in the province of Alberta. The supply is practically all in the ground, and very little of it is being used, for it is untapped. Some of it has been tapped, and a considerable quantity of gas is being wasted, and will continue to be wasted, until a line is built to take it to places where it is badly needed. Added to that, an expenditure of between $150 million and $200 million has been made in Alberta to develop these fields. At present there is little or no revenue from that investment. I would emphasize that this gas is not owned by any government; it is owned by private companies in the province of Alberta. These private companies have obtained a permit to export a certain amount of gas from Alberta. I remind honourable senators that it is the province in which the gas is situated that has control over the gas and can allow or refuse export of that gas

from the province, provided the gas is being exported in Canada to other Canadian provinces. Of course, if the gas is to be exported to the United States, it is necessary to obtain an export permit from the Canadian Government.

There is great demand for gas. The province of Manitoba is sorely in need of it. There are new industries about to commence operations in Manitoba, and they are holding back until they know whether they can get gas. If it is not available to them, some may not locate there; if they can get gas and decide to locate there, they will use a special type of equipment. There are other industries which, I am informed, are in need of a change in their equipment, and they wish to know soon whether the change-over will be made for gas or some other type of fuel.

In Ontario there is a fast growing demand for gas. At the present time, according to statements made by the Premier and the Provincial Treasurer, this province is getting along with its fuel supply, but it will not last very long. Ontario must have natural gas by 1960 or it will experience a fuel shortage.

Now, you say to me, with this great demand for gas, and gas being in existence, why is it not being brought to the potential users? Few people realize the magnitude of an organization which must buy the gas, and construct the pipe line to carry it and distribute it to consumers. It is a prodigious undertaking, not only as to the actual construction of approximately 2,000 miles of pipe line, a portion of which requires a pipe of 34 inches in diameter, but also as to the cost—for it will be a very costly enterprise, especially if the line is to be built through northern Ontario.

During the past five years several proposals have been made to set up a company to export gas from Alberta. The first proposal that I recall was made by a company which wanted to export gas directly from Alberta into the northern United States. Permission for the carrying out of that proposal was refused by the Government. I repeat, it is the provincial Government that allows the export of gas from the province, but it is the dominion Government which must grant or refuse a license to export to a foreign country. In that instance the Government refused a permit to export and stood firmly on its policy, which is as follows:

> That energy in the form of gas must be made available to Canadian consumers, and that only quantities of gas that are in excess of the present or future needs of the Canadian consumers would be permitted to move outside Canada.

I recall the Minister of Trade and Commerce stated on one occasion—and I am in accord with his statement—that that policy is not a policy of "Canada first" but of "Canada always". And, as I have said, the Government refused to grant an export permit to allow the gas to go direct from Alberta to the United States.

Another proposal was made which was not accepted by the Government. It was that gas should be exported from Alberta, through Saskatchewan into Manitoba, and from Manitoba into the United States, following a course through the northern states and south of the Great Lakes, re-entering Canada either at Sarnia or in the Niagara district. That proposal also was refused because such a line would have meant that the United States would have been getting the gas before those parts of Canada which are in the industrial areas of Ontario and Quebec.

Another proposal was that a line should be built from Alberta into the United States, and a compensating line built from the United States into Canada via Buffalo. A permit was again refused, because under that proposal Canadian gas would be going to a foreign country before domestic consumers would have an opportunity of using it.

For some considerable time, therefore, different suggestions were made as to the best method of bringing gas from western Canada to eastern Canada. A number of companies, as I have pointed out, were interested in this very worth-while endeavour. Finally, the Province of Alberta became discouraged with the delay. A vast sum of money had been invested in the development of these gas wells and no return was coming from it to Alberta. It was therefore natural that the premier of that great province should desire that a line be built as soon as possible.

He approached the dominion Government —he approached our Minister of Trade and Commerce—and suggested that the minister should bring together representatives of two of the principal companies, Western Pipe Lines and Trans-Canada. These companies did come together, and as a result they amalgamated and formed one company, Trans-Canada Pipe Lines Limited.

Hon. Mr. Crerar: In what year was that done?

Hon. Mr. Macdonald: My recollection is that was early this year or late last year.

As a result of this amalgamation and the determination of one company—a strong company—to bring the gas east, the Province of Alberta for the first time gave permission for exportation from that province. Reference has been made to "five years", but it was much more recently that an export

permit was obtained. I do not want to make any mistake in dates, but I am satisfied that permission was granted not more than two years ago. In saying this I correct the statement I made to the honourable senator from Churchill (Hon. Mr. Crerar) that these two companies were amalgamated only last year. My present recollection is that this occurred two years ago.

Hon. Mr. Stambaugh: That is so.

Hon. Mr. Gershaw: January 1954.

Hon. Mr. Macdonald: At that time, in 1954, the Province of Alberta agreed to the exportation from Alberta of natural gas in the amount of 500 million cubic feet per day, with the proviso that not more than 200 million cubic feet should be exported to the United States, the remaining 300 million cubic feet to be used in Canada.

Hon. Mr. Reid: I thought the Canadian allotment was 400 million cubic feet.

Hon. Mr. Macdonald: No: 200 million cubic feet was to be available for export and 300 million cubic feet for use in Canada.

Having the assurance that it could obtain gas, the company was under the impression that it could finance this line to eastern Canada, provided it could sell also some gas in the United States. The Tennessee Gas Transmission Company, which had arranged to buy gas from Trans-Canada, made application to the appropriate federal board in the United States for permission to import it.

The Canadian company then endeavoured to arrange its finances, but it soon found that it was not economically sound, particularly in the first few years, to build a line through northern Ontario and to meet even the carrying charges. It was a costly undertaking, and the possible return was too small. The company having made every effort, but without success, to obtain the money, approached the dominion Government with the proposal that the dominion Government should, if it was determined that the line should be an all-Canadian one, build the northern Ontario section. The Canadian Government felt that this would be of especially great benefit to the province of Ontario, and the Ontario Government came forward very quickly and said: We do need the gas. We need it so badly that we will pay one-third of the cost—provided it is not more than $35 million—of building the line from the Manitoba-Ontario border to Kapuskasing.

Hon. Mr. Bradette: Hear, hear.

Hon. Mr. Macdonald: The Ontario Government no doubt felt that not only was it necessary to have the gas on account of the difficulties which it was bound to face in 1960, but that it was essential that the line should go through northern Ontario where there is great potential wealth and where great advancement in industrial expansion can take place. The Ontario Government felt so keenly about this that it did not hesitate to approve an arrangement. I will go further and say that when this proposal was made in the provincial Legislature, although there was some criticism of it, the Legislature approved unanimously the provincial Government's proposal to join with the dominion Government and build the line through northern Ontario.

Trans-Canada was undoubtedly very much encouraged that it could get started, and so were the Government of Canada and the Government of Ontario. But there was a delay. The Federal Power Commission at Washington delayed making a ruling on the application. The application was heard last fall and the hearing is still before the commission, although it has been adjourned. In the meantime Trans-Canada found that it could not even raise the money—and a very large sum it required—to build the line from Alberta to the eastern-Manitoba border. It just could not get the money because the public did not feel that it was a good financial investment. So what was to be done? The company had the contract. The provinces of Manitoba and Ontario were crying for gas, and the Alberta Government had given Trans-Canada the permit to export gas. Trans-Canada had made contracts to buy gas from the producing companies.

I think I should emphasize that point. I have heard it said outside of this house: "The Government owns all the gas. Why can't the Government just take the gas?" Well, the Government does not own the gas. Before any gas is exported or used it must be purchased from the producers. A company cannot make contracts with two other companies to export the gas; it can make a contract with only one—at least, it did contract with only one, namely, Trans-Canada. Trans-Canada got the contract from the producers; they were ready to sell, to transport the gas, but did not have the money to build the line. At that time Trans-Canada had a right of way. It was not an easy undertaking to get a right of way across Canada to place the pipe. The company had the right of way, the engineering experience, and, what is equally important, an option on $40 million worth of 34-inch pipe. That pipe is difficult to obtain, so difficult that if Trans-Canada had not obtained an option to purchase the pipe this whole scheme would have been set back at least two years. Trans-Canada has the gas, the export permit, and the pipe to build the line. In fact, it has everything except the money.

Eastern Canada, Manitoba, Ontario—and I will go so far as to say western Quebec—had to have the gas.

If there is any doubt as to whether Ontario and these other provinces need the gas, there are on record letters written by the Premiers of three provinces, in which they ask that arrangements be made to get this gas out of Alberta and into the east as soon as possible. I have before me a letter dated April 24, 1956, written by the Honourable Mr. Manning, Premier of Alberta, to the Prime Minister of Canada. I could read the whole letter if honourable senators have any doubt—

Hon. Mr. Roebuck: Do not dispense with it; read the letter.

Hon. Mr. Macdonald: The letter reads as follows:

My dear Prime Minister:

Passing through Ottawa, today, I had hoped to have an opportunity to discuss with you the serious situation developing as a result of the prolonged delay in getting the Trans-Canada pipe line project under way. This was not possible due to your engagement in Toronto, and as previous commitments prevent me staying over until tomorrow, I had a brief discussion with your colleague, the Right Honourable Mr. Howe, and am writing this letter to outline some of the thoughts I had hoped to discuss with you personally.

My colleagues and I have become increasingly concerned over the serious threat to the whole national gas development and gas utilization program occasioned by the repeated frustrations and delays that have attended the proposed Trans-Canada pipe line project. For the following reasons, in our opinion the situation has reached the point where any further delay in commencing at least the western section of the line may well prove disastrous to the entire project.

1. If the project is delayed another year, all present permits, both federal and provincial, and all contracts entered into by the company will lapse by default. It will be extremely difficult to grant further indefinite extensions of the government permits, and almost impossible for the company to retain existing contracts with gas producers.

2. Trans-Canada Pipe Lines and the Alberta Trunk Line Company have made arrangements for the large dimension pipe necessary for the project if it proceeds this year. If it is delayed another year this pipe, in all probability, will be allocated to some other project. If this happens it will be extremely difficult, if not impossible, for the company to make firm arrangements for the delivery of the necessary pipe in time to commence construction in 1957.

3. Another year's delay in providing a market for Alberta gas will have a retarding effect on the development of both the oil and gas resources of the province. Millions of dollars of investment capital already are immobilized in gas wells which are capped because no export market is available. A program involving over $100,000,000 of new development for gathering lines, processing plants and auxiliary industries which large scale export of gas will make possible is being held in abeyance and each further delay is undermining confidence in the future prospects to a degree that is damaging to both the provincial and the national interests.

4. Public acceptance of the present national gas policy which dictates that Canadian consumers be given first priority in the use of Canadian gas is being weakened by the prolonged delay in getting western gas to eastern consumers. A policy impossible of practical application in a reasonable period of time cannot indefinitely command public endorsation and support. Over two years have lapsed since the present Trans-Canada project was formulated as a vehicle to implement national policy with respect to natural gas. To date western producers have not been able to sell one cubic foot of gas for delivery to eastern consumers. Living with this situation every day, we are very conscious of the extent to which the uncertainty created by repeated delays is undermining the confidence of investors and producers, and of the public generally.

For these reasons we believe it is of the utmost importance that at least the western section of the proposed line be constructed this year. In fairness to the Trans-Canada Pipe Line Company, I believe it rightly can be said they have complied with every condition and requirement of the national gas policy laid down by your government. They have encountered temporary difficulty in financing their part of the project only because of the delay before the Federal Power Commission at Washington, which is something entirely beyond their control. Under these circumstances, we feel your Government would be fully justified in taking whatever steps are necessary and in your judgment proper to ensure the immediate start of the Trans-Canada project within the framework of the national policy that precludes consideration of other markets until eastern Canada is served.

I respectfully submit these observations for your consideration, with the sincere hope that you will be able to make an early announcement that construction of the line will commence this spring.

Yours very sincerely,

Ernest C. Manning,
Premier of Alberta.

Then there is a letter from the Honourable Douglas Campbell, Premier of Manitoba, dated May 15, 1956:

Dear Mr. Prime Minister:

I am writing to you concerning the discussions taking place regarding the transmission of natural gas from Alberta to Manitoba and eastern Canada.

As I have indicated to you on previous occasions, the availability of natural gas in Manitoba at minimum economic rates can have an important influence on the economy of this province. There are now a number of important developments in Manitoba which are being held up pending the arrival of natural gas.

At this time I would like to reaffirm Manitoba's interest in this matter and to stress once again that it is imperative that construction of the pipe line between Alberta and Winnipeg be completed this year. For this reason I trust that whatever solution is agreed upon will assure the arrival of natural gas in Manitoba in 1956.

Yours sincerely,

Douglas Campbell.

The other letter of which I have a copy is from the Honourable Dana Porter, Provincial Treasurer of Ontario. This was written to Mr. Howe.

Hon. Mr. Farris: What is the date of it?

Hon. Mr. Macdonald: I do not have the date at the moment; in any event, it was written recently.

Hon. Mr. Reid: It was received on May 14, according to the Commons *Hansard*.

Hon. Mr. Macdonald: Mr. Howe wrote Mr. Porter on May 11, and this letter was received in reply.

Hon. Mr. Aseltine: Is this a confidential letter?

Hon. Mr. Croll: You can listen.

Hon. Mr. Macdonald: I can assure my honourable friend that I, like him, would not read confidential letters. It is as follows:

Dear Mr. Howe:

I beg to acknowledge your letter of May 11th, in which you outline the present status of the project for a trans-Canada gas pipe line, and the financial arrangements recently concluded between your government and Trans-Canada Pipe Lines Limited in order that construction of the western section will commence this year.

As we have frequently stated, a trans-Canada pipe line is, of course, a federal responsibility. A provincial government is in no position, constitutionally, to assume any responsibility for decisions as to the construction or the financing of a national undertaking that crosses the boundaries of several provinces. We have, however, from the outset concurred in the policy of a line that would be built entirely within the boundaries of Canada, within Canadian jurisdiction. As a provincial government, we are particularly interested in the potential benefits for northern Ontario that would undoubtedly follow the building of a gas pipe line through that portion of the province. Generally, in view of our rapid industrial expansion, coupled with the fact that our hydro-electric power resources are now approaching their maximum limits of development, the necessity of new sources of fuel for our industries and our domestic consumers is becoming increasingly urgent. We agree with you that further delays in the construction of this project would have very adverse consequences. Time has become of the essence. Every day's delay invites the most serious consequences to the development of Ontario, and to the national economy. In these circumstances, it would appear essential that the western section of the line be completed during the year 1956. To accomplish this, we understand that actual construction must be commenced not later than July 1. We understand from your letter that your financial arrangements with Trans-Canada Pipe Lines Limited are designed to accomplish this purpose.

You will recall that our agreement with your government, as set out in the correspondence of November, 1955, provided for the incorporation of a Crown Corporation to build the Northern Ontario section of the trans-Canada line. The conditions upon which we agreed to lend money to such a corporation, to the limit of $35,000,000, were as follows:

1. That our investment would be returned to us out of rentals based upon the through-put of gas, with interest at the going rate, so that eventually this investment would involve no cost to the taxpayers of Ontario.

2. That we should not be called upon to advance money under our commitment until you were able to assure us that all other portions of the entire trans-Canada line from Alberta to Quebec would be completed and operated.

3. That, by reason of the terms of the agreement between your government and Trans-Canada Pipe Lines Limited, our commitment would terminate if the company were unable by May 1, 1956, to show financial ability to carry out their entire undertaking.

In any matter of such complexity and magnitude, we recognize that it may become necessary to consider changes in arrangements from time to time. At the last session of the Legislature an act was passed, by the unanimous recorded vote of the house, giving authority to enter into such arrangements. The act allows for certain flexibility so as to meet changing situations as they may arise. Section 1 of the act is as follows:

"1. For the purpose of implementing the arrangements made or to be made between the Government of Canada and the Government of Ontario to facilitate the construction of a connecting link through Northern Ontario of a pipe line to transport natural gas from Alberta into Central Ontario, the Treasurer of Ontario is hereby authorized to loan from time to time out of the Consolidated Revenue Fund any sum of money, but not more than $35,000,000, to a corporation constituted or to be constituted on behalf of Her Majesty in right of Canada and having as a purpose the construction aforesaid."

Upon condition that the construction of the western section begins not later than July 1st, 1956, we are willing to concur in the extension of time that you request. Subject to this change, we shall continue our commitment to participate in the financing of the Northern Ontario section.

Yours sincerely,
Dana Porter.

Honourable senators, from what I have read I think you will agree with me that there is no doubt as to the necessity for this line being commenced before July 1 of this year. As a result of the difficulties in financing the line, when the permit from the Federal Power Commission was not forthcoming, an arrangement was made whereby the Government would advance to Trans-Canada Pipe Lines Limited a sum equal to 90 per cent of the cost of the construction of the line from the eastern border of Alberta to the city of Winnipeg, that amount in any event not to exceed $80 million, the loan to bear interest at 5 per cent, the construction of the line to be completed this year, and the money advanced to be repaid with interest on April 2, 1957. As security for the loan the Government, through a crown company, will have an assignment, a mortgage, on all the assets of Trans-Canada; it will have not only a mortgage on the line from the Alberta border to Winnipeg, but it will have an assignment of every interest and equity whatsoever which the Trans-Canada company has in every respect.

Hon. Mr. Horner: In Canada?

Hon. Mr. Macdonald: And outside of Canada.

Hon. Mr. Hackett: Will the honourable gentleman say how the Government will rank compared with the Government of Ontario?

Hon. Mr. Macdonald: Yes. I would rather answer questions at the end of my remarks, but I shall answer this one now.

Hon. Mr. Hackett: It is quite satisfactory if you wish to defer the answer.

Hon. Mr. Macdonald: The building of the Ontario section will not commence until the western section has been completed; in any event, it will not commence until next year. Therefore, the Province of Ontario will not advance any money until after the dominion Government has been entirely repaid.

Hon. Mr. Hackett: If it be not repaid, I am asking where the dominion Government will stand, in regard to security, with the Government of Ontario.

Hon. Mr. Macdonald: But Ontario has no interest in this line and cannot have an interest in the line until after the dominion Government has received back with interest its money used for the building of the western Ontario section. I think I could explain the arrangement this way: if Trans-Canada does not complete its contract and return the money to the dominion Government by April 2, 1957, the dominion Government would then have to step in and take over the western section of the line and whatever other assets of the company it deemed advisable to take over. If that occurred then the dominion Government would have to make a new arrangement with the Province of Ontario; at least, the dominion Government would have to prove to the Province of Ontario that it could complete the length between Winnipeg and the eastern border of Manitoba.

Hon. Mr. Croll: If it had the financial resources to do so.

Hon. Mr. Macdonald: Yes, if it had the financial resources to do so. The dominion Government, of course, would have the financial resources to do it.

Let me make it clear that the Province of Ontario—and I think we want to be fair with all the provinces—is not going into this arrangement unless it is assured that there is going to be an all-Canadian line from Alberta through Saskatchewan, Manitoba and northern Ontario on down into Toronto and eastern Ontario and western Quebec. So, if Trans-Canada fails in its undertaking the dominion Government would have to come back to Parliament and present another bill to get authority either to complete the line itself or to make some other arrangement. We do not know what will happen, but one thing is clear, that the dominion Government's present arrangement with Trans-Canada is to lend that company money not exceeding 90 per cent of the cost of construction of the western or prairie section of the line or $80 million, whichever is the lesser.

Hon. Mr. Roebuck: Do I understand that the lien in security of the $80 million would be on the western section only?

Hon. Mr. Macdonald: No, the lien is not on the western section only. The Government will have a mortgage on all the real property of the company, a chattel mortgage on all its chattels, and liens or some form of security on all the other assets, and it also will have an assignment of the contracts of Trans-Canada with producing companies and also with the company that is manufacturing the 34-inch steel pipe.

The crown company in advancing this money will have a charge on all the assets whatsoever, including an assignment of the shares of Trans-Canada Pipe Lines Limited. There is nothing on which it will not have a charge.

Hon. Mr. Hackett: Would the leader permit a question?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Hackett: So, if the line be not completed and paid for from the Alberta-Saskatchewan boundary to Winnipeg the crown company or the Government will have a lien on the portion of the line to be built north of the Great Lakes through Ontario?

Hon. Mr. Farris: There will be nothing there.

Hon. Mr. Hayden: There is nothing there yet.

Hon. Mr. Macdonald: I cannot answer until I hear the question.

Hon. Mr. Hackett: It will have a lien upon the complete line if the refund of the $80 million be not made at the date that the leader has mentioned?

Hon. Mr. Macdonald: The latter part of the statement is correct. It will have a lien on everything that Trans-Canada owns or in which it has any interest. But at the present time Trans-Canada has no interest in the northern Ontario section of the line, so of course the dominion Government could not have a lien on that.

Hon. Mr. Hackett: Well, that will leave Ontario, if the line through northern Ontario were not built, and the $80 million had not been repaid, with a second mortgage, or a mortgage on a parity with that of the Government on the northern Ontario line?

Hon. Mr. Macdonald: No, that is not correct. At the present time the provincial Government has no interest in any line. At the present time the dominion Government has no interest in the northern Ontario portion of the line to be built. This bill will provide the sum of $130 million, and $80 million of that amount can be advanced to Trans-Canada as a loan to build the prairie

section. If that money is not repaid, then, and only then, can the dominion Government enter into its arrangement with the provincial Government for building the northern Ontario section.

Hon. Mr. Aseltine: Is there not something more than that?

Hon. Mr. Hackett: May I ask one more question? What is the arrangement for the building of the line from Winnipeg to the Ontario boundary?

Hon. Mr. Aseltine: And from Kapuskasing to Toronto?

Hon. Mr. Macdonald: The building of the line from Winnipeg to the eastern boundary of Manitoba is a requirement of the Trans-Canada Company. No part of this $80 million can be used for building the line east of Winnipeg.

Hon. Mr. Aseltine: Just a moment before you go ahead. Am I correct in saying Ontario certainly will not advance the $35 million until the line is built from Winnipeg to the eastern boundary of the province of Manitoba, because otherwise it might have a line from the eastern boundary of Manitoba to Kapuskasing and no connection with the gas fields in Alberta?

Hon. Mr. Macdonald: That is quite right. Trans-Canada will build the line to Winnipeg, on to the Ontario boundary, and from Kapuskasing to Toronto.

Hon. Mr. Aseltine: Where is it going to get the money?

Hon. Mr. Macdonald: The company must prove its ability to finance the line.

Hon. Mr. Hackett: When?

Hon. Mr. Macdonald: It must prove by April 2 that it is able to finance the line from Winnipeg to the eastern border of Manitoba. Unless Trans-Canada fulfils its agreement, the dominion Government need not construct the northern Ontario section; it can make whatever arrangements it thinks best to complete the line. There is no "catch" in this. I repeat that if Trans-Canada does not prove by April 2, 1957, that it can build this line as far as the eastern border of Manitoba, and from Kapuskasing down to Toronto, the dominion Government has complete freedom of action.

Hon. Mr. Roebuck: Is that a provision of the agreement?

Hon. Mr. Macdonald: That is a provision of the agreement.

Hon. Mr. Horner: Where does that appear in the bill?

Hon. Mr. Macdonald: It is in the agreement.

Had the dominion Government been content not to have an all-Canadian gas pipe line, the undertaking could have been handled through private financing several years ago. But there is a national policy with respect to gas produced in Canada, and, as I have stated once before, that policy is that assurance of supply to Canadian users must be evident before any gas can be exported. The Government is determined to have an all-Canadian line, and I believe that every honourable senator is in agreement with that principle. The line to be built under the provisions of this bill is all-Canadian. The provinces have complete control over the volume of gas to be exported, and the price to be charged at the source; they can determine on an equitable sharing of markets among the gas producers; they have full authority over the distribution of gas within their respective areas. For instance, in Ontario the rates must be approved by the Ontario Fuel Board. In Alberta, the Public Utilities Board, and in Manitoba a similar tribunal, have full control over the rates to be charged to consumers and the amount of earnings permitted distributors. The federal Government has an over-all control of the transmission company; and Parliament may enact legislation with respect to the company's permissible earnings.

So if ever there was an all-Canadian company, this is it. It is located in Canada; it is subject to Canadian law, to regulation by provincial authority and to over-all regulation by the Board of Transport Commissioners. In addition, under the agreement Canadians will have the opportunity to purchase 51 per cent of the common stock, and, as honourable senators know, it is the holders of common stock who control a company.

Hon. Mr. Haig: Not always.

Hon. Mr. Macdonald: Although of course I cannot guarantee that Canadians will take up 51 per cent, that is the percentage which will be offered to them.

Hon. Mr. Burchill: At a price.

Hon. Mr. Macdonald: At a price. So Canadians will have an opportunity to invest in this company if they see fit. If they do not, no one can force them to do so. But I would point out that, under the Companies Act, the majority of the directors must not only reside in Canada but must be Canadians.

Hon. Mr. Roebuck: Must the directors' meetings be in Canada?

Hon. Mr. Macdonald: They have to be held in Canada.

Honourable senators, this is a very large undertaking. The Leader of the Opposition (Mr. Haig) asked me yesterday about rates which would be charged at various places across Canada. I have a schedule; it is rather complicated. I will explain it in part, if I can, and then, with the approval of the house, have the statement put on *Hansard*.

Hon. Mr. Haig: Put it on *Hansard* the way it is.

Hon. Mr. Macdonald: The schedule sets out the rates in the various provincial zones, and also the approximate cost in various cities.

Hon. Mr. Roebuck: Is that schedule a portion of the agreement?

Hon. Mr. Macdonald: No.

Hon. Mr. Roebuck: What authority has it?

Hon. Mr. Macdonald: These are contracts which have been already made with Canadian distributing companies. Then Trans-Canada will have to enter into further agreements with these and other distributing companies.

Hon. Mr. Roebuck: Have the distributing companies agreed to this?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Roebuck: Whom have they agreed with?

Hon. Mr. Macdonald: They have agreed with the municipalities and with distributing companies. I will read part of the material covering rates:

All contracts are for a 25-year period, with prices for the full period of the contract, without escalation. (Prices to U.S. customer, Midwestern, increase about one per cent per 1,000 cubic feet at end of each 5-year period.) Canada divided into six "rate zones") . . .

It is difficult to explain this document without following the wording of it. In general it approximates rates in major cities and the various provincial rate zones. With the approval of the house I will place the document on *Hansard*:

Contracts with Canadian distributing companies (except special case, Union Gas Co.)

All contracts are for a 25-year period, with prices for the full period of the contract, without escalation. (Prices to U.S. customer, midwestern, increase about one per cent per 1,000 cubic feet at end of each 5-year period). Canada divided into six "rate zones" with rates equal for all customers within each zone. Distributors in each zone have choice between four schedules of general service rates, dependent upon the "load factor" each believes he can achieve in the type of market he serves, these being rate "A" (minimum load factor 75%), "B" (minimum load factor 63%), "C" (minimum load factor 50%), and "D" (minimum load factor 37%). A predominance of "space heating" market (winter sales) involves a low load factor. Year-round sales to industry, and interruptible sales to industry during summer months, make possible higher load factors, and hence lower average cost of gas to the distributor. Load factors will therefore vary widely between markets of the various distributors in each "rate zone", thus affecting the delivered cost of gas to each type of customer in the several markets. Following are examples of the actual average cost per MCF of gas that would be delivered by Trans-Canada at the distributors' gates in each rate zone, under the various load factor schedules (A to D) on firm contracts, together with the special rates for off-peak interruptible summer sales to the distributors in each rate zone.

Rate Zone:	Price per MCF at load factor of:						Seasonal Off-peak		Excess Gas Interruptible:	
	100% A:	75% A:	63% B:	50% C:	37% D:	30% D:	A-B:	C-D:	A-B:	C-D:
Saskatchewan	21·3c	22·4c	24·2c	26·6c	29·8c	36·8c	23c	24c	19·5c	19·5c
Manitoba	26·0c	28·3c	30·9c	35·0c	40·9c	50·4c	25c	26c	18c	22·5c
Western Ontario (Man.-N. Nipigon) .	34·5c	37·7c	41·1c	46·5c	54·8c	67·6c	30c	31c	25c	27c
North Ontario (Nipigon-Cobalt ...	43·0c	47·5c	51·8c	59·0c	69·9c	82·2c	35c	39c	29·5c	29·5c
Central Ontario (Cobalt-Whitby) ...	44·5c	49·3c	55·5c	61·4c	77·5c	95·6c	35c	36c	30c	32·5c
Eastern Zone (Whitby-Montreal) .	46·6c	52·1c	57·4c	65·7c	78·9c	97·3c	35c	36c	30·5c	33c

Approximate cost of Canadian gas to distributors at gates of major cities to be served:

City	Contracted Gas at Expected Load Factor—MCF:	Seasonal Off-peak:	Excess Gas Interruptible:
Winnipeg (at 60% Load Factor)	32·9c	25c	18c
Toronto (at 75% Load Factor)	49·3c	35c	30c
Montreal (at 75% Load Factor)	52·1c	35c	30·5c

All the above are general service rates. As of May 1, 1956, special industrial rates are available which will reduce the above rates according to the proportion of firm industrial sales in the load pattern of the utility entering into a contract with Trans-Canada.

Special contract sale at Emerson, Manitoba, to Midwestern Gas Transmission Company

Contract No. 1, a high load factor, firm sale, "take or pay" contract for 200,000,000 cubic feet per day, for twenty-five year period. During first three

years only, gas may be accepted at Canadian-U.S. border at 75 per cent load factor, with price payable to Trans-Canada 27·27c per MCF. During balance of contract only 95 per cent and 100 per cent load factors apply. Contract prices for high load factors are as follows:

1st Five Years		2nd Five Years		3rd Five Years		4th Five Years		5th Five Years	
100% LF:	95% LF:	100% LF:	95% LF:	100% LF:	95% LF:	100% LF:	95% LF:	100% LF:	95% LF:
25·08c	25·42c	26·06c	26·46c	27·08c	27·53c	28·07c	28·57c	29·09c	29·64c

Contract No. 2, to take effect only when and if Alberta and Canada authorize export of additional gas reserves surplus to Canadian needs and the U.S. authorizes import, would also be a high load factor, firm sale, "take or pay" contract for 200,000,000 cubic feet per day. Costs to Midwestern for gas delivered to it at Emerson under this contract would be about three cents per MCF higher than under contract No. 1, and would also increase about one cent per MCF at end of each five years of the 25 year contract. During first three years only, gas may be accepted at 75 per cent load factor, at a price of 31·05c per MCF. During balance of contract only 95 per cent and 100 per cent load factors apply. The contract prices for the high load factors are as follows:

1st Five Years		2nd Five Years		3rd Five Years		4th Five Years		5th Five Years	
100% LF:	95% LF:	100% LF:	95% LF:	100% LF:	95% LF:	100% LF:	95% LF:	100% LF:	95% LF:
28·04c	28·52c	29·03c	29·55c	30·05c	30·63c	31·03c	31·67c	32·05c	32·74c

Hon. Mr. Hackett: Would the Leader of the Government (Hon. Mr. Macdonald) state what is the origin of this document and where copies of it can be obtained? If it is not available until tomorrow it may not be of much use to those who would like to consider it.

Hon. Mr. Macdonald: That schedule was printed in the House of Commons *Hansard* of May 29.

Hon. Mr. Roebuck: May I ask another question? I am really searching for information; I am not trying to obstruct. Does that schedule cover the cost of the sale price of gas in the United States as well as in Canada?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Roebuck: How is that regulated?

Hon. Mr. Macdonald: There is a provision in the regulations that gas cannot be sold to United States distributors at a rate less than it is sold to Canadian distributors.

Hon. Mr. Roebuck: Does that take into account the length of the haul?

Hon. Mr. Macdonald: Under similar conditions.

Hon. Mr. Roebuck: And the quantity of gas?

Hon. Mr. Macdonald: The load, and so forth. The purpose of the clause is to ensure that Canadian consumers will get gas as cheaply as American consumers under similar circumstances.

Hon. Mr. Roebuck: All things considered.

Hon. Mr. Macdonald: Yes, all things considered.

Hon. Mr. Farris: May I interrupt to say that the schedule in question can be found at page 4427 of the House of Commons *Hansard*.

Hon. Mr. Reid: Under date of May 29.

Hon. Mr. Macdonald: Thank you. Honourable senators, this is a gigantic undertaking. The building of the line alone will cost about $375 million. That is just for the construction and engineering services. Added to that there will be the cost of distributing the gas in the various cities and towns along the line. Each community will have a utility which will sell the gas. It will cost a considerable sum of money to extend the piping through the various towns and cities. There will be the cost of the equipment which will be used when gas is assured, and there will be the cost of the plants that will necessarily be established in the province of Alberta to free the gas of sulphur so that it can be sent through the line. So the $375 million is only one small part of this gigantic undertaking which will cost, before gas is being delivered throughout eastern and northern Ontario, Winnipeg and elsewhere in Manitoba, a total of at least $1 billion. It is not easy to finance an organization which requires that much money.

The Government has been anxious about this and has felt that the people of Canada want an all-Canadian line. This is an all-Canadian line, and no other proposal has been advanced which will give us an all-Canadian line. If the proposal before the house is not accepted, then a line cannot be established in Canada for at least two years, if then. Manitoba needs gas; Ontario needs gas; Montreal needs gas. The industrial areas of Manitoba and eastern Canada as far as western Quebec need gas. This bill will

enable Canadians to have gas through an all-Canadian natural gas pipe line.

Hon. John T. Haig: Honourable members, I am a little out on my schedule. I did not think my honourable friend would take quite so much time.

There are two comments I want to make at the outset. They will probably not influence anybody except myself in this debate. First of all, I am opposed to this bill. Secondly, I presume I am the only shareholder in this house who owns stock in a company that may, if the line goes through, be one of the distributors. I happen to own stock in the Winnipeg Electric Company; but, believe me, I didn't buy the stock last week —I bought it about thirty or forty years ago. I am mentioning this fact at the outset because sometimes this sort of question is raised, and I do not want, by any action of mine, to have any aspersions cast on this house.

About two years ago the Government of Manitoba took over the assets of the Winnipeg Electric Company. Among the assets was the power site for developing electricity. However, the company also owned a gas producing distribution system in Winnipeg, and the province did not want that and so turned it back to the company, saying, "You incorporate a local company to handle the gas distribution and we will transfer its value back to you for so many shares." I think for every share a person had in the Winnipeg Electric Company he got one share in the gas company. I am not sure whether I have sixteen or sixty-four shares; it is so long ago that I acquired them that I cannot remember. As a matter of fact, I don't know where they are. At any rate, they are worth about $14 each now, and if this legislation goes through and it does all the fine things the Leader of the Government claims it will do—which I am not too sure about—these shares will be worth about $20 each.

I want to inform the house that I have nothing to do with the company itself and I am going to vote against the bill. Therefore, my vote cannot be challenged on this ground. I wanted to make this statement because I may meet with some questions by reason of being a shareholder in this particular company.

Honourable senators, the issue in this bill is very simple. It is not a complicated issue at all. It is not whether we will build a pipe line across Canada. The issue is simply whether the credit of Canadians to the extent of $80 million should be invested in a pipe line running from Alberta to Winnipeg so that American investors owning 83 per cent of the capital stock in the company involved can make money out of the line. That is the only issue. There has never been a challenge in this house and there never will be as to whether the pipe line should be built. But there is a challenge all over Canada that our credit of $80 million should not be used to make it possible for Americans who come here and who hold 83 per cent of the capital stock of a company, to make a profit out of it by our guarantee. That is the issue, the clear issue. Make no mistake about it. Every telegram and letter I get—and I get quite a lot of them—emphasizes this point. That is what is concerning the people.

Let me tell you something. This line has been under consideration by this company for about five years. The owners are partners in a very wealthy corporation. The very reason they cannot put up the necessary money is that they cannot get into the United States through the Emerson line where they already have bought all the land that they can buy. I do not know about Alberta or Saskatchewan. When they bought the line in Manitoba they came down to Winnipeg and went south to Emerson. I do not say they bought all the right of way, because they could not get some of it, but they will get it ultimately, and it is on the plan. In fact, they have title to some of the land between Winnipeg and Emerson now. Then they found themselves up against the American distribution system.

The Hon. the Speaker: Order.

Hon. Mr. Haig: And the American distribution system said, "No, we will consider this." They have been considering it for a long time, and no one knows how long they will be considering it. It is a difficult situation. The Tennessee Company is the aggressor. It is going into the central United States; it has largely been an eastern company, and the companies in the mid-west are objecting to it. That is the situation. How long they will be before the courts, nobody knows. We do know this, however, that the company has been unable to get the money in the United States to build this line, because it could not get a permit to import gas into the United States. That is the crucial point of this whole matter.

Honourable senators, I am in favour of a Trans-Canada pipe line, and so is everybody else who has the interest of Canada at heart. My friend the Leader of the Government read a letter from the Premier of Alberta. What can Alberta do if it has the gas and cannot sell it? The only places where Alberta can sell its gas are the United States or the country east of Alberta, that is,

Saskatchewan, Manitoba, Ontario, and maybe the Maritime provinces. I wonder if there is any objection from honourable senators from the Maritimes. There are four provines down there, and no doubt they would like to get cheap natural gas.

An Hon. Senator: That would be nice for you.

Hon. Mr. Haig: If I were a senator from the Maritime provinces, or from Newfoundland, I would want to know why the Government did not build power sites there but was keen to see that gas was transmitted from the west. That is what we object to. My honourable friend talks about Winnipeg. I know the Winnipeg situation just as well as, or maybe a little better than, anybody else here; it is natural that I should.

Hon. Mr. Farris: Does the honourable member know Winnipeg better than Premier Campbell does?

Hon. Mr. Haig: I have lived there longer than Premier Campbell has. I have speculated in more stocks than he has, and I have been elected as many times. Therefore, I know a good deal about the people of Winnipeg, and what they think. If I may say so, the people of Winnipeg have never refused to elect me at any place where I have run for election—never once. I have always told them, as I am telling my honourable friend now, the straight facts, whether they liked it or not, and I have received their votes. There is no question of the result if you tell the people what you really believe about what an issue involves.

Honourable senators, a large number of people in Manitoba would not change to gas. A great many have oil furnaces. There are also central heating plants which burn coal. It is a cheap grade of coal which comes from Saskatchewan, and it is loaded on cars by steam shovel and brought into the pits in Winnipeg, where the heaters are located; the coal is dumped into the heating plant by machinery and is never touched by human hands. The City of Winnipeg has a number of such plants, and by this means the consumer can have hot water, steam or hot air piped into his dwelling house, depending on the type of district he lives in. Even if gas becomes available at a cheaper price than it is at present, the difference will not be sufficient to justify taking out an old heating system and putting in a new one. There might be some demand for gas in Winnipeg by manufacturing plants, but the demand would be limited, because there is very cheap coal on the boundary of Saskatchewan and Manitoba, which comes in large quantities and is used for the purposes I have mentioned.

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The people of Manitoba have never been a bit averse to public ownership. One might as well admit it. For instance, the electric power of our province is either owned by the province or by the City of Winnipeg. Nobody else owns any of it, or ever has. The water supply for Winnipeg is brought in by the city; it is owned by the city and distributed by the city. One of the largest heating plants is owned by the city, while the other one is managed by a competitive private company, but the rates are set by a board in Winnipeg.

I want to touch on the history of this matter for a moment, but before doing so I wish to comment on one or two things said by my friend the Leader of the Government. He said that it was necessary for Alberta to sell gas. Honourable senators, Alberta naturally wants to sell gas, and if you will read the letter you will be quite convinced of that. And—well, I will not say what I was going to say.

Hon. Mr. MacKinnon: Say it, anyway.

Hon. Mr. Haig: I was going to say that Mr. Manning had some help in writing that letter.

Some Hon. Senators: Oh, oh.

Hon. Mr. Hugessen: What evidence have you of that?

Hon. Mr. Haig: My honourable friend talks about an all-Canada gas line. The original agreement provided for 2 million cubic feet of gas a year to be exported to the United States, as against 3 million cubic in Canada. Anyone who has followed this question knows that until companies like Trans-Mountain and Westcoast Transmission Company, of British Columbia, got permits to sell their product in the United States as well as Vancouver the stock had no value at all, and as far as I know was not even purchased. The same thing applies here. I heard a member of the other house who is an expert argue very strenuously —I cannot remember if it was in the house or elsewhere—that an all-Canada route was the right thing to have, but that to make it pay it would have to supply the market in the United States. All the trouble started with Tennessee. They suggested shipping to Ontario a certain percentage of their gas, and said we could send ours down to the west to fill their needs. They said they would build up a clientele for western gas in Ontario. Well, what did the board in the United States say? They said, "We won't let you sell any gas at any place if it means taking it away from the people who are using it now, or from prospective users of the gas along that line". That is the argument; that is the problem we face. If we sell gas to the United States through this pipe line,

we will not be able to get it back—it will be gone. Therefore, we may have to take care of a loss from year to year.

I realize there is a demand in this country for a pipe line to be built from Alberta to eastern Canada. Whether or not the venture would be justifiable on financial grounds I do not know.

Honourable members, my mind goes back a long way. In the year 1904 Canada had an election, and a transcontinental line was built from Quebec to Winnipeg. That was 42 years ago, and the line has not yet paid the cost of the axle grease used on the cars that occasionally run on the line.

Hon. Mr. Bradette: No, no.

Hon. Mr. Haig: We have paid out millions during my time in this house. As a senator, I was a party to writing off $1 billion on that amalgamated road, the Grand Trunk and the Grand Trunk Pacific; now this year I see the Canadian National Railways are going to be in trouble again. It is the same thing every year. Whenever an application related to rates is made before the Board of Transport Commissioners they adopt as the standard not the C.N.R. but the C.P.R. The northern part at least of what is now the Canadian National was built in 1904. Those of us who were around at that time will remember it. We were told it would cost $19 million to build that line. When we asked what the $19 million was for we were told it was the interest on the money during the building of the road. Well, we have been building it ever since, because we have paid out many times that amount.

I say this pipe line can be made to pay handsomely provided we can carry it over the years until a demand for gas is built up. It may take five years, it may take ten; that is the problem we face.

There is no doubt about it that when the American bankers were consulted by this company and asked to lend the money, they said something like this: Our experience with pipe lines is that until you can get a pay load you are not sure what will happen; we are not sure that you can get a pay load, unless you can enter the United States with the gas. I say, honourable senators, that is why the American bankers did not put up the money.

There is no doubt that the people who hold 83 per cent of the shares have the money. I have the list of shareholders before me, and I note that some of the companies have as much as 370,000 shares—there are four or five of them in this organization. The only Canadian shareholders I see of any importance hold one or two shares. That is the situation, and that is why I am opposed to this measure at this time.

Had the Government come forward and told us it intended to build the line from Alberta to Winnipeg, from Winnipeg to Kapuskasing, thence to Toronto or Montreal, or both, and that it proposed to borrow money and operate the line under public ownership or as a private enterprise to be rented to a company, I would have voted for such a proposition. True, I would have preferred one system to the other, but I would have gone along with the proposition, because I think it would be a great development of our natural resources. But I certainly do not propose to vote for a proposition in which somebody in the United States owns 83 per cent of the stock and makes 83 per cent of the profit out of my money. I don't think anybody would expect me to vote for it.

I have received much correspondence and many wires about this legislation. True, some of them came from labour unions. But have they not the same right to express their opinions as anyone else has? They have to pay taxes, bear the high cost of living and help to support this country, and we must listen to them. They feel that while Canada needs the pipe line, they do not like the system under which its construction is proposed in this case.

There is one particular paragraph in Part II of the bill to which I take exception. I refer to paragraph (e) of section 7 (2), which says that in the event of default by Trans-Canada the crown corporation may:

> (e) pursuant to any agreement in that behalf made, with the approval of the Governor in Council, before or after the coming into force of this act, between Her Majesty and Trans-Canada and any shareholder of Trans-Canada and any holder of an option to purchase shares of Trans-Canada, acquire shares of the capital stock of Trans-Canada—

Now we are asked to approve contracts that have not yet been made. I believe that under that clause the Government could have gone ahead and approved of whatever it considered necessary.

It is obvious that there is strong feeling about this measure all across Canada. During my time in this house I have never seen such strong objection taken to a piece of legislation. I challenge any member to point to a single action by Parliament during the past twenty-one years that has stirred up the people of Canada as this measure has. It is all very well to say that because of somethting that happened in another place the people were stirred up, but I say if the makings of a fire had not been there the spark would not have set it off. That is the situation; and it is for that reason that I feel that we as senators should be very careful as to how far we go in the passage of such legislation.

I could read to the house a review by one of the leading reporters in Canada, whose

daily paper was in favour of the construction of a trans-Canada pipe line, but this reporter and his paper opposed its construction as proposed by this bill. That attitude has been taken by many other people. I fail to understand why the Government having had this project under negotiation for two years, has done nothing about it until this time. My honourable friend the Leader of the Government has said that it was in January, 1954 that negotiations were carried on with Ontario. I know when I was in hospital in the fall of 1953 I had plenty of time to read the newspapers, and it runs in my mind that there was discussion in the press at that time about the trouble in financing the section through northern Ontario. The arrangement proposed then, as I remember it, was that Ontario would put up $35 million and the federal Government would put up the balance to finance a line. But it knew at that time that the company in question was having financing difficulties even then. Why was not something done at an earlier date?

Further, why should this bill come to this house in the dying days of the session? We have been here since last January; the Government knew this problem was facing it; it knew the American company could not get the authority it required from the Federal Power Commission in the United States. Now we are asked to make a decision by way of passage of this bill which should have been brought to us months ago.

While I made the suggestion the other day that this measure should now be considered in Committee of the Whole House, I am of the opinion that the Senate, had this bill been referred to us at an earlier date, could have referred it to one of our main standing committees to which all senators would have been invited, and to which we could have summoned the Premiers of Alberta, Manitoba, Ontario and Quebec, and as well businessmen from across Canada to give us their side of this picture. That committee could have heard also the gas men from Tennessee who have some of their own gold in this enterprise, who could have told us why they were not able to finance it entirely and had to come back to the Government for help. We never had an opportunity to do this, and we have not got it now. That is my first point.

Next, supposing on March 1 of this year the Government had said that the Trans-Canada Pipe Lines people could not carry the financial arrangements for the line. The honourable leader has said they had an option. One would think they could have gone next door and sold that option, but that just could not be done. But tenders could have been called for. We saw in the papers the other day that tenders had been called for such a project in Great Britain, and contracts have been granted here in Ontario. Of course, there are lots of people who are ready to tender on this job. It might have meant a little delay in getting started, but this project has already been hanging fire for five years.

The Premier of Ontario acknowledged recently that his province would probably not need gas very badly until 1960; in fact, the engineers of the Ontario Hydro-Electric Commission said they would not need it before that year, and they gave a public statement to that effect. In those circumstances, why did our Government not say to the American investors: "Now, gentlemen, apparently you haven't got the money to carry out your contract, but we don't think we should go to the people of Canada and ask them to help you to make good your investment. We think we should call for new tenders and see if there is anyone in Canada who will undertake the construction of this line and build it."

The Government did not do that, though. It could have done it. There was no reason why it could not have been done. We are under no obligation to this American concern. We have already given it five years in which to do something. I think after that delay it should not come along now and say there is need for great haste in the matter. I can see no grounds for the extreme haste. If the pipe line is not ready by, say, the 31st of December I do not see how it will make any great difference to anybody. The remaining portion of the line cannot be started until next year. As far as Ontario and Quebec are concerned, there certainly will not be any gas delivered there for several years to come. The only people who will benefit by early construction of the line will be the people in my own city of Winnipeg. However, I believe that Winnipeg can live another year without the gas; I have a sneaky feeling that we could hold out another year without the gas. And I believe that Regina, Moose Jaw, Brandon and Portage could hold out for another year even if they do not get the gas. Winnipeg is the only place that would be able to get gas under this contract next year. No other city could get it. And it must be remembered that it is the easy part of the line that is going to be built.

My honourable friend the leader said this company has the contracts. Well, I do not know what other contracts it has, but I do know that it has pretty good ones in Manitoba as far as right of way is concerned.

It has been said that Ontario will need the western gas by 1960. That is four years

from now. Well, a gas line could be constructed by that time even if tenders were called for its construction next year.

I do not know that I need to say anything further, honourable members.

To summarize, it looks as though the Government of the day got excited and lost its head, lost its nerve, and thought that the country would go to the dogs if that line from Alberta to Winnipeg was not built this year. I do not believe that is correct at all. I think the country would still go on just as well without it. I am of the opinion that the American capitalists should never have been allowed to dilly-dally as long as they have. If we are putting up 90 per cent of the cost of this line we should own it. I think the feeling of the majority of the people of Canada is that if the Canadian taxpayer is going to put up the money to build the line he should own it and nobody should have any claim on it whatsoever.

As to the gas supplies in Alberta, I am sure that province would only be too glad to sell gas to the Government, if it was ready to pay cash. I am almost certain that the provincial Government would much prefer to do business with the dominion Government than with this American concern.

That Ontario will need the gas I have no doubt. It is a fine province, I admit, and a great manufacturing centre. However, it seems to me that its power experts have told us that the present power developments in Ontario are sufficient to supply power until 1960. So I ask why is Ontario not willing to let the rest of Canada get its fair share? I know that Ontario pays something like 50 per cent of all the taxes in Canada, but the rest of us also pay taxes, proportionately. I think Ontario should have waited for one more year.

I hope that the majority in this house will vote against the bill. If we do that, then the Government will have to call for tenders from somebody else to build the line. It will get lots of tenders if the pipe line is going to be the bonanza that the leader of the house says it will be. The Government will get all the tenders it wants, do not make any mistake about that. I was told about two years ago that the stock of the Westcoast Transmission Company would be a good thing. I said to myself that maybe I would buy a little and when I went in to buy there was a terrific scramble for it. That was a good deal. I fully realize that if the stock of Trans-Canada is put on the market and if it is as good a deal as my honourable friend says it is—although I am not too sure of that—there will be a scramble by people to get their money into it.

Why should we be so solicitous for this American concern? Why should we not build this pipe line and give any profits to the taxpayers of Canada? Whether the directors of the organization be citizens of Canada or not may not be important, but surely our laws will protect our investment. Surely our laws will be able to control what the company can do. I am not very much afraid on that score, but what I am afraid of is that it will be broadcast to Canada and the United States that Canadians are so keen to help out the Americans that they will guarantee their investment in Canada, and that even if the Americans have not got enough money to put up, we will put it up for them.

I think it is a very grave mistake that is being made on our part. The American people are a great people, a very energetic people, and it is a fine thing to live on this continent beside them, but we must remember that they look after number one. Never make any mistake about that. And the only people they will respect are the people who also look after number one. They will think the less of us if we do not look after number one, and we certainly are not doing that when we are willing to put up $80 million to build a line which they in effect should be supplying the money to build. If it ever comes about that the company does not pay back the loan and we have to build the Ontario line, and it turns out not to be such a success as my honourable friend says it will, and there is a loss on the line, of course the taxpayers of Canada will be called upon to pay it.

Hon. Mr. Lambert: Will the honourable senator permit a question? Would he be in favour of building a Government-owned pipe line from Alberta to the east?

Hon. Mr. Haig: I will answer that question: I would rather have the Government call for tenders to build the pipe line across Canada and the successful tenderer put up the money and operate it under the controls we have in Canada. If they would not do it and I were the Government, I would build it. There is your answer.

That is all I have to say. If any other honourable senators wish to ask questions, I will answer them.

I hope I will receive some support in the stand that I have taken. I hope that the people of Canada will arise and insist that this project shall be delayed until we have had a chance to thoroughly consider it, and that a thorough and proper investigation will be made before Canada is committed to spend such large sums of money for the benefit of American investors in our country.

Hon. Mr. Barbour: The Leader of the Opposition (Hon. Mr. Haig) said he wanted to know how the Maritime senators would vote on this bill. I wish he would tell honourable senators how the Maritimers voted when, three or four years ago, the prairie farmers were given a handout of $65 million, and again this year, when there was a grant to them of another $32 million.

Hon. Mr. Haig: Well, I don't know. I know how I would have voted had I been a Maritimer: that is all I can say. But the honourable senator from Prince (Hon. Mr. Barbour) is mistaken in his assumption. Our prairie farmers were not given $65 million. The Government wheat agency made a contract with Great Britain on which we lost $600 million, and the people of Canada got their wheat and bread and fed themselves for about a hundred million dollars less than it would have cost them had they paid the world price at that time. However, on the honourable senator's question, I repeat that I would object strenuously were I expected to pay money to other interests if my own people had no corresponding benefits.

Hon. J. W. de B. Farris: Honourable senators, I fear I must tell the Leader of the Opposition (Hon. Mr. Haig) that I am somewhat disappointed in his speech. I thought yesterday, following his very reasonable approach to the subject, that today there would be a continuation of what seemed to me a sensible attitude. But when he tells us that there is only one issue in this matter, namely, whether Americans are to make a profit out of a line constructed with Canadian money, and in the next breath informs us that it does not look as though the project will return any profit for the next four or five years, I wonder how he can be consistent. As I understand his position, honourable senators, it resembles that of the early Puritans who, according to Macaulay's jibe at them, objected to bull fighting, not because of the pain it gave the bulls, but because of the pleasure it gave the spectators. What we here have to consider, and what the people of Canada should be considering, is, what benefits will Canadians receive from the early construction of this line? I shall return to that question a little later.

I have been much interested in the free advice which we senators have been receiving from what I suppose we may deem to be purely disinterested newspaper writers. We have been told that the Senate was created to protect minorities. I wonder whether it has occurred to these gentlemen that the Senate is also created to protect, if the occasion requires, the will of the majority as represented by its elected and appointed members of Parliament. We are told that we should have a "sober second look." Well, I believe that at least we are all sober; and my respectful suggestion is that it is the people of Canada who have been misinformed and ought to have a "second look"—

Hon. Mr. Bradette: Hear, hear, and how!

Hon. Mr. Farris: —rather than the senators of this country, who have been reading about and studying this question for at least the last month.

However, I do not propose to ignore entirely this gratuitous advice which we have received; and I have gone over in my mind some of the basic principles that relate to responsible government as we have it in Canada and to the constitutional functioning of Parliament.

I suggest that, divorcing ourselves entirely from the immediate present, we consider the development of our constitutional history; and I believe that honourable senators are as well informed on this subject as are some of these newspaper writers in the back rooms —we do not know who they are—with eyeshades over their eyes and cigarettes in their mouths. I assert that the first principle governing democracy in this country is majority rule.

Some Hon. Senators: Hear, hear.

Hon. Mr. Farris: That applies not only to the people at large, but to those who are either elected or appointed members of Parliament.

Sometimes majority rule does not prevail. We heard in times past about "gag" rule. I think we may also hear about "gab" rule. Neither is desirable. We fully understand that the second basic principle of democracy is freedom of speech and freedom of debate. But whenever there comes a time—and it has happened in the past—that a conflict arises between majority rule and the attempt to thwart that rule by filibuster, other considerations must be admitted. Many times the people of Canada and their representatives have had to consider and choose between these two conflicting factors. The result is that for a long time, both in Great Britain and here, the elected houses have protected themselves with the closure rule. In this house closure is not operative, and the reason, I take it, is that the Senate has never experienced a serious filibuster. I hope it never will.

I was a little concerned at one incident which occurred after the opening of the debate this morning. I attribute it, not to my honourable friend the Leader of the Opposition (Hon. Mr. Haig) but to the honourable senator from Victoria (Hon. Mr. Hackett), who pulled his leader's elbow, or coat-tail,

whereupon the Leader of the Opposition asked, "Would the Leader of the Government tell us what is in the bill?"

Well, with all deference to my honourable friends, that looked to me like a little bit of scenery. I was here when this bill was introduced in the House of Commons on May 14, nearly a month ago, and at that time I immediately acquired a copy of the bill from the distribution office. I have had it on my desk ever since. It is very difficult for me to believe that my honourable friend from Victoria and the Leader of the Opposition have not had a copy of the bill before them as long as I have. Both of these gentlemen are far too intelligent, after having copies of the bill in their possession for almost a month, to require the Leader of the Government to explain what the bill contains. But to the unsuspecting public it may appear that an explanation of the bill was not available to us until only two days before the deadline of its passage. I will not press this any further, but honourable senators can draw their own conclusions.

There has been a lot of talk about the Senate vindicating itself. Many editorials and newspaper articles have claimed that it is about time the Senate vindicated itself. Well, I do not think we are going to proceed on the principle of pleasing those who think we should be vindicated. I say to my honourable friend from Victoria that if he thinks the Senate needs vindication and that we can be vindicated by voting to destroy this bill, he should not have come to the Senate—especially if he did not have a better regard for the Senate than that.

Honourable senators, all this talk we hear about appealing to the Senate as the last bulwark of liberty reminds me of Rudyard Kipling's verse about the soldier:

> O it's Tommy this, an' Tommy that,
> An' "Kick him out, the brute!"
> But it's "How are you, Mr. Atkins?"
> When the guns begin to shoot.

Now, as a last resort we are asked to bring Mr. Atkins here and to do what could not be accomplished any place else, and defeat something which in my opinion represents the will of the great majority of the people of Canada.

Some Hon. Senators: Hear, hear.

Hon. Mr. Horner: There is a way to find that out.

Hon. Mr. Farris: Mr. Speaker, your ruling has not precluded me from following the warning of the familiar railway sign "Stop, Look and Listen". Whether I have stopped or not, I have done a lot of looking and listening and I have found no difficulty in coming to a conclusion as to how I ought to vote on this bill. His Honour the Speaker has given a ruling relating to reference to debates in the House of Commons. He might have read the next paragraph from the authority he quoted, which provides:

> It is perfectly regular, however, to refer to the official printed records of the other branch of the legislature, even though the document may not have been formally asked for and communicated to the house.

Therefore, I take it, Mr. Speaker, you would have no objection to my referring to records of the other house which indicate that this bill was introduced in that place on May 14. I think I might go so far as to say that this legislation has had the right of way there as far as the Government could provide to that effect, ever since. If any honourable member here says, "Well, they did not discuss it all the time" I would say that I of course am not supposed to know officially what they did in this debate. I keep in mind the story by Mark Twain of his Mississippi steamboat about which he said, "The boiler was so small and the whistle so big, that every time the whistle blew, the engine stopped."

Some Hon. Senators: Oh, oh.

The Hon. the Speaker: I would ask the honourable senator—

Hon. Mr. Farris: I am not going to make any application to that.

The Hon. the Speaker: —to be very careful not to evade the rules in any way, shape or form.

Hon. Mr. Farris: All right. I do hope you will not deprive yourself, Mr. Speaker, of the right to make any application you wish to that story.

Some Hon. Senators: Oh, oh.

Hon. Mr. Farris: I wish to come now to a short analysis and discussion of the merits of this bill itself. My honourable Leader (Hon. Mr. Macdonald) gave such a clear explanation of the bill that I feel somewhat embarrassed in repeating any of it, but there is so much misunderstanding abroad—and I am afraid the speech of the honourable leader opposite will contribute to that misunderstanding; and I say that in a most kindly way because we are good friends—that a little repetition will not do any harm.

There are two parts to this bill. One part relates to the construction of the northern Ontario section which runs north of Lake Superior. There is the second part that relates to the western line. These two separate parts of the bill should be considered in two ways. First, they should be considered separately, and then they should be considered as two parts of one unified

line from Alberta to Montreal. I have in mind an illustration that I heard a member of the cabinet give. Incidentally, he gave it to me personnally, so if he gave it in the house too I cannot help that. We were discussing this whole question and he brought up a point about a garden hose. He said: "If you go around trying to water a garden with just a nozzle you will not have any success. You have got to have the nozzle attached to the hose and connected to the water supply." Now, in regard to a pipe line of this nature, to construct the northern Ontario section alone would be useless and worthless. To construct the western end alone would be of some benefit to the people of Winnipeg. However, such a benefit would probably not last very long, for I do not think there would be enough profit in it, particularly if what the Leader of the Opposition has told us is true—that none of the Winnipeg householders would ever change to gas. The whole thing would fizzle out. That is why I say that we must consider this bill in two distinct ways and analyze each part, and see if all this hysterical headline stuff that we have read about throwing our assets over to these avaricious Americans is correct.

Let us take this northern Ontario line. I hesitated to use the word "partnership" with Ontario in connection with it until I happened to read a recent speech of Mr. Frost in which he referred to it as a partnership between Ontario and the dominion Government.

Section 5 of the bill recites that the corporation is established for the purpose of constructing, operating and leasing, with an option to purchase the Northern Ontario section, to Trans-Canada, a pipe line from Manitoba to Kapuskasing.

Honourable senators, it is essential to get the full picture because while my friend the Leader of the Opposition may feel qualified to know more about Manitoba than does Premier Campbell, I doubt very much if he or any of his supporters can claim to know more about this question than Mr. Frost, the Premier of Ontario and the Treasurer of that province, Mr. Dana Porter—

Some Hon. Senators: Hear, hear.

Hon. Mr. Farris: —or anybody else in that Government. May I read into the record the bill which was introduced into the Ontario Legislature, and at the same time remind honourable senators that the bill was passed with the unanimous vote of Conservatives, Liberals and C.C.F.'ers in that house. The short title is given, and the bill goes on to say:

Whereas the transportation of natural gas from Alberta to central Canada is of vital necessity to support the energy, resources available for the continued industrial growth of Ontario—

Remember, this is the unanimous view of every member of the Ontario Legislature. Mr. Drew and his cohorts will not get much support or comfort from the Conservatives represented by the members and the voters in the province of Ontario. Of course, my friend will say, "Oh, they are all crazy about that—it wouldn't matter if they had to wait a year or even two years." In fact, I think he rather suggested that, "Whom the Lord loveth he chasteneth", and that it would be a good thing for them to wait for a couple of years.

The bill continues:

Therefore, Her Majesty, by and with the advice and consent of the Legislative Assembly of the province of Ontario, enacts as follows:

1. For the purpose of implementing the arrangements made or to be made—

The very language my honourable friend criticizes in this agreement, about "made or to be made".

—between the Government of Canada and the Government of Ontario to facilitate the construction of a connecting link through northern Ontario of a pipe line to transport natural gas from Alberta into central Ontario, the Treasurer of Ontario is hereby authorized to loan from time to time out of the consolidated revenue fund any sum of money, but not more than $35,000,000, to a corporation constituted or to be constituted—

If somebody in the Legislature fell down in the matter of good faith with the Government of Canada.

—on behalf of Her Majesty in right of Canada and having as a purpose the construction aforesaid.

Then the bill goes on to state the day that the act is to come into force.

Both Mr. Frost and Mr. Porter, together with other members of their cabinet, as well as others of the remaining parties, discussed this question, and in the end gave the measure unanimous support.

Honourable senators, whom are we going to accept as the best authority in circumstances like this? I do not think sufficient consideration has been given to the fact that it is a fine thing when two governments which are completely opposed to each other politically will drop their political animosities and controversies, and for the public good of Canada come together in an arrangement of this kind.

Some Hon. Senators: Hear, hear.

Hon. Mr. Farris: I think it is a tragedy that notwithstanding the unanimous voices of the Conservatives, Liberals and C.C.F.'ers in the Ontario Legislature, we now have an exhibition by Mr. Drew and Mr. Coldwell, as leaders of their two parties.

Hon. Mr. Horner: Order.

Hon. Mr. Farris: No. I am talking about the leaders of the two parties. I do not care where they have spoken. Their position has

been taken as the leaders of the two parties in opposition in Canada against the unanimous judgment and wish of the people of Ontario, as represented by the Legislature of that province. I do not think I am trespassing, Mr. Speaker, when I say that.

So much for the Ontario branch of this line. This bill provides for the voting of a sum not to exceed $130 million to this crown corporation, to be reduced in due course by $35 million to be expended by the Ontario Government in partnership with the federal Government. What is there in the bill that could justify the statement of the Leader of the Opposition that there is only one issue here? Well, he can come down and oppose the Ontario Government, if there is an election, and say that the Ontario Government has betrayed the people of Ontario into the hands of these buccaneers and avaricious people down in the United States. His whole argument must point to that conclusion and none other. For the moment, therefore, I leave the Northern Ontario Pipe Line in the hands of the statesmen of the Parliament of Canada and of the Ontario Legislature, who have been big enough, courageous enough, and of large enough vision to say that this partnership is in the interest of the people of Canada. And Ontario happens to be a part of Canada. Those statesmen say, "We will undertake to build this line under those circumstances, with a provision in the bill that it is to be leased to Trans-Canada, with an option for it to take over at a price that will cover all the expenditures at a reasonable rate of interest."

I come now to the second part of the bill, which provides for a temporary loan, not to exceed $80 million, to Trans-Canada for the construction of the western branch of the line.

One would get the impression from some parts of my honourable friend's speech, and also from reading some newspapers, that this was a donation to these wicked Americans, and that they were going to walk off with it. My friends say they want an election. I am sure the reason they want an election quickly is that they have disseminated a false idea among a great number of the people of Canada, and want to get the election over before that false impression has been dissipated.

Some Hon. Senators: Hear, hear.

Hon. Mr. Farris: I often wonder about this unholy alliance between the C.C.F.'ers and the Conservatives. If I may be allowed to get slightly off the track for a minute, I would say that I think Mr. Coldwell is very wise in what he has done. He knows that a C.C.F. government can never get elected in Canada until there are hard times, and he has figured it out that the quickest way to get hard times is to support Mr. Drew.

Now let us be a little more serious. I was talking about this loan to the so-called "pet" of the Government, the Trans-Canada company. There is not a word of truth to support the statement that this company has been a "pet" of the Government. I say that this agreement is about as near a shotgun wedding as anything can be. I cannot find any information to support the suggestion that Trans-Canada wanted to get this loan on the terms that were imposed by Mr. Howe and by the Government. As far as I can learn, this loan was forced on Trans-Canada by Mr. Howe in a spirit of, I was about to say, aggravation; certainly it was in a spirit of determination. He said in effect: "You fellows tell me you have got everything—you have almost everything, except money. But you are not going to delay the construction of this line any longer, if I can help it. You are going to be given the money on a temporary loan for nine months on most drastic conditions of mortgage and charge." At least, they are the most drastic that I, as a lawyer, have ever seen. He further said: "The Government of Canada, through this crown corporation, may, at the end of nine months, if the money is not repaid or if the company defaults in the construction of the line, take everything the company has, lock, stock and barrel."

My honourable friend has given me details of what the company owns. But there is no question about it, the money has to be paid back with 5 per cent interest. I think one of the smartest things Clarence Howe ever did was when he engineered or negotiated that agreement. Read the contract for yourselves, honourable senators! Read the bill now before us.

Hon. Mr. Haig: Will the honourable gentleman permit a question?

Hon. Mr. Farris: Certainly.

Hon. Mr. Haig: The shareholders will get their money back?

Hon. Mr. Farris: I am talking about the people of Canada, the consumers, not about any stock market transaction. Apparently my friend tried to get in on some stock market gamble and he was not successful. I do not think that is the basic issue in this case. Rather, it is that the people of Canada are going to get their pipe line in the most expeditious way possible.

Hon. Mr. Haig: Honourable senators, I rise on a point of order. I would suggest that

the honourable gentleman should either prove his last statement or take it back.

Hon. Mr. Farris: What statement?

Hon. Mr. Haig: That I was in the stock market and did not get my money back.

Hon. Mr. Farris: I thought you were pointing out that the stock market was an issue in this case.

Hon. Mr. Haig: No, not the stock market.

Hon. Mr. Farris: My friend was talking about the money that is going to be made by the holders of the shares in this company.

Hon. Mr. Haig: Yes, but I was not in the stock market.

Hon. Mr. Farris: I would not accuse my honourable friend of being a stock gambler, any more than the rest of us; we all like to buy stock sometimes and see it go up, but the trouble is it does not always go up. My friend should remember that, like himself, I am getting older, and he should not put me off the track in this way.

Hon. Mr. Haig: I apologize.

Hon. Mr. Farris: I think I can get back on the rails.

Let us look at this question, on either of the alternatives, in an ordinary debating way. Let us first consider what will happen if Trans-Canada repays this money next April. We will then have a pipe line built from Alberta to Winnipeg. Is that not a consummation devoutly to be wished? Surely, everybody wants to see that done. I challenge any member of this house to say that there is any other possible way in which the line can be constructed this year, except to have it done by Trans-Canada. I put the whole case right on that issue.

Hon. Mr. Horner: But the case has not been proven, because nobody else has been given an opportunity to build the pipe line.

Hon. Mr. Farris: My friend makes that statement. I say to him that it is not a question of opportunity. The question is who, at this time, opportunity or no opportunity, can construct the line this year?

Hon. Mr. Howard: Nobody.

Hon. Mr. Farris: I shall debate that point in a moment.

If Trans-Canada carries out its undertaking, the Dominion of Canada will receive back its $80 million with interest at 5 per cent, and a constructed pipe line. Where is the harm there? Where has the taxpayer been sacrificed, if that is done? I know of no harm being done by it; and I shall point out in a moment that this was the only possible and practical way to work out the problem at this time.

My friend may have a good argument on the political platform—I don't know whether I will ever be there again, because they do not seem to want older senators on the platform—to say that there has been a lack of diligence in the past. But that is not the issue before the Senate today. At the present time and under existing circumstances, is there any reasonable alternative to the construction of this pipe line? That is the issue.

Let us take the opposite view, and assume that in April of next year, after the $80 million has been advanced, that because of objections by the Federal Power Commission or for some other reason Trans-Canada is unable to repay that loan. What will happen then? Well, they cannot take the laid pipe line out of Canada, but the federal Government, under this bill, has the power to take over the constructed line—lock, stock and barrel. In those circumstances is the Government going to get its money's worth out of the $80 million loan? Would any honourable senator here seriously suggest that under public ownership or operation we could construct that line any more cheaply than is proposed by this organization which has trained men in that kind of work? I say we would then have the pipe line, plus.

In a long conversation I had with Mr. Howe he told me that he estimates the investment of Trans-Canada will be about $16 million. So what do we get if the company defaults? Are we throwing ourselves to the wolves? No! It looks to me as if the Canadians are the wolves in this case, and Trans-Canada is being thrown to the wolves, because if it defaults it will lose everything and we get the line.

Hon. Mr. Crerar: May I ask a question?

Hon. Mr. Farris: Certainly.

Hon. Mr. Crerar: My friend said a little earlier that this agreement had been forced on Trans-Canada by the Minister of Trade and Commerce. Now, if Trans-Canada falls into default, would it be considered equitable under the circumstances for the Government to take over all of the assets—lock, stock and barrel, as he says—of Trans-Canada?

Hon. Mr. Farris: I would certainly say yes to that question. I would be interested to hear my honourable friend make such an argument before the courts on an equitable plea; I am sure he would make a good job of it, even though he is not a lawyer. I do not wish to single out Mr. Howe from the Government, as some Opposition newspapers

have done, but if he were answering the question he would say: "I gave these men a full opportunity to go ahead and raise the money elsewhere. They did everything else to the exclusion of an opportunity being extended to anyone else; they made their deal with Alberta, they got their rights of way from that province, they got the markets, the pipe and all the engineering work that was done."

Mr. Howe in effect said, I only forced them into this position, because it was always common ground that they would do that work. When they pointed out that they did not have the money to do it, he replied: "All right, here is the money, get busy and build the line. And you will not take any of that money down to Tennessee or distribute it amongst your fellow Americans; you will utilize it to advantage by putting it into the pipe line, and when that is done you will have an option".

Well, if it was forced on them in a sense, at least they had a choice, and they elected to go ahead. I know my honourable friends who live in Winnipeg are anxious to get gas in that city.

What harm can be done by building the pipe line? We are talking now about the $80 million. We will get it back with 5 per cent interest; on that deal we will make a profit of 1.5 per cent, probably 2 per cent. We will get everything back, or in the alternative we will have the line.

These two companies have amalgamated, so the hose and nozzle will now work together. Some question has been asked about the small section of the line to be built between Winnipeg and the Ontario boundary. Well, honourable senators, these men who are putting their money into this thing are not children, they are not trifling with this undertaking. Do you think for one minute that many millions are going to be expended for construction of a portion of the line, only to cut the hose off at the nozzle?

Hon. Mr. Aseltine: Then they will be back for more money.

Hon. Mr. Farris: Perhaps if my honourable friend was in office they might get it.

If the Government is called upon to take over this section of the line next April, Mr. Howe, as the minister responsible, says in that event we will have to decide on the policy to be carried out to unify the line and to keep our bargain with Ontario. To do that we will have to come back to Parliament to have the policy ratified and completed. That is all there is to that. This proposition is not a blank cheque. If the time comes when we have to take over, Parliament will have to decide what is to be done ,and it may well be that at that time the Government will decide in favour of a publicly-owned line. I hope it will not. Personally I do not approve of it, but my voice does not count for much. Mr. Frost suggested, as an alternative, that he would have liked all the governments of Canada to come into this scheme. Well, do we see any signs of the other governments being willing to assume their share and to come into this scheme? Have we heard from any of them at all? I do not think that anything in that respect can be more eloquent than the letter from Mr. Manning, read by the leader. Mr. Manning has the reputation of being a pretty hard-headed and courageous businessman when he is not discussing social credit. Is there any suggestion from any quarter that the other provinces will join in this construction? I say no. But that is matter for the expression of the will of the people.

I was interested in a question which my honourable friend from Ottawa (Hon. Mr. Lambert) asked the Leader of the Opposition, and in the sort of answer he got. I doubt if either of us is any wiser now than before he asked the question. My honourable friend laughs and I appreciate the joke with him. He is too astute to be caught that way. The Leader of the Conservative party has never gone to different parts of Ontario or to any other place that I know of and committed himself with respect to Government ownership. But a gentleman by the name of Fleming made a speech at a labour rally the other day in Toronto and said that the Conservative party was on the verge of going out for Government ownership. Well, after all the talk we have heard in the last five years, that is an interesting observation to make now, two or three days before the bill is to become law, that the party is "on the verge". One of the dictionary meanings of "on the verge", I note, is "to be on the edge, where one is in danger of falling in". The socialists and their leaders at some of the meetings held in various parts of Ontario and other places are almost hysterical about this iniquitous bill; and yet, honourable senators, it is the nearest thing to Government ownership that I know of.

If I were opposing this bill, that would be my ground of objection, that it comes too near, in certain possibilities, to forcing this Government into government ownership. But I do not believe that is going to happen. I cannot imagine that these men who are as smart or as astute as my honourable friend gives them credit for being would put their money into the scheme and take a chance of losing it,

unless they see daylight as to how they are going to carry out the undertaking.

I do not believe, when they get right down to it and face the issue, that they will wait until the United States Federal Power Commission grants them permission to export gas to the United States at Emerson before they repay that money. There are enough opportunities in the ultimate returns from this business in Canada to justify them taking a few chances with their money.

Now, honourable senators, I have here a summary of some of the things Mr. Howe told me that he was faced with in handling this speedy construction. I also have some extensive notes supplementing what the Leader of the Government has said about the urgency of this work, and I have some newspaper quotations. It is very significant that, as late as June 2, the Honourable Dana Porter, reiterated in an interview the position of the Ontario Government; and not a word has been heard from any member of that Government in criticism of the method the dominion Government proposes to carry out in partnership with the province. Right in the thick of the fight, on June 2, when Opposition members were going to Toronto and posing as heroes on the strength of the "wonderful fight" they had made, Mr. Porter, with the sanction of Premier Frost, reiterated his Government's position as to the necessity of this line and justified its bargain with the dominion Government.

I have spoken longer than I intended. The discussion is taking up considerable time, but it is important and we should not hesitate to continue it so long as tomorrow's deadline under the agreement is met. I ask honourable senators to bear in mind that no other pipe line company could possibly construct this line this year. The Dominion Government could not do it, no matter what legislation is put through this Parliament. Every step that has been taken would have to be repeated, and there would not be one foot of pipe available for the work. Let us face realities.

I say, therefore, that there is urgency. The will of the popular, parliamentary assembly has been expressed. When the Honourable the Speaker advised us of the bill and the request from the other place that we give it support, that intimation amounted to a constitutional declaration by an elected body to this body—which is not an elected body—that the passage of the bill is in the interest of Canada. The request is backed up by all the Conservative provincial representatives, except the Drew sliver; by all the C.C.F.'ers, and by the Liberals of Ontario. It is supported by the Conservative member who writes for a Calgary newspaper on subjects connected with the oil business, and who is the best authority on the subject in the Conservative party. I commend his writings to all who are interested in the subject.

Hon. Mr. Hackett: Do you mean Mr. Nickle?

Hon. Mr. Farris: Yes, I mean Mr. Nickle.

Hon. Mr. Hackett: You do not call him a Conservative at the present time, do you?

Hon. Mr. Farris: Well, my friends may want to read him out of their party. That would not astonish me. If a man is courageous enough to stand up and defy his party on an issue, when he thinks he is right, that may be ground for kicking him out of the party.

In conclusion, I want to say a word or two about the Right Honourable Clarence Howe. There is a Chinese statement that the most sticks and stones will always be found under the best apple tree. Mr. Howe—and, as Minister of Trade and Commerce, properly so—has been the spearhead of the movement to have this line constructed this year, under conditions which preserve the public interest; but in many newspapers of this country and other quarters he has been the target of what I think are very unjust attacks.

Some Hon. Senators: Hear, hear.

Hon. Mr. Farris: One paper even found fault with him for being American-born. Well, a man has no choice in where he is born, but he can choose where he will live. A century and a half or more ago four members of the Howe family crossed the Atlantic from England. Three of them settled in the United States and one came to Nova Scotia. The Nova Scotian was the ancestor of that great parliamentarian, Joseph Howe. Clarence Howe is a descendant of one of the other brothers. He received his early education in Massachusetts and at the Massachusetts Institute of Technology. Shortly after he attained his majority he elected to come to Halifax, and ever since he has devoted himself to the public welfare of this country in a manner excelled, in my opinion, by that of no other public man. This contract is one of his crowning achievements.

Joseph Howe, as well as being a statesman, wrote a good deal of poetry, some of which

is quoted in his "Life" by the Honourable Mr. Longley. Joseph Howe gave vent to his imagination in the writing of poetry. Clarence Howe is gifted with an imagination greater than Joseph Howe ever had. It envisioned the building of a greater Canada. During the war period his genius was directed to the achievement of victory, and in the result it not only made the Liberal party stronger than it had ever been, but it contributed more to the promotion of the war effort and the welfare of Canada than the work of any other Canadian citizen.

Some Hon. Senators: Hear, hear.

Hon. Mr. Farris: I defy anyone to show that at any time or under any circumstances he has acted otherwise than in a spirit of honest endeavour to serve this country, of which he is such a distinguished citizen. So I close with the words of a rhyme written, not by Joseph Howe, but years ago by a Cornishman, in England. It ended thus:

> And shall Trelawny die,
> And shall Trelawny die,
> Here's twenty thousand Cornishmen
> Will know the reason why.

Hon. T. A. Crerar: Honourable senators, I have listened, as we all have, with great interest to the speech made by my honourable friend from Vancouver South (Hon. Mr. Farris). He was in great form.

Hon. Mr. Farris: As young fellows always are!

Hon. Mr. Crerar: In fact, never have I seen him in such good form, and I have iistened to him on political platforms for over 40 years. But I am bound to say that his speech contained very little of the "sober second look" which, by tradition and the intention of the founders of our Constitution, this house is supposed to give to legislation.

This measure has aroused a great deal of interest and, unquestionably, a good deal of confusion. I am not for a moment going to discuss anything that occurred in the other end of this building. Our rules wisely provide that we cannot refer to debates in the House of Commons or discuss what took place there. Whatever views each of us may have as to the events that have taken place in that house, they are not, I repeat, a subject for debate in this chamber. I am bound to say that I am not quite so enthusiastic about this measure and the Government's part in it as is my honourable friend from Vancouver South. What is the situation? We have unquestionably a very important bill that was introduced here only this morning, and now this afternoon we are on the discussion on second reading. To do this we have had to suspend certain rules of this house. We are told that there is a deadline, tomorrow evening, by which this legislation must be passed. I wish to enter my protest against that—

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Crerar: —and I do so for this reason. It is making a complete nonentity of this chamber.

Hon. Mr. Hackett: Hear, hear.

Hon. Mr. Crerar: How are we going to consider the implications of this measure in the time at our disposal? I am in favour of this project, but I say that the Government had no moral right to set a deadline. No Government should ever set a deadline on legislation that has to pass Parliament. It is because we are operating against this deadline that we must give hasty consideration to this measure. If ever there was a bill that should have gone to our Banking and Commerce Committee, it is this one.

Hon. Mr. Kinley: The frost will freeze the west in by next fall.

Hon. Mr. Crerar: Let me refer now to an extremely important piece of legislation that came before Parliament ten years ago, the Foreign Exchange Control Bill. Honourable members will recall the debate that took place here on that measure, and will remember that there was much difference of opinion on it in this house. The bill was referred to committee, where witnesses were called and where thorough study was given to it, with the result that more than two score amendments were made to the legislation, and at least one section was thrown out entirely. Our amendments were all accepted by the Government. Now, does any one for a moment say that what the Senate did to the Foreign Exchange Control Bill was not a salutary thing? I deplore and regret that we have to work under a time table that prevents our giving to this bill an examination of the kind we were able to give to the Foreign Exchange Control Bill.

This is not a matter of recent days. It is a matter which has been under the consideration of the country and of the Government for at least two years. We know that for the last five months the Government has been giving consideration as to what could be done in getting this pipe line built, and it was only recently, within the last month, that any decision was reached, and hence we have this haste. Why did the Government not make up its mind earlier? I do wish to register my protest against this. I agree that Mr. Howe has rendered great service to this country, but what has that to do with this measure? The rights of

Parliament are paramount rights in any matters that the Government may place before Parliament, and once we lose that sense of proportion, once we lose the understanding of the paramountcy of Parliament, then I do think we are treading on rather dangerous ground.

Everyone is agreed that there should be a pipe line and I think everyone is agreed that the line should be wholly a trans-Canada line. I am in complete favour of that. There was a time when I thought it might be more sensible to build part of the line through the easier territory south of the lakes, as they built the transcontinental oil pipe line, but I am now thoroughly convinced that the route proposed in the legislation for this gas pipe line is the best one. It will go through northern Ontario and service that country. There is no difference of opinion upon that. The whole difference of opinion has been on the method of doing it. Here I do part company absolutely with my friend the Leader of the Opposition (Hon. Mr. Haig) and some others, in their criticism that this is a proposition which will put money in the pockets of American capitalists.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: In my judgment that has no foundation at all. If that criticism had validity what would have happened to the development that has taken place in the province of Alberta? If we had not had American capital and—I dislike to use the word but it has now become almost common usage, American "knowhow"—the gas and oil would still be wrapped in the womb of the province under its prairies and its foothills.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: Any developing country like Canada, where there are no accumulations of capital, should welcome capital and must always be prepared to give investment capital a fair return and a fair deal. On that angle of the question I think the criticism has been without any foundation at all, and I do not care where it comes from.

There is then the other proposition, which is that this line should be a publicly-owned one. I am not in favour of that. There are certain things where public ownership can be applied and applied successfully, but this gas pipe line through to eastern Canada, in my judgment, is not one of those things. Why? Well, let us assume that the federal Government had built the pipe line from Alberta through northern Ontario to Toronto and Montreal. The Government does not own a single cubic foot of the gas that would go through the pipe line, and it has to get that gas in Alberta. It is true that it might set up a servicing organization for consumers and make contracts with consumers for the sale of blocks of gas, but, lacking control of the raw material in Alberta, the position would be impossible. If that happened there would be the worst orgy, in my humble opinion, of political pressure and manoeuvering ever experienced in this country—and heaven knows we have had enough of it at times. Consequently, I am opposed to that. One of the reasons why I spoke so strongly as I did a little earlier about the delay of the Government in bringing this matter forward, and for not giving time for full consideration, was that I feared the danger of public ownership. I will make myself clear on that aspect a little later.

Trans-Canada Pipe Lines' history is worthy of a moment's study. The company is a combination of two other companies amalgamated two years ago for the purpose of building this line. There was no suggestion at that time that Trans-Canada might require any government assistance. The company had permits from the Alberta Government to export the necessary quantity of gas from Alberta across the boundary line into the other provinces. It set about making contracts for the sale of gas, but it had not arranged for its finances. It is common knowledge that the company intended to rely on its ability to export 200 million cubic feet of gas a day at Emerson, Manitoba, on a firm contract, and thus have a basis on which it hoped to be able to sell its securities to the life insurance companies and the public generally. Then a difficulty arose, because imports of gas into the United States must be sanctioned by the Federal Power Commission of that country. One of the promoters or backers of Trans-Canada Pipe Lines is the Tennessee Gas Transmission Company, which secures its gas in Texas, markets it mainly along the Atlantic seaboard states, and, I believe also in Pennsylvania and New York. It seemed clear it proposed to bring gas from Alberta through this pipe line, and export it through Emerson to the mid-western states. There it ran into conflict before the Federal Power Commission with the gas companies that were located in the region of Chicago. The question of how that issue will be finally resolved is very important, and I ask honourable senators to keep it in mind, for I shall say something about it a little later. If the Government had secured a contract from Trans-Canada Pipe Lines to build the prairie section to the Ontario boundary, as far as I was concerned I was wholly in favour of the Dominion and Ontario Governments combining their resources to build the northern Ontario section from the eastern boundary

of Manitoba to Kapuskasing. But even when this Ontario section was assured to the company, Trans-Canada was still unable to finance the venture, for it had no assurance that it would be able to export gas to the United States and therefore had no basis for selling securities. Therefore a new situation arose.

There may be a difference of opinion as to how urgent the situation was. I am one who believes that the sky would not fall on western Canada or on Ontario if this pipe line is not built on the prairies this year. But the Government thought otherwise. As the honourable senator from Vancouver South stated—and it is on his authority that I say this—the Government forced this agreement on Trans-Canada and took from Trans-Canada agreements which, according to my honourable friend, were very drastic. I assure honourable senators they are drastic agreements, for I have read them. According to my honourable friend the Government tied up all the assets of Trans-Canada, and not only the assets of the company, but the shares of the individual shareholders.

Hon. Mr. Haig: May I ask the honourable senator a question? Are they not allowed credit for the money they have put up.

Hon. Mr. Crerar: I will come to that in a moment. This is the position. Now, Trans-Canada can get this 34-inch pipe, and when this bill goes through—and it will be through the day after tomorrow—the corporation will be set up and the money will be advanced to it, and the corporation will be able to loan up to $80 million to Trans-Canada to commence at once laying the pipe across the prairies to Winnipeg. There is no doubt that can take place. But the question that I think we should ask ourselves is this: What is the situation after Trans-Canada gets the pipe line through to Winnipeg? At the present time all that Trans-Canada will have when it get to Winnipeg is debt. The Government and the company may hope that before the end of the year the Federal Power Commission at Washington, after the presidential election is over, will grant the permit to the subsidiary in the United States of Trans-Canada pipe line. However, we have no assurance of that at all. If I were to ask the Leader of the Government (Hon. Mr. Macdonald), or any member of the Government, "Well what are you going to do, what are the plans, if the import permit is not granted in the United States and you cannot sell gas there?" what would be the answer?We do not know. It is true that the owners of Trans-Canada, including the shareholders, would be liable to very heavy penalty to the Government, under the agreements they have signed. It is true the Government can say, "All right, it is too bad for you, but you will lose $8 million at least, and perhaps $16 million."

Now, I just cannot see the Government doing that. That is why I asked my honourable friend from Vancouver South—and I disliked interrupting him, as I dislike interrupting anyone—what would happen in that contingency. According to his statement the Government has forced this contract on Trans-Canada. If the Government has forced this contract on Trans-Canada, and the company were to get into difficulty when it gets to Winnipeg and cannot go any farther, is it conceivable that the Government would step in and take all its assets? That is a question to which we should have some answer.

There is another question: If Trans-Canada cannot finance and build the line from Winnipeg eastwards, what happens to the agreement with Ontario? The only recourse would be for the backers of Trans-Canada, failing public financing, to put up sufficient of their own money to carry the proposition through, but so far we have no indication that they would do that.

Another supposition is that if the Government took over possession of the western end of the line it might be able to make an arrangement with some new company to complete the undertaking. These are all questions which are clouded with uncertainty. It seems to me, honourable senators, that they are points upon which we should have some information. Is it unreasonable to ask for it? I do not think so. If the Government has finally to complete this line as a public ownership proposition, Parliament will have to put into it anywhere from $375 million to $400 million, because I would expect that under these circumstances, were the federal authorities to finance the whole line, the Ontario agreement would go by the boards. We would then have it under all the disadvantages I mentioned earlier.

I think we should have information on these points. That is why I am critical of the Government in delaying the matter so long. It has been discussing it for months. Had this bill been introduced in Parliament say early in March of this year, there could have been ample time for fair discussion and the bill could have come to us and been considered in our Banking and Commerce Committee and an opportunity given to secure all this important data.

It is not the first time that a government has been dilatory. I was a member of a government for a good many years, and I know in many instances it was dilatory in certain actions. But on a matter of this importance it is most unwise to have a deadline fixed

for the passage of the legislation. We can easily establish dangerous precedents. It is not sound practice, and in my humble judgment this house is not being treated with the consideration that is due it and we should say so. I do not like to see a measure such as this, which has aroused a great deal of controversy, put through under the spur of need in two days' time. It is regrettable that the Government did not have this legislation reach Parliament earlier so that we could give it the consideration it deserves.

I am not going to do much more than mention rights of Parliament in this matter. As members we are entitled to a full measure of consideration by any government, I care not what its party complexion may be. I am speaking of the rights of Parliament as a whole in the presentation of legislation. Why are we sent to Parliament, if it is not to debate and consider legislation that may come before us? After all, our parliamentary institutions are the greatest institutions we have in our land. If we look back over the years we will observe that we have reached a degree of perfection in our parliamentary institutions over a very difficult, rocky and sometimes bloody road in the past. And so I do say that Parliament, being the institution by which we govern ourselves and in which we protect the liberties of the subject, cannot lightly disregard its obligations.

After all, Mussolini 30 years or more ago became the dictator of Italy, but he did not usurp the powers of Parliament in doing so; the powers were conferred upon him by his legislature. Hitler, in his rise as a dictator, did not usurp the powers of the German Reichstag; in 1933 that body voted absolute power to Hitler, and never recaptured it. So, Parliament, in a free and democratic country, must always be careful in its insistence that at all times it be treated by whatever government may be in power, with the consideration to which it is entitled. I voice this criticism simply because I believe that we should have had this legislation before Parliament at a much earlier date than we received it.

Some Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: Mr. Speaker, and honourable senators, may I suggest that we now call it six o'clock, adjourn at this time and reassemble at eight o'clock.

Some Hon. Senators: No. Go ahead.

The Hon. the Speaker: Honourable senators, is it the pleasure of the house that I see it is six o'clock?

Hon. Mr. Macdonald: Honourable senators, I believe the rules of the house provide that when the house rises at six o'clock it shall stand adjourned until 7.30. My suggestion is that we should continue to sit until six o'clock, and then adjourn until eight o'clock.

Hon. John T. Hackett: Had I caught the Speaker's eye, honourable senators, a little earlier in the afternoon, I would have endeavoured to continue the theme I was pursuing yesterday when it was intimated to me that I might desist from reference to people and events in another arena. My friend the senator from Vancouver South (Hon. Mr. Farris) has made reference to the Right Honourable Mr. Howe. I should like to add just a few words with respect to that gentleman. He is a great executive, a great public servant; I know that he has said many things in Parliament concerning the legislation which confronts us, and I do not wish to imply by the excerpts from the Commons *Hansard* which I intend to read that they are the only things he said. It is not my wish to attempt any special pleading. On May 28 the Right Honourable gentleman said, as reported at page 4405 of the Commons *Hansard*:

> Now, why are we pressing on; why are we pressing this? Well, I do not know; perhaps I get over-enthusiastic about a project. I have been working on sizeable projects all my life, and somehow I reach a point in the development when I think a project is important; and if it is a serious enough project I begin to think it is the most important thing in the world and it does seem to me it is important that we do not lose a year in undertaking this pipe line.

I think that that is a candid statement of the point of view of the man. I agree with it. I have sat with the Right Honourable gentleman for some years in another arena and I have seen him both at work and at play, but I must say that in admitting his great abilities and services I do believe that he is a dangerous man in that he feels that anything that gets in his way should be removed, should be pulled up by the roots and cast aside. It is that characteristic, I believe, that has caused us to find ourselves discussing this measure in these circumstances at this time.

This legislation was not an avowed policy of the Government, it was not in the Speech from the Throne. It has come, as they say in a neighbouring province, *comme un cheveu sur la soupe*, which means it has come without very much anticipation or admonition. I will say to the leader of the house, if the expression be parliamentary, that, having been spanked rather mildly by the honourable senator from Vancouver South for making a few remarks on the first reading of the bill, if it is any solace to his aching parts, I joined him in the spanking. I did not

think that it was a very serious offence to mention to my own leader something that he told me that he intended to do and that seemed to have escaped his attention at a pertinent moment, while he was engaged in conversation.

Honourable senators, the Leader of the Government gave us information which, as my honourable friend well knows, is usually sought when a bill is given first reading in another place. It is an introductory *aperçu* of the whole matter at issue, and I found the references and the statements made by the leader helpful. One of the unfortunate characteristics of this legislation is a total absence of information. Information has not been made available. It is true that the honourable senator from Vancouver South has imparted to us some of his recollections of conversations, undated and untimed, with the Minister of Trade and Commerce, and he has told us some things we did not know before and that we would like the opportunity of investigating a little further, not because we doubt the accuracy of the statements of the honourable gentleman but because some of us have a craving for information, especially with regard to this particular bill. I understood from the leader this morning that the amount which would probably be involved if the Government pursued this undertaking would be something like $375 million for the pipe line alone.

Hon. Mr. Macdonald: That would be the cost of the pipe line. The amount proposed to be provided for the building of the northern Ontario section is $130 million, one-third of which, up to $35 million, will be paid by the Government of Ontario. It is expected that the western section will cost somewhere between $80 million and $90 million, and 90 per cent of that amount, but not in excess of $80 million, will be loaned to the company by the dominion Government.

Hon. Mr. Haig: But not exceeding $35 million for Ontario.

Hon. Mr. Macdonald: Yes. Ontario will contribute one-third of $130 million, but not exceeding $35 million.

Hon. Mr. Hackett: I am grateful for the gracious way in which the leader has implemented my information. I also understood that further amounts would have to be expended —$1 billion was mentioned as being the cost of distributing lines and other facilities incidental to making the gas useful to the population.

It seems to me that at the beginning of the consideration of this legislation we should recall that we are a very heavily-indebted nation, and that the tax burden upon everyone, from the lowliest worker and the smallest earner to people of greater incomes, is crushing. I am going to submit that it is not in the interests of Canada as a whole to engage upon a venture of the proportions of the one we are discussing until it has been proved beyond a doubt that there is urgent need of it and that Canada has the ability to pay for it. For the moment we are engaged in an enterprise the exact proportions of which have not yet been determined; I refer to the St. Lawrence waterway. That is a great national undertaking; it has been under discussion for many years, and is being proceeded with at very heavy cost—hundreds of millions—much of which will fall upon the Canadian taxpayers. I think also we should ponder our experience in relation to other great enterprises. There was the transcontinental project of the Canadian Pacific Railway which, as all honourable senators know, was under debate for ten to fifteen years. Also the great enterprise which was advocated by Sir Wilfrid Laurier, in 1904, was under discussion for many years. A similar or a rival undertaking came along at a later date and caused much havoc and loss, although in the fulness of time the losses were absorbed and the northern half of the continent has been endowed with a useful, though very expensive, railway system.

At the present time what seems most worthy of every consideration is whether this pipe line which has sprung up, in so far as Parliament is concerned, almost overnight, should be entered upon without a mature and full examination of all facts. I submit that members of this Senate, members of the other place and the people at large, should know more about the facts. It is true that letters have been read by the Leader of the House from the Prime Minister of the province which is so richly endowed with this new-found wealth, and other communications from each of two ministers in the province of Ontario. To what extent their appraisal of the situation can be depended upon is still open to debate. I think honourable senators who read the newspapers will have noted that, almost immediately after it was known that Ontario had offered to engage in this project, representatives of the great Hydro-Electric Power Commission stated that Ontario was in no immediate need of this gas, that gas was too expensive, and said quite unequivocally that sufficient hydro-electric power for the needs of the province until 1960 is available; and this, I understand, without taking into consideration the added hydro-electric power which will flow from the construction of the St. Lawrence water-

way and the building of the dams along that great waterway in the course of deepening and harnessing it.

All these are questions which should be very closely examined, and it is not possible to do so within the time at the disposal of the house before tomorrow, June 7, the so-called deadline. Witnesses cannot be brought to give the required information; and the proof of urgent need has not been established.

Of course, if war were to come we would meet all the requirements that might be exacted from us. But it has not been proved that this pipe line is an overall project which affects deeply the whole people, and I suggest that the very meagre information that has been placed before Parliament with respect to the bill is hardly enough upon which to reach a decision.

Hon. Mr. Hugessen: Would the honourable senator permit me to interrupt to ask a question? Does he suggest that this house should conduct an inquiry as to whether the unanimously expressed wish of the Legislature of Ontario is true or false?

Hon. Mr. Hackett: My honourable friend has asked me if I think an inquiry should be held as to whether the legislators of Ontario should be polled one by one. I do not think that, but I do believe the members of the Legislature of Ontario, like the members of this honourable house, are not all skilled or completely informed as to the requirements of their province. I think we should approach this great undertaking in a businesslike way, in a way that my honourable friend from Inkerman (Hon. Mr. Hugessen) would advise for his clients. We should summon the people who know, and find out what the requirements are and what the cost will be, and why this cannot be entered upon by the businessmen of Canada. Why has it been necessary to fall back on the taxpayer, be he big or small?

The Hon. the Speaker: It being 6 o'clock I now leave the chair. The house will resume at the call of the bell, at 8 o'clock.

The Senate adjourned until 8 p.m.

At 8 p.m. the sitting was resumed.

Hon. Mr. Hackett: Honourable senators, we have been told in an indirect way that the Government has been thrown into this enterprise because Trans-Canada Pipe Lines Limited was unable to fulfil its undertaking. If I correctly understood the honourable member from Vancouver South (Hon. Mr. Farris), the Government more or less took Trans-Canada by the neck and shook it into this proposition. We have been told *per contra*, but at the same time, that Trans-Canada did not carry out its undertaking because money was not available.

Some reference was made to higher interest rates and to a central bank. I suppose that the Bank of Canada was meant. Something was said too about the Federal Reserve Bank in the United States. I have not chatted with Mr. Howe, but I think it has been intimated that it was a little difficult to get money from these institutions, including the Chase National Bank of New York. I doubt the accuracy of this information. I doubt it for these very good reasons: It is true that the prevailing interest rate is higher than it was. It is true that banks and lending companies are seeking higher interest on the moneys they lend than they sought a year ago. But I have yet to learn that money is not available. Money is being offered here at home by big investors. We have here on the doorstep of Parliament in this capital city an insurance company which seeks to place its funds so that it may carry out its undertaking with its policy holders and its shareholders. For instance, there is the Metropolitan Life Insurance Company, with its head office in New York and its Canadian head office in Ottawa. Then there is the Prudential Life Insurance Company, and the Sun Life Insurance Company. These companies receive hundreds of thousands of dollars a day which they are ready to invest and which they seek to invest. If I am correctly informed, the Metropolitan Life Insurance Company has a subdivision of its investing department which devotes its time to assessing the value of securities issued by pipe line companies which are seeking moneys to carry out their enterprises.

Money is available. Those of us who from time to time take a glance at the newspapers know that the Ontario Hydro-Electric Power Commission filled its coffers the other day with abundant funds, although it is true it had to pay a higher interest rate than would have been exacted a year ago. I could go on and cite other enterprises which are finding money. Money is not scarce. But lenders and investors, in the first place, have to determine that the money or funds which have been entrusted to them are placed in sound undertakings which give a promise of return, and to have the assurance that there will be no loss. I am informed that the three great insurance companies that I have mentioned and the Chase Bank have declined loans to Trans-Canada Pipe Lines because the enterprise itself was not considered sound and that the refusal had nothing to do with the interest rate. The

reason this enterprise is not considered sound appears to be that within Canada there is not a sufficient demand for the consumption of the product, and until access can be found to broader markets this enterprise will be neither solid or sound. When is this Trans-Canada pipe line to obtain entry into the markets of the United States? When is it going to find a way into the United States, where it is said there are demands for gas?

Perhaps honourable senators will permit me to enumerate some of the obstacles that have come in the way of the Trans-Canada pipe line apart from the profound belief of investors that it cannot repay the capital and cannot pay interest on money borrowed until it gets into the United States and until it is granted franchises there which will enable it to sell its commodities. Among the obstacles it has to encounter is the law of the United States and the opposition that has been raised under the law of that country by competitors that are carrying on business and are striving to retain their own position in United States markets. If I correctly understand the position, it is the fundamental unsoundness, the fundamental weakness of Trans-Canada Pipe Lines, its inability to overcome its obstacles and difficulties, that have induced our benevolent Government to dip its hand deep into the pockets of the small taxpayer to advance the money that could not be borrowed elsewhere.

Honourable senators, here are the difficulties that confront Trans-Canada Pipe Lines. It is owned or controlled to a certain extent by Tennessee Gas Transmission and its affiliate, Midwestern Pipe Line. Carrying on business outside of Canada, Midwestern seeks to tap the Trans-Canada gas at Emerson on the boundary of Manitoba and an adjacent state, and carry it to Portland, in Tennessee. In order to reach its destination and do business on the way this company must traverse the territory that has been allotted to several pipe line companies in the United States by the Federal Power Commission of the United States, whose head office and seat of business is in Washington, D.C. The Federal Power Commission was set up to create monopolies in areas allotted to certain power companies best suited to serve customers within a given area. Companies so licensed have a peremptory right—above everyone else—to sell their gas within that area, at rates and under conditions under the control of the Federal Power Commission. To get from Emerson to Portland, Tennessee, Midwestern has to invade the territory allotted to Northern Natural Gas Company, which serves the city of Minneapolis, the city of St. Paul, and the surrounding area; through territory allotted to People's Light and Coke Company, having its head office in Chicago, and said to be one of the greatest utilities in the world, and the territory of Detroit Consolidated Company and affiliate. The companies resist any invasion of their territory.

When a hearing comes on before the Federal Power Commission, representatives of all the power companies assemble at Washington. They are represented by experienced counsel. It seems that the Trans-Canada line, represented by Midwestern, was before that commission for some time—from February until April of this year—when an adjournment took place to enable interested parties to present briefs and prepare for argument. I understand that the rivalries are so keen, the conditions so multiple, the variations so frequent, that determination of a claim before that board is of long duration. And so, when Canadian gas will be permitted to enter the restricted zones of these competing and powerful companies in the United States seems to be a remote and uncertain date.

If this is all true—and there has been no information made available to contradict it—where is Trans-Canada going to find the money to pay back to the crown corporation on April 3 next an amount of $80 million? And where will it find the additional amount necessary to pay the interest thereon and build from Winnipeg to the eastern boundary of Manitoba? I do not know the answer to these questions, but it would seem to me, in view of the difficulties which confront Trans-Canada, that it will be as unable to lay its hands on amounts necessary to repay the crown corporation as it was to carry out the undertaking which it so proudly stated some five years ago it could carry out—namely, that it could build the pipe line from the far west in the province of Alberta to the east in the province of Quebec, as a private enterprise without any governmental assistance. That is a question which may be cleared up in a satisfactory way, but in the interval the answer has not been made very clear to the Senate or to that remote place which we must not mention.

To return to the Federal Power Commission: there is also in support of the statements which I have made a judgment which I offer to honourable senators as a final statement of the law bearing upon the kind of conflict in the United States which emerges occasionally and very tardily from the Federal Power Commission. The Supreme Court of the United States has made a finding in what is called the Panhandle Eastern Corporation case, involving a pipe line company coming up from Texas to serve Detroit

and sell off-season gas to southwestern Ontario, and attempting to sell bulk gas to the Ford Motor Car Company in the vicinity of Detroit. The Michigan Public Service Commission refused the admission of the gas, and after many years of conflict the finding of that commission, supported in a way, indirectly by the Federal Power Commission of the United States, found support and final adjudication in the Supreme Court of the United States in what is known as the "Panhandle case".

There is another aspect of this question which seems to me entirely unsatisfactory, and on which we have no information. It is true that letters have been read by the Leader of the Opposition. One honourable senator has referred to a conversation more or less private with another honourable gentleman who is probably very well informed on some of these matters. But there never has been a full statement, nor has there been information such as one elicits in the trial of a case, or such as one expects from Parliament when it is dealing with a matter of such importance as that now before the honourable Senate. The attitude is difficult to understand. One would have thought that when efforts were made to bring the evidence into the open that it would not have been resisted, but it was.

When, as I said a moment ago, these questions go before the Federal Power Commission, the representatives of the companies and their counsel flock to that centre. This case of the Trans-Canada Pipe Lines Company has been before the Board of Transport Commissioners of Canada on a number of occasions, and yet there is nothing available to show why its licences were extended or its rates approved. We are in complete darkness concerning these matters.

Such information as is available comes to us from the Federal Power Commission of the United States where Trans-Canada, endeavouring to obtain admission to the United States market, has had to give rather full information, information as to contracts, rates, and information, I assume—this I do not know—as to financial capacity, yet it is only on such information as can be derived from sources in the United States that we can depend. It may be a very good source, but it is not a source which flows abundantly, it is not a source which has been open, to this house or to any honourable senator. Despite all that, we are asked to embark on this enterprise with closed eyes and without information. A Canadian statute known as the Electricity and Fluid Exportation Act precludes the export of electricity or gas and some other commodities at prices less than they are sold at in Canada. Nevertheless, a study of a schedule secured from the Federal Power Commission of Washington shows that the Tennessee Gas Transmission Company proposes to pay for Canadian gas at Niagara Falls, in the United States, at a lower price than Trans-Canada sells gas to the Union Gas Company at Chatham, Ontario.

Now, honourable senators, to bring my submission to a close: Is this undertaking one which is beneficial to Canada? Is it a proper enterprise in which to engage? We have the fact that a legislature passed a bill in a hurry—

Hon. Mr. Bradette: It was not passed in a hurry.

Hon. Mr. Hackett: Is the honourable gentleman a member of the legislature in question?

Hon. Mr. Bradette: No, but I am an Ontarian, and I know that it was thoroughly discussed in the Ontario Legislature.

Hon. Mr. Hackett: Probably the honourable gentleman will be glad to make available to the house, and in a hurry, the information that was placed before that Legislature to induce it to enter upon this agreement that has been entered into and which it will be only called upon to carry out if some rather nebulous conditions are fulfilled.

There is one more point I wish to discuss. I had awaited the return to the house of the honourable gentleman from Vancouver South. He made some reference to the fact of majority rule. I do not think anybody doubts that majorities should rule and that majorities do rule, but there is another axiom which plays some part in Canadian life and it is called "the rules of the game". Most people understand what that means, and in dire circumstances, in trying circumstances, those rules should be respected and must be respected if democracy is to persist in Parliament and if in our chamber we are going to maintain the high standard which we wish to maintain here. I submit with great deference that it is well that we have full information before we enter upon an enterprise so uncertain, so free from information, so devoid of general knowledge as the one which is now before this house. The rules of the game exact such information.

Some Hon. Senators: Hear, hear.

Hon. Thomas Reid: Honourable senators, in rising to take part in this debate may I say first of all that in my 26 years in Parliament never have I seen as much interest being taken in a bill as has been taken in the present pipe line bill, both in Parliament and throughout the country. I am frank to admit that the issue has been somewhat

confused. When the bill was introduced I did accept with some misgivings the statement that the bill handed out $80 million to United States millionaires. I am of the opinion, however, that the press cannot be altogether exonerated from the charge that it contributed to the confusion which is in the minds of many people, when all they think of is that sentence I have just uttered. Only tonight, if you will look at the Ottawa *Citizen* you will see an exact exemplification of what I am trying to bring to the attention of honourable senators. You will read there "Gas bill passed the Upper House in six minutes."

Now, honourable senators, every ordinary citizen reading that would say: "So that is how the Senate acts. In six minutes it has passed the bill that has taken three or four weeks' time in the House of Commons". I ask the press, and the Ottawa *Citizen* in particular, is that fair, is it honest?

Hon. Mr. Bradette: Hear, hear.

Hon. Mr. Reid: When all we did in this house was to give the bill first reading, which was agreed to unanimously, and when we were given assurance by the leader of the Senate that ample time would be allowed for debate, that no limit would be put on the speeches in criticism of the bill, I say, honourable senators, that it is hardly fair, to print and publish such a heading. A great deal of the responsibility for the confusion rests on the press.

To confirm the statement that there is in this country a group of citizens who owe allegiance to Soviet Russia rather than to Canada, and at every opportunity are endeavouring to promote friction between Canada and the United States, I may say that some time ago a leader of a communist group in the city of Vancouver made this statement:

> Soviet leaders know that Canada will become a dependency of the United States if it lets Yankee millionaires build this Trans-Canada pipe line.

Hon. Mr. Horner: He was not so far wrong.

Hon. Mr. Reid: Statements of that kind are made, in my opinion, for the sole purpose of creating discord between this country and the United States. There was a similar occurrence only two years ago when a treaty having to do with the North Pacific coast fisheries was entered into between Japan, the United States and Canada. Members of the Fishermen's Union in British Columbia put on a terrific barrage of criticism to the effect that it was wrong for us to be allied with the United States in protecting the fisheries.

I notice that some honourable senators, on both sides of politics, are inclined to adopt a rather more partisan attitude to legislation than I have done since I came here. I am not going to offer any apologies for the attitude I have taken since I entered public life. It has been my endeavour to fight the battles of the people, and for that purpose to try to see things fairly and clearly. I confess that I was grieved when closure was applied in the other place. I sat there in 1932, and when in that year it was proposed by the Conservative Government to apply closure, I made five speeches against it. So, having joined in and supported all the thundering speeches which were made against that proceeding, I find it difficult to agree that it is all right to use closure now. I hope honourable senators will bear with me in the confession that I cannot readily change my opinions on this matter merely to suit the party with which I happen to be associated.

When first I read the bill I had a good deal of misgiving about it, but after listening to all the information which has been recorded in *Hansard*, including the statements made on behalf of the Government, I will concede that I found more good in the bill than I thought there was at first. But what I do fear—and it is a genuine apprehension—is that the Government may be drawn into the pipe line business. Personally I would deprecate government operation of this service. I am still a Liberal. I do not believe at all in having governments run businesses of this kind. I was well pleased when the Minister of Trade and Commerce admitted, even at this late date, that Trans-Canada Air Lines under private ownership would have done a better job. Some of us endeavoured years ago to tell him that very thing. The Government to my mind has become involved in too many business operations. If it does not apply the throttle to the C.B.C., that organization will ruin this country. Before long it will be demanding a hundred million dollars to be expended, seemingly, with little or no public or governmental control.

The honourable senator from Vancouver South made one observation with which I am in hearty agreement. He said that this bill had been before him for some considerable time, so naturally he was well informed as to its contents. I mention this because, while it is not mandatory on members of this house to read what is going on in the other place, I have taken the attitude that no senator can properly carry out his duties unless he keeps abreast of the legislation before the House of Commons, and follows the discussions, before it comes to this chamber. There is a wrong impression, fostered perhaps both by

the press and by others, that the Senate does not give the "second look" at federal legislation. I challenge any honourable senator to rise in his place this evening and admit that he does not know anything about the pipe line bill. Goodness knows the discussion has been going on for three weeks or more.

Hon. Mr. Farris: Four weeks.

Hon. Mr. Reid: If any honourable senator has not read the record in *Hansard* and the statements in the press concerning this bill he is derelict in his duty.

Speaking personally, when legislation is proceeding in the House of Commons it is my practice, and I know it is that of many other honourable senators who take a real interest in the business of the Senate, to read what is going on in the other place. We inform ourselves, in respect of any particular bill, of the statement of the minister responsible for it, and the criticisms of the opposition, so that when the measure comes before us we are in a first-rate position to know what it is all about and to either accept or reject it. Yet the opinion is widely expressed that in this house only half an hour or half a day is spent in dealing with some important bill, and that it is rushed through without adequate consideration. I think it is time that the facts were made known, both to the country and to the press, and in saying so I am sure I voice the sentiments and the attitude of the majority of my colleagues.

Hon. Mr. Horner: Just when was this before a committee? When was anybody called before a committee to answer questions?

Hon. Mr. Reid: Is the honourable gentleman speaking about this bill?

Hon. Mr. Horner: Yes.

Hon. Mr. Reid: The honourable member has only to wait a few minutes, and we shall go into committee. That is a course I have always advocated. I have protested against the sending of bills to a committee sitting in another room.

Hon. Mr. Horner: What opportunity will there be to call witnesses?

Hon. Mr. Reid: Witnesses will be present. Surely the honourable senator does not admit ignorance of this bill?

Hon. Mr. Horner: No, I do not.

The Hon. the Speaker: Order. The honourable senator who is speaking has the floor.

Hon. Mr. Reid: I did not suppose that the honourable senator did not know what it was about.

On one occasion the Leader of the Opposition chastised the Leader of the Government for closing down on a Thursday night and "leaving us with nothing to do" until the following Tuesday.

Perhaps I am speaking just from personal experience, although I do not think so, when I say that we are busy all the time.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Reid: And so are most honourable members. It is a wrong impression that the press gives the country that when the Senate adjourns on Thursday its members have nothing more to do. Oh, I know that some honourable members go to their homes in Ontario and Quebec and perhaps they are learning things there, but the rest of us who stay around can be found reading *Hansard*, and so on, so that we will be better able to carry out our duties in this chamber.

Hon. Mr. Horner: They all can't play the bagpipes.

Some Hon. Senators: Oh, oh.

The Hon. the Speaker: Order, order. One speech at a time.

Hon. Mr. Reid: If you don't like them, that's not my fault.

Hon. Mr. Macdonald: Some of the rest of us do.

Hon. Mr. Reid: Perhaps my honourable friend does not like good music. At least I don't spend my time playing bridge.

Some Hon. Senators: Oh, oh.

Hon. Mr. Reid: That brings silence from my honourable friend.

There are many questions which I am sure honourable senators would like to ask in committee. I am particularly interested in some of the sections of the agreements. I do not know how many here have looked them over but I have, and I noticed that members of the House of Commons are debarred from holding shares or getting any benefit arising from the agreement, while members of the Senate are not.

Hon. Mr. Hayden: That is right.

Hon. Mr. Reid: Now, if any member of Parliament should be debarred in this way it should be members of the Senate. I do not say this in a carping sense, but if honourable senators hold shares or directorships in companies they should not speak or vote here on bills involving those companies. I have never had occasion to make this comment before but I make it now in a kindly way and not in a manner of carping criticism. When we get into Committee of the Whole I would like to find out why members of the House of Commons have been debarred from

holding shares under this agreement while members of the Senate are not. I should have thought that such a regulation should apply equally to all members of Parliament.

I think that the letter of the Honourable Dana Porter, Premier of Ontario, which was read this afternoon by the Leader of the Government (Hon. Mr. Macdonald) is rather intriguing. I should like to refer to just one part of it:

> The conditions upon which we agreed to lend money to such a corporation, to the limit of $35 million, were as follows: . . .

And clause 2 reads:

> That we should not be called upon to advance money under commitment until you were able to assure us that all other portions of the entire Trans-Canada line from Alberta to Quebec would be completed and operated.

Honourable senators, I say when we get into committee we should have an explanation about this, for I am wondering if that provision would allow the Province of Ontario to get out from under its obligation of $35 million if the line is not completed and operating to Montreal, Quebec. To my way of thinking that is a very important matter.

The financial success of the venture seems to depend on a decision of the United States Federal Power Commission. This raises a question in my mind, for the line from Winnipeg to Emerson is specifically left out of the agreement. I think it will take some explaining why they have apparently left out all pipe lines heading to the south in Manitoba, including the line from Winnipeg to Emerson. It is difficult for me to understand why this should enter into the agreement as one of the defaults of the company. In other words, if they are going to put in the line from Alberta to Winnipeg on the basis of this $80 million loan, what then has the line to Emerson to do with it when it is omitted entirely from the agreement? I could quote the clause from the agreement, but I would rather leave it until the committee stage. I am just forewarning the Leader of the Government as to what he might expect when we get in committee.

Honourable senators, I have my doubts that the Government would ever take over this scheme. I hope they never will. I cannot see any government taking over all the shares belonging to the company without any recompense. It has never been done by governments. Oh, there was some trouble when the Grand Trunk Pacific took over a defunct railway and confiscated its shares. The controversy and criticism over that lasted for a number of years. But I cannot see any Government of Canada deliberately taking over shares to the extent of some $15 million without making recompense. I hope the line will become a success and things will never reach that stage. If the Government ever enters the pipe line business it will be a long time getting out of it, for it is my experience that once the Government enters into a business it seldom lets go. I am opposed to the Government going into business. Perhaps I am one of those old-time Liberals who find it difficult to change, and so view with alarm the socialistic tendencies that are creeping over this country.

I understand there are quite a number of senators who would like to speak so I will leave the remainder of my remarks until we get into Committee of the Whole.

Hon. W. M. Aseltine: Honourable senators, I have listened with a great deal of interest to the speeches we have heard on this bill. Like the honourable gentleman from New Westminster (Hon. Mr. Reid), when this bill was introduced in the other place I started to look around for a copy of it and I eventually secured one. I thought it was the custom to distribute or mail a copy of each of these bills to the members of the Senate prior to their being introduced in this chamber, but this was not done here. So I made a trip to the distribution office at the other end of the building and obtained a copy. I read it, of course, with very keen interest and I discovered references to a loan agreement. So I started to look around to see if I could find the agreement and I discovered there were two, one a loan agreement with Trans-Canada and the other with the shareholders. Naturally I expected that these agreements would be attached as part of the bill and would become law if and when the bill was enacted. However, the bill merely refers to them. In order to understand the deal fully it is necessary to know what these agreements contain, and I intend to spend a few minutes in dealing with them. Both agreements are dated May 8, 1956. The first one is the loan agreement, consisting of eight pages. The second is the agreement with the shareholders, consisting of six pages, and the information contained therein is very interesting indeed.

Honourable senators, the first agreement, dated May 8, 1956, is between Her Majesty The Queen, represented by the Minister of Trade and Commerce, the party of the first part, and Trans-Canada Pipe Lines Limited, the party of the second part. The preamble refers to another agreement dated November 21, 1955, as amended April 26, 1956. I have been unable to find those two agreements and do not know what they contain. May I suggest that the Leader of the Government

(Hon. Mr. Macdonald) have this information available when the matter comes up in committee?

I will read the second paragraph of the preamble, because of the statement made by the honourable senator from Vancouver-South (Hon. Mr. Farris). It reads as follows:

> And whereas, although it has not yet been able to arrange for financing of its complete construction program, Trans-Canada has, in addition to options to acquire rights-of-way for the major portion of the all-Canadian pipe line, an option to purchase 34-inch diameter pipe sufficient to build the western section of the all-Canadian pipe line, which pipe is scheduled for delivery in 1956;

That is all the agreement says concerning the fact that the company needs money. I cannot find one word in the agreement to the effect—as the honourable senator from Vancouver-South stated— that the loan was forced on Trans-Canada.

Hon. Mr. Hayden: Would my honourable friend permit a question? Can he suggest any reason why a company like Trans-Canada would enter into this kind of a borrowing agreement unless it needed the money?

Hon. Mr. Aseltine: Well, it would not have entered into the agreement if it had not needed the money to finance the undertaking.

Hon. Mr. Hayden: That is right.

Hon. Mr. Aseltine: I say the agreement does not say that.

Hon. Mr. Hayden: It does not need to.

Hon. Mr. Aseltine: And if my honourable friend from Vancouver-South had read the agreement I doubt if he would have made the statement that the company was forced into this position.

The third paragraph of the preamble states that it is in the public interest to complete the western section of this line this year.

The agreement goes on to set out the terms, that the company agrees, if notified by June 7 that a loan of 90 per cent of the cost required to complete the western division from Alberta to Winnipeg, 575 miles, is granted, to do the work by December 31, 1956, and to construct a line with a diameter of at least 34-inches.

In paragraph 2 the Government agrees to recommend to Parliament that loans be authorized to be made to Trans-Canada.

Paragraph 3 describes the route and the form of construction.

Paragraph 4 provides for the hypothecation of all the assets of the company as a security for the line—all the shares, all the contracts, all the options, and the whole line of the company. That is as it should be.

Paragraph 5, which is important, provides that on default the crown company shall take immediate control and possession of the line from Alberta to Winnipeg.

Paragraph 6 makes provision in case the company defaults or fails to pay the money with interest and costs, that is the costs of arranging for the loan, by April 2, 1957, or fails to diligently carry out the construction or fails to complete the work by December 31, or otherwise defaults. The first part of the paragraph reads:

> 6. Trans-Canada shall be in default hereunder, subject to any delay as may be occasioned by force majeure (defined to mean acts of God, strikes, lockouts or other labour or industrial disturbances, civil disturbances, arrests and restraints from rulers and people, interruptions by government or court orders, future valid orders of any regulatory body having jurisdiction, acts of the public enemy, wars, riots, sabotage, blockades, embargoes, insurrections, failure, or inability to secure materials or labour by reason of priority or similar regulations or orders of the government, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts or explosions, provided that such event shall be beyond the reasonable control of the party concerned and not due to its fault or negligence, but not to include any orders, rulings or actions, or absence thereof, by the Federal Power Commission of the United States of America, the Board of Transport Commissioners for Canada or the Petroleum and Natural Gas Conservation Board of Alberta or tribunals having similar jurisdiction) if it fails:

That is the clause to which I have objection. It seems to me there are many loopholes. For instance, the company may not complete its work in time, or use as an excuse some of those matters to which I have just referred, and then be obliged to go to court, and there might be long litigation over it. Moreover, the agreement does not contain any clause, such as is usually inserted in an agreement of this kind, to the effect that "time is of the essence of the agreement."

Hon. Mr. Farris: May I ask the honourable gentleman a question? Are not those exceptions normal ones in a contract?

Hon. Mr. Aseltine: I think they are normal in contracts that the Government makes with contractors who are doing work for them, but it seems to me that they give the pipe line a great deal of leeway and a chance for subsequent and future litigation which might last for a whole year.

Hon. Mr. Farris: How would my honourable friend correct it?

Hon. Mr. Aseltine: Well, I would have left the exceptions out.

Honourable senators, I was referring to the time element. This agreement states that the company will start to work on the job and complete it by the 31st day of December. Now, if time is not of the essence of an agreement, our courts as a rule will relieve

against forfeiture. So, if the work were not completed in time and if time were not of the essence of the agreement, I doubt very much that the courts would compel the company to give up the shares and the line, in accordance with the second agreement to which I shall refer later. As I say, in the circumstances I mention, the courts as a rule will relieve against forfeiture. I will not say anything further on that point now.

Hon. Mr. Farris: I think you are wise.

Hon. Mr. Roebuck: That is only when default is cured.

Hon. Mr. Aseltine: I am just drawing this matter to the attention of honourable senators so that they will know the thing is not as plain as it might be.

Section 7 of the agreement provides the manner in which funds are to be provided by the government, up to a total of $80 million. Clause 8 provides that the loans are to be made by the crown company mentioned in this bill. It further provides that the costs and expenses of the crown company are to be paid by the pipe line company.

With respect to section 12, which was mentioned by the honourable senator from New Westminster (Hon. Mr. Reid), I am not too sure that it means what he said it meant. It reads:

> Pursuant to the provisions of the statute in such case made and provided, no member of the House of Commons of Canada shall be admitted to any share or part of this agreement or to any benefit to arise therefrom.

Hon. Mr. Farris: It lets out the senators.

Hon. Mr. Aseltine: I do not know whether that means that a member of the House could not hold any shares in the company. It may mean that, because it refers to the provisions of the statutes in such case made and provided. That may mean the Senate and House of Commons Act.

Hon. Mr. Farris: Surely.

Hon. Mr. Aseltine: The members of the Senate are not mentioned, but I think they are prohibited in any event, under the provisions of the Senate and House of Commons Act.

In view of the fact that the Government is practically into this pipe line business now, it will at any rate hold the shares and all of the assets of the company in the meantime.

I come next to section 14 of the agreement, by which Trans-Canada Pipe Lines Limited agrees to obtain all necessary permits, and in which it represents that it has options to purchase substantially all the pipe required for the western section, has the rights of way or options therefor, that no proceedings are pending against it in law or in equity, and that it has power to enter into this agreement. By clause 16, this agreement is not assignable.

I refer now to the second agreement bearing the same date and apparently made at the same time, called the shareholders' agreement. This is a most enlightening document. There are five parties to the agreement: Her Majesty the Queen in the right of the Minister of Trade and Commerce is the party of the first part; Trans-Canada Pipe Lines Limited is the party of the second part; all of the shareholders who have had shares issued to them at the time the agreement was made are the party of the third part; certain persons in Texas, Calgary and Toronto, who had options to purchase shares are the party of the fourth part; and the Deputy Minister of Finance, called the trustee, is the party of the fifth part. He holds all of the shares and securities which are turned over or hypothecated for the purpose of guaranteeing that the work will be done.

I should like to refer briefly to what the shareholders' agreement does. It is an agreement whereby the shareholders agree to place all of their shares, options to purchase shares and all of their property in escrow with the trustee, who is the Deputy Minister of Finance, and it contains a provision that no more shares shall be issued except subject to the agreement.

Honourable senators, there is another feature of this matter which has been overlooked in the argument so far, namely, the compensation that is to be paid to these people, the shareholders, if the company fails. I should like to put on the record a short extract from an article written by Mr. Dexter, which appeared in the Winnipeg *Free Press*. I quote from this article because it gives some explanation of how these very complicated regulations work out. It is as follows:

> Compensation will be paid to the shareholders and these are the most complicated provisions of the agreements.
>
> To start with, the shareholders will be credited with the amount they have paid for their shares—$8 per share. From this credit there will be deductions. All sums spent by the company on the western section will be deducted. Also, the cost of raising and administering the money loaned to the company.
>
> Most likely default will result from the inability of the company to repay the loan after the line to Winnipeg has been completed.
>
> Suppose this line costs $75 millions and the company then defaults in April.
>
> The shareholders have paid $15·5 millions for their shares. So the Government takes over the

company and sets up a credit of $15·5 millions for the shareholders. From this will be deducted the $7·5 millions the shareholders spent on the western line. Then there will be the interest on $67·5 millions at 5 per cent from December 31, 1956, to the takeover date. Three months interest would run to about $850,000. The expenses of the Crown company in raising and handling the loan of $67·5 millions, might be $50,000. Altogether, therefore, the deductions would be nearly $8·5 millions.

The shareholders would forfeit their shares, the company would pass to the Government, and the shareholders would be paid about $7 millions in total retirement of their interest. They would have lost $8·5 millions and the company.

Hon. Mr. Macdonald: Or the trustee can return the shares.

Hon. Mr. Aseltine: As I understand it, if the Government takes over the company, it would have to pay the shareholders the $7,500,000.

Hon. Mr. Macdonald: But it would not have to take over the shares. It could take over all the other assets, but give the shareholders back their shares.

Hon. Mr. Aseltine: Then the Government would not own the pipe line outright.

Hon. Mr. Macdonald: It would just own all the assets.

Hon. Mr. Aseltine: No, I do not agree with that.

Hon. Mr. Macdonald: That is the agreement.

Hon. Mr. Aseltine: I would not agree to that for a moment.

Hon. Mr. Hayden: Will my friend permit a question? When you have a first mortgage on a property and foreclose, is not what you get all that the owner theretofore had?

Hon. Mr. Aseltine: I understand this agreement provides for the paying of the $7,500,000.

Hon. Mr. Macdonald: If the crown company retained the shares, then it would pay the $7,500,000, but if it gave the shares back to the shareholders, it would not pay anything.

Hon. Mr. Aseltine: Those shares would not be worth anything.

Hon. Mr. Macdonald: All right.

Hon. Mr. Aseltine: In my opinion that is not the intent of the agreement.

Hon. Mr. Macdonald: That is the intention and that is the wording.

Hon. Mr. Aseltine: I don't think any government would do that, not even this government.

Hon. Mr. Macdonald: I am not saying what they would do or would not do; I am explaining to my honourable friend what the agreement contains.

Hon. Mr. Farris: May I ask my honourable friend, does he think the Government should pay the shareholders the $7,500,000?

Hon. Mr. Hackett: He is only interpreting the agreement.

Hon. Mr. Aseltine: That is my interpretation of the agreement.

Hon. Mr. Farris: That is not the question. Silence gives consent.

Hon. Mr. Aseltine: Before I go further I should like to say a word or two about the bill. If honourable senators will look at it carefully they will find that, at least according to my view, the bill really ends with section 6, that is, when the agreement was made with the Province of Ontario to contribute $35 million and for the Government of Canada to pay the balance.

It was not known at that time apparently that Trans-Canada would not be able to start the construction of the western portion of the line this year. And afterwards part II was added so that this loan of $80 million could be made by the Northern Ontario Pipe Line Corporation out of the money that it is going to obtain from the public treasury.

Before the Northern Ontario Pipe Line Crown Corporation can proceed with the construction of the northern Ontario section that $80 million will have to be repaid or, failing that, it will have to come to Parliament again for more money, because the total amount of the money provided for financing the northern Ontario section, by this bill, amounts to $130 million.

That leads me to refer to something else. If Trans-Canada Pipe Lines builds this line to Winnipeg and finishes it by December 31 it will have carried out the agreement.

Hon. Mr. Farris: No, no.

Hon. Mr. Aseltine: And if it pays back the money by April 2 next year.

Hon. Mr. Farris: That is right.

Hon. Mr. Aseltine: Then what will happen? There will still be 110 miles to be built from Winnipeg to the eastern boundary of Manitoba where it adjoins Ontario. There is nothing in any of these agreements to say that at that time Trans-Canada Pipe Lines will be able to build that part of the line, and if it does not build it I do not think that Ontario or the federal Government will have the right to go ahead and complete the section from the western Ontario boundary to Kapuskasing until they know that the line in between is going to be built, because it would be absolutely useless in so far as Ontario is concerned and I would not expect Ontario to pay the $35 million. So, if the

conditions of financing are such as explained by the honourable senator from Victoria (Hon. Mr. Hackett), and this company raises the $80 million by April 2, 1957, where is it going to get the other money to build the 110 miles from Winnipeg to the western boundary of Ontario? And where is it going to get the money to build that part of the line from Kapuskasing to Toronto? Where is it going to get the money to build the line from Toronto to Montreal?

In my opinion, honourable senators, the whole thing is a mess right from the beginning and I do not like it at all.

Hon. Mr. Farris: Do you like the end?

Hon. Mr. Aseltine: I was very much pleased with the speech made by the honourable senator from Churchill (honourable Mr. Crerar). I quite frequently agree with what the honourable senator says, but this time I cannot. He said that he intended to vote for the bill and I do not intend to do so, because the whole matter is too complicated. I do not think we have approached it in the proper way. I am glad we are not going to be restricted in debate, but I think the company should have been reorganized with Canadian control and if that could not be done an endeavour should have been made to find people in Canada who would build the line. If that attempt had failed, it would have been time enough then to consider whether Canada would have to build the line herself.

Why all this rush, this haste? This matter has been under consideration for five years or so. Why are we in such a rush to complete it almost over night? This has to do with one of our greatest natural resuorces, and I do not think the world will come to an end if we do not build the line from Alberta to Winnipeg this year.

We have a natural gas line in that part of Saskatchewan where I live. The wells are 40 miles away from my home town: we are on the main line from Brock to Saskatoon. We do not find it very cheap fuel for heating a house. We pay 90 cents per 1,000 cubic feet, which is twice as much as coal would cost that we used to buy in Drumheller. The cost is equal to or more than the cost of heating by fuel oil in the places where they use fuel oil for heating purposes.

Then there is another line from Coleville to Prince Albert. Saskatoon pays 80 cents per 1,000 cubic feet and Prince Albert pays the same. The reason the rates in those cities are lower than ours is that they use a greater load. If they use a certain load they get a certain price and if they use a certain other load the price will be different. The higher the load the lower the price. The reason we pay 10 cents per 1,000 cubic feet higher is that we do not consume as much gas as those cities I have mentioned.

I would like to point out that this gas has been in that country for millions of years. It has been underground. Somewhere I read, not long ago, that these large natural gas companies in the United States near Niagara and Chicago store gas in underground receptacles, in old mines and places like that and use it as the demand requires.

Now, when a company drills a well in our territory and it does not find oil but finds natural gas instead, the well is capped and it remains there forever to be used when required. That has happened all over western Canada. Most of the gas has been found by people who have been drilling for oil.

I remember 20 years ago driving through Turner Valley, and every little while you would see a small flame coming out of the ground, a flame that had been burning for years. When we got to Black Diamond, I think it was, there was a very big flame, such that you could not get within 75 or 100 feet of it because of the heat, and it also had been burning for years. Now, that gas is not going to be piped, as far as I know, into this line we are discussing. In certain other areas nothing but natural gas has been found. The gas in Turner Valley could be refined and made into gasoline and gas and other products. I was in the beautiful town of Medicine Hat in 1922. At that time I did not know the honourable senator from Medicine Hat (Hon. Mr. Gershaw). I looked things over and found there a great greenhouse many acres in extent, and all that had to be done to heat it was to bore a hole about 200 feet deep in the back yard and there was all the gas that was needed. I understand that today things are not so satisfactory, that the supply is beginning to fail.

Hon. Mr. Gershaw: Not at all. There is plenty of gas, but it is more widely distributed.

Hon. Mr. Aseltine: The field is extended?

Hon. Mr. Gershaw: That is so.

Hon. Mr. Aseltine: I do not think that gas went to waste. There are many fields in Alberta—Turner Valley and Pincher Creek, oil fields and gas fields near Edmonton; in British Columbia, Dawson Creek and Fort St. John; in Saskatchewan, the Brock and Colville fields, and at Lloydminster, as well as smaller fields. Although there is a wonderful oil field near Virden, Manitoba has very little natural gas. The point I am trying to

make is that this gas is not going to waste: it has been in the ground for millions of years and will remain there, for the most part, whether the pipe line is built or not.

Hon. Mr. Macdonald: If the pipe line is built a lot of it will come out.

Hon. Mr. Aseltine: Naturally. I did not mean that all of it will remain in the ground if the pipe line is built. But the gas is not disappearing, and there is no great urgency to use it. Why go to all this fuss and trouble to push this project through so hurriedly? Why cannot the gas be left where it is until the whole question is gone into more fully? Bye and bye, when the markets are available, and a company is ready to build the line, let a bill be brought before Parliament and we will deal with it.

I have been wondering what the senators from the Maritimes intend to do about this bill. There are great coal fields in the Maritime provinces, and if the gas pipe line is built what are the prospects of continuing to export coal, unless it is cheaper, to Quebec and Ontario. The present project will also affect the coal mines of Alberta, in which province, I am told, one-twentieth to one-thirtieth of all the world's known deposits are located.

Hon. Mr. Macdonald: Is the coal being shipped east?

Hon. Mr. Hackett: They are going to do that next session!

Hon. Mr. Aseltine: Also Canada has natural resources other than coal and gas; I mean her forests. I am concerned at the rapidity with which our forests are being depleted. Some areas in Ontario have become complete deserts; I know, because I have been through them. A week ago I was in northern Quebec, in the district from which my honourable friend the Deputy Leader (Hon. Mr. Godbout) comes, and I saw there thousands of acres on which every stick of lumber bigger than one's wrist had been cut and taken away to be pulped.

Hon. Mr. Farris: What has this to do with the present bill?

Hon Mr. Aseltine: I am talking about conservation. I think something should be done about it. If we continue to deplete our forests by taking everything large and small for pulpwood, in 30 to 50 years there will be nothing left.

Hon. Mr. Farris: I asked my honourable friend what has all this to do with the present bill?

Hon. Mr. Aseltine: Nothing at all; and I am not trying to kill time either. I just wanted to mention these things to show my interest in our gas, our oil, our coal, our forests, and all the other great natural resources which, I believe, we must preserve and conserve.

Hon. David A. Croll: Honourable senators, I believe that at this stage it is almost easier to build a pipe line than it is to find something new to say on the subject of pipe lines.

Some Hon. Senators: Hear, hear.

Hon. Mr. Croll: In fifteen days of debate in the other place, and half a dozen pretty good, and some excellent, speeches in this house, I have been left with very little scope. Nevertheless I am going to try to say something about this bill which has not yet been mentioned.

Already some beneficial results are on the horizon. The Canadian public have become aware that Parliament is in session, and they have become alert to the issues. On the other hand, they are very confused.

The matter before us is one of considerable public concern. It is also fair to say that it is a matter of table discussion in almost every home in Canada. Certainly it is discussed at social and communal gatherings. It would be a mistake for the Government to underestimate the confusion which exists in this country on this bill and matters related to it. There exists a depth of emotion and concern, and it will take considerable work on the part of members of the Senate and members of the House of Commons to set the matter right.

Today we are in a rather fortunate position. The eyes of Canada are focused on us. I suppose it can be said that the people expect us to do our duty without haste and without heat, in calmness and in fairness, in disregard of private or public pressure, and with dignity.

We cannot avoid awkward issues, nor can we squat on our *status quo*. Everyone wants a pipe line. Everyone wants it fully completed. The difference between us is as to how it is to be done. Is it to be done under this bill, or are we to have public ownership? The Government, who are in a position to know, say that there is one proposition, and that is the Trans-Canada proposition, that is teed up and can deliver the goods. Three other offers were considered; there was the McMahon offer. Mr. McMahon wanted to send gas to the United States. As a matter of fact I could finance the project if I were allowed to export gas to the United States without regard to what remains in this country. The Gairdner offer had an income tax gimmick; it was quite a good one for him.

And what about the Champion offer? Well, he was championing Champion and no one else. One thing they had in common. They were all Johnnies-come-lately and they were all people who offered you more money for what you had already sold.

My honourable friend from Rosetown (Hon. Mr. Aseltine) said that "Gas has been there for millions of years. What's the hurry? Put it off from year to year. Why this year, why next year, why any year?" I want to draw an analogy I think is suitable on this occasion. We fussed and fumed and fiddled around for twenty years about the St. Lawrence Seaway. Finally there came on the scene men who were determined that it should be accomplished. They are the same people sitting in the same places in the same government who brought about the St. Lawrence Seaway project who say we should have a pipe line now and not twenty years hence.

Some Hon. Senators: Hear, hear.

Hon. Mr. Croll: What is equally important is that the pipe line is being opposed by the same people who opposed the St. Lawrence Seaway project, the coal people, and the transport people. They are now back for another try. If Trans-Canada cannot deliver the goods we have lost nothing. If we do not get our money back we have got a pipe line. I started out by saying we all wanted a pipe line. So what are we quarreling about?

I belong to the public ownership school. I believe in public ownership. I have urged it and I have counselled it. It is my view that the pipe line should be a national public utility operated by a crown corporation. Gas—and I am not referring to hot air—is a great natural resource. Geography has placed this gas in the western provinces, an area which is somewhat remote from central markets. In a real sense this gas beneficially belongs to all of us. It is a great natural resource and a great national resource.

This pipe line undertaking is of national magnitude, running across five provinces which contain nearly 90 per cent of the population of this country. That is one reason I think the line should be nationally owned. Another is that public ownership has proved itself in Canada. It is efficient and beneficial, and wherever you look around you can find examples of public ownership. I know the arguments have been made that we are faced with tremendous problems which are unsurmountable. One of the main arguments used against public ownership is to say "Why, the Government is going into business". Well, I don't know whether we are supposed to shudder at that or not, but I would remind the house we are in the housing business, the land business, the insurance business, the transportation business and the banking business. Does anybody know what business we are not in as a government? I could name a dozen more.

Hon. Mr. Reid: You are getting closer to the CCF.

Hon. Mr. Haig: What about the liquor business?

Hon. Mr. Croll: The provinces are in that and we get a fair share of it too.

Hon. Mr. Macdonald: I trust the honourable senator means a fair share of the profits.

Some Hon. Senators: Oh, oh.

Hon. Mr. Croll: I thank the honourable leader (Hon. Mr. Macdonald) for his correction. As a matter of fact, we do better from liquor taxes than the people who manufacture and sell the product. We talk about the conflict between the producer and the consumer. Well, we fixed the price of butter and floor prices. All these things I agree with. We meet these problems every day in our government business. We have hurdled them many times and we have had much success at it. I said that public ownership was my first choice. I deeply regret that at the present time it appears unobtainable. However, I do not belong to the school that says public ownership or nothing. I am a realist and I am not ready to throw away both the bath water and the baby. I think the public understands my position. My views have not changed since I moved from the other place. It seems very strange to me—and I enjoyed it immensely—when I found that the Tories are now fighting to die for dear old Karl Marx.

This bill proposes to lend public funds to a private corporation. That should be carefully examined. It is done on the theory that the Government must take responsibility for the broad functioning of our economy. That is not a new concept in this country. It is part and parcel of the welfare state and is in no way revolutionary. Canada's greater growth needs three things: men, machines and energy. This bill will supply a vast amount of energy in the central provinces, where it is much needed. Men of little vision who would hamper Canada in its rise to a world power as an industrial giant, who doubt her urgent need for energy now, are nationally nearsighted. What is more, they are full-blooded brothers of the men who said that the C.P.R. would not pay for the axle grease on its trains.

I am one of those who are prepared to emulate the courage of their Canadian ancestors who in another day made a decision which has paid great human dividends. The discussions so far in this house indicate that the Trans-Canada contract as it stands today is about as tough a contract as you can possibly draft. The complaint is that it is too tough. We will have a good chance to carefully examine it tomorrow. We are going to have our first, second and third look at it. The people who were offered an opportunity to look at it wouldn't do so. That is why we have got to be very careful. If the debt to the Government is not repaid there is no reason why we should not foreclose. In a year from now we will either have our money back at 5 per cent interest or we will have a pipe line. I am prepared to accept the pipe line through the back door. I would welcome it through any door. I was very much encouraged by the views of the honourable senators from Churchill (Hon. Mr. Crerar) and New Westminster (Hon. Mr. Reid)—

Hon. Mr. Reid: I still hold that same view.

Hon. Mr. Croll: The honourable senators fear that this will result in public ownership.

Hon. Mr. Reid: And I am against that.

Hon. Mr. Croll: I am heartened by their fears, for I want public ownership. I hope it comes about.

Hon. Mr. Reid: You should be in the C.C.F. party.

Hon. Mr. Croll: I have been pretty happy in the Liberal party.

Hon. Mr. Macdonald: We are happy to have you.

Hon. Mr. Croll: Thank you. It is only in the Tory party that they disown you when you differ with them. Those who tell a different story are the ones who have been trying in a mad recklessness to plunge this country into the depths of bitterness, intolerance and frustration. The sad part about it is that they have succeeded, they have had much more success than they deserve.

Honourable senators, what does the pipe line mean to Canada? I was a little discouraged when two members of the Opposition in this house looked over to the Maritime members and said, "What are you getting out of this pipe line?" Does everyone have to get something out of everything, or is this a nation in which we try to share?

Some Hon. Senators: Hear, hear.

Hon. Mr. Croll: I have never heard members from the Maritimes express themselves in that way. My desk-mate is a Maritimer, and he did not like it any more than I did.

Hon. Mr. Beaubien: It is becoming a bigger and better Canada.

Hon. Mr. Croll: It certainly is. Honourable senators, the province of Alberta has coal in abundance. It is loaded with black diamonds. What is one to do with all that coal? You cannot eat it, and you cannot send it away, because the transportation cost is too high. I remember when I was a youngster in school writing an essay on how to get coal from Alberta to the east. Those were the things we were concerned with in those days. Today gas is going up into smoke at the loss of $50,000 a day. If I were from Alberta I would be very angry with people who stood in the way of the pipe line, for it means wealth to that province and better living for its people. Let us give credit where it is due. They are doing much for the people of Alberta now and will do even more in the future. Mr. Frost, the Premier of my own province, wants no more of the black-out and brown-out which we have had for a considerable length of time. He wants more industry and more work for the people. Premier Campbell wants cheap power in order to balance the economy of his province. Honourable senators, this is a billion dollar industry. I do not know how much $1 billion is, but I say it because that is the best estimate of its value. Anyway, it is a lot of money. What I do know is this, although no one has mentioned it on the floor. At the present time there are in Canada 300,000 unemployed many of whom are drawing unemployment insurance. Unemployment insurance is no substitute for work. What are we doing to make employment for these people? We can build transmission lines, producing, distribution and consuming systems, which can put into circulation within the next 36 months $700 million. Are these unemployed people to be neglected and to be forgotten? Have we so much prosperity in this country that we have not time to look around on behalf of those unfortunates who are out of work?

I gather that the house is now of the view that I am for a pipe line, not in accordance with this bill, but nevertheless I am prepared to accept it. When the bill is passed, and I am sure it will be—

Hon. Mr. Horner: Oh, yes.

Hon. Mr. Haig: You can be sure of that.

Hon. Mr. Croll: When the bill is passed we will have a pipe line, but let's look what else came with it. Honourable senators, when the pipe line is built the pipe will be buried

deep in the ground. What will be left above ground is something ugly and frightening. Those who smugly say, "It can't happen here" ought to start re-examining themselves. I am referring to speeches made outside of Parliament. I refer to a couple of speeches that were made in Toronto last Saturday, and reported in the Toronto *Star* and in the Toronto *Globe and Mail.* Even before we have reaped the benefits of the pipe line, those speeches indicated that careers have been shattered, reputations stained and tarnished, and democracy insulted, defied and belittled. I am one of those old-fashioned people who believe in government by government—that is, government by majority. Democracy to me does not mean that we need the consent of the minority to make a law. Minorities have their rights; so have majorities. There can be a tyranny of a minority as well as a tyranny of a majority. In my understanding, obstruction for obstruction's sake is not part of the democratic process. My conception of democracy is such that I do not approve of the indelicate, heavy hand, nor the "Hey, Rube" school of politics. I am hopeful that we will be able to pass the bill in adequate time. I am satisfied that the members of the Opposition are in no way attempting to booby trap the democratic process and stop the passage of the bill in this house.

Honourable senators, let me make this statement—I think it is pertinent and I am within the rules: I do not approve of hooliganism when it occurs in the Montreal Forum. I like it less when it occurs—and you know where.

Some Hon. Senators: Hear, hear.

Hon. Mr. Croll: The word "closure" was bandied about in this chamber yesterday. I think the members of the Senate understand that this is no place for martyrdom or for political issues. What we do here, we do deliberately, after careful examination, and we judge an issue in the public interest.

I have had ample time to consider this bill. I regret it if any member of this house has not, although I find that hard to believe. The matter has been before the public since May 14. I followed it in *Hansard,* in common with many honourable senators who spent a great deal of time in the other place listening to the debate, but regretting the performance. I understand the implications of this bill. It is not a bill of my choice. I do not think it is the very best bill that could have been produced. Honourable senators know what I would have liked in the bill. Nevertheless, it is a good bill and one worthy of support on its merits. It is my considered opinion that it is in the public interest, and merits not only the approval and support of the members of this house, but their enthusiasm as being something in the national interest that will benefit all Canadians.

Hon. R. B. Horner: Honourable senators, I do not like being forced to rise at this time of the evening, for I am one who is accustomed to getting up at half past five or six o'clock in the morning. It is a severe case of closure as far as I am concerned, to be forced to speak at this hour.

Hon. Mr. Farris: It is early yet.

Hon. Mr. Horner: It is not early; it is late.

Hon. Mr. Farris: The Commons sat until three o'clock in the morning.

Hon. Mr. Horner: Let me repeat what I said to the Leader of the Government, that as far as I am concerned, this is strictly a measure of closure. I would like to be given the privilege of moving the adjournment of the debate rather than speaking at this time.

Some Hon. Senators: No, no.

Hon. Mr. Horner: All right. Thank you! We have sat here and listened to the honourable senator who is so determined that this debate shall continue. He has made a political speech, pure and simple.

Hon. Mr. McKeen: Not so simple.

Hon. Mr. Horner: I do not mean it in that sense.

While I listened to a letter from Premier Manning being read a short time ago—a man you once denounced—I could not but recall to mind this passage of Scripture:

> ...make to yourselves friends of the mammon of unrighteousness; that, when ye fail, they may receive you into everlasting habitations.

Now you make friends with your former enemies, and quote their words.

The honourable senator who has just taken his seat (Hon. Mr. Croll) has come recently from the other chamber, and naturally he proceeded to make pretty much of a political speech in an effort to get out of the corner he is in with respect to labour, which he represents. They have been wiring him and expecting much from him, and also something from the Senate of Canada, where we are supposed to give serious consideration to legislation which might have vital consequences for Canada. At least, we were supposed to give it some study and thought;

but no, there is a continuation of political anxiety and the decrying of anyone who offers any opposition.

Honourable senators, what are we doing? My room-mate made reference in his remarks to this great natural resource, gas. It is one of the most useful substances in the world; it is perfectly safe in the ground. As I stand here tonight I realize that I too have a duty to perform. I have a sizeable family and a number of grandchildren, and I want them to remember and have some respect for the stand I took when I was asked to give away a resource that they will be sadly in need of in the days to come. Make no mistake about it, honourable senators, oil and natural gas are wasting assets. You can quite easily replenish your forests; the trees will reseed themselves. But you cannot reproduce natural gas after it has been removed from the ground.

Why this unseemly rush to pass this legislation? This bill is regarded by some as a political necessity, and nothing else. Gas is in the first place a competitive fuel. What are you doing for the people who depend for their livelihood on the sale of wood and coal for fuel? I have been in homes that use natural gas in their fireplaces. To my mind, it is a cheap fuel if you are near the source, but the smell of burning gas does not compare with the fragrance of a wood fire. When you use it you will certainly find that out.

What have we done with our natural resources so far? I have reached a fair time of life, but I can look back to the days when as a boy I lived in Quebec and saw our natural resources in the form of peeled pulpwood going to the United States at $2 a cord. And what has happened in western Canada? The honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill) told us the other day of a fellow in South Carolina who thought that because the senator came from New Brunswick he lived in the woods. If that man had ever seen the spruce that grew at one time in Saskatchewan, and made such a statement, I would think he had never been out of the bush. We had at one time in Saskatchewan billions of feet of the finest spruce timber to be found anywhere in Canada or on the North American continent.

Hon. Mr. Burchill: You had better build a pulp mill there.

Hon. Mr. Horner: I myself skidded and put into the river one spruce log which scaled 1180 feet of lumber. And who got the billions of feet of lumber that went out of that province? The Americans. And what did they do with it? They slashed through the best of the bush, and left the rest to be struck by lightning and consumed by fire. They built a railway from Prince Albert to Big River at considerable expense, built a town there and slashed all the better timber; then they picked up their mill and moved on to British Columbia.

There is another great natural resource of Western Canada that has been given away, namely the land which Americans bought for $1 or $1.35 an acre. I recall a sorry experience I had through having signed a contract to buy from an American some land he bought for $1 or so an acre. When I came to closing the deal with the old gentleman who owned the land, and who lived at that time in Iowa, I said "Come over to the bank and I will pay you in Canadian money." But he would have none of it. American funds were at that time at a premium of 14 per cent, and he wanted the full price in his own currency. I realized then that I had signed an agreement to pay in gold or its equivalent. I said to him "All right; I am a young man, and I expect this has taught me a lesson." The Americans still own much of the land in the west and take rent from it. Many of them have made little fortunes from it, but they do not want to raise their families in Canada. They just make their money there and go back to the United States.

Now, honourable senators, what have we left? We have been endeavouring to bring people into this country but because of the trend and swing towards the United States, we have lost more than we have gained. It is for that reason that I am suspicious of this whole scheme now before us. It involves Trans-Canada Pipe Lines Limited and this big American, Murchison, who must have a very fine ranch down in Texas at which he can entertain the people he is trading with.

Let us look at what happened with the Trans-Mountain Pipe Line. Canadians could not buy into it, but some Americans got stock at $3 a share; the Redfield Oil Company of California got 50,000 shares at $10, and another American firm got 100,000 shares. That stock today is selling at $66 a share—it has been $67—but Canadians were able to buy very little at $10.

Hon. Mr. Horner: It is only a few years ago that the Premier of Alberta set up two commissions to inquire into the gas reserve situation and to report upon whether any gas should be allowed to leave that province. Only recently has the Government decided that exportation of gas can be permitted.

A great deal of additional use is being made of it in Alberta, by the Sherritt-Gordon mine, the huge chemical plant at Edmonton and many other factories. Some people seem to believe that the Government of Alberta is simply standing by and not getting any by-products from this gas. That is not so. Large quantities of sulphur are being shipped, and there are other by-products. Many new towns are being supplied with gas, and a new pulp mill that is being constructed will use enormous quantities. Furthermore, The Westcoast Transmission pipe line is going to tap the Northern Alberta and Peace River area and take out large quantities of gas. It has been fortunate enough to get permission to export it to Seattle, Portland and other points in the United States where it will find a good market. Only 15 per cent of the stock of that company at the original financing price was available to Canadians.

May I make just one comment on the humiliating position we are placed in. The cream of our resources is being skimmed off. Let us not overlook what is happening throughout the world today. We talk with pride about our DEW line and what we are doing by way of national defence.

I want to tell honourable senators just what is going on, with the rich, the millionaires, increasing their wealth and the poor man being taxed and barred from getting in on any of these tax-free capital gain propositions. That is doing more harm than all the defences and the DEW line and everything like that can possibly prevent It is said that the Americans came here and found this gas. Well, what did the British do in Iran? They spent all the money they could; they built the grandest refinery in the world; they built miles and miles of pipe line. But what happened? The people rebelled. They said, "This is our oil, and you are not paying us enough for it". The oil shipments stopped. Then Premier Mussadiq went to Washington, and the Americans allowed him to weep on their shoulders. They undertook to get the oil moving again, and, incidentally, they got a "slice of the melon". I am not the weeping type, but if I were I could weep for what has taken place in Canada in recent years.

Let us go back still further. What happened in Mexico? Many of you gentlemen will remember that. The British and the Americans spent huge sums of money in developing the mines and the oil resources there, but the Mexicans said: "Get out. We will pay you if we feel like it". It had been said that that could not happen, but it did.

I would like to see an all-Canadian line built, in co-operation with all the provinces. Under this legislation before us Ontario is coming in, but what I would like to see is all the provinces co-operating in an entirely Government-owned pipe line. Under such an arrangement we would have control of our own natural resource.

When anyone tells me that simply because that gas is in Alberta, Premier Manning can sell it to whom he likes, I reply that once the gas crosses the interprovincial boundary it is then entirely under federal control. No one can tell me anything to the contrary. If Premier Manning wants to sell it at all he will have to sell it to the Government or to any company that builds a pipe line, for the province loses control once the gas crosses the provincial boundary. That is a very important point.

Honourable senators have talked about creating work. It has been stated that 800,000 men are out of work.

Hon. Mr. Croll: No; 300,000.

Hon. Mr. Horner: I thought it was 800,000.

Hon. Mr. Croll: You are thinking of the Bennett days.

Hon. Mr. Horner: This bill simply provides work for Americans. The fact of the matter is that they will send their machines in here and lay the pipe in record time. A man in Calgary invented a pipe installation machine equally as good as any American machine, capable of doing the job efficiently, but Americans were in control and they used an American machine. The pipe for this line is supposedly piled up in Indiana.

The balance of trade is still against us. By taking a little time—and I do not see that there is any rush—we could buy the pipe from England and in doing so would create a market for our own products, or we could buy the pipe in Welland, where they will soon be able to roll any kind and type of pipe, and thus create employment for Canadians.

Hon. Mr. Barbour: Are you in favour of the bill?

Hon. Mr. Horner: No, I am not, I certainly am not.

Now, if the United States would rejoin the Commonwealth of Nations in return, so that Canada and the United States would be all one country, I would hold up both hands and immediately move that this house be abolished in order that the union be brought about. The Americans are a great people, yes. But as long as we remain a sovereign country and entitled to carry on our own affairs, I say we should stand up like men and insist that our natural resources be used to serve the people of Canada

and not those of the United States, as has been done in the case of the Trans-Mountain pipe line and the Westcoast Transmission pipe line.

Let me emphasize this. There are men in chosen and high places, wealthy millionaires and so on, who get a chance at these choice morsels, while the ordinary man is left out. That is what has caused trouble throughout the world, and unless we guard against that sort of thing all the defences put up by our armed forces and so on will never save us. Changes today are a matter of ideas and ideals, and for a nation like Canada to talk of might is simply inviting disaster. Back in Biblical times there were those who would sell their birthright for a mess of pottage, and all because they were placed on the inside of some great undertaking where they would make a million or two of money. The same thing is true today.

We have a great country. We have great natural resources. So far as Saskatchewan is concerned, we are finding sufficient gas there to serve our needs, but we have no gas for export yet. The city of Regina is going to be served from our own local field. Saskatoon and Prince Albert have gas —the main cities have gas. But, as I said, we have none to export. However, Alberta, through Westcoast Transmission, has been exporting a certain amount down to Montana for a number of years. They got permission from the federal Government during the war, I think, and the arrangement continued afterwards. Evidently the United States had some worth-while use for the gas.

It is beyond my understanding how any person can regard either this bill or this agreement as satisfactory. The bill contains no information of value, though there may be more information in the agreement. A gap is left between the Ontario portion and the western section, and not a word is said as to when it is to be filled. Permission has not yet been obtained to export any gas. The city of Winnipeg is not particularly concerned about getting a supply of gas next year; as a matter of fact it is already provided with oil and cheap coal. What can be gained by this undue haste, when by waiting we could, as I have said, import pipe from England via Churchill, or manufacture it ourselves? But no, there is this mad scramble to pledge $80 million and "buy American". The trend to the United States is noticeable even in the civil service, for the Government at Ottawa is unable to retain a large number of civil servants who, attracted by higher pay, are going across the line. We ship our raw material to the United States and buy it back in the form of manufactured goods.

Let me repeat: with an election due in a year I say, without any fear of successful contradiction, that this bill is a political necessity, and nothing more. Its effect will be to give away Canadian resources and Canadian money to another country and to deny Canadians employment. If the hour were earlier, and I had enough time, I would continue, but in view of the lateness of the hour I shall say no more.

The motion was agreed to and the bill was read the second time, on division.

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Macdonald, the Senate went into committee on the bill.

Hon. Mr. Golding in the Chair.

Section 1 stands.

Section 2 agreed to.

On section 3—establishment and constitution:

Hon. Mr. Reid: I do not know when I should ask certain questions on these clauses, but I have one or two queries to put, and if they are not in order the chairman can so advise me. First, is the agreement respecting the loan by the Province of Ontario in the same terms as the agreement made by the dominion Government, except that the loan proposed for the Province of Ontario is $35 million as against $100 million by the dominion? That is, are the terms of the agreements similar all through: if not, what are the differences, and why?

Hon. Mr. Macdonald: The $35 million to be advanced by Ontario is to be put up on terms similar to the amount put up by the dominion Government.

Hon. Mr. Haig: Has the dominion Government put up its money yet?

Hon. Mr. Macdonald: No; it cannot do so until this bill is passed. Then the federal Government will advance money as it is required to the crown corporation, which in turn will lend the money to Trans-Canada.

Hon. Mr. Haig: But even though this bill is passed, when there is no provision for building the line from Winnipeg to the Province of Ontario, can the dominion Government put up the money?

Hon. Mr. Macdonald: As I explained earlier in the day, no money will be advanced for

the building of the northern Ontario section until the western branch is built, and the loan repaid.

Hon. Mr. Haig: Assume for argument's sake that the pipe line from Alberta to Winnipeg is built and paid for, at a cost of $80 million. What happens to the eastern section? Does the Government put up another $80 million to the private company?

Hon. Mr. Macdonald: I think the honourable gentleman is referring specially to the line between Winnipeg and the eastern border of Manitoba.

Hon. Mr. Haig: No. As I understand it the bill provides that the aggregate of the amounts borrowed by the corporation and outstanding at any time will not exceed $130 million, and that the aggregate of the amounts loaned by the Minister of Finance and outstanding at any time shall not be in excess of that amount. Now, you are taking $80 million out of that and building the western line from Alberta to Winnipeg.

Hon. Mr. Macdonald: That is correct.

Hon. Mr. Haig: Then, before you can start the rest of the line there will have to be another session of Parliament and more money will have to be voted for that purpose.

Hon. Mr. Macdonald: Not necessarily, but if the money is not repaid there would have to be further legislation.

Hon. Mr. Hugessen: As I understand it, this $80 million would be a revolving fund in the event it is paid by Trans-Canada by next April.

Hon. Mr. Haig: It cannot revolve unless we put up the money again. Supposing they default. Then the pipe line from Winnipeg east would be short $80 million and Parliament would have to vote that money at another session.

Hon. Mr. Macdonald: The Leader of the Opposition is right in that respect. There would have to be further legislation if the money is not repaid.

Hon. Mr. Haig: Has the Government any policy? I felt that the honourable member from Victoria (Hon. Mr. Hackett) was right in his remarks. My information, although obtained from a different source, is along much the same lines as his. There will be a terrific fight before the Federal Power Commission in the United States before any permit is given allowing gas to enter that country, especially the central part of it. Now, if the statement made by the Leader of the Government is correct, and if that condition exists next April, they will not be able to raise the money unless they get a permit. Apparently that is the answer.

Hon. Mr. Macdonald: That is not necessarily so.

Hon. Mr. Haig: No, but that is the reason they gave for not getting the money. That is my understanding anyway.

Hon. Mr. Macdonald: At the present moment that is the condition, but the Canadian market is building up all the time. I do not know what position Trans-Canada will be in financially by March 31 next year.

Hon. Mr. Haig: Does my honourable friend suggest to me that in view of the present money markets in Canada and the fact the Government increased the bank rate of interest to 3 per cent—a rate unheard of before—that by next spring things can change enough and the bank rate will be so satisfactory they will be anxious to lend money to this corporation? My judgment is that the corporation would have a better chance to borrow money in the United States.

Hon. Mr. Macdonald: The honourable gentleman may be right.

Hon. Mr. Haig: I would think so. Apparently they cannot get that money until the Federal Power Commission in the United States grants them a permit to bring in gas. That is the real problem. I think that was the original intention of the company, for as I said earlier today, most of the right-of-way of the line from Winnipeg to Emerson has been purchased. It is quite plain to me that is where they intended to run the line. These agreements specify that under the contract the line cannot branch off and go from Winnipeg to Emerson. This cannot be done without consent. Has the Government any suggestion as to a policy it might pursue if the Americans do not come in by next spring? That is all I want to know.

Hon. Mr. Macdonald: With respect to the first question, as to what position Trans-Canada would be in on April 2, 1957, no one can say definitely; but I would state that Trans-Canada now has under contract or clearly in sight from Canadian consumers alone about 75 per cent of the income required to service the debt involved in building its whole Canadian gas transmission system. By the end of its second full year of operation Trans-Canada now expects to be able to come fairly close to meeting all debt services and obligations on Canadian sales alone. What is needed to secure the additional contracts that will protect all debt service is the assurance that the pipe line is under construction. This is the purpose of the legislation which is now before the house.

So I am of the opinion that there is a very good chance of Trans-Canada repaying this loan by April, 1957, even if it does not secure a permit to export gas to the United States.

Hon. Mr. Aseltine: If it pays the loan by April 2, 1957, it will own the line between Alberta and Winnipeg. Is that not correct? The company will own the line?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Aseltine: All right, what happens if it does not do anything after that? There is nothing in these agreements to cover that.

Hon. Mr. Macdonald: Oh, yes.

Hon. Mr. McKeen: There is one suggestion I think might be made here. It concerns something that happened out on the west coast. The Westcoast Transmission pipe line Bill received Royal Assent on April 30, 1949, but the company did not get a certificate granted by the Federal Power Commission until 1955, although their first hearing was in 1952. They were engaged in a fight with other interests before the Federal Power Commission. That is what delayed the matter. The same situation is true here. If these interests which are now fighting should get together on this thing, not only would they get their Federal Power Commission permit but they would also get their financing without any trouble at all. That is my opinion. I believe that once this bill is put through and the line gets started, this thing can be brought about. As a result of the delay with respect to the Westcoast Transmission Company's certificate, financing was held up, and the construction of the line was held up. The certificate has been granted now but they are losing a year in supplying the market of Canada. In the interim they are going to get gas from the American side to Vancouver by linking up at Huntingdon with American gas. The gas from the Peace River District in the northern part of British Columbia will not be available until next December. I think the Government was very wise to force the building of this line at the same time that the hearing was going on before the Federal Power Commission in the United States, for I do not think it will be possible, if there is cheap gas available, for the Federal Power Commission to stop it from going into many of the areas that want to get the gas. That is what has happened on the west coast. Now, the company under this contract might get together with its opponents by the end of March and be able to pay off the $80 million and build the pipe line itself without any assistance from the Government whatever.

Hon. Mr. Aseltine: That does not answer my question.

Hon. Mr. Macdonald: No. The honourable senator from Rosetown (Hon. Mr. Aseltine) asked a pertinent question. May I say in passing that during the last few weeks I have been spending considerable time studying this whole question. I have had the benefit of consulting with the officials of the department, and I have also read *Hansard* of the other house very carefully. But may I say that the questions which are being considered here tonight were not considered at all in the other house. This is the first time that a careful examination of this question has been made.

The honourable senator from Rosetown asked if there is any obligation on the part of Trans-Canada to build the line from Winnipeg to the Ontario-Manitoba border. I understand that is the question?

Hon. Mr. Aseltine: Well, I said supposing they carry out this agreement under the loan and build to Winnipeg, then the company owns that. Is there any obligation anywhere to compel them to go on from there?

Hon. Mr. Farris: Not of necessity.

Hon. Mr. Macdonald: There are two obligations. One obligation is under the agreement which they have entered into respecting the Northern Ontario branch of the line. I will read the first clause of the agreement.

Hon. Mr. Aseltine: Is that the agreement I referred to, the one dated November 21, 1955?

Hon. Mr. Macdonald: That is the one.

Hon. Mr. Aseltine: I was not able to get that agreement.

Hon. Mr. Macdonald: I tabled it in this house on January 11. I am sorry the honourable gentleman did not speak to me about it earlier.

The first clause reads as follows:

> Trans-Canada will diligently take steps to secure all necessary governmental permits, financing, materials and supplies for and, having attained same, will carry out the aforesaid program of construction and particularly will cause to be constructed in conjunction with the construction of the said northern Ontario section of the said all-Canadian pipe line...

And this is the answer to the honourable gentleman's question.

> . . . from the portions thereof from the vicinity of Winnipeg, Manitoba to the Manitoba-Ontario border, and from the vicinity of Kapuskasing, Ontario to Brooklin, Ontario, so that all portions of the said pipe line to be constructed by Trans-Canada will be ready for operation at the time of completion of the northern Ontario section.

Hon. Mr. Aseltine: What is the penalty if it does not do that?

Hon. Mr. Macdonald: It will have $80 million invested, and no revenue.

Hon. Mr. Aseltine: Would it not have revenue for the line to Winnipeg?

Hon. Mr. Macdonald: Practically none in comparison to the investment.

May I add that there is an additional obligation, that the Board of Transport Commissioners makes it a condition that the company will build this line throughout, and if it does not do so it will lose its permit.

Hon. Mr. Bouffard: What would be the best revenue it could get per year from the city of Winnipeg alone?

Hon. Mr. Macdonald: That is a difficult question and I afraid that would take a lot of arithmetic and speculation. I am informed that it would be very small compared to the investment.

Hon. Mr. Bouffard: I was told that it could not go over $4 million.

Hon. Mr. Croll: There is great confusion and misunderstanding throughout this country as to the magic date of June 7. What fixes June 7 as the date? Why not June 14, or June 1. Of course, I know June 7 is in the agreement, but how did it get there?

Hon. Mr. Macdonald: There are about 120 construction days between July 1st and the end of the year. It will take about three weeks to get the pipe and to hire the contractors and to get started generally.

Hon. Mr. Hayden: To move on to the job.

Hon. Mr. Macdonald: In other words, it will take about three weeks to move on to the job. Therefore, the work must start on July 1. June 7 was fixed as the date on which the company should know they are going on with the work.

Hon. Mr. Reid: Paragraph 3 of the agreement of May 8 mentioned 720 million cubic feet per day. If I am in order, the first question I wish to ask is this: What quantity of gas has been granted to the company by the province of Alberta? My second question is: Since the line from Winnipeg to Emerson is left out in the agreement, will the 720 million cubic feet per day granted be the amount of the gas for the western line and the northern line to Toronto and Montreal?

Hon. Mr. Macdonald: The maximum day's capacity that will go through the pipe line is 720 million cubic feet.

Hon. Mr. Reid: Does that apply to the agreement from Alberta?

Hon. Mr. Macdonald: No, the agreement from Alberta is 620 million cubic feet. That is the maximum day. The daily average is about 500 million cubic feet.

Hon. Mr. Reid: Then would they be able to get that amount of gas when the pipe line is built to Winnipeg? Would they be able to supply through Emerson to the United States if they were granted permission by the United States authorities, or will all the gas that is allowed now remain in Canada?

Hon. Mr. Macdonald: The Government will allow an export into the United States through Emerson up to 200 million cubic feet per day.

Hon. Mr. Reid: Will that come off the 720 cubic feet?

Hon. Mr. Macdonald: That will come off the 500 million cubic feet, and leave 300 million cubic feet for Canada.

The Hon. The Chairman: Honourable senators, I wonder if we could deal with this bill clause by clause in an orderly way. We have before us at the present time section 3, which deals with establishment of the corporation, its constitution, by-laws, head office, and so on.

Hon. Mr. Reid: May I rise on a point of order right there? I have looked over the bill, and I have the agreement here, and I cannot see how I can confine myself to this section if I want to ask questions on what is contained in the agreement, when it has not been placed properly before the Senate. That is why I prefaced my remarks by asking if I was in order to ask the questions.

The Hon. The Chairman: We have been dealing with finances too, and that comes under clause 6.

Hon. Mr. Croll: Mr. Chairman, from reading clause 3 I gather that the Governor in Council will appoint a president and four other directors. No provision is made for a salary for the president. There is a provision for out-of-pocket expenses. I gather that it is intended to appoint civil servants. Is it the intention to appoint civil servants now and continue to appoint civil servants at all times?

Hon. Mr. Macdonald: All I can say to the honourable gentleman is that there is no provision in the bill for the payment of the salary to which he refers.

Hon. Mr. Hackett: Is it not a fact that crown corporations do not employ civil servants?

Hon. Mr. Macdonald: This section of the bill does not provide for the appointment of employees, but for the appointment of a president and four other directors. Of course,

there will be employees, and they will be paid, and there will be a general manager who will also be paid.

Hon. Mr. Hackett: I understand that; but they will not be selected with the assistance of the Civil Service Commission, or taken from the Civil Service, is that correct?

Hon. Mr. Hayden: They may be taken from the Civil Service.

Hon. Mr. Macdonald: It may be that they would be selected from the Civil Service.

Hon. Mr. Hackett: Is it not a fact that crown corporations do not engage civil servants?

Hon. Mr. Macdonald: If they engage them, they would be subject to the provisions of the crown corporation and not the Civil Service regulations.

Hon. Mr. Hackett: May I ask a further question, which may have been answered when I was absent from the chamber? Is the construction of the line considered to be a sound investment, if American markets are not available?

Hon. Mr. Macdonald: That question was raised earlier when the honourable gentleman was called from the chamber. I stated that it was my opinion that in due time, after the markets are built up, the line will be economically sound, but that it will probably be several years before that condition will prevail.

The section was agreed to.

On Section 4—body corporate; agent of Her Majesty; property of Her Majesty; proceedings by and against the corporation.

Hon. Mr. Reid: Mr. Chairman, I should like to ask a question, and if I am out of order in doing so, I would ask you to rule it out. The agreements which were placed before the house are both dated May 8. The first agreement was signed on November 21, 1955, and apparently it was amended on April 26. What were the chief amendments to that agreement?

Hon. Mr. Macdonald: The only change made on April 26 was the change of date from May 1 to November 1.

The section was agreed to.

On section 5—Purposes of the corporation.

Hon. Mr. Haig: Read clause 5. What does it cover?

Hon. Mr. Pouliot: Mr. Chairman, I would like to know what would be the management costs of the undertaking, if the Government takes possession of it due to the failure of the company to carry out its obligations.

Hon. Mr. Hayden: Honourable senators, as I read clause 5 of the bill, it deals with the construction and operation of the northern Ontario section. That is the section in which the dominion and the province of Ontario will be partners in the construction and they will be the owners of that section.

Hon. Mr. Hackett: Provided!

Hon. Mr. Hayden: Provided what?

Hon. Mr. Hackett: Provided that the conditions stipulated by the Province of Ontario are fulfilled.

Hon. Mr. Hayden: Very well, I can be as technical as my friend.

Hon. Mr. Hackett: I am not being technical.

Hon. Mr. Hayden: Section 5 provides for the construction by the crown company, as agent, on behalf of the crown, of the section known as the northern Ontario section. The crown believes that it has a partner in the Province of Ontario, and if the conditions as laid down by the province are met, it will have a partner which will contribute up to $35 million. But the crown, in the right of the dominion, with or without a partner in the person of the Province of Ontario, will own that section, and leasing arrangements will be made under which Trans-Canada will be entitled to use that section on payment of rent which it is expected will be fixed on a basis which will in time repay the purchase price and interest, as well as a reasonable rent for its use.

Hon. Mr. Pouliot: . That is not an answer to the question I have put.

Hon. Mr. Macdonald: Would the honourable gentleman be good enough to repeat his question?

Hon. Mr. Pouliot: I am referring to what would happen if the conditions are not met by the company and the Government takes possession. What then will be the yearly cost of management by the Government?

Hon. Mr. Macdonald: It is very difficult to estimate just what the management costs will be, but it is expected that within a few years after completion, the revenues will be sufficient to pay the administration and operating costs. I think that is as far as I can go.

Hon. Mr. Hackett: Can the honourable gentleman say how much gas would have to be sold to meet these charges?

Hon. Mr. Hayden: In the meantime, may I say I think I now understand my honourable friend's question. Let us assume that there is default by Trans-Canada in the repayment of $80 million, and the Government comes into possession of that section from Alberta to Winnipeg. At that time, what is the position of the Government in relation to its commitments for the Ontario section? And if it does go ahead with the building of the rest of the line, what is likely to be the cost of management and operation of that line? Is that the question?

Hon. Mr. Pouliot: Yes, the yearly cost.

Hon. Mr. Macdonald: That is the information I am endeavouring to get from the experts, but I think on this occasion we may have stumped them.

Hon. Mr. McDonald: While that information is being looked up, Mr. Chairman, could I ask what is the estimated savings to the consumers if they get this cheaper fuel?

Hon. Mr. Macdonald: That is another very difficult question. I do not think even the experts feel they can answer that one.

Hon. Mr. Haig: May I attempt to answer the question of my friend from King's (Honourable Mr. McDonald)? In my own house in Winnipeg I use central steam heating. If I took that system out I would lose its value, namely $500, which it cost me to put it in; then I would have to spend another $1,000 to put a gas furnace in. Therefore, I would be out a total of $1,500.

Hon. Mr. Farris: Where did you get that information?

Hon. Mr. Haig: That is the estimate we have received as to the cost of installing gas.

Hon. Mr. Farris: It is not the information I have.

Hon. Mr. Aseltine: That is what it costs to put in a new gas furnace.

Hon. Mr. Haig: Even if the gas furnace cost only $500, there is a question of whether the householder would want to change over from central heat to gas. His decision would depend on a lot of other things than cost. For instance, with central heating there is no danger from fire, because only steam comes into the house. In my own case I would not convert to gas if it was only a quarter of the cost. So, I do not think the experts can answer that question.

I fail to find anything in this bill with respect to the Ontario agreement. I know there has been an exchange of correspondence between Mr. Dana Porter, at one time the Ontario Attorney General and now the Provincial Treasurer, and the Minister of Trade and Commerce. It may be that they are legally bound by the letters.

Hon. Mr. Hayden: There is a statute.

Hon. Mr. Haig: But where is it covered in this bill?

Hon. Mr. Macdonald: It is included in clause 5, to which we are now referring, and the agreement with respect to it was tabled in this house on the date that I mentioned a moment ago.

Hon. Mr. Hugessen: If my honourable friend will look at section 5 (1) (c) he will see there reference to the agreement with the Government of Ontario.

Hon. Mr. Aseltine: We do not have that agreement before us.

Hon. Mr. Macdonald: It appears in the *Minutes of the Proceedings.*

Hon. Mr. Aseltine: What does it say about Ontario's share in the ownership of the northern Ontario section after it is completed? Are shares being issued to them?

Hon. Mr. Macdonald: No, there are no shares in the northern Ontario section. It is owned by the crown company, and Ontario will have contributed an amount not greater than $35 million.

Hon. Mr. Aseltine: What will they have to show for it?

Hon. Mr. Macdonald: They will have $35 million in it.

Hon. Mr. Aseltine: A $35 million equity?

Hon. Mr. Macdonald: An equity, if you will. They will have $35 million in it, the same as if it were privately owned. As I say, that agreement was tabled in the house some time ago.

Now as to the question asked by my honourable friend from De la Durantaye (Hon. Mr. Pouliot), I think the answer is set forth in an involved table headed "Wholly-Owned Government Pipe Line Income Projection for the six years ending October 31, 1957 to 1962". It is a lengthy table. Would it be satisfactory to honourable senators if the table appears in *Hansard*?

Hon. Senators: Agreed.

WHOLLY-OWNED GOVERNMENT PIPELINE
INCOME PROJECTION
FOR THE SIX YEARS ENDING OCTOBER 31, 1957 to 1962

	1957	1958	1959	1960	1961	1962
		(all figures in thousands of dollars)				
Gross revenues	$ 6,647	$33,836	$43,072	$51,107	$57,816	$61,587
Operating expenses:						
Cost of gas	$ 4,646	$11,130	$14,546	$17,530	$20,300	$21,727
Other operations and maintenance	1,200	4,300	5,000	5,200	5,260	5,300
General taxes	502	1,570	1,616	1,671	1,671	1,671
	$ 6,348	$17,000	$21,162	$24,401	$27,231	$28,698
Amount available for interest	$ 299	$16,836	$21,910	$26,706	$30,585	$32,889
Interest costs	$ 8,499	$11,512	$11,616	$11,282	$10,780	$10,137
Less interest charged construction	4,741	139				
	$ 3,758	$11,373	$11,616	$11,282	$10,780	$10,137
Amount available for depreciation	$(3,459)	$ 5,463	$10,294	$15,424	$19,805	$22,752
Depreciation at 3½% of cost	$ 4,005	$12,000	$12,453	$12,453	$12,453	$12,453

Hon. Mr. Pouliot: I thank you very much. Now that the Leader has given that information would it be possible to know how many consumers are to be served by the pipe line?

Hon. Mr. Macdonald: I have a report here from Clarkson, Gordon and Company, who prepared the statement I am tabling. But I do not see that information in this table. In the meantime this document will appear in *Hansard*. I will endeavour to obtain an answer to the question as to the number of consumers.

Hon. Mr. Pouliot: I mean Canadian consumers in the first place, and American consumers in the second place, if there are to be any.

Hon. Mr. Macdonald: So far as American consumers are concerned Trans-Canada will deal with one customer only in the United States, and that would be the company that purchased the gas.

Hon. Mr. Pouliot: And they will resell it?

Hon. Mr. Macdonald: Yes. Trans-Canada will have no customers apart from the one purchaser.

Hon. Mr. Hackett: I wish to ask if the document which the Leader has in his hand, which I understand was prepared by Clarkson, Gordon and Company, is based on accurate information or on an estimate or a guess that somebody has made?

Hon. Mr. Macdonald: It is based on information gathered by this company at the request to the Ontario Government.

Hon. Mr. Hackett: Clarkson, Gordon and Company are generally pretty careful about the kind of certificates they give. What do they say on that one, that if the hopes of the company are realized something will happen? How do they work it out?

Hon. Mr. Macdonald: All I can say is that this company was retained by the provincial Government to make a study of this question.

Hon. Mr. Hackett: Yes, but what do they say in their certificate?

Hon. Mr. Macdonald: Here is the statement. I can pass it over to my honourable friend. I am sure if I read it to him it will not be very intelligible. It is a statement that was prepared by this very reliable company after a study was made by them.

Hon. Mr. Aseltine: Is there something in the report with reference to that statement?

Hon. Mr. Hackett: I am willing to agree that it is a very reliable company; that is why I am particularly interested in the kind of statement they made. It must be predicated on a great many ifs and perhapses.

Hon. Mr. Macdonald: I think it is a quite pertinent question. Probably the best way to answer it would be to read the conclusions in the report.

Hon. Mr. Hackett: Yes.

Hon. Mr. Macdonald: The report is quite a lengthy one. The conclusions to it read:

> The plan for building the pipe line with Government assistance as proposed appears to be economically feasible if the Company is able to carry out the work on the timetable which it has laid out. However, in view of the many existing uncertainties the Company may well be unable to achieve its timetable. It also appears that an all

government-owned pipe line would be economically feasible even though no sales were made to the United States.

That answers another question that was asked.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I continue:

However, because of the problems inherent in government ownership of a pipe line, it would undoubtedly take a considerable length of time for the several governments interested in the project to reach agreement on the terms of a joint government undertaking.

In view of the shortness of time, therefore, the only chance for commencement of the line in 1956 seems to lie in proceeding with the present proposals. A decision to do so should facilitate the company's negotiations with other parties, but it should be pointed out that the proposed agreement of the governments to participate by no means assures the success of the company's plans. It would, therefore, appear desirable that further consideration should be given to the development of a plan of action to be adopted in the event that the company's plans should fail.

The real evidence of the company's ability to carry out its obligations and complete the pipe line as a whole will be in the completion of firm arrangements for the financing of the whole of the expenditures to be undertaken by the company. The over-all cost of the project is estimated at approximately $375,000,000 of which the Northern Ontario section represents an estimated $117,600,000, leaving approximately $257,400,000 to be financed by the company. If the company is unable to produce evidence satisfactory to the Government of Canada that it has arranged for its complete financing before May 1, 1956, the Crown Corporation is free of any obligation to proceed with the construction of the Northern Ontario section. We recommend that the government of Ontario, in turn, before advancing any money, should be satisfied that conclusive proof is available that the company is able to carry out its commitments.

In conclusion, we wish to acknowledge the courtesies and co-operation we have received from officers of the Trans-Canada Company and from officials of the Ontario and Federal Governments.

Yours faithfully,
(Sgd.) Clarkson, Gordon & Co.

Hon. Mr. Aseltine: Does it not say anything about the schedule you are filing?

Hon. Mr. Hackett: I wish to thank the honourable Leader for reading the certificate, which is just about what I thought it would be.

Hon. Mr. Pouliot: What protection is the consumer to have against exactions of the company? For instance, our railways come under the jurisdiction of the Board of Transport Commissioners. What regulatory authority will protect the gas consumer?

Hon. Mr. Macdonald: In each province there is a board having jurisdiction in such matters. In one province it is called the Public Utility Commission. In Ontario there is what is called the Ontario Fuel Board. Boards in the various provinces approve the rates which are to be charged.

Hon. Mr. Pouliot: Control will be left to the provinces in that regard?

Hon. Mr. Macdonald: When the fuel reaches the provinces and is being distributed there it will come under regulations prevailing in that province. My honourable friend asked another question, as to the number of persons to be served. It has been estimated that 70 per cent of the population of Canada will be within range of the pipe line and its proposed branches. We do not have before us any breakdown of this estimate, but I am satisfied that it is approximately correct. It was filed before the Alberta Natural Gas Conservation Board.

Hon. Mr. Pouliot: The sum of $375 millions is for the main pipe line, not for the private installations?

Hon. Mr. Macdonald: My honourable friend is correct. It is estimated that over $600 million more will be spent on installations and distribution systems and so forth.

Hon. Mr. McKeen: With regard to the point mentioned by the honourable Leader of the Opposition (Hon. Mr. Haig), is it not a fact that, for central heating, there would not be an installation of furnaces in a house, but only an installation of gas in a central heating plant?

Hon. Mr. Molson: May I ask what assurance there is that 51 per cent of the common stock will be offered to Canadian citizens, and whether there is any assurance as to comparability of prices?

Hon. Mr. Macdonald: That provision appears in the purchase ageement dated February 8, 1956, between Trans-Canada Pipe Lines Limited, Tennessee Gas Transmission Company, Canadian Gulf Oil Company and Hudson Bay Oil and Gas Company Limited.

Hon. Mr. Reid: Was that agreement tabled?

Hon. Mr. Macdonald: No, it has not been tabled.

Hon. Mr. Haig: Who sets the price?

Hon. Mr. Macdonald: The question now is with regard to the stock.

Hon. Mr. Haig: I know, but who sets the price of the stock?

Hon. Mr. Macdonald: The clause in the agreement is number 6:

6. Trans-Canada declares and agrees that its arrangements for the financing of the costs of construction of the West-East natural gas transmission line proposed to be built by Trans-Canada will include a public offering in Canada of common shares of Trans-Canada's presently unissued

capital stock in an amount of not less than 51 (fifty-one) per cent of the total number of common shares of Trans-Canada to be outstanding after such offering has been made, including the shares covered by such offering, and that it is Trans-Canada's intention to effect a wide distribution of such shares throughout Canada.

Hon. Mr. Haig: What is the price at which the stock is to be issued? That is very important.

Hon. Mr. Macdonald: The proposal is that the shares shall be offered at $10 per share to the public. That is approximately $2 a share more than was paid by the original shareholders.

Hon. Mr. Aseltine: How many shares have been issued or are held at the present time?

Hon. Mr. Macdonald: Something less than two million shares.

Hon. Mr. Aseltine: Who are the big shareholders?

The Chairman: Order. The honourable senator from Bruce (Hon. Mr. Stambaugh) has the floor.

Hon. Mr. Stambaugh: I would like to make a short statement on the question asked by the honourable senator from King's (Hon. Mr. Macdonald) with regard to what would be the saving to consumers. The part of Alberta where I come from is quite near a natural gas field. We can buy for $3 per ton a quality of lignite coal very similar to what is being used in Winnipeg for its central heating unit. We can buy for about $7 or $8 a ton a good quality bituminous coal which compares very favourably with what is imported from Pennsylvania. Also we have gas, so we have ceased to use coal. Between my place and Edmonton are five little towns. They could buy coal at the prices I have stated, but there is not a single consumer of coal in any of those towns; they are using natural gas. I know we can get natural gas more cheaply than it could be had down here, but I think the cost of gas in the east proportionate to that of coal will be no more than ours.

Hon. Mr. Haig: What is the price?

Hon. Mr. Macdonald: A question was asked by the honourable senator from Rosetown (Hon. Mr. Aseltine) as to the names of the shareholders.

Hon. Mr. Aseltine: The large ones.

Hon. Mr. Macdonald: I can put the names on *Hansard* if the honourable gentleman so wishes.

Hon. Mr. Aseltine: Put all the names on *Hansard.*

Hon. Mr. Macdonald: I will do so.

List of Shareholders of Trans-Canada Pipe Lines Limited

Shareholder	No. of Shares Held
Hudson's Bay Oil and Gas Company Limited, 534—8th Avenue West, Calgary, Alberta	327,789
Canadian Gulf Oil Company, 6th Floor, Hudson's Bay Building, Calgary, Alberta	327,790
Tennessee Gas Transmission Company, P.O. Box 2511, Houston, Texas	327,790
Canadian Delhi Oil Limited, 505—8th Avenue West, Calgary, Alberta	497,040
International Utilities Corporation, 1200—44 Wall Street, New York City, New York	127,378
Osler, Hammond & Nanton Ltd., Nanton Building, Winnipeg, Manitoba	34,511
N.T. Investments Limited, 355 St. James St. West, Montreal, Quebec	11,224
Wood, Gundy & Company Limited, 36 King Street West, Toronto, Ontario	84,919
The Calgary & Edmonton Corporation Ltd., c/o Osler, Hammond & Nanton Limited, Nanton Building, Winnipeg, Manitoba	33,360
Montreal Trust Company, (Western Group Options), Post Office Box 369, Winnipeg, Manitoba	58,919
Power Corporation of Canada Limited, 355 St. James St. West, Montreal, Quebec	24,000
Canadian Power & Paper Securities Limited, 355 St. James St. West, Montreal, Quebec	20,000
Nesbitt, Thomson & Co. Ltd., 355 St. James St. West, Montreal, Quebec	15,195
P. A. Thomson, 355 St. James St. West, Montreal, Quebec	14,500
J. Ritchie Donald, 1181 Guy St., Montreal 25, Quebec	2,500
R. A. C. Henry, Room 500, 1405 Peel St., Montreal, Quebec	1,250
William H. Carter, 523 Wellington Crescent, Winnipeg 9, Manitoba	550
Tullis N. Carter, 25 Strathgowan Crescent, Toronto, Ontario	8,050
Ralph B. Payne, 1 Garland Avenue, Toronto, Ontario	350
George W. Turk, 119 Pinewood Trail, Port Credit, Ontario	1,050
Sara I. Tanner, 1210—39th Avenue South West, Calgary, Alberta	9,999
N. E. Tanner, 330—9th Avenue West, Calgary, Alberta	2
Hon. Edouard Asselin, 1604 Aldred Building, 507 Place d'Armes, Montreal, Quebec	1
E. W. Bickle, Willis, Bickle & Company, 44 King Street West, Toronto, Ontario	1
R. C. Brown, Hudson's Bay Oil & Gas Company Limited, 534—8th Avenue West, Calgary, Alberta	1
C. S. Coates, 160 Bloor Street East, Toronto 5, Ontario	2
E. D. Loughney, Canadian Gulf Oil Company, 6th Floor, Hudson's Bay Building, Calgary, Alberta	1
M. A. MacPherson, MacPherson, Leslie & Tyerman, 1855 Rose Street, Regina, Saskatchewan	1
J. K. McCausland, Wood, Gundy & Co. Ltd., 36 King Street West, Toronto, Ontario	1
H. R. Milner, Canadian Utilities Limited, 10529 Jasper Avenue, Edmonton, Alberta	1
C. W. Murchison, 5307 E. Mockingbird Lane, Dallas, Texas	1
A. D. Nesbitt, 355 St. James Street West, Montreal, Quebec	1
G. P. Osler, Osler, Hammond & Nanton Limited, Nanton Building, Winnipeg, Manitoba	1

Shareholder	No. of Shares Held
F. A. Schultz, Corrigan Tower Building, St. Paul at Pacific, Dallas, Texas	1
J. R. Fell, Lehman Brothers, 1 William Street, New York, New York	1
H. Gardiner Symonds, Tennessee Gas Transmission Company, P.O. Box 2511, Houston, Texas	1
Jules R. Timmins, Royal Bank Building, Montreal, Quebec	1
J. Ross Tolmie, Herridge, Tolmie, Gray, Coyne & Blair, Commonwealth Building, 77 Metcalfe Street, Ottawa 4, Ontario	1
Total	1,928,183

Hon. Mr. Roebuck: It has been stated on behalf of the Government that the retail price of gas will be controlled by the provincial fuel boards. That was the answer to a question as to what protection the retail purchaser would have. No doubt it is a very good protection to the consumer, but what is the protection to the dominion Government or to a provincial Government? What would prevent a fuel board from setting an uneconomic price for the benefit of the consumer if price fixing is in the hands of a provincial fuel board?

Hon. Mr. Hayden: The only reason I attempt to deal with this question is that I have been right in the middle of this matter, so far as this kind of distribution is concerned, in Ontario, ranging from Whitby as far as Cornwall, on the basis that Trans-Canada will establish the main line and there will be distribution in each municipality under the Fuel Act of Ontario. In the first instance, if some company is seeking the right to be a distributor in a municipality, it must satisfy the Ontario Fuel Board that the terms and conditions of the proposed agreement under which it will hold the franchise of the municipality are just and reasonable. Once that has been done, and the municipality has voted on and passed the by-law, you have the agreement, and the company must then go back to the fuel board to establish what is known as "public necessity and convenience". That having been done, a certificate is issued which qualifies the company for all purposes, except that, when the gas is coming along, application must be made to the fuel board to have the distribution rate fixed.

My friend asked the question, "What is there to prevent the fuel board in Ontario from fixing an uneconomic price?" The answer is simply this. There is nothing to prevent it except the common sense of the board members. How long would they keep their jobs if they approved an installation and then established an uneconomic price as a result of which the installation could not function?

Hon. Mr. Pouliot: Has the Government any guarantee that the company will not build a line through Emerson to the United States before serving the eastern part of Canada?

Hon. Mr. Macdonald: No export permit will be granted to the United States until there is complete assurance that the line will be built across Canada.

Hon. Mr. Pouliot: What will the Government do if more revenue is needed to build the missing link between Winnipeg and Ontario? Will the Government supply the money if the work is not completed in due course?

Hon. Mr. Macdonald: I am not prepared to say what the Government will do in that case, but I can say that it would be necessary for the Government to come back to Parliament and get additional authority.

Hon. Mr. Reid: I have three questions to ask and perhaps in order to save time I could ask them together. They all have to do with financing and shares. Will the offer of 51 per cent of the shares be made while all other shares are in escrow to the Government? If they place the shares which they have now in escrow, will they go out into the market and offer more shares? My second question—

Hon. Mr. Macdonald: Probably I should answer that question first. The company must repay the loan which it receives for building the western line out of its public financing.

Hon. Mr. Reid: I realize what can be done with shares. I know that anyone can come in from the United States or any place else and buy shares. A short time ago the honourable leader said that these shares were going to be offered in Canada. I do not know whether it would be a safeguard but it might be useful to say they are being offered to Canadians, for there is nothing to prevent Americans coming up here and buying shares.

Hon. Mr. Hayden: They could be purchased through Canadians anyway.

Hon. Mr. Reid: My third question is this. What about the provision in the agreement whereby members of the House of Commons are not allowed to buy shares and senators can. What is the answer to that?

Hon. Mr. Hayden: There is no such provision.

Hon. Mr. Macdonald: The House of Commons Act requires that all such contracts carry such a clause. That is the only reason.

Hon. Mr. Reid: It is a wonder they did not spell it out in the agreement

Hon. Mr. Macdonald: If you wanted it to apply to senators you would have to amend the act respecting senators.

Hon. Mr. Aseltine: Section 4 of the shareholders' agreement reads:

> Trans-Canada agrees not to issue any further shares of its stock unless and until the subscriber has undertaken and agreed to place share certificates representing such shares in escrow, to be dealt with as provided for in this agreement.

According to that they would be able to issue and sell shares, but subject to these agreements.

Hon. Mr. Hayden: It is provided they cannot do it until after the loan is repaid, and then this agreement falls.

Hon. Mr. Aseltine: There is nothing here to say that.

Hon. Mr. Pouliot: I understand that the east end of the pipe line will be located in Montreal. I wonder if the people east of Montreal will ever have natural gas from Trans-Canada? Will the line not go farther east than Montreal?

Hon. Mr. Macdonald: In reply to the honourable gentleman from Rosetown (Hon. Mr. Aseltine), may I say that section 4 of the shareholders' agreement prevents the selling of any shares to the public until the loan is repaid.

Hon. Mr. Aseltine: I thought that section meant the shares could be sold subject to the agreement.

Hon. Mr. Haig: Let us go back to the Canadian shares. I am a little disturbed about them. Supposing an American comes to a real estate man in Winnipeg and says, "Mr. Brown, you are a real estate man and I understand shares in Trans-Canada Pipe Lines are being put up for sale. I want you to buy me 100,000 shares. Here is the money. Go buy the shares in your own name." There is nothing to prevent that, is there?

Hon. Mr. Hayden: Nothing.

Hon. Mr. Haig: A Canadian would be buying them but it would be an American owning them.

Hon. Mr. Macdonald: The only reply I can make to the Leader of the Opposition is that this provision for making shares available in Canada is directly opposite to the financing of any other pipe line. With respect to all other pipe lines companies that have been financed, the sale of shares has taken place in United States.

Hon. Mr. Haig: Not all.

Hon Mr. Macdonald: Practically all. There may be a few minor exceptions.

Hon. Mr. Gershaw: In reply to the question raised as to the quantity of gas that might reach the eastern part of this dominion, may I say that the reserve in Alberta is now estimated at 16 trillion cubic feet. Now, a trillion is a lot. It is said that 4.45 trillion cubic feet will last the province of Alberta for thirty years. In addition to that they are discovering new pockets of gas at the rate of three-quarters of a trillion cubic feet per year. Therefore there is a tremendous reserve of gas. The 500 million cubic feet which is contracted for here will take only a small portion of the present gas reserve. So the honourable gentleman from De la Durantaye (Hon. Mr. Pouliot) has a good chance of obtaining Alberta gas.

Hon. Mr. Pouliot: I thank my honourable friend for his most valuable information. I admit I would have been unable to make that calculation. I am just wondering why this pipe line should stop in Montreal and not go farther east. It should go to Quebec City and on down to the Maritimes. The people there should have an opportunity to benefit from it. I wonder why it is to stop at Montreal?

Hon. Mr. Hayden: That is a terminal point.

Hon. Mr. Macdonald: I might say that Montreal is the first target and after that objective has been reached, if there is plenty of gas and it is deemed advisable, it will be piped farther east. I cannot guarantee that, but I think Montreal is a pretty good target at the present time.

The section was agreed to.

On section 7—Loans by corporation to Trans-Canada for construction of western section.

Hon. Mr. Reid: May I ask a question regarding clause 7(2)(e)? Does subparagraph (e) allow the Government to make another agreement without coming to Parliament?

Hon. Mr. Macdonald: Honourable senators have noted that in this agreement, in the general terms, the rate of interest, and so forth, has been set out in detail, but there are unforeseen contingencies. I do not think anyone could draw an agreement of this type which would be completely conclusive. There must be a certain amount of flexibility, and it is for that reason, and for that reason only, that this clause appears in the—

Hon. Mr. Reid: Would a new agreement have to come before Parliament?

Hon. Mr. Macdonald: No. As long as it was within the provisions of the act a new agreement would not have to come before Parliament.

Hon. Mr. Molson: May I ask what the estimated value of imported fuels might be that the Alberta gas would displace?

Hon. Mr. Macdonald: That is a very difficult question. In fact, I do not think I could say just what quantity of any given fuel would be replaced by the gas. I can say this much, that we are importing at the present time about 20 million tons of coal, and the estimate is that the gas would take the place of about possibly 14 million tons of coal. Probably it would replace about two-thirds of the amount of coal which is being imported.

Hon. Mr. Molson: Any oil?

Hon. Mr. Macdonald: Some oil, but of course we are getting a lot of oil now from western Canada.

Hon. Mr. Molson: We are still importing some.

Hon. Mr. Macdonald: And the fuel consumption is going on all the time.

Hon. Mr. Hayden: May I inform the honourable gentleman that I think that in Ontario at the present time 50 per cent of the energy in northern Ontario is developed from the use of imported coal.

Hon. Mr. Hackett: What about hydro-electric power? Heating is done by electricity, and machinery is driven by that power. Is that displaced by coal?

Hon. Mr. Macdonald: All I can say in reply to that question is that the hydro-electric companies, in so far as Ontario is concerned, in any event, will welcome the advent of this gas.

The section was agreed to.

The preamble and the title were agreed to.

The bill was reported.

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

Some Hon. Senators: Now.

Hon. Mr. Aseltine: Next sitting.

Hon. Mr. Haig: My honourable friend from Vancouver-South (Hon. Mr. Farris) can call "Now" if he likes. If that is the feeling of the house, all well and good.

Some Hon. Senators: No, no.

Hon. Mr. Farris: What is the objection?

Hon. Mr. Haig: If the house is not agreeable to third reading now, I suggest that we meet tomorrow morning at 11 o'clock. I do not want the charge to be laid against this house that the bill was forced through in one day. That just is not done.

Hon. Mr. Macdonald: There is no doubt that some honourable gentlemen might like to have the bill read the third time now, but many others may think that the hour is late and that we should meet tomorrow morning. Perhaps half-past ten tomorrow morning would be agreeable?

Before the house adjourns I wish to take this opportunity to thank the two gentlemen who are sitting before me now for coming here and rendering valuable assistance, both to me and, indirectly, to the Senate this evening.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: With the consent of the house may I say a word before we adjourn? I wish to thank the Leader of the Government for the splendid way in which he has conducted this Committee of the Whole. It has been a very great pleasure to all of us.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Honourable senators, I move, seconded by the Honourable Senator Godbout, that this bill be placed on the Order Paper for third reading at the next sitting of the house.

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. Hackett: Is there any statement to be made about adjournment tomorrow?

Hon. Mr. Macdonald: I was going to propose that the house should meet tomorrow at 10:30. I presume we cannot have the Royal Assent to the bill before 3 o'clock. The House of Commons will be in session at 2:30, and we might have the Royal Assent at 3 o'clock.

Hon. Mr. Haig: You cannot have it in the morning, because the House of Commons will not be sitting then.

Hon. Mr. Macdonald: No. With regard to adjournment after tomorrow. I cannot say, because I do not know what business the House of Commons will be dealing with.

Hon. Mr. Aseltine: What about supply?

Hon. Mr. Macdonald: As honourable senators know, a very sad incident occurred today. One of the members of the House of Commons, a personal friend of many of us, passed away very suddenly. No doubt

tributes to him will be expressed in the Commons tomorrow.

I do not know the position with regard to the interim supply bill in the other house. However, I hope that the Royal Assent will be given tomorrow, and if so I would propose an adjournment over the week-end, but I cannot be definite on the point.

Honourable senators, I move that when this house rises this evening it stand adjourned until tomorrow morning at 10:30 o'clock.

The motion was agreed to.

The Senate adjourned until tomorrow at 10:30 a.m.

THE SENATE

Thursday, June 7, 1956

The Senate met at 10.30 a.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

NORTHERN ONTARIO PIPE LINE CROWN CORPORATION BILL

THIRD READING

Hon. W. Ross Macdonald moved the third reading of Bill 298, an Act to establish the Northern Ontario Pipe Line Crown Corporation.

Hon. R. B. Horner: Honourable senators, before this bill is given third reading I wish to make my position with respect to it a little clearer, and again to protest its passage.

I have always believed that most business projects can be undertaken perhaps better by private enterprise, but when it comes to an undertaking of the magnitude of this pipe line my opinion is that the speediest possible method of completing this line throughout would be for the Government to build it. Let us take the example of the Canadian National Railways. I say to those who are so much opposed to a Government-built pipe line that the Canadian National Railways Company is not only in the freight carrying business in competition with truckers and the other railroad, but is also in the hotel business and even in the beer parlour and cocktail lounge business.

Yesterday, the leader in justification of the method used for closure in the short debate here referred to a measure that was put through in 1932. Well, I imagine that one of the reasons why there was almost no debate here on that measure was that everyone felt there were no reasonable grounds for opposing the measure. The leader said that the measure was of some magnitude. True. But there was a world-wide depression on at the time, a depression of the severest kind, and the bill provided a method of relief for Canadians. That bill had nothing to do with millionaires whatever.

I may say that, to me, yesterday was the saddest day since I have been in this chamber. I feel in my heart that there are a number of honourable senators in this chamber other than we in this little group who are very doubtful of the wisdom of this undertaking and the method by which it is being proceeded with. It is no wonder that there are articles in the press suggesting that this is an opportunity for the Senate. I had always thought that at some time again the Senate would, as it has done in the past, attempt to do something for the ordinary Canadian citizen, instead of rushing through a bill that, I claim, will largely assist the wealthy, who need no assistance at all. Here in this chamber is an opportunity for me to speak for the common man. Before I take my seat I shall ask for a recorded vote by every honourable senator in this chamber, so that the Canadian people may know exactly where each senator stands on this issue.

Some Hon. Senators: Hear, hear.

Hon. Mr. Horner: I am told that a reply may be made by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). It is not so long ago since he made a six- or nine-hour speech decrying a government not of his political stripe for arranging for more power, he said, than Ontario needed or could ever use. Now, I suppose, he will get up and talk about the need of industrial capital. In other words, he is going to reverse himself, but that is nothing to him where politics are concerned, because for ever he is a constant Liberal.

What substance is there in this talk about expanding industrial need? I wish I felt as confident as some do that we can continue to dispose of even the volume within our present capacity to produce. I wish I could feel sure that there is a reasonable hope of full employment in industry without any increase of power. What reason have we to expect an expansion of sales abroad? What is the condition of the automobile industry at the present time? Over-production. Yet, in spite of the additional power soon to be provided, as the honourable senator from Victoria (Hon. Mr. Hackett) has reminded us, from the St. Lawrence Seaway development, we are told that Ontario needs more power for its industries. To produce what? Goods to be sold to the Canadian people? No: the ruling idea is exports, and, with wage rates higher in Canada than in almost any other part of the world, where and what can we hope to export on a competitive basis?

Another point: if what the honourable member from Vancouver South (Hon. Mr. Farris) has said is correct, we are unable to build a pipe line without American help. I am astonished to hear such nonsense from a man of his years and ability. The people of the British Commonwealth were building pipe lines before the Americans knew of such things, and we can either use our own domestic labour to manufacture pipe, or import a supply of pipe from the United Kingdom, thereby enlarging a market for products we have to sell and which the British people

are anxious to buy. But, no, we must make this grand sell-out. I am still convinced that this proposition should be undertaken jointly by the provinces and the dominion. Together they should build this trunk line and lease distributing rights or sell the gas through distributors to the areas that require it. No one can argue that this would be impossible, for the federal Government has control when the commodity crosses interprovincial lines and it has full power to refuse exports to foreign markets. To say that the Alberta Government is going to sell gas to certain people only is just child's talk. If we are no longer a federal Parliament, then we should dissolve, go home and leave this matter to the provinces.

Honourable senators, as I have said, I would like to see a recorded vote, so that future generations will know just how every senator present voted on this bill.

Hon. Arthur W. Roebuck: Honourable senators, I have already received a very kind introduction to this audience, and for that I thank the honourable senator who has just sat down. In concluding my remarks of Tuesday on the motion to suspend certain rules I expressed the hope, and I think the expectation, that when this debate ended we would all be proud of the chamber to which we belong. In that regard I based my prognostication upon what has taken place in this chamber over the considerable number of years in which I have been here, and let me hasten to say that I am indeed proud right now of this chamber, and of its performance since this bill was placed before us. I congratulate the Leader of the Government (Hon. Mr. Macdonald) upon the thorough and clear explanation he gave of this bill yesterday. His knowledge of the subject is positively remarkable.

Some Hon. Senators: Hear, hear.

Some Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: I would also extend my felicitations to the Leader of the Opposition (Hon. Mr. Haig) for the splendid way in which he approached the subject, from a different standpoint—

Hon. Mr. Roebuck: —but with that sense of parliamentary dignity which means so much when we are seeking clear thought. As a matter of fact, the entire Opposition is entitled to our appreciation for the work that has been done during these last few hours. Am I wrong when I say that during the very short time in which we have had this bill before us more information and enlightenment have been given to the people of Canada on the pipe line subject than have appeared in the last month or two in the public press and elsewhere?

Some Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: For the first time this bill was dispassionately, fully, carefully and wisely considered. In these two days we have shown the need for this chamber and the service it can render to the people of Canada. The advisability of a second chamber and the wisdom of a sober second thought have been amply demonstrated. A great subject has been dealt with in a clear, cool, calm and dispassionate manner.

My good friend from Blaine Lake (Hon. Mr. Horner) anticipated that I would deliver an address. Well, that is not unusual on my part.

Hon. Mr. Horner: No, indeed.

Hon. Mr. Roebuck: He recalls that on one occasion I spoke for nine hours on a subject of great industrial importance to the citizens of the province of Ontario. People seem to remember only that I spoke for nine hours, although he might have recalled that for the second two years during which I was the provincial Government representative on the Hydro-Electric Power Commission of Ontario we paid just $7 million a year less for the power we purchased than we would have done if I had not been a member of that board. It is still remembered that I spoke for nine hours. I did, and I calculated that the saving I caused to the consumers of power amounted to more than $100,000 an hour. If at any time again I can contribute by an address to the extent that I did on that occasion I shall have no reason for apology.

However, honourable senators, that is quite aside from what we have here before us. The honourable senator from Blaine Lake says that he is in favour of the pipe line. Apparently, we are all in favour of a pipe line. In that, at least, we are unanimous. My friend is not opposed to the private ownership of the pipe line. His one point is, so far as I can gather, that he wants the pipe line built by the speediest method possible.

Hon. Mr. Horner: I want it to be publicly owned.

Hon. Mr. Roebuck: I wrote his words down, —"the speediest method possible." Well, from all information that is before us in this house, or elsewhere, the speediest method possible of getting that pipe line is by means of the bill. That is the speediest method possible. The need for speed is another matter, but if we are to satisfy the member from Blaine Lake, this is the bill that will do the job; it will give

him the pipe line with the greatest assurance and at the greatest speed of any proposition that is before us.

Hon. Mr. Horner: Not at all.

Hon. Mr. Roebuck: Honourable senators, I did not speak yesterday, and I am not going to discuss the pipe line question at any length, because that has been done so thoroughly and so magnificently by speakers who have preceded me, on both sides of the house. The information given yesterday was as complete as could be given at this stage of the undertaking. There will be a time when we shall know more about it. Hindsight is always more effective than foresight, but for the present we have now before us all the information that it is possible to obtain, and, accordingly, I do not intend to thresh old straw by going over the controversy again this morning. But I do want to put myself straight with the district from which I come and the people who look to me for expression of opinion. I too have received many wires and communications from various sources, as has the senator from Toronto-Spadina (Hon. Mr. Croll). I wish to join with him in many of the thoughts to which he gave expression yesterday. While no one ever adopts in full another's speech, his general attitude toward this matter is in very close accord with mine. I wish to make clear to the house, and to those who may be sufficiently interested to learn of what I have said, the position I take with regard to public ownership.

It seems to me there must be a principle by which one can take guidance from time to time. I am not a follower of Karl Marx; I do not think it is wise for governments to engage in what is properly private enterprise. There is an old saying: The government that governs best is the government that governs least. I stand for private enterprise in those things which competition can regulate. I do not believe in setting aside the natural forces called competition and endeavouring to control the economy of the nation by conscious direction from a headquarters. I believe it is much better to allow the individual to use his own enterprise and intelligence, and with the combined enterprise, intelligence and industry of us all achieve the common purpose of a high standard of living.

But while I am for private enterprise where it is possible and can be free, I am not afraid of doing things under public control where it is clear in each instance that the public interest will be served. My friend from Blaine Lake talks about governments selling beer, running hotels and that sort of thing. Well, those are spasmodic, individual instances which may or may not be justified; but which do not interfere with the general principles of the national economy and relationships of man to man, as do the theories of Karl Marx, who would have the government take over all private enterprise, make all people public servants and run everything from a central bureau.

I say there must be some good principle upon which we can depend in these matters. It has been my thought that whenever an industry requires special privileges to operate —such as a railway, which must be franchised—and which cannot be truly competitive, then that is properly a public service and should be at least owned, if not operated, by the public. Look at the many and various things we do by public ownership and without objection, because we have so thoroughly proved and justified our action. It was thought at one time by the advocates of private enterprise that the public could not run a railway. Well, today it runs a railway that is better managed than the privately owned one.

Hon. Mr. Horner: Oh, no.

Hon. Mr. Roebuck: That is my opinion. The publicly-owned railway gives just as good service as does the privately-owned railway. We run our schools and our post offices and we build our roads. Fancy private enterprise endeavouring to provide roads, a truly public service!

In the category of public service, in my opinion, a pipe line is to be included. I believe it to be by its nature a public service. I would be much happier if at this moment we were considering a bill for the construction of a publicly owned, and perhaps publicly operated, pipe line to bring gas from the west for service in the east. I do not join with those who yesterday expressed the hope that this deal would not end in public ownership. I assure my fellow senators that I would not be so unkind as to express a hope of failure on the part of this company. That would be entirely wrong. I wish success to their enterprise; if in the course of events they fail, I will regret it; but if it results in public ownership of this pipe line I will find no reason to weep tears. I will think that the natural course of events has brought it about, and that it is in accordance with good principle. I will then hope that we as a nation can make a success of an enterprise in which private individuals have failed. In the meantime, let me wish the company success and not failure.

Having put myself right with my fellow senators and others in the matter of public ownership, let me discuss for a moment the bill itself. My good friend the Leader of the Opposition has announced that he and

his followers will vote against the bill. I have been wondering whether he would have, shall I say, the nerve to vote against this measure, and thus deny to the people of his province of Manitoba and his city of Winnipeg the early advantage of this public service, to deny to the people of Alberta the advantages which are evident in this bill, and further to deny to my province of Ontario the industrial advantages of this cheaper fuel. Would he vote to deny these people all these advantages if he thought that his vote would destroy the bill? If he would, he has a good deal more nerve than I have, because I certainly would not do so. My hand would tremble if in those circumstances my cross were to be placed on that side of the ballot.

We all want the gas. The stage is set for the commencement of the work. It is not only a good deal, but it is a hard bargain that has been driven. One of the Opposition members suggested that as an alternative we call for tenders. We know right now that no one is prepared to tender. By calling for tenders we would only delay the commencement of the work. Nobody in this house, other than the senator from Toronto-Spadina (Hon. Mr. Croll) and myself, has expressed any desire for public ownership. The Conservative Party may be on the verge of getting up to date, but they have not done so yet.

Hon. Mr. Farris: "Brink" is the word.

Hon. Mr. Horner: I tried to say I was for it, but you must have misunderstood me.

Hon. Mr. Roebuck: Are you in favour of public ownership?

Hon. Mr. Horner: I certainly am.

Hon. Mr. Roebuck: Then you had better come over here.

So with all these very complicated circumstances, resolved by a very capable businessman, Mr. Howe, in the best form that apparently is possible, I am not prepared to vote against the measure. There is a responsibility in a big proposition such as this—business is always a risk, every business is a risk, but I am prepared to take the risk and when the vote is called I shall vote in favour of this bill.

Hon. Donald Cameron: Honourable senators, I am not going to make a speech, but I have three things I would like to say. First of all I am going to support this pipe line bill although there are many things about it which I, like some of my friends, am not too happy about.

However, I feel that construction of this line will be a good thing for my native province of Alberta and I think it will be an excellent thing for Canada. In the last few years I have seen what the development of oil and gas has done in my own province, and if you go to that province today you cannot but feel the burgeoning growth on every hand. There is an excitement, a vitality, a virility that is stimulating to all Canadians who visit that area. I am hoping that some of that new vigour and life and vitality, that new energy, will be shoved through the pipe line to this older and quieter and more stable part of Canada. I have felt that what this development has done for Alberta, it will do for eastern Canada.

Secondly, I want to say, along with my honourable friends from Toronto-Spadina (Hon. Mr. Croll) and Toronto-Trinity (Hon. Mr. Roebuck), that I do not share the fear that some of my colleagues have of public ownership. I would have been happier had this been a public utility, but this situation is a matter of choice and in many cases we are not able to do the thing we would like to do.

This is an age of compromise, and the compromise I think we have to make on this occasion is to make the best of the circumstances in which we find ourselves. So I am going to go along and support this bill and hope the pipe line will be a great success.

Thirdly—and I want to say this with all the emphasis I can—because of a combination of special circumstances it may be too late to do anything else today than put this bill through, but I hope that never again for any reason will any bill of this magnitude and importance come to the Senate with what is in effect an ultimatum that it must be passed by a certain time. There are special circumstances here, we all admit, but I think we must serve notice now without fear of misunderstanding that we in the Senate do not want to see this happen again.

Hon. Mr. Horner: Hear, hear.

Hon. John T. Hackett: Honourable senators, it is not my intention to debate the points of view that the honourable member from Toronto-Trinity (Hon. Mr. Roebuck) has set before the house. He favours public ownership; I do not.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Hackett: We have been told that information cannot be had because it is too late. That mocking spectre "too late" is always before us when we seek information on matters of importance to those who promote them. No information has been given on which to place any reasonable belief, hope or expectation that Trans-Canada Pipe Lines can find moneys by April next to repay

the $80 million that is to be advanced to it for the construction of its line. Neither has any information been given as to the source of the money that will be required to pay the interest on the amounts to be advanced, and, more important still, to complete the pipe line from Winnipeg to the Ontario frontier. Trans-Canada must inevitably fall into the maw of government or of a crown corporation, which means public ownership.

For these reasons I shall oppose the bill and shall vote against it.

I wish to add one word with regard to a newspaper report referred to as containing a speech made in Toronto by a Conservative member of the House of Commons. If the honourable senator who made reference to that speech had read the same newspaper that I read and the same report that I read, he would have seen that what that honourable gentleman said in Toronto was, "We were on the brink of being forced into public ownership". I know that there are many newspapers published, but there was not in the report that I read anything to indicate that the party which Mr. Fleming represents, and to which I belong, favours construction or operation of the pipe line by the Government.

Hon. Mr. Farris: I might say to my honourable friend that I referred to the Montreal *Star*.

Hon. Mr. Hackett: That in most instances is an excellent journal, but when it is dealing with matters which fringe on party policy and interests it is not from any point of view as entirely reliable as Holy Writ.

Hon. J. Wesley Stambaugh: Honourable senators, I would like to bring out one point that I do not think has been mentioned with regard to this pipe line. If this line is built and millions of cubic feet of gas are exported from Alberta, it will come from what is known as the Pincher Creek area, and gas in that area is very heavily laden with sulphur. To export this gas it will be necessary to scrub or cleanse it, and to do this a large refinery will be built, where thousands of tons of sulphur will be produced. Nearly all the sulphur used in Canada at present is imported from the United States, and it is in short supply; so all that is manufactured will be used in Canada, importations will be unnecessary, and in the result not only Alberta but the whole of Canada will benefit.

Hon. Mr. Macdonald: Honourable senators, before the debate is closed I should, I think, make a few remarks.

I join with the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) in expressing my great satisfaction at the manner in which this discussion has been carried on. I think this is the first time that the contents and the purposes of the bill have received any real consideration: at least, it is the first time I have been able to obtain a clear impression as to the issues involved in it. Those honourable senators who have been in attendance since yesterday morning will know by now the purpose and the necessity of the line, the conditions under which it is being built, and the circumstances under which the money is to be advanced. We have heard reasons for and against the building of the line. We have spent no time on procedural motions; we have discussed the bill. I am very grateful to all honourable members who have contributed to this debate. Personally, I have learned a great deal about the measure itself and the views held by people throughout the country with respect to it. The debate has indeed been well worth while.

I would like to assure the new member from Alberta, the honourable senator from Banff (Hon. Mr. Cameron), that there is no "ultimatum" that this bill be passed today. When certain rules were suspended I thought I emphasized—I wished to do so—as strongly as I could that so far as I was concerned debate would be curtailed in no way whatsoever.

Hon. Mr. Reid: Hear, hear. You did.

Hon. Mr. Macdonald: The debate is not being curtailed now. If any honourable senators wish to speak, the rest of the day is available to them. I for one shall not object. The right to take part in the debate is open to every honourable member. So there is no ultimatum, in any event from myself, and, I can say, from the Government, to the effect that the bill must be passed today.

The honourable senator from Victoria (Hon. Mr. Hackett) said he did not get enough information on this matter. Honourable senators will recall that last evening, when the house was in Committee of the Whole, two well-informed officials were present, and after they left the chamber we expressed our appreciation to them for the help they gave us. They answered through me every question that was asked here. They explained that the company had a very good chance of financing this line, even if permission were not granted for exportation of gas to the United States. I put on record last night a statement setting forth the estimated earnings which would enable the company to complete the line without exportations to the United States.

Hon. Mr. Hackett: And without a statement at the time.

Hon. Mr. Macdonald: Without a statement? The statement I submitted sets forth clearly the amount of revenue with which it is quite possible—as I think any businessman or financier, although I am neither, will agree —that the company can finance this line even if there should be no sales in the United States. If, however, the Federal Power Commission of the United States grants an import licence there can be no doubt about the capacity of the company to finance the line.

There is only one more remark I wish to make, and that is with regard to a statement made by the honourable senator from Blaine Lake (Hon. Mr. Horner), that this project will be of no benefit to the average man. Honourable senators, it will be of great benefit to all Canada, and therefore it will benefit every citizen of Canada. Do not take my word for it. The Treasurer of the Province of Ontario has said that this is a great national enterprise, and that, as such, it is needed today. Think of the money that will be spent. About $375 million will go for the construction of the line, and practically every cent other than is required for the purchase of pipe will be expended in Canada. Does any honourable senator mean to say that the spending of this vast sum will not be helpful to our working people? It is sure to create employment. Added to that will be the additional cost of installations, of distribution throughout the municipalities, and so forth, aggregating a total expenditure of $1 billion. I am sure that every honourable senator will concede that so large an outlay will be of great benefit, not only to the working people, but to all classes of the community.

I do not wish to delay this debate any longer. I am pleased with the suggestion of the honourable senator from Blaine Lake that there should be a recorded vote, and I shall be happy to record my vote in favour of this bill.

Hon. Mr. Hackett: Will the honourable gentleman permit one question?

Hon. Mr. Macdonald: Surely.

Hon. Mr. Hackett: What period of time must elapse, according to the statement of the accountants from Toronto, before the pipe line can become self-supporting if a permit be not received from the United States?

Hon. Mr. Macdonald: From memory I would say three years. I may be wrong in that.

Hon. Mr. McKeen: That was your answer last night.

Hon. Mr. Macdonald: In any event, the statement which I filed sets forth a possible increase in earnings over the next two years which would enable the company to finance the line even if the permit to export gas to the United States is not granted.

Some Hon. Senators: Question.

The Hon. the Speaker: Are honourable members ready for the question?

Some Hon. Senators: Question.

The Hon. the Speaker: Honourable senators, the question is on the motion of the Honourable Senator Macdonald, seconded by the Honourable Senator Godbout, for the third reading of Bill 298, an Act to establish the Northern Ontario Pipe Line Crown Corporation. Is it your pleasure to adopt the motion?

Some Hon. Senators: Carried.

Hon. Mr. Horner: No.

Hon. Mr. Haig: Let us have a vote.

The motion of Hon. Mr. Macdonald was agreed to on the following division:

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Honourable Senators

Barbour	Inman
Beaubien	Isnor
Bishop	Jodoin
Bouffard	Kinley
Bradette	Lambert
Bradley	Leonard
Burchill	Macdonald
Cameron	MacKinnon
Connolly	McDonald
(Halifax North)	McIntyre
Croll	McKeen
Daigle	McLean
Dupuis	Molson
Euler	Pouliot
Farquhar	Power
Farris	Reid
Fraser	Roebuck
Godbout	Ross
Golding	Smith
Gouin	Stambaugh
Grant	Taylor
Hawkins	Tremblay
Hayden	Turgeon
Hodges	Veniot
Howard	Wall—50.
Hugessen	

NON-CONTENTS

Honourable Senators

Aseltine	Horner
Hackett	Marcotte
Haig	Quinn—6.

The bill was read the third time, and passed, on division.

DIVORCE BILLS

SECOND READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill K-14, an Act for the relief of Elizabeth Redling Lefebvre.

Bill L-14, an Act for the relief of Marie Cecile Veronique Gaudreau Johnstone, otherwise known as Lucille Goudreau Johnstone.

Bill M-14, an Act for the relief of Claire Esther Cohen Weiner.

Bill N-14, an Act for the relief of Vera Norine Tromley Ashford.

Bill O-14, an Act for the relief of Jacques Demers.

Bill P-14, an Act for the relief of Virginia Ruth Jones Lord.

Bill Q-14, an Act for the relief of Harold Barnes.

Bill R-14, an Act for the relief of Geraldine Isabella Johnson Mole.

Bill S-14, an Act for the relief of Adam Forbes.

Bill T-14, an Act for the relief of Rose-Anna Rose Crombie.

Bill U-14, an Act for the relief of Esther Phoebe Brunger Abels.

Bill V-14, an Act for the relief of Lorna Elizabeth Cadorette Belinsky.

Bill W-14, an Act for the relief of Benjamin Franklin Luther.

Bill X-14, an Act for the relief of Gordon Frederick Collins.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until 3 p.m.

At 3 p.m. the sitting was resumed.

THE ROYAL ASSENT

NOTICE

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

BUSINESS OF THE SENATE

Hon. W. Ross Macdonald: Honourable senators, may I draw the attention of honourable members to the fact that very little business remains on the Order Paper. For that reason I do not think it necessary that we should sit tomorrow and Monday. On the other hand, it is possible that other legislation will come over from the House of Commons; for instance, the interim supply bill. I am sure that when that bill reaches this house honourable senators would like to consider it immediately. However, I do not know when it will be dealt with in the Commons, for I have not followed the order of proceedings there during the past few days.

Honourable senators will recall that on March 21 this house authorized His Honour the Speaker to notify honourable senators, during any adjournment period, to reconvene here at a time earlier than that set out in the motion for adjournment, if he deems this action advisable. Later I propose to move that when the house rises this day it stand adjourned until next Tuesday evening, but I feel that I should advise honourable senators that if important legislation should reach us which it is deemed advisable to deal with promptly it might be necessary to ask His Honour the Speaker to reconvene the senate earlier than Tuesday evening.

CHAIRMAN OF COMMITTEE OF THE WHOLE

APPRECIATION OF SERVICES OF HON. MR. GOLDING

Hon. Mr. Macdonald: Honourable senators, we have already expressed our appreciation to all honourable members who took part in the debate on the Northern Ontario Pipe Line Crown Corporation Bill, and to the departmental officials who assisted me here last night. One honourable senator deserves special commendation, for he discharged a most important function very ably. I refer to the honourable senator from Huron-Perth (Hon. Mr. Golding), who acted as chairman when the house was in Committee of the Whole.

Hon. Mr. Reid: None better.

Hon. Mr. Macdonald: During my membership in the House of Commons the honourable gentleman had wide experience there, both as Deputy Speaker and as Chairman of the Committee of the Whole. I am sure I speak for us all in saying that we are indeed grateful to him for the efficient manner in which he presided over the committee last night.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I would suggest that we rise now, to reassemble at the call of the bell at, say, 5.35 p.m., so that we may be present for the Royal Assent at 5.45 p.m.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

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

An Act for the relief of Lorinc Orvos Nagy.

An Act for the relief of Regis Edouard Gosselin.

An Act for the relief of William Boychuck.

An Act for the relief of Edna Betty Berendt Payment.

An Act for the relief of Leona Jennie Impey Mella.

An Act for the relief of Joseph Elie Felix Leduc, otherwise known as Jean Leduc.

An Act for the relief of Florence Mintz Etinson.

An Act for the relief of Jeanne Yvonne Gaouyat Leroy.

An Act for the relief of Adrienne Rozenbaum Melzak.

An Act for the relief of Joan Louise Squires Connolly.

An Act for the relief of Carol May Burch Squires.

An Act for the relief of Irene Raab Agoston.

An Act for the relief of Joan Marshall Bougie.

An Act for the relief of Heather Thornton Williamson.

An Act for the relief of Helen Louise Hancox Fray.

An Act for the relief of John Wallace Herbert.

An Act for the relief of Angeline Sperdakos Trakas.

An Act for the relief of Sheelagh Duffin Bennett.

An Act for the relief of Ruth Alister Creighton Jones.

An Act for the relief of Doris Lillian Doughty Dick.

An Act for the relief of Joan Etta Young Campbell.

An Act for the relief of Doris Evelyn Hirsch Stephen.

An Act for the relief of Luvina Mallet Lambert.

An Act for the relief of Lois Margaret Clouston Willar.

An Act for the relief of Mona Margaret McCastlin Adams.

An Act for the relief of Dorothy Joanne Campbell Mockeridge.

An Act for the relief of Edna Gertrude Neil Fry.

An Act for the relief of Madeleine Tremblay St. Jean.

An Act for the relief of Stephen Harvan.

An Act for the relief of Charles Lanny Catto.

An Act for the relief of Simonne Trottier Breard.

An Act for the relief of Mary Murray Snook.

An Act for the relief of Ruth Katie Brigden Battersby.

An Act for the relief of Marie Dicerni Arcieri.

An Act for the relief of Laurence Turgeon, otherwise known as Laurent Turgeon.

An Act for the relief of Barbara Allen Deslauriers.

An Act for the relief of Henri Xavier Eugene Bernard.

An Act for the relief of Jeannette Cowan Weinstein.

An Act for the relief of Rina LeBreton Fleurent.

An Act for the relief of Hazel Annie Palmer Martel.

An Act for the relief of Phyllis Matilda Clayton Sawyer.

An Act for the relief of Leonora Cancelli Desgroseilliers.

An Act for the relief of Eugenia Towstuk Podilchuk.

An Act for the relief of Rose Rother Lewartt.

An Act for the relief of Marie Germaine Muguette Andree Brunet Sievert.

An Act for the relief of Joan Noble Rusk.

An Act for the relief of Joseph Edouard Walter Gerard LeBlanc.

An Act for the relief of Marie Jeannine Eda Coderre Azaria.

An Act for the relief of Mary Margaret Florence Bradley Green.

An Act for the relief of Mary Wyllie Johnston Haan.

An Act for the relief of Christina Walsh McBrearty.

An Act for the relief of Marie Anne Roy Suess.

An Act for the relief of Ray Israel Lieder.

An Act for the relief of Lillias Cushnie Dowden Grande.

An Act for the relief of Angelina Heylen Thirion.

An Act for the relief of William James Munden.

An Act for the relief of Robert Raymond.

An Act for the relief of Jacqueline Gagne Brothers.

An Act for the relief of Nathan Fishbine.

An Act for the relief of Dorothea Atkinson Bosse.

An Act for the relief of George Evangelinelis.

An Act for the relief of Tatiana Holowko Kuczynski.

An Act for the relief of May McMullin Bjornson.

An Act for the relief of Adrienne Cote Souliere.

An Act for the relief of Imogene Eva Patricia Hayes Knox.

An Act for the relief of Maria Domany Cap.

An Act for the relief of Elfrieda Eggert Nowinski.

An Act for the relief of Mary Valerie Dorothy Johnston Bromwich.

An Act for the relief of Islay Isobel Campbell Jones.

An Act for the relief of Audrey Joan Atkinson Hanson Hanson.

An Act for the relief of Marie Eglantine Victoria Laurenza Gagne Holowaty.

An Act for the relief of Barbara Helen Major Kaye.

An Act for the relief of Hazel McJanet Thompson Stewart.

An Act for the relief of Patricia Marion Cook Townsend.

An Act for the relief of Helen Joan Franks Manley Sellen.

An Act for the relief of Lily Kite Herscovitch.

An Act for the relief of Mary Bagdonas Roselle.

An Act for the relief of Arthur Telford Bates.

An Act for the relief of Marjorie Pennell Robinson.

An Act for the relief of Joseph Henri Andre Lessard.

An Act for the relief of Sheila Joan Mencher Morantz.

An Act for the relief of Frances Marie Ware Ami.

An Act for the relief of Shirley Field Schleider.

An Act for the relief of Jeannine Cecile Marie Tessier Davies.

An Act for the relief of Madeline McIsaac Metayer.
An Act for the relief of Gloria Ann Hazelton Stewart.
An Act for the relief of Clifford Acland Barber.
An Act for the relief of Hilda Louise Prewer Shaver.
An Act for the relief of Gertrude Earle Bell.
An Act for the relief of Leba Lee Black Lichtenstein.
An Act for the relief of Helen Walker Seivewright Edwards.
An Act for the relief of Gertrude Hayes Renaud.
An Act for the relief of Isabell Jones Page.
An Act for the relief of Joyce Burgess Lewis Cloutier.
An Act for the relief of Marie Yvonne Blais Leger.
An Act for the relief of Jeanne Fleury Touchette.
An Act for the relief of Doris Cammy Lapkoff.
An Act for the relief of Thea Anna May Laskowski.
An Act for the relief of Thelma Barton Haylor McPhee.
An Act for the relief of Olga Pritula Memi.
An Act for the relief of Ethel Elizabeth Margaret Ritchie Campbell.
An Act for the relief of Edith May Robertson Thompson.
An Act for the relief of Hans Christian Anderson.
An Act for the relief of Raffaele Polissena.
An Act for the relief of Hilda Evelyn Charlton Carlson.
An Act for the relief of Dorothy Pilkington Wilson.
An Act for the relief of Dorothy Nesbitt Ward Pratt.
An Act for the relief of Nichita Tomescu.
An Act for the relief of Lilly Katoffsky Schwartz.
An Act for the relief of Rita Beryl Gwendolyn Scott Darlington.
An Act for the relief of Dorothy Christie Bradley Cunniam.
An Act for the relief of Samuel Marks Stirling.
An Act for the relief of Violet Ethel Stanway Sharpe.
An Act for the relief of Elizabeth June Robertson Fraser.
An Act for the relief of Shirley Ann Joss Le Boeuf.
An Act for the relief of Marguerite Catherine Evans Macfarlane.
An Act for the relief of Agniete Stravinskaite Paskevicius.
An Act for the relief of Joseph Marc Bernard Levesque.
An Act for the relief of Kenneth Wilfred Morgan.
An Act for the relief of Mary Helen Norah Whelehan Gondos.
An Act for the relief of Roger Paul Rene Hilaire Varnier.
An Act for the relief of Sarah Abramovsky Gordon.
An Act for the relief of Ruth Shirley Churchill O'Neill.
An Act for the relief of Edgar Ferland Theoret.
An Act for the relief of Therese Laure Turgeon Garson.
An Act for the relief of Marie Jeannine Lucette Poirier Legault.
An Act for the relief of Marie Rose Therese Allain Gauvin.
An Act for the relief of Marie Therese Murielle Audelin Blemur.
An Act for the relief of Frantisek Horsky, otherwise known as Francis Horsky.
An Act for the relief of Anne Campbell Hogwood.
An Act for the relief of Maud Virginia af Ugglas Marchant.
An Act for the relief of Annie Eva Lewin Sutcliffe.
An Act for the relief of Vanda Vainoraite Lebedziunas.
An Act for the relief of Ivy Hutchcraft Fawcett.
An Act for the relief of Charles Edouard Racicot.
An Act for the relief of Jeanine Yvonne Pinatel Wells.
An Act for the relief of Georgina Mary Elizabeth Forcade Sheehan.
An Act for the relief of Bridget Ann Hamilton Limoges.
An Act for the relief of Mildred Jane Clendenning Dephoure.
An Act for the relief of Elisabeth Marie Hartwig Bensinger.
An Act for the relief of Beatrice Mary Lucretia Glassco Bishop.
An Act for the relief of Marie Therese Justine Georgette Spenard Mignault.
An Act for the relief of Vera Florence Gilson Shehyn.
An act respecting Quebec, North Shore and Labrador Railway Company.
An Act to incorporate The Western Gospel Mission.
An Act to incorporate The Canadian Council of Churches.
An Act respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries.
An Act to amend the Trans-Canada Highway Act.
An Act respecting The Pension Fund Society of the Dominion Bank.
An Act to amend the Canadian Citizenship Act.
An Act to implement an agreement between Canada and the Kingdom of Denmark for the avoidance of double taxation with respect to income tax.
An Act to amend the department of Transport Act.
An Act to amend the Judges Act.
An Act to incorporate The Fellowship of Evangelical Baptist Churches in Canada.
An Act respecting Canadian Pacific Railway Company.
An Act respecting Trans-Prairie Pipelines of Canada, Ltd.
An Act respecting Odgensburg Bridge Authority.
An Act respecting the construction of a bridge over the St. Lawrence River near the city of Trois-Rivières.
An Act to amend the St. Lawrence Seaway Authority Act.
An Act to amend the National Housing Act, 1954.
An Act to establish the Northern Ontario Pipe Line Crown Corporation.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, June 12, at 8 p.m.

THE SENATE

Tuesday, June 12, 1956

The Senate, which was adjourned until 8 p.m. this day, met at 3 p.m., having been summoned to meet at that hour by The Hon. the Speaker, under the authority of a resolution adopted by the Senate on Wednesday, March 21.

The Speaker in the Chair.

Prayers.

Routine proceedings.

TARIFF BOARD BILL

FIRST READING

A message was received from the House of Commons with Bill 290, an Act to amend the Tariff Board Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Honourable senators, this bill enlarges the Tariff Board from three members to five members. The Government would like to make the new appointments soon, and if it meets with the general approval of the house I would suggest that the bill might be given the second reading later this afternoon, and if at that time the house is willing to pass the bill it could receive Royal Assent today. The bill was given the second and third readings in the House of Commons yesterday and was unanimously approved by that house. It is not controversial in any way.

Hon. Mr. Roebuck: What is its purpose?

Hon. Mr. Macdonald: To increase the number of members on the board.

Hon. Mr. Roebuck: Yes, but why is it necessary to increase the number?

Hon. Mr. Macdonald: On account of the increased work.

The bill could stand for the present and be called for second reading later this day.

Hon. Mr. Haig: Agreed.

The Hon. the Speaker: Second reading later this day.

CANADA LANDS SURVEYS BILL

FIRST READING

A message was received from the House of Commons with Bill 254, an Act to amend the Canada Lands Surveys Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

APPROPRIATION BILL No. 3

FIRST READING

A message was received from the House of Commons with Bill 414, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. W. Ross Macdonald: Honourable senators, I should like to proceed with the second reading of this bill today. This is an interim supply bill, and if it meets with the approval of the house it will receive Royal Assent later this afternoon.

Hon. Mr. Haig: Will the Leader of the Government give the usual undertaking that immediate passage of this bill will not in any way preclude discussion of these items when the final supply bill is before the Senate?

Hon. Mr. Macdonald: I would give honourable senators that undertaking. I recall that in March, when I moved second reading of the first interim supply bill of this session, I gave a similar undertaking. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) questioned my authority to do so. I may say now that I have no authority to speak for the Senate but, so far as I am concerned, as a member of the Government, I do give the house my assurance that passage of this bill will not prejudice the right and privilege of any honourable senator to discuss and criticize any item when the estimates come before us at any time later in the session.

Honourable senators, I move that this bill be called for second reading later this day.

The motion was agreed to.

LIBRARY OF PARLIAMENT

CIVIL SERVICE COMMISSION REPORT

The Hon. the Speaker: Honourable senators, I have the honour to present a report from the Civil Service Commission.

The Clerk Assistant (reading):

To the Honourable the Members of the Houses of Parliament:

Under the provisions of sections 62 and 11 of the Civil Service Act, and in accordance with the policy and provisions of Treasury Board Minute T.B. 499731 of April 6, 1956, as amended, . . .

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Macdonald: Next sitting.

PRIVATE BILL

FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA—REFUND OF FEES

Hon. Arthur L. Beaubien, for Hon. John A. McDonald, moved, with leave of the Senate:

That the parliamentary fees paid upon the Bill (F-7) intituled: "An Act to incorporate The Fellowship of Evangelical Baptist Churches in Canada" be refunded to the petitioners, less printing and translation costs.

The motion was agreed to.

ST. LAWRENCE SEAWAY PROJECT

INVITATION TO MAKE TOUR

Hon. Mr. Macdonald: Honourable senators, I understand that all members of this honourable house have received an invitation to make a tour of the St. Lawrence Seaway project tomorrow. The invitation came from the Honourable Lionel Chevrier, President of the St. Lawrence Seaway Authority. A number of senators have spoken to me and expressed their desire to accept the invitation.

The St. Lawrence Seaway project is a very large undertaking, and one of which Canadians may well be proud. I feel that as many senators as possible should take advantage of the opportunity to see the work that is being done. I move, therefore, that when this house rises today it stand adjourned until Thursday afternoon next at 3 o'clock.

The motion was agreed to.

DOMINION CURLING ASSOCIATION

ALL CANADIAN CLUBS NOW MEMBERS

On the Orders of the Day:

Hon. John T. Haig: Honourable senators, before the Orders of the Day are called, I would ask permission of the house to say a word or two about curling. Today I received the following telegram:

The Canadian Branch of Royal Caledonian Curling Club affiliation approved at meeting on Friday. Curlers from all across Canada now united in Dominion Curling Association.

W. B. Cowan,
Honorary Secretary,
Dominion Curling Association.

This step completes the organization of curlers in every part of Canada. Every organization now comes under the Dominion Curling Association, and we are all affiliated with the Royal Caledonian Curling Club of Scotland, as are all curling organizations throughout the world. So, for the first time since Confederation Canada has one great curling fraternity.

Heretofore there have been one or two organizations of curlers in each province: Saskatchewan one, Manitoba one, Alberta two, British Columbia one, and so on. This step will not disturb those provincial associations, but they will now become affiliated with the parent organization, the Dominion Curling Association. This association was formed 27 years ago, and for all that long time we have waited patiently for clubs in the Montreal area and the Ottawa Valley to join with us. With their participation, we are now organized on a Dominion-wide scale.

I feel very happy about this event. I am the only living member of the Dominion association who was present at its organization meeting 27 years ago. That may not seem long to look back on, but to look ahead, it is a very long time. Curling now becomes a national sport under one organization, and I hope the present spirit of co-operation will be carried with it into every part of Canada. One has only to visit curling associations in such provinces as British Columbia, Alberta, Saskatchewan, Ontario, Newfoundland and Prince Edward Island to know the strong friendly spirit that exists.

Hon. Mr. MacKinnon: What about Manitoba?

Hon. Mr. Haig: The strange thing about curling is that no matter what language one speaks, the curling stones seem to obey. It was thought at one time that only the Scottish people could talk properly to a stone. In this respect I am reminded of the bonspiel that took place about ten years ago, when for the first time French Canadians from the eastern part of Quebec participated. French was the native tongue of these men—of course they could speak English well too—and it was interesting to observe that the stone seemed to move at their command in the French language. I concluded then that curling is a truly bilingual sport.

I thank honourable senators for the opportunity of bringing this happy event to their attention.

Hon. W. Ross Macdonald: Honourable senators, I do not think I should let this occasion pass without expressing to the honourable Leader of the Opposition the great pride we take in what he has done to bring about this happy conclusion within the curling fraternity. We know that he has given 27 years of his life to this great Canadian curling organization, of which for the first three years he was president and has since been honorary president; and that he has taken a keen interest in the annual play-offs for the Macdonald Brier Trophy. He brings credit to himself and the Senate for what he has done in this respect.

The honourable leader opposite has accomplished many things during his lifetime, and this is not one of the least of them. I know I speak on behalf of all honourable senators when I say we rejoice with him in what has been accomplished this day.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: Thank you.

DIVORCE BILLS

THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill K-14, an Act for the relief of Elizabeth Redling Lefebvre.

Bill L-14, an Act for the relief of Marie Cecile Veronique Gaudreau Johnstone, otherwise known as Lucille Goudreau Johnstone.

Bill M-14, an Act for the relief of Claire Esther Cohen Weiner.

Bill N-14, an Act for the relief of Vera Norine Tromley Ashford.

Bill O-14, an Act for the relief of Jacgues Demers.

Bill P-14, an Act for the relief of Virginia Ruth Jones Lord.

Bill Q-14, an Act for the relief of Harold Barnes.

Bill R-14, an Act for the relief of Geraldine Isabella Johnson Mole.

Bill S-14, an Act for the relief of Adam Forbes.

Bill T-14, an Act for the relief of Rose-Anna Rose Crombie.

Bill U-14, an Act for the relief of Esther Phoebe Brunger Abels.

Bill V-14, an Act for the relief of Lorna Elizabeth Cadorette Belinsky.

Bill W-14, an Act for the relief of Benjamin Franklin Luther.

Bill X-14, an Act for the relief of Gordon Frederick Collins.

The motion was agreed and the bills were read the third time, and passed, on division.

APPROPRIATION BILL No. 3

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 414, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending 31st March, 1957.

He said: Honourable senators, it is customary to pass a bill similar to this one each year before the final estimates have been adopted. This bill provides interim supply for the carrying out of the Government services until the end of June. It is a means whereby the house may vote a sum which is one-twelfth of the items in the main estimates for the fiscal year 1956-57, together with an additional one-twelfth of six special items in the main estimates to provide for services of a seasonal nature on which heaviest payments fall due in the early part of the year, as set out in the schedule to the bill, and one-quarter of all the items in the supplementary estimates for the fiscal year 1956-57.

The general proportion of one-twelfth of the main and supplementary estimates is, as I have said, intended to provide all necessary ordinary requirements until the end of June. The higher proportion for the supplementary estimates—honourable senators will recall that I mentioned one-quarter of the supplementary estimates—will effect the release of the same proportion of those estimates as will be released of the main estimates by Appropriation Act No. 1, that is, one-sixth of the main estimates.

It will be noted that the additional proportion requested is for certain special items of a kind for which it has been usual to request an additional proportion at this time. The purpose of this is to meet the seasonal requirements of certain services which send out field survey parties during the spring and early summer. Honourable senators will note in the schedule the type of work for which these additional amounts are required.

I would point out that in no instance is the total of any item being released, and that the form of the bill is the same as that passed at approximately this time last year—May 26, 1955.

In closing, I will refer to the undertaking which was mentioned earlier this day. So far as I am concerned, as Leader of the Government in the Senate, I would state that the passing of this bill will not prejudice the rights and privileges of honourable senators to criticize and discuss any item in the estimates which may come up for consideration from time to time during the remainder of the session.

Hon. Mr. Aseltine: Would we not have the right to do that in any event? The budget debate is a debate in which members can speak on any subject whatsoever: during that debate we can talk about financial or any other matters.

Hon. Mr. Macdonald: I rather agree with my honourable friend, but for what it is worth I am giving the usual undertaking that such rights and privileges as I have mentioned will be respected by me and will not be curtailed or restricted in any way because of the passage of this measure.

Hon. Mr. Reid: Honourable senators, usually the estimates come down late in the session and very little time is allowed for asking questions. There is a question I would like to ask now, and if the answer cannot be given immediately it could be given at a later date; or perhaps the leader would like to take the question as a notice of inquiry. It has to do with an item on page 2 of the supplementary estimates: a grant of $12 million toward the anticipated deficit arising in 1956-57 from the operation of the television service of the Canadian Broadcasting Corporation.

My question is in two parts:

1. What is the total expenditure to be during 1956-57, if there is an anticipated deficit of $12 million?

2. Has a grant been allowed the Canadian Broadcasting Corporation to provide for the erection of a modern building to house all departments before the report is made by the Royal Commission?

Hon. Mr. Macdonald: I will take the question as a notice and will secure an answer as soon as possible.

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

THIRD READING

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

Hon. Mr. Macdonald: I move the third reading now.

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

TARIFF BOARD BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill No. 290, an Act to amend the Tariff Board Act:

He said: Honourable senators, at the present time the Tariff Board is composed of three members, and the purpose of this bill is to increase the number to five. In answer to the question asked by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), I may say that the enlarged board is required because of the increased volume of work.

As honourable senators know, the board considers appeals from the Deputy Minister of Customs on customs and excise matters. Also the Government from time to time refers certain questions to the board. At present the board is considering the iron and steel schedules, which have not been changed for many years. They have, I believe, occupied the board's attention for about a year: the whole question is now before it.

It is also the intention of the Government, if I correctly recall the speech of the Minister of Finance on the budget, to refer other matters to the board. The board now consists of a chairman, a vice-chairman, and one member. It is difficult for the board to carry on its sittings in the absence of one of the members who is engaged in giving consideration to this or that question which has been submitted. The proposal is to increase the number of members to five, including the chairman and two vice-chairmen, so that either the chairman or a vice-chairman can preside and there will be a quorum.

Hon. Mr. Hackett: What is the quorum at present? It cannot be more than two.

Hon. Mr. Macdonald: Two members.

Hon. Mr. Hackett: The quorum is to be raised to three?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Hackett: Will the leader state the names of the chairman, the vice-chairman, and the member who constitute the present board?

Hon. Mr. Macdonald: The chairman is Mr. H. B. McKinnon, the vice-chairman is Mr. F. J. Leduc, and the member is Mr. W. W. Buchanan.

Hon. Mr. Roebuck: It seems a rather remarkable arrangement. There is to be a quorum of three; there will be a chairman and two vice-chairmen, and it will not be possible to have two courts sitting at the one time.

Hon. Mr. Macdonald: That is so.

Hon. Mr. Roebuck: Why have a quorum of three? If the quorum were, say, two, there could be two hearings at the same time, one under the chairman, the other under a vice-chairman. If that is not to be done, why should there be two vice-chairmen?

Hon. Mr. Macdonald: The board might sit with a vice-chairman and two members, one of whom might be the other vice-chairman; or it could consist of the chairman, a vice-chairman and a member. On the first day of a sitting two members might not take part in the hearing; but next day the board might take up another case, in which event two of the members who sat the preceding day could review evidence given in the first case and the other two members could join the third member who heard the first case and hear the second case. In this way the board would be able to sit continuously. To have two courts sitting concurrently the number of members would have to be increased to seven.

Hon. Mr. Roebuck: Why not six?

Hon. Mr. Macdonald: In that event, with two concurrent meetings, all the members

would be sitting. That is not deemed advisable, because one of the members who hears a case should be in a position to review it and then consult with the other two members so that all the relevant facts will be clearly before them. The honourable senator knows that in most courts there are judges who are not sitting at every hearing, but who, having heard a case, are withdrawn to give special attention to the evidence.

Hon. Mr. Roebuck: Other than in respect of appeals, a court quorum consists of one.

Hon. Mr. Macdonald: I was referring to the appeal courts, where usually one or more judges are engaged in reviewing evidence and the cases cited. It is not held that there is enough work to increase the size of the board to seven. But at present there are intervals between the sittings of the board; whereas if the proposed increase is approved it will be possible to hold continuous sittings though not necessarily with all members in attendance.

Hon. Mr. Roebuck: Does the honourable gentleman recall what is the quorum of the Board of Transport Commissioners? I do not think it is three. I know that sometimes three members sit, but it is my impression that the quorum consists of only two.

Hon. Mr. Macdonald: Probably that is correct, but I am not too sure on that point.

Hon. Mr. Roebuck: For important matters, three members sit.

Hon. Mr. Macdonald: I believe so; and even when only two sit, it is my impression that they consult with another member.

Hon. Mr. Horner: Are the Tariff Board's sittings always held in Ottawa?

Hon. Mr. Macdonald: The intention of this bill is to make it possible for the board to move about.

Hon. Mr. Ross: Does the bill contain any provision other than those which the Leader of the Government has referred to?

Hon. Mr. Aseltine: What about salaries?

Hon. Mr. Macdonald: There is a reference to salaries. No change is being made in this respect at the present time. The chairman of the board is paid $16,900; the vice-chairman $14,500; the new vice-chairman will receive $14,500; the present member, Mr. W. W. Buchanan, gets $13,500; and the same salary will be paid to the new member.

Hon. Mr. Roebuck: It is stated that "the board, with the approval of the Treasury Board," may fix the remuneration of technical personnel. Is that not a change by way of a restriction? Was it necessary previously to have the approval of the Treasury Board?

Hon. Mr. Macdonald: Previously the Governor in Council appointed specialists to assist the board. It take it that section 2 is what my honourable friend is referring to.

Hon. Mr. Roebuck: Yes.

Hon. Mr. Macdonald: Appointments will now be made by the Tariff Board, with the approval of the Treasury Board. Previously the Governor in Council made the appointments, but it is felt that this is a matter which should be left with the board, which knows what type of experts it requires.

Hon. Mr. Roebuck: That is reasonable.

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

THIRD READING

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

Hon. Mr. Macdonald: I move the third reading now.

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

THE ROYAL ASSENT

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

The Senate adjourned during pleasure.

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

An Act for the relief of Marcel Alban St. Amour.

An Act for the relief of Grace Elizabeth Browning MacDonald.

An Act for the relief of Mary Carol Devone Henry Scott.

An Act for the relief of Stanley Mira Levene, otherwise known as Stanley Mira Francis.

An Act for the relief of Alice Isabel Christian Thompson.

An Act for the relief of Czarna Landzman Desmarais.

An Act for the relief of Real Perras.

An Act for the relief of Andrea Marietta Hiekisch Farago.

An Act for the relief of Barbara Mary Elliott Priestley.

An Act for the relief of Nancy Elizabeth Theresa Butler Waugh.

An Act for the relief of Robert James Clarke.

An Act for the relief of Veronica Rose Latter Haworth Robinson.

An Act for the relief of Billie Mae Margaret Taylor Dennis.

An Act for the relief of Naida Donnithorne St. James.

An Act for the relief of Alma Elizabeth Mackie Wahlberg.

An Act for the relief of William Maguire.

An Act for the relief of Anne Perley-Robertson McNicoll.

An Act for the relief of Colette Palardy Loranger.

An Act for the relief of Esther Kathleen Hamilton Williamson Maynard.

An Act for the relief of Helga Maria Berger Pilgrim.

An Act for the relief of Ruth Carol Friedman Allen.

An Act for the relief of Joseph Thomas Evans.

An Act for the relief of Marie Jacqueline Carmen Van Troyen Morin.

An Act for the relief of Hazel Wilhelmina Langtry Kimpton.

An Act for the relief of Sergei Vermala.

An Act for the relief of Stanley Tom Wood.

An Act for the relief of Amelia Alice Stefani Schofield.

An Act for the relief of Bridget Rowley McHale Bowman.

An Act for the relief of Shirley Susan Morris Duggan.

An Act for the relief of Maureen Evelyn Allison Cooper.

An Act for the relief of William Windsor Frewen.

An Act for the relief of Ethel Hansen Echlin.

An Act for the relief of Muriel Doreen Southall Fisher.

An Act for the relief of Paulette Lavallee Plotkin.

An Act for the relief of Peter Butler.

An Act for the relief of Ivy Umilta Gooding Joseph.

An Act for the relief of Margaret Lash Johnston.

An Act for the relief of Ethel Simon Baroff.

An Act for the relief of Golda Cohen Winter.

An Act for the relief of Henriette Lessard Hughes.

An Act for the relief of Ewart Ernest Clouston.

An Act for the relief of Mary Ethel Irving Buchanan Simcox.

An Act for the relief of Constance Catherine Mary Pilon Milmine.

An Act for the relief of Joseph Henri Maurice Messier.

An Act for the relief of Mildred Helena Seale Darker.

An Act for the relief of Robert Alfred Price.

An Act for the relief of Alfred Sevigny.

An Act to incorporate La Paix General Insurance Company of Canada.

An Act to incorporate The Canadian Provincial Insurance Company.

An Act to incorporate Grand Falls Central Railway Company Limited.

An Act respecting The Maritime Stock Breeders' Association.

An Act to amend the Live Stock and Live Stock Products Act.

An Act to amend the Tariff Board Act.

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Thursday, June 14, at 3 p.m.

THE SENATE

Thursday, June 14, 1956

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

Prayers.

Routine proceedings.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

FIRST READING

A message was received from the House of Commons with Bill 415, an Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1956, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

CANADIAN FORCES BILL

FIRST READING

A message was received from the House of Commons with Bill 416, an Act respecting the Canadian Forces.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: I move that the motion for second reading of this bill be the first order of business when the house next meets.

The motion was agreed to.

EMERGENCY GOLD MINING ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 417, an Act to amend the Emergency Gold Mining Assistance Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

LIBRARY OF PARLIAMENT

CEREMONY AT OFFICIAL REOPENING

The Hon. the Speaker: Honourable senators, might I draw your attention to the fact that at 6 o'clock on Tuesday next, June 19, the unveiling of plaques commemorating the official opening of the renovated Library of Parliament will take place at the entrance to the library. The ceremony, which will be performed by His Excellency the Governor General, will be followed by a reception given by the Speakers of both houses in the Railway Committee Room of the House of Commons. In due course honourable senators will receive my invitation to attend the reception, but I am notifying the house at this time of the unveiling ceremony, in case I may not have a further opportunity to do so.

CANADIAN FARM LOAN BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Acting Chairman of the Standing Committee on Banking and Commerce presented the report of the committee on Bill 84.

The report was read by the Clerk as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (84) intituled: "An Act to amend the Canadian Farm Loan Act", have in obedience to the order of reference of June 4, 1956, examined the said bill and now report the same without any amendment.

The report was adopted.

THIRD READING

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

Hon. Mr. Hugessen: I move the third reading now.

Hon. R. B. Horner: Honourable senators, before this bill receives third reading, may I make a few comments, in view of the remarks made by the Leader of the Opposition (Hon. Mr. Haig) and the senator from Churchill (Hon. Mr. Crerar) during the debate on second reading. This fall will complete the fiftieth year that I have worked on farms in Saskatchewan, and I am sure that is much longer than those honourable senators have done actual farm work in Manitoba. The Leader of the Opposition said that when he was a boy the farmer used to hire a man in the spring to help him sow, and during June and July for summer-fallowing, and two or three men during August and September to help take off the crop and put it in stacks, and in December he would hire others while the grain was being threshed. My friend went on to say that conditions are different today in the Prairie provinces, that the farmer now goes around the fields with a tractor, and that his wife follows in a truck, that the farmer loads the truck with grain, that his wife delivers it to the elevator and returns

to the farm for another load. With reference to very large farm units, that is a greatly overdrawn picture of what actually takes place. It often happens that the grain is flattened out by snow or a rain storm, and it becomes necessary to employ help and invent all manner of devices to save the grain.

However, what I am concerned about is that many men are better suited to operating a small farm than a large one, and their attempts to operate large units may be one of the reasons why we are filling our mental hospitals at present. Many years ago a certain homesteader farmed a piece of land which belonged to the Saskatchewan Valley Land Company. Since the village was developing there I could understand his desire to buy the land. I myself had in mind buying a piece of land there, and I drove around and asked this man for information. I thought that before I bought the land I would call on the man who lived next door, tell him the land was for sale, and see if he wanted to buy it. He said he would like to buy it when he had the cash to pay for it, but he was not going into debt to do so. I pointed out that the property was not being offered for cash. But he told me of having once signed a note and of having been notified about it three times. He went on to say that he would sign no more notes or agreements.

I eventually bought the land around him. He continued to farm his quarter-section in a small way, off which he sold the grain for seed. I believe he kept only one sow, but I often thought he made more money out of her than others made out of twenty. He fed her litters until they were most suitable for the market and brought the best price. He kept a few head of cattle, which were properly cared for, and a few horses, which he took pride in. Well, that gentleman lived a good life. If he wanted to, he could hire a farmer with large equipment to do work for him, because the big operators were always ready to do work for cash when they were slack. He took a mortgage on a farm next to him, and eventually got ownership of it. At 80 years of age he retired to British Columbia, but returned to Saskatchewan to operate this farm; and he lived to be an old man.

I know of many such cases across western Canada. Take, for instance, Dr. Seager Wheeler: he did much for the west by his development of well-known varieties of wheat, oats and barley, and apple and hedge trees; and he did it all on a small farm. I knew his brother, who also farmed in a small way. He too lived a very good life, and he left a nice cash estate.

I have observed throughout my lifetime that while there are some men who are entirely suited to and do not worry unduly about handling large operations, the great majority of men have a better life on a small farm. The Leader of the Government (Hon. Mr. Macdonald) said something the other day about the advantage the farmer has in being his own boss. That is true. And the farm is the best place for raising a family. Indeed, farming is a way of life. My object is to laud the small farmers, and I hope we will always have them with us, in both the east and the west.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Horner: They usually look after their farms properly and, in my opinion, are good risks as borrowers. I do not think it is right that we should encourage young people to get the idea that they have to operate a big piece of land in order to succeed. That is quite unnecessary.

I recall a Chautauqua meeting I attended many years ago, where a speaker, talking about farmers, said they just buy more land in order to grow more wheat to buy more land. That was the theme of his speech, and in many cases it is no doubt true. But as we know, when there is a complete crop failure it is the large operator who suffers most and takes longest to recover, while the small farmer can carefully tend his livestock and quickly return to normal.

I think there is much to be said for having people do the thing that best suits them. We have all heard about the way experts are developed by the Hutterites. Everybody knows that these people have acquired large tracts of land in western Canada, and they pay cash for them. Their system of operation is to choose individuals who have a special aptitude for the raising of a certain class of stock, whether it be ducks, pigs or something else, and allow them to specialize in that category; they also choose men best suited for mechanical work and assign them to the job of keeping their machinery and other equipment in repair. So they are succeeding very well—so well, in fact, that provincial governments in western Canada have had to enact certain laws with regard to them. I do not know whether it was thought that they would eventually own the whole province or what, but certain restrictions were placed on them which provided that if they moved they must not go farther than 40 miles away. At any rate, I think this is the limit in Alberta. In addition there is a regulation that within, I think, 90 days after their moving their land must be offered to veterans. However, there has been some evasion of that regulation.

Honourable senators, I merely rose to put in a word for the small farmer, the careful farmer.

Hon. John T. Haig: Honourable senators, so there will be no misunderstanding I want to correct a statement made by my honourable friend. He indicated that I have never been on a farm or worked on a farm.

Hon. Mr. Horner: Never worked on one.

Hon. Mr. Haig: In 1896 I drove a binder on my father's farm, and in that season I cut 250 acres of crop.

Hon. Mr. Horner: That is more than 50 years ago.

Hon. Mr. Haig: That is 60 years ago.

Hon. Mr. Horner: But you have not done any farming within the last 50 years.

Hon. Mr. Haig: I am not talking about 50 years—I said 60 years ago. I cut the crop, for three years running, until I entered university. I was the farm boy on my father's farm until he sold out and went into business. Then I worked for the neighbouring farmer, for the large wage of 75 cents a day.

Hon. Mr. Crerar: Were you worth more?

Hon. Mr. Haig: I have no doubt the honourable member from Churchill (Hon. Mr. Crerar) knows much more about farming than many other senators do. He came up the hard way, as I did. My father was a homesteader in Manitoba, and while he was a farmer he got a licence to teach school. I did the same. We each in turn taught school in the winter, and in the summer we worked the farm. So I say we really came up the hard road.

But that is not the point of my remarks. In committee this morning we heard the commissioner of the Farm Loan Board, whom I have known for many years. He made it very clear that the board considers every application. If an application is not acceptable, that is clearly indicated to the farmer; and if he insists and pays the $10 fee, the board will make an examination of his place with a view to reconsidering his application.

I am not complaining at all of the big farmer. The Farm Loan Board does not make distinctions in that way. It takes into account the value of the assets. I know this, because the board operates in my province. A man raised on a farm in Manitoba, or in any other province, who goes into the practice of law, can always count a fairly large number of farmers among his clientele. The reason is that they realize he knows more about their background and farm problems generally than does the lawyer who was not brought up on a farm.

Honourable senators, farming is the greatest occupational gamble in the world. Nothing else compares with it. This morning in committee I was anxious to have the bill amended so as to give the local manager of the board a little more authority. I think his present authority is not sufficient to enable him to meet competition. I would like to see the farmers, the small ones as well as the bigger ones, get the advantage of the board's lower interest rate, because while farmers generally have had prosperity in the last 10 years, prices today are slipping. The world is getting loaded down with farm products. Other countries are growing more grain—some countries are bonusing their grain producers—and the competition affects the prices that our farmers receive for their products, especially for grain. For that reason I was anxious that if money could be borrowed at 5 per cent they should get the benefit of that rate. I think that the average rate of interest on mortgages today is around 6 per cent. On mortgages under the National Housing Act the rate is 5¾ per cent.

I think our farmers should be able to get money at the lower rate. The difficulty is that there is not a close enough co-ordination of operations of the board and the provincial managers, who know local conditions. The present commissioner comes from my province and, as I have said, he is well known to me. Having lived on the prairies all his life, he is pretty thoroughly informed on the situation in Manitoba, Saskatchewan and Alberta, but I doubt if he has experience of the farming backgrounds in Quebec, Ontario, the Maritime provinces and British Columbia. As I have said the man best informed on the local situation is the man on the spot. The last director, Dr. McLean, was a British Columbian, so of course he knew less of conditions on the prairies than a prairie man would know. I am anxious that a little more liberty and authority shall be granted to local managers in order that farmers may adequately benefit from the provisions of the act. Someone has said that the farmers do not want loans, but, speaking as a representative of farmers, in my province anyway, I can say that they do want to get loans at 5 per cent if that be possible.

Hon. F. W. Gershaw: Honourable senators, I believe difficulties have arisen because the act has not completely fulfilled the purpose for which it was intended. However, it must be recognized that any loaning organization, to keep solvent, must have its loans repaid. I am very glad to have the assurance that

during the past year loans have been made available to persons who work irrigated land. It seems to me that that was a wise move, because crops on this class of farm usually are assured, but to make a real success of his operations the young farmer, starting with some arable land and some pasture, needs a little capital to provide feed for his cattle. I am also told that consideration will be given to requests for loans in drought areas, but that will be practicable only if the high standard of qualifications required today is adhered to. I am a little disappointed about the position of applicants whose requests for loans are refused when their land has never been inspected; they feel badly about it. However, we are told that if they pay the $10 charge they will be more likely to get some consideration. I believe that the board, operating under the new plan, will give more satisfaction in future.

Hon. Gray Turgeon: Honourable senators, I merely want to repeat one thing I said this morning in committee—that as far as British Columbia is concerned the operations of the Farm Loan Board have given complete satisfaction to the farmers. At the moment the honourable senator from New Westminster (Hon. Mr. Reid) is not in the chamber, but I know that he agrees with me in this. A great part of the agricultural area of British Columbia, which in total is not large, is in the Peace River area; it is prairie land similar to parts of the Prairie provinces; and the farmers there who produce wheat and raise cattle are completely satisfied with the work of the board.

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

CANADIAN NATIONAL RAILWAY COMPANY BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill 248.

The report was read by the Clerk as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (248) intituled: "An Act respecting the Construction of a line of railway in the Province of New Brunswick by Canadian National Railway Company from a point at or near Bartibog in a westerly direction to the Tomogonops River in the vicinity of Little River Lakes", have in obedience to the order of reference of May 31, 1956, examined the said bill and now report the same without any amendment.

The report was adopted.

THIRD READING

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

Hon. Mr. Hugessen: I move that the bill be now read the third time.

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

PRIVATE BILL

NIAGARA LOWER ARCH BRIDGE COMPANY LIMITED—REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill J-14.

The report was read by the Clerk as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (J-14) intituled: "An Act respecting Niagara Lower Arch Bridge Company Limited", have in obedience to the order of reference of June 6, 1956, examined the said bill and now report the same with the following amendment:

Pages 1 and 2: Delete clause 2 and substitute therefor the following:

"2. The Company is hereby authorized and empowered, subject to the rights of any person by way of mortgage, lease, charge or other encumbrance of any kind granted by the Company or its predecessor in title, on or secured by the whole or any part of the hereinafter described properties and assets of the Company, to sell, assign, transfer and convey, to any company, body or commission, its bridge, the approaches thereto, all appurtenant structures, works, undertakings, franchises, privileges, powers, rights and property, real, personal and mixed, so far as the same are located within Canada, possessed by, vested in or to it belonging, or heretofore possessed by, vested in or belonging to The Niagara Falls Suspension Bridge Company, upon such terms and conditions as may be agreed upon by the directors of the Company; Provided that such assignment, transfer or conveyance shall have been first approved by the holders of two-thirds of the shares of the Company at a special general meeting of the shareholders, duly called for the purpose of considering it, at which meeting shareholders representing at least two-thirds in number of the subscribed shares of the Company are present, or represented by proxy, and for the purposes of this section, sections 153 to 155 inclusive of the Railway Act shall not apply."

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hugessen: Next sitting.

NATIONAL PARKS BILL

REPORT OF COMMITTEE

Hon. T. A. Crerar, Acting Chairman of the Standing Committee on Natural Resources, presented the report of the committee on Bill P-8.

The report was read by the Clerk as follows:

The Standing Committee on Natural Resources, to whom was referred the Bill (P-8) intituled: "An Act to amend the National Parks Act respecting the boundaries of Cape Breton Highlands National Park", have in obedience to the order of reference of May 31, 1956, examined the said bill and now report the same without any amendment.

The report was adopted.

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

Hon. Mr. Crerar: I move the third reading now.

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

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, in view of the announcement made by His Honour the Speaker of the official opening of the renovated Library of Parliament, on Tuesday next at 6 o'clock, and the reception that is to follow it, I feel that we should meet in the afternoon on that day. Therefore, with leave of the Senate, I move that when this house rises today it stand adjourned until Tuesday next at 3 o'clock in the afternoon.

The motion was agreed to.

INDUSTRIAL DEVELOPMENT BANK BILL

MOTION FOR SECOND READING—
DEBATE ADJOURNED

Hon. John J. Connolly moved the second reading of Bill 165, an Act to amend the Industrial Development Bank Act.

He said: Honourable senators, this bill amends the Industrial Development Bank Act, which was passed by Parliament in 1944, and is chapter 151 of the Revised Statutes of Canada, 1952.

The purpose of the legislation was to fill a gap in the existing financial machinery of the country, and particularly to assist small businesses to secure capital on the security of fixed assets. It was felt that the facilities in this respect which were required by relatively small industrial enterprises were not available from the chartered banks, whose business was mainly that of supplying current loans and demand loans. It was also thought that large industrial and commercial enterprises were able to procure their fixed capital requirements on the general money market by the sale of securities or by large mortgages.

Honourable senators, the bank has been operating now for a period of approximately 12 years. The bill before us contains 12 sections. A number of these provide technical amendments to the existing legislation, and I think it would be inappropriate for me to bother with them at this stage. They are matters which can be readily dealt with in committee. There are, however, in addition to these technical amendments, three significant changes to the act.

First of all, the definition of "industrial enterprise" is enlarged. This in effect means that a larger number of companies would be able to take advantage of the facilities provided by the Industrial Development Bank.

The second significant change arises from the fact that at the present time the board of directors of the bank themselves must pass upon all loans. The change proposed in this respect is that in the interest of efficiency and dispatch some of this power shall be delegated to senior officers of the bank. Perhaps this change is somewhat similar to the suggestion made a few moments ago by the Leader of the Opposition (Hon. Mr. Haig) in connection with the Canadian Farm Loan Board.

The third significant change to be made by this bill arises out of the following circumstances. The lending which is done by the Industrial Development Bank is broadly divided into two categories: loans of over $200,000 and loans below that amount. When the original act was passed, in 1944, there was a limitation in the overall amount of money which could be loaned in units of $200,000 or upwards. This limitation originally was $15 million. In 1949 this limitation was increased to $25 million, and in 1952 to $50 million. It is now proposed that the limitation be further increased to $75 million. Perhaps I should say at this point that the approximate total lending power of the bank is $130 million. So it is proposed that $75 million be made available for loans of over $200,000, and that the remaining $55 million available for lending should go out in loans of less than $200,000.

Honourable senators, these are the main amendments to the act. Before dealing with them in detail I think it might be helpful if I were to supply some information about the function of the bank in the past 12 years. If I could have the unanimous consent of the house—and I think it might be a matter of convenience to honourable senators—I should like to place upon *Hansard* a table showing the classification of loans, investments, and guarantees, by provinces. This table will show the gross authorizations from the time the bank was established, in 1944, until December 31, 1955. It will also show the amount of loans outstanding at the end of last year. Perhaps it will be still more helpful if I state in round figures what is contained in that table. Up to December 31, 1955, some

1,499 loans were authorized by this bank, to a total of $127,603,075. Those loans were distributed by provinces in this way: There were 4 in Newfoundland, amounting to a little over $1 million gross; 6 in Prince Edward Island, $119,500; 27 in Nova Scotia, $1,890,000; 51 in New Brunswick, $2,890,000; 494 in Quebec, $46,848,000; 466 in Ontario, $37,634,000; 105 in Manitoba, $4,900,000; 35 in Saskatchewan, $4,100,000; 85 in Alberta, $8,700,000; 223 in British Columbia, $19,100,000; and 3 in the Yukon and the Northwest Territories, $286,000.

At December 31, 1955, there were 642 loans outstanding, totalling $45,101,364.

If I have the unanimous consent of the house, I will place this table upon *Hansard*.

Hon. Senators: Agreed.

The table is as follows:

Classification of Loans, Investments and Guarantees by Provinces

	Gross* authorizations to Dec. 31, 1955		Amount outstanding at Dec. 31, 1955	
	No.	Amount	No.	Amount
Newfoundland	4	$ 1,020,000	1	$ 103,000
Prince Edward Island	6	119,500	4	30,000
Nova Scotia	27	1,893,444	10	347,931
New Brunswick	51	2,890,737	24	498,853
Quebec	494	46,848,713	216	17,258,003
Ontario	466	37,634,382	204	15,377,337
Manitoba	105	4,924,126	40	1,261,150
Saskatchewan	35	4,109,111	16	488,454
Alberta	85	8,749,749	37	1,807,070
British Columbia	223	19,127,313	88	7,828,531
Yukon, Northwest Territories	3	286,000	2	101,035
Total	1,499	$127,603,075	642	$45,101,364

*Before any cancellations or reductions in amounts authorized.

Hon. Mr. Isnor: Could the honourable senator tell us how many of the 642 loans outstanding are overdue?

Hon. John J. Connolly: I have not that information. I can tell my honourable friend, however, that of the total amount of money lent by this institution only $350,000 has had to be written off. I would suggest that the honourable gentleman ask for detailed information from the officials who will be present in committee.

Hon. Mr. Haig: May I ask the honourable member a question? What is the nature of these loans? I have always been puzzled about that.

Hon. John J. Connolly: If the Leader of the Opposition will allow me first to put some more information upon *Hansard*, I will then deal precisely with that point.

Because one of the amendments to be made by the bill is in connection with loans of over $200,000, if I may have the unanimous consent of the house again I will place on *Hansard* another short table showing, by size, the variety of loans made by this bank. The figures in the table are all as at September 30, 1955. I am sorry I cannot get figures to the end of the year. I will summarize the contents, again giving round figures, in this way: There were 11 loans of $5,000 and under, for a total of $46,820; 229 loans between $5,000 and $25,000, for a total of $3,835,000; 170 loans between $25,000 and $50,000 for a total $6,635,000; 137 loans between $50,000 and $100,000, for a total of $10,411,000; 85 loans between $100,000 and $200,000, for a total of $12,718,000; and 62 loans over $200,000, totalling $33,627,000. That is a total of 694 loans or credits, amounting in all to $67,275,134.

With leave of the house I will place the table on *Hansard*.

Hon. Senators: Agreed.

The table is as follows:

By size	Current authorizations at September 30, 1955	Number of credits
$ 5,000 and under	$ 46,820	11
5,001 to 25,000	3,835,922	229
25,001 to 50,000	6,635,923	170
50,001 to 100,000	10,411,103	137
100,001 to 200,000	12,718,000	85
Over $200,000	33,627,366	62
	$67,275,134	694

Hon. John J. Connolly: Coming now to the point raised a moment ago by the Leader of the Opposition, it might be helpful if I stated in a general way the amount of money authorized to be lent to various classifications of industrial enterprises from the time the bank was established. I think it will be better to give the amounts in round figures rather than in specific amounts. Detailed information is available in the Annual Report of the Industrial Development Bank for 1955, at page 8.

Hon. Mr. Haig: May I ask another question? What is the general character of these loans? If a loan is made to a manufacturing plant, for instance, what is the reason for the loan, and on what basis is it made? It appears that if one cannot borrow from the chartered banks he can sometimes get money from the Industrial Development Bank. What is the reason for that?

Hon. John. J. Connolly: Perhaps I cannot give a full explanation in answer to the question, but I will try to do so, and what I shall say is based on information given by the president of the bank to the Banking and

Commerce Committee of the other place. For the sake of argument, let us say that a certain enterprise manufactures brooms, and needs capital for expansion—to erect a new plant or to install new equipment, or to increase the efficiency or the size of their operations. The industry is too small to go to the money markets and get capital by the sale of bonds or debentures in the way that is done by a large industrial enterprise. In such a case, the enterprise having been refused credit by a charterd bank—I understand that is the *sine qua non* step—it may go to the Industrial Development Bank with its proposition. It must show what assets and what kind of sales organization it has, and must be able to demonstrate that the organization is a going concern and is likely to succeed. The Industrial Development Bank has on its staff specialists in engineering, insurance, and other fields, people who know these various types of businesses that come before them for consideration. They examine the prospects of the company, and examine its assets. If the loan is deemed to be one that could be entertained by the bank, the machinery to grant a loan is set in motion. Usually the bank takes a mortgage on the fixed assets, namely the buildings and lands, and any fixed chattels, as well as a chattel mortgage on its other assets. The terms of the loan are fixed in the written agreement between the company and the bank, and the company proceeds to get the loan. As a rule the advances are made as the work progresses, and finally the loan is fully advanced when the work is brought to a certain stage of completion. With the expansion of its business, the borrowing company then proceeds to repay its loan out of revenue in the normal way.

I hope that general explanation will be satisfactory to honourable senators. But, again I say, I think the president of the bank would be able to supply a great many more details of this character than I can.

Hon. Mr. Isnor: Would my honourable friend clear up one point? Does this loaning facility apply to established organizations only, or would it also apply to a new business enterprise?

Hon. John J. Connolly: A new business could take advantage of the facilities of the act; but, there again, it would have to demonstrate its capacity to handle the amount of credit for which it made application. Even in the case of an existing business, if it borrows to build a new plant and buy new machinery, the assets are not there when the money is borrowed, but they are acquired and thus security is created.

Hon. Mr. Quinn: I take it that a business would have to be in operation for some time to qualify for credit, would it not? A new business could hardly get a loan right at the start?

Hon. Mr. Isnor: That is what I should like to find out.

Hon. John J. Connolly: I do not think there is any question that a new business would be able to qualify. A few years ago it was decided to extend the facilities of this bank to the aircraft industry, to allow owners of commercial planes for the carriage of both passengers and freight to borrow from this bank. Of course, the main purpose of that amendment was to allow such companies to acquire aircraft. In those circumstances many of them started from scratch and carried on after the credit facilities provided by the bank were established.

Perhaps honourable senators would be interested to know of some classes of industry to which credit has been extended in the past 12 years. A few taken at random are:

Industries	An amount in excess of
Foods and beverages	$10 million
Textile products	$ 7½ million
Wood products	$14½ million
Printing establishments	$ 2½ million
Iron and steel	$13 million
Electrical apparatus	$ 3½ million
Chemical products	$10 million
Commercial air services	$ 3 million

The authorized capital of the Industrial Development Bank is $25 million, and all of the shares are owned by the Bank of Canada. The Industrial Development Bank has built up a general reserve fund in excess of $7,300,000 from profits which it has made in the past 12 years, and in addition it has a reserve for losses of some $700,000. As I have already said to the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor), its write-offs have not been more than $350,000 out of total loans of $127 million.

The Industrial Development Bank was authorized under section 14 of the act to issue and sell debentures not exceeding three times the amount of its paid-up capital and reserve. Under this provision it has issued debentures to the face value of $9½ million; and these also are held by the Bank of Canada.

The President of the Bank is Mr. James E. Coyne, who is also Governor of the Bank of Canada. The General Manager is Mr. D. G. Marble, C.B.E., whose offices are in Montreal. It may be of interest to know that Mr. Marble came from the chartered bank organization of this country. He entered the Royal Bank of Canada in 1913, and served on its inspection staff and in its supervisory

department. In 1929 he was at its head office in Montreal, and was appointed Assistant Manager after making an inspection tour of its various European branches. He was staff supervisor from 1933 to 1938, when he became Secretary of the Bank of Canada. He was appointed General Manager of the Industrial Development Bank at the time of the retirement of the first General Manager, Mr. S. R. Noble, O.B.E., in 1953.

As this is the first amendment to the act that has been sought since Mr. Noble's retirement, it would perhaps be well to say something in commendation of the work which he did for this institution. I may say that I do not know Mr. Noble personally, but there are many senators who do, and many more who know him by reputation. Mr. Noble was born in New Brunswick. He joined the staff of the Royal Bank in 1903, and in 1907 went to its head office. He became General Inspector of Foreign Branches in 1917, and was Supervisor of the Cuban branches in 1921 and 1922. In that year he became Assistant General Manager of the bank. Mr. Noble was appointed Sugar Administrator of Canada in 1939; and during the war years he was special adviser to the Wartime Prices and Trade Board. He did many other things on behalf of financial organizations connected with the federal Government's war effort. He became the first General Manager of the Industrial Development Bank when it was established, in 1944, and much of the credit for the success of the bank, which is a special type of institution, is due to his outstanding work. Mr. Noble continued in that office for the first ten years of the bank's existence.

Honourable senators may be interested to know the names of the directors of the bank, because they come from various sections of the country. The President, as I have said, is Mr. James E. Coyne, Governor of the Bank of Canada. The other directors are: J. R. Beattie, member of the Executive Committee, Ottawa; W. D. Black, member of the Executive Committee, Waterdown, Ontario; E. G. Burton, C.B.E., Toronto; J. L. Cavanagh, New Glasgow, Nova Scotia; Dr. A. M. Day, Consort, Alberta; N. A. Hesler, Sackville, New Brunswick; A. Stewart McNichols, Montreal; W. A. Johnston, Q.C., Winnipeg; R. H. Milliken, Q.C., Regina; A. C. Picard, Quebec; H. A. Russell, St John's, Newfoundland; Harold B. Schurman, Summerside, Prince Edward Island; A. C. Taylor, C.B.E., Vancouver; and K. W. Taylor, C.B.E., member of the Executive Committee, Ottawa, who is also Deputy Minister of Finance.

Honourable senators, the net profit of the bank in 1954 was $1,842,571, and in 1955 it was $1,199,057. Until such time as the bank has built up a reserve equal to its paid-up capital of $25 million, it is not permitted by the original legislation to pay any dividends.

The bank, as honourable senators may know, is not a deposit bank, but an investment bank. It now has offices in Montreal, Toronto, Vancouver and Winnipeg. This year it will establish two new offices, one in Halifax and another in Calgary. It has a staff of 100 persons, including engineers, credit officers, lawyers, insurance experts, accountants and clerical help.

It is estimated that the bank processes about four to five loans each week, and that at the present rate of handling it takes somewhere between two and three months to complete the granting of an approved loan. The average term of loans is from six to seven years, and there are few loans for longer than ten years. The interest rate which the bank charges is six per cent.

Hon. Mr. Isnor: Does the bank pay any income tax on its large profits?

Hon. John J. Connolly: No, the bank does not pay income tax.

If the bill passes second reading I will propose that it be referred to the Standing Committee on Banking and Commerce. There not only the main amendments, but the minor and technical amendments which the bill proposes, can be examined.

I think I should say something more about the main amendments. The definition of "industrial enterprise" as contained in the present act is as follows:

> "Industrial enterprise" means a business in which the manufacture, processing or refrigeration of goods, wares and merchandise or the building, alteration or repair of ships or vessels or the generating or distributing of electricity is carried on.

From experience the officers of the bank have found that there are a great many enterprises, although not engaged in processing or manufacturing, which have an industrial character, and the restricted definition now contained in the act made such enterprises ineligible for loans. For example, logging is not eligible, but the processing of logs and the making of lumber is eligible. Quarrying and mining are not eligible, but crushing, screening and similar processes in treating ore are eligible.

Hon. Mr. Roebuck: What about pipe lines? Are they eligible?

Hon. John J. Connolly: Pipe lines probably will be eligible under the new proposal, but I am afraid that the bank may not have capital enough to be able to assist an enterprise of that size. But there are a great many industrial services such as repairing, reconditioning, packaging, preserving, making

technical surveys, doing research, and the like, which are not within the existing definition, although they are important adjuncts of the modern industrial process. All of these functions, it is felt, are operations which, when they are of a moderate size, should qualify for credit under the facilities provided by the Industrial Development Bank. They are to be contrasted with farming, fishing, the retail and wholesale trade, professional services and the like, and they will now be able, as a result of the amended definition of "industrial enterprise" in section 1 of the bill, to get assistance from the Industrial Development Bank if they require it.

I shall not read the new definition. It is long. Honourable senators will be interested enough in reading it for themselves, and when the time comes to discuss the bill in committee, questions can be asked of the officials of the bank as to the adequacy of the proposed new definition.

I now refer to section 5 of the bill, which amends section 15 of the act. The important point about this section is that officers of the bank will be authorized by the board to approve certain loans. Generally speaking, I am informed that the larger loans, of over $100,000 or over $200,000, will still require approval of the Board of Directors. One of the tables that I placed on *Hansard* indicates that some 240 loans have been authorized by the bank as at the end of September, 1955, in which the amount of each loan was under $25,000. This figure of 240 loans is approximately 30 per cent of the 694 loans then outstanding. It will be clear that for such loans a great deal of time will be saved if the officer in charge of the local offices can give approvals without referring these smaller applications, to, say, Ottawa. I am informed that these officials of the bank have a very deep understanding of the standards which the Board of Directors has from the beginning applied to all loans whether they be great or small.

I personally cannot assure honourable senators that a $25,000 limit will be placed on the discretion of local officers, but it seems to me that a discretion of that kind would be a reasonable type of discretion.

Hon. Mr. Roebuck: What is the discretion given to the ordinary branch bank manager?

Hon. John J. Connolly: I think that would vary with the place, the size of the branch and the experience of the manager.

Hon. Mr. Roebuck: It is much less than $25,000.

Hon. Mr. Haig: It depends on the manager.

Hon. John J. Connolly: But of course the type of loan is different too. This is a loan secured on fixed assets. A bank manager's discretion applies to the ordinary commercial loan, where the security perhaps is not as far reaching as this type of security would be. I think the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) is quite right.

Now, honourable senators, I refer you again to section 5 of the bill, which amends section 15 of the act.

I have already said that when the bank was established there was a limitation in the amount of money which could be loaned in blocks of $200,000 or over. Originally, the limitation was $15 million. It is now up as high as $50 million, and it is proposed that it should be further increased to $75 million.

I repeat that the total lending power of the bank today is approximately $130 million. At the end of 1955 there were outstanding loans by the bank in the amount of $45 million. About half of this amount was in loans of under $200,000, and the other half in loans of over $200,000. The bank officials estimate that loans of over $200,000 are increasing at the rate of about $2 million each year. So if authority is given to lend up to $75 million in units of $200,000 or more, there will still be $55 million available for loans below the $200,000 mark. At the present time loans outstanding below the $200,000 amount to less than $25 million. So there seems to be ample room for all the credit requirements of companies of this kind if the change is made.

I would think, honourable senators, that the purpose of the Industrial Development Bank has been justified. It has occupied a field in which the chartered banks on the one hand, do not compete, and which is not serviced by organizations that look after the capital requirements of our great commercial and industrial enterprises.

The bank has been making a profit each year. It is a specialized business, and its overhead is heavy. If and when it reaches the position where it can pay a dividend—and it must have $25 million in its reserve fund before it can do so—its dividend is restricted to 4 per cent of its paid-up capital. Any amount over that must be paid into the reserve.

Hon. Mr. Isnor: What do you mean when you say that its overhead is heavy?

Hon. John J. Connolly: The reason is this. The bank must have on its staff many people who are specialists and who would not be required by the chartered banks, nor perhaps even by the larger commercial loaning organizations. For example, the bank must have engineers. It is an industrial bank, it will make loans mainly to industry; so it

must have on its staff people who understand and appreciate the problems of industry, the installations which are proposed to be made, and the like. It must have on its staff insurance experts who are able to estimate and evaluate the risks which have to be taken. It requires its own legal staff to look after legal matters, and, of course an accounting staff. Because it is in a special field, I am informed by officials of the bank, its overhead is higher relatively than the overhead of similar financial institutions.

I hope that the explanation I have given honourable senators is adequate, and if the bill should receive second reading I shall move that it be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Roebuck: I notice that under the new section 16, subsection 1, the bank may take, accept or acquire, and may hold security of any kind. What is the rule with respect to the holding of real estate? Is it the same as applies to an ordinary bank?

Hon. John J. Connolly: Does the honourable gentleman refer to the limitation of time within which the bank must sell any real estate that it holds?

Hon. Mr. Roebuck: The subsection reads:

> The bank may take, accept or acquire and may hold security of any kind and in any form for the due discharge of obligations . . .

That may or may not include real estate. I am asking whether it does, and, if so, is there any limitation?

Hon. John J. Connolly: I understand that real estate is one of the main forms of security this bank looks for. It takes the security, of course, by way of mortgage. I cannot go further at this time and satisfy the honourable gentleman as to how long, in the event that the mortgage is foreclosed and the bank acquires the fee in the real estate, the bank is entitled to hold that real estate. I will make sure that information is available to the committee.

Hon. Mr. Roebuck: How long can the bank hold the mortgage?

Hon. John J. Connolly: As long as the loan is outstanding.

Hon. Mr. Macdonald: Has the honourable senator from Toronto-Trinity read clause 9 of the bill?

Hon. A. Neil McLean: Honourable senators, I would like to make a few remarks on the bill now before this honourable body. I desire to point out that, under section 5, this legislation increases the loaning power of the Industrial Development Bank by 50 per cent. A few days ago the Senate passed a bill greatly increasing the loaning power of the Central Mortgage and Housing Corporation. These increases are being made at a time when the chartered banks are being told to curtail their loans, and it seems apparent that some crown agencies or departments of government are going in different directions, or working at cross-purposes, and some explanation should be given us in this regard, as it is most difficult to understand some of the monetary policies that come before us.

The economy of the country is being interfered with either for better or for worse. It is an easy matter to slow down the economy of the country, but if it goes down too far it is a mighty difficult job to get it back up again.

Let us go back to the first of February, 1955. The bank rate as set by the Bank of Canada was 2 per cent. Money was really easy at that time, but on February 14, 1955, the bank rate was dropped to 1½ per cent, apparently to make money more plentiful. In April, 1955, the Federal Reserve Board in the United States raised its bank rate to 1¾ per cent. On August 5, 1955, the Federal Reserve raised its rate to 2 per cent, and the following day, August 6, the Bank of Canada raised its rate to 2 per cent. On September 9, 1955, the Reserve Board upped its rate to 2¼ per cent and on October 12 we followed suit and our rate was raised to 2¼ per cent. On November 18, 1955, the United States rate went to 2½ per cent, and on November 19 we went one better and raised our bank rate to 2¾ per cent. No more changes took place until April of this year, when the Bank of Canada rate went up to 3 per cent and the United States rate to 2¾ per cent.

Looking at these back and forth changes in bank rates almost reminds one of a jig-saw puzzle, or a race in rates between the countries. It is also noticeable that nearly all these changes were made here when Parliament was not in session.

During the fall of 1955 the chartered banks were directed by the Bank of Canada to cease taking on new commitments for term loans and the banks would no longer make purchases of corporate securities direct from the issuers; also the banks were required to place a large amount of their cash into day-to-day loans and Treasury bills in an endeavour to have a 7 per cent secondary reserve maintained by the banks. These restrictions, although not in the Bank Act, were made effective. The first restriction practically nullified the legislation we put through, after careful consideration, in 1954, allowing the banks to make term loans direct to home-builders, and this good piece of legislation, although the banks did not ask for it, had the approval of the Bank of Canada.

The second restriction, stopping the banks from purchasing corporate securities direct from the issuers, is just the opposite from what the Development Bank is asking for in the present bill before this house; it wants millions more to buy such securities.

The third restriction, that the banks endeavour to maintain a secondary 7 per cent reserve on top of the 8 per cent reserve they already have, drained away many millions of their cash. Chartered bank loans have been restricted from both sides. First, by raising interest rates; and it must be remembered that owing to the action of the Bank of Canada the banks were obliged to raise the interest rate on their customers' loans around 20 per cent. This raised the cost of living and affected practically every man, woman and child in Canada, as nearly every family in our country is a borrower, directly or indirectly. Secondly, by forcing the banks to set up the secondary reserves I have referred to, much of their lending cash that might have gone into housing or the expansion of business, big and small, and industry—which would have meant greater development and more employment—was diverted to Treasury bills and day-to-day loans, i.e., stock market loans, which are the only day-to-day loans I know of. I am not a director of nor interested in any special chartered bank—in fact I have criticized the banks on many occasions—but as an ex-banker I cannot understand an overall policy that cripples the chartered banks for ordinary lending as authorized by law and then permits other crown agencies to get authority to increase their loans. For any purchasing power made available, no matter from what source, has the same effect on the economy.

To set up this secondary reserve the banks had to sell millions of Dominion of Canada bonds and buy Treasury bills. These purchases and sales took place at a time when the Bank of Canada dropped its support of the bond market and prices fell, causing great losses to the banks, as well as to other small holders—and there were many—who were obliged to sell their Government bonds. The small investors did not get the protection they were entitled to. The Bank of Canada's action in draining away cash reserves of the banks to maintain tight money conditions, meant the sale of many more bonds than otherwise would have been necessary to obtain the amount of treasury bills, et cetera, required for the secondary reserve. The lack of cash on the part of the banks is the effective factor on the part of the banks in holding down loans. The full results of this policy on the economy are not yet felt, by any means, and it will be many months before the effects will have permeated through the economy of the whole country. There has been no formal announcement of credit restrictions on the part of the Bank of Canada, and many small businessmen are hardly aware of the situation and find it out with a shock only when they apply for increased loans and discover these cannot be obtained, no matter how credit-worthy they are or how well secured.

In the United States the Federal Reserve Board is responsible directly to Congress and has to keep in close touch with that body, as is evidenced by the Congressional inquiry now going on by the Patman House-Senate Economic Committee which is investigating the Federal Reserve Board's actions with regard to raising the bank rate so high. I will have more to say about this later.

Just what legal authority the Bank of Canada has for dealing with the chartered banks, as they have been doing recently, is rather a mystery to me. I was under the impression that the banks had a charter of their own to act within, which is the Bank Act, given them by Parliament. The Bank of Canada intimates it is acting to prevent inflation because there are more projects being undertaken than we have men and materials to build, but apparently all these are financially possible. The bank's idea seems to be to make it financially impossible to go ahead with these projects. I remember the day when we were told by the financial powers-that-be that needed projects that were physically possible were not financially possible. We know better now. Apparently large corporations with an annual line of credit with the banks, and the Government with large funds at its disposal, can go ahead. The fellow who gets hurt most is the small man. A tight money policy will, no doubt, prevent many of the plans for expansion and development of our country from being carried out.

I have no hesitation in saying that over 90 per cent of the economic system of Canada is absolutely sound; but in order to get at the less than 10 per cent all the economy pays the penalty of higher interest rates and shortage of cash. As things stand now the difficulty is that some of the most essential plans might not be able to be carried out. By creating a shortage of cash, thus preventing banks from increasing their loans, there is no assurance there will be funds available to finance the necessities.

It is often extremely difficult for banks to differentiate between the essential and non-essential, and if the former were to be financed without increasing total loans, advances to the latter would have to be called. This might cause widespread hardship, and, rather than create this, there has

come about a general freeze on all types of loans, regardless of merit. There is quite likely to be a drop in home building during 1956. Under its increased powers there is, of course, a possibility of the Central Mortgage and Housing Corporation increasing its housing loans, direct or indirect, but such action would be in contradiction to the policy of the Bank of Canada as far as the chartered banks are concerned.

If inflation was on the horizon why were the banks asked to go so heavily into the mortgage business a year or so ago? We do not want deflation or inflation in our country, and any interference with the ordinary economy of the country to cause either inflation or deflation is a precarious course which can be embarked upon only with the greatest care and consideration. Whether action as severe as the Bank of Canada has taken—or indeed any action at all—was warranted, can never be told, as once a course is embarked upon no one can tell how far it will go and how much confidence will be undermined. On the other hand, it is difficult to know what would have happened otherwise. Restrictive action applied too long can be far more serious than no restrictions. The essence is that any severe action taken in connection with the economy should not be the decision of one man or even two men. The best brains of the country should be called on, and that would certainly include more than two or three. I well remember that the late President Roosevelt called in the best brains of the world when he needed economic advice.

Canada is like a big business. All our wealth comes from the land, sea and forest. This great flow of wealth pays our bills and gives us our standard of living. If I remember correctly, in the depression of the thirties our national income from our resources went down to between $4 billion and $5 billion per annum. Last year our national income had grown to over $26 billion; this year it will likely be over $27 billion. Now any business or industry that is growing steadily requires more money from year to year with which to finance. I hope to see our national income from our land, sea and forests top $30 billion before long. If so, far more money than we have now in circulation will have to be found and put into circulation to finance such a large production. Nothing, not even money, should stand in the way of progress as far as Canada is concerned. Now, as far as inflation goes, that cry is rather far-fetched, as long as we keep on increasing our flow of real wealth from our resources. As I understand the word "inflation", it means too much money in circulation in comparison with the amount of goods and services being produced—in other words, when production and money get out of equilibrium, we have either inflation or deflation.

Let us take a look at our dollar as it has been the last year or so. If it had shrunk in purchasing power 10 per cent or so, we might have had cause to worry, but it has remained steady. I do not see how we can possibly have inflation when many of our farmers are in a rather bad way, as their income has gone down, also their spending power. We have too much wheat, too much beef, too much pork, too much butter. We certainly have plenty of lumber, and our railways do not seem to be overburdened with freight or they would hardly be looking for such a large increase in freight rates. Our textile industry has certainly all the raw materials it wants and all the men it requires to work in it. The same goes for our coal mines, our fishing industry, our leather industry, our apple and potato industry, and many others. At harvest time last fall the price of potatoes was so deflated that farmers in the Maritimes were offering this product away below cost—and the same was true of apples—and this was at a time the bank rate was being raised. Where have we inflation in our economy? We have a temporary shortage of steel, but this is rapidly being overcome, and it looks as though the United States will soon have surplus steel.

The commercial banks are right at the grass roots of our economy and they would be among the first to know all about inflationary tendencies. Canadian banks have always been rather noted for being conservative. I never knew a time when our large banks have had such able top executives. They are outstanding in their profession and they should be called into serious consultation rather than just being directed what to do, especially when it might mean a right-about-face or possibly the upsetting of the economy of the country.

A year or so ago it was advertised all over the country by the Government, as well as the banks, that the banks would step into the building situation. This made it very convenient for a man in an isolated community to step into the bank and arrange terms for a home-building loan. Now if he goes to the bank he is told the bank cannot help him, and it is a great bulwark against socialism or communism in any country for people to own their own homes. The banks, some years ago, went into the small-loans business, which was a great thing for the country at large, but now this class of business will be greatly curtailed and the small fellow will have to turn to the high-priced money lenders and pay double or more for his needs. Now this is business the banks

should be doing for their own benefit and the benefit of the small borrower. If we want to drive the country to socialism we could not do anything more effective than forcing good small borrowers back into a position where they would have to pay more than double bank interest for their small requirements. I wonder if the Bank of Canada weighed the hardship it was causing when it raised the bank rate 100 per cent and curtailed the banks' lending power? Take the 20 per cent raise in interest rates that will add many millions on to the cost of doing business. It will hit small businesses the worst. It will raise the cost of mortgage money, which in turn raises rents and the cost of living which, of course, is inflationary and done by Bank of Canada action. Again, governments are the largest borrowers, and a raise in interest rates will cost all our governments, federal and provincial, many millions per annum, which of course will be added to the tax bill and thus to the cost of living. This is also inflationary and done by bank action.

If our dollar were losing its purchasing power, compared with the United States dollar, we might think there were some signs of inflationary tendencies on the horizon in Canada, but our dollar has been selling above the American dollar for a long time. Even the gold dollar is not worth as much as the Canadian dollar, as we will only pay thirty-four of our dollars for an ounce of gold, when the latter is selling for $35 per ounce on world markets. If gold is supposed to control inflation, we seem to have more deflation than we have inflation, as far as our dollar is concerned.

In the United States this matter of raising the bank rate has caused very serious concern in high quarters and their rate has only gone up a little over 80 per cent, whereas the rate in Canada was raised 100 per cent. The Federal Reserve Board has already started to retrace some of its steps the last week or two by putting several hundred millions of dollars back into circulation by buying back Treasury bills from the commercial banks, and I predict there will be a lowering of the bank rate in the United States before very long.

Three leading members of President Eisenhower's cabinet have expressed their disagreement with such a high rate as set by the Federal Reserve Board. The Secretary of the United States Treasury, Mr. Humphrey, has stated that national conditions in the nation's economy would have shaken out any inflationary excesses without any help from the Reserve Board—and Mr. Humphrey is an outstanding financial man. Commerce Secretary Weeks, Labour Secretary Mitchell and Dr. Arthur Burns, noted economist, and who is Chairman of the President's Council of Economic Advisers, have expressed similar views, and President Eisenhower has stated that the situation should be looked into. In consequence of this, Representative Patman of Texas, Chairman of the Congress Economic Committee, has opened a government inquiry into the bank rate situation and the dissatisfaction it has caused throughout the nation.

The Federal Reserve Board is responsible to Congress, and Representative Patman proposes to call Reserve Board Chairman Martin and other witnesses in an endeavour to find out why such a high bank rate is necessary. The inquiry is public, and I have written for a copy of the proceedings.

I intend to vote for the bill now before the Senate, as I did for the Central Mortgage bill, even though this legislation gives the Industrial Development Bank extended powers that have been taken away from the chartered banks. We must remember that this Development Bank was originally set up to make secondary term loans not suitable for the ordinary bank. Now it will be out in front in some phases of the banking business formerly carried on by the chartered banks, and of course we know it is a subsidiary of the Bank of Canada. This would seem to me unfair competition at least.

I have tried to point out what I think are some inconsistencies in connection with certain actions being taken with regard to our country's economy, and the hardships that have followed the maintaining of so high a bank rate and the placing of an embargo on many kinds of bank loans. I do not hesitate to express a strong opinion that at least some of the recent rises in the bank rate were a step in the twilight, if not in the dark, and that quite possibly in the long run this will have a serious effect on the nation's economy. Canada needs adventure capital more than any other country I know of, and high interest rates are certainly not conducive to the flow of such capital into the kind of investments that develop our great natural resources.

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

The Senate adjourned until Tuesday, June 19, at 3 p.m.

THE SENATE

Tuesday, June 19, 1956

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

Prayers.

Routine proceedings.

CANADIAN FORCES BILL

SECOND READING

Hon. John J. Connolly moved the second reading of Bill 416, an Act respecting the Canadian Forces.

He said: Honourable senators, during the past two sessions I had the privilege of explaining bills similar to this one, providing for amendments to legislation affecting the armed forces of Canada.

This Bill No. 416, which was debated in the other place on June 11, 12 and 13, amends two acts. Part 1 of the bill amends the Defence Services Pension Act, which is chapter 63 of the Revised Statutes of Canada. There are three sections of the bill which vary the provisions of that act. Part II of the bill amends 9 sections of the National Defence Act, which is chapter 184 of the Revised Statutes.

As honourable senators know, for a number of years it has been the practice to bring in, each session, a bill of this character, which is in the form of a statute law amendment act, amending different pieces of legislation affecting the armed forces. At times objections have been raised to the form in which these bills have been presented to Parliament. Probably there is something to be said on both sides of the argument, but may I remind honourable senators that for the most part this legislation is of particular interest to the armed forces, and to have all the amendments that affect such legislation contained in one bill every year is a convenience to those who have to deal with the various acts.

I should point out too that the bill now before us is in a form that can very well save Parliament a great deal of time. For example, in 1951, by chapter 7 of the statutes of that year, Parliament passed an act respecting the Canadian Forces, which amended 25 other federal acts. One can readily see what a lengthy procedure and what a relative waste of time there would have been had Parliament considered each of those acts individually, instead of in one bill. I have felt for the past two years that some explanation of this form of legislation was due to the members of this honourable house, because from time to time objections have been made to the way in which the department has proposed the legislation to Parliament.

Hon. Mr. McDonald: Does this new procedure to which my honourable friend refers date back prior to 1951?

Hon. John J. Connolly: This procedure has been used since the passage of the National Defence Act, in 1950, when the whole act was revised.

Before I discuss the individual sections of the bill, may I say that with one exception there is no relationship between the sections; and I hope I will not weary the Senate by making too lengthy an explanation on any one of the sections.

I come first to section 2. Perhaps I should remark, by way of introduction, that a pension is something that is paid to an officer or a man, or his dependents, after he leaves the service, usually after having served a minimum of ten years. A pension is paid in monthly instalments after the retirement of the officer or man, and is usually for life. On the other hand, a gratuity is a lump-sum payment which the person retiring from the service receives at the time of his retirement. Now, retirement may be either compulsory or voluntary. When a person retires compulsorily, in the normal case he is entitled to receive one month's pay and allowances for each year of service. For example, if a man retires after having served eight years, and is entitled to a gratuity, he will receive eight months' pay and allowances. Voluntary retirement, on the other hand, involves the payment of a gratuity of only the amount that has been paid into the gratuity fund by the person who is retiring.

As honourable senators know, officers in the services may serve either under what is known as a short-service commission, which consists of a period of engagement of some three to seven years, or under a regular commission, which normally is for life.

Hon. Mr. Reid: May I ask the honourable gentleman a question?

Hon. John J. Connolly: Yes.

Hon. Mr. Reid: What happens in the event a man is dismissed for a misdemeanor or a crime—say a theft—and is compulsorily retired? Suppose such a person had eight or ten years of service, would he be paid a gratuity?

Hon. John J. Connolly: I think I should let that question stand for the committee, if the honourable gentleman would not mind, because it may be that in a case of that kind the man would be entitled to only a return of payments. I think perhaps that would be the situation, but frankly I have not that information. I am sorry.

Men serve for the period of their enrolment period, which usually is from three to five years, but they may be re-engaged if their service is satisfactory.

Now I should say this, that officers serving under a short-service commission do not come under the Defence Services Pension Act unless they have previously served in the ranks, but members of the forces other than officers are all covered by the provisions of that act.

Section 2 itself is limited in scope and only provides a benefit for an officer who has been promoted from the ranks. If an officer promoted from the ranks enrols for a fixed term, at the end of that term he may be given a permanent commission or be released, or he may have his fixed-term commission extended. Under the act as it now stands, if at the completion of his fixed term he is offered but does not accept a commission he is deemed to have voluntarily retired from the service and in that circumstance he would get a gratuity based only on the period of his service as an officer. That is done under the pay regulations. He loses the gratuity for his service in the ranks.

Hon. Mr. Roebuck: The bill does not say that; it seems to say the opposite. It reads:

(2) A contributor, being an officer . . . shall, for the purposes of this part, be deemed to have been (a) compulsorily retired from the forces if (i) he did not accept an offer for a further fixed term of service, or . . .

Hon. John J. Connolly: I am referring to what the act says now. What you are reading is the amendment.

Hon. Mr. Roebuck: I am reading what the bill says, yes.

Hon. John J. Connolly: As I say, under the present act he is deemed to have voluntarily retired, so he would get a gratuity based only on his service as an officer and would lose the gratuity for his service in the ranks. The amendment provides that under these circumstances he would get a gratuity for not only his service as an officer but as well for the period of his service in the ranks.

Hon. Mr. Roebuck: It seems a contradiction in terms.

Hon. John J. Connolly: That is why I explained the difference between a pension and a gratuity. Perhaps it might help if I repeated the headings under which I have been discussing the matter: first, the situation as to the payment of a gratuity when the retirement is compulsory, and, in the second place, when it is voluntary; and then, the difference between the various terms of service of an officer and the term of service of a man.

Hon. Mr. Hayden: Does this proposed amendment not bear in any aspect on the pension and the amount of it as well?

Hon. John J. Connolly: It might well do that, because this section is intended to clear up a previous section which was not too clear; and I am frank to say that the section as rewritten is not too clear either. But the effect of the change in the wording of the section is to permit an officer who has been in the ranks to get a gratuity based not only on his period of service as an officer but, as well, on the period of his service in the ranks.

The effect of section 3 is to assimilate for pension purposes the position of a warrant officer in the army, a warrant officer in the air force, and a chief petty officer, class 1, in the navy. The reason for the change is this. In the army, in this category of servicemen, there are warrant officers, and, below that rank, staff sergeants; in the air force there are warrant officers, and below that rank, flight sergeants; in the navy there have been warrant officers and chief petty officers just below warrant officers. The navy has abolished the rank of warrant officer and it has been replaced by that of chief petty officer, class 1.

As to section 4: the law as it now stands provides that former members of the forces who may have money due by them to the crown as the result of an overpayment, or perhaps as a result of a claim for damages, can have the money recovered by the crown out of funds payable to them under the provisions of the Defence Forces Pensions Act. Heretofore the act has required that notice must be given to such a pensioner before the deduction can be made. It is now provided—and this is the only purpose of the amendment—that this notice, to any person from whose pension the deduction is to be made, may be given by registered mail, sent to the person's last known address. The amendment has to do only with the kind of notice that is given and the place to which it can be dispatched if the person is not readily available to receive the notice.

Those are the amendments to the Defence Services Pension Act. I now come to the amendments to the National Defence Act.

Section 5 deals with subordinate officers. Perhaps I should preface my explanation by saying that officers are "commissioned" in the service and other ranks are "enrolled" in the service. The term "other ranks" includes subordinate officers. There always seems to be a confusion of terms, and this

section is a little difficult to follow because of that. The subordinate officers in the various forces are as follows: in the navy, acting sub-lieutenants, midshipmen or naval cadets; in the army, officer cadets; and in the air force, flight cadets. Heretofore subordinate officers could only be enrolled for a fixed term of service. By the amendments it is proposed that these various classes of subordinate officers may be enrolled for either a fixed or an indefinite term of service. The fixed term is usually a period of three to seven years. Sometimes among these cadets there are some who are felt to be worthy of long-term commissions, and they can be enrolled for an indefinite period as career men in the service. Perhaps honourable senators would be interested to know that there are 578 subordinate officers in the navy, 660 in the army and 1,401 in the air force.

I come now to section 6 of the bill. Either last year or the year before, an amendment was made to the National Defence Act which provided that the dependents of service personnel, and civilians who might be with the forces outside of Canada, were to be made subject to the Code of Service Discipline. This amendment does not vary that position, except that it subjects those civilians to the authority of the commanding officer of the appropriate unit for the purpose of satisfying the requirements of defence or evacuation in the event of an enemy attack, or even the preparation, practice or execution of any plan, arrangement or manoeuvre for defence. There are a good many dependent civilians living with the forces in Europe: wives and children of servicemen, and civil servants who are working with the forces on behalf of the Department of National Defence. Under this amendment the appropriate commanding officer will have authority over these people to deal with them in the circumstances I have outlined. However, I must point out there is one reservation provided in the section: the commanding officer cannot require such persons to bear arms under any circumstances.

Hon. Mr. Reid: May I interrupt to ask a question? I take it that when this amendment goes into effect it will be applicable in peacetime as well as in wartime, and that an officer of any of the three forces will be able to order civilians to do certain things other than bear arms or fight the enemy. If a civilian refused to obey such an order would he be penalized?

Hon. John J. Connolly: I must confess that the penalty provisions are not in my mind.

Hon. Mr. Reid: This is a brand new section.

Hon. John J. Connolly: That is right, but in the amendment we passed last year or the year before we subjected these people to the Code of Service Discipline, which provides various penalties. I wish I had anticipated this question, for I might have been able to answer my honourable friend to his satisfaction. This is something, however, that can be readily ascertained in committee.

Section 7 of the bill deals with what lawyers call "parties to an offence". In effect it simply incorporates into the National Defence Act section 21(2) of the Criminal Code.

Hon. Mr. Hayden: Would my honourable friend suggest a reason for the incorporation of the subsection?

Hon. John J. Connolly: I think it is to bring the penal sections of the National Defence Act into line with the provisions of the Criminal Code. It was something that had not been incorporated before.

Hon. Mr. Hayden: What is the necessity for it?

Hon. John J. Connolly: I think the provision rounds out the Code of Service Discipline just as it rounds out the Criminal Code.

Hon. Mr. Reid: Does it apply to civilians?

Hon. John J. Connolly: The National Defence Act applies only to people who are subject to its provisions. The identical section does apply to civilians, however, because it is contained in the Criminal Code.

The provisions of the section are these. If two or more persons form a common intention to carry out some unlawful act and in the process of carrying out that unlawful act a crime is committed, each of the co-conspirators who knew or who ought to have known that a crime was likely to be committed in the performance of the originally planned unlawful act would be guilty of the incidental crime.

Section 8 of the bill is designed to prevent looting. It provides that during wartime operations against an enemy a person who steals from a wounded or a dead man, or who steals unprotected or abandoned property, shall be penalized as described in the section. Ordinary stealing under the act is provided for in section 104, and the penalty is a maximum of seven years if it is theft in the ordinary meaning of the word, or a maximum of fourteen years in the case of theft by a trustee.

The stealing that is in contemplation here, looting, is the type of theft which the

authorities seem to feel would jeopardize the security of the forces. That is why it is looked upon as a much more serious type of crime.

Hon. Mr. Reid: May I ask a question? Why is the word "warlike" used instead of the word "wartime"? The honourable senator used the word "wartime" in his explanation, but the act uses the word "warlike". To my way of thinking there is a difference. A warlike operation might take place during peacetime. For instance, the forces could be carrying out warlike exercises.

Hon. John J. Connolly: That is right. I think, too, the same provisions would apply in a warlike operation as in a wartime operation, and the security of the forces could be jeopardized if looting went on.

Hon. Mr. Hayden: I am sorry to interrupt my friend again. I presume there is a provision somewhere else in this section making it an offence to steal a protected property. The bill only mentions unprotected property.

Hon. John J. Connolly: I think my honourable friend's assumption is correct. That is one of those matters which might well be looked into if the bill goes to committee. Protected property is just as important to be considered as unprotected property.

Section 9 deals with negligence in the operation of motor vehicles owned or controlled by the armed forces. At the present time if a man drives recklessly, or causes injury or damage as a result of the operation of a motor vehicle, he is guilty under the provisions of the act. But an officer in a vehicle that is driven recklessly and with abandon would be guilty only if there was injury to persons or property. Subsection (1) (a) requires the officer to prevent the reckless driving. In other words, the officer can be found guilty along with the operator of the vehicle if the vehicle is driven recklessly and the man is found guilty of reckless driving, whether injury or damage was occasioned or not.

Subsection (1) (b) of this section deals with the driving of a service vehicle by any person while his ability to drive is impaired. As honourable senators know, section 222 of the Criminal Code deals with driving while intoxicated, or driving under the influence of a drug, and a distinction is made between driving while intoxicated, in section 222, and driving while impaired, in section 223. The distinction comes out in the penalty provisions made in section 222 and in section 223. The latter deals with driving while the ability of the driver is impaired by alcohol or drugs. The amendment incorporates into the Defence Forces Act the provisions of section 223 of the Criminal Code. In other words, it is felt that in the operation of motor vehicles by the services, a man who drives while impaired —perhaps while driving vital material, or engaged in action, or in games or in some kind of exercise—is doing the service a serious harm.

Hon. Mr. McDonald: I suppose it is taken for granted that the driver would be operating the vehicle while in the discharge of his regular duties?

Hon. John J. Connolly: Yes.

Hon. Mr. McDonald: What would happen if a member of the forces took out a Defence Department car? Would the public be protected in that case?

Hon. John J. Connolly: Oh, yes, the public would be protected by the provisions of sections 222 and 223 of the Criminal Code. Even if the man were driving on a public highway in a Defence Department vehicle he would still be subject to the provisions of the Criminal Code.

The penalty provided by this subsection is imprisonment up to five years. One of the initial penalties under the Criminal Code for driving while intoxicated is imprisonment for 30 days up to three months for the first offence; and for driving while impaired the penalty is a fine of $50 up to $500, or imprisonment up to three months, or both. Under section 9 of the bill it is considered to be an offence serious enough to warrant the more severe penalty of up to five years.

Hon. Mr. Reid: May I ask the honourable member a question? The section says that a guilty person "is liable to imprisonment for a term not exceeding five years or to less punishment." Why are the words "less punishment" added?

Hon. John J. Connolly: Well, it leaves the discretion in the hands of the judicial functionary who tries the case. I think it is desirable to provide that the punishment should always fit the crime, according to the discretion of the court.

Subsection (1) (c) provides that an officer or anyone else in authority who allows a person to drive a service motor vehicle while the ability of that person is impaired by alcohol or drugs, is also chargeable with the offence.

Subsection 2 is an onus section: it provides that if a man occupies the driver's seat of a motor vehicle while impaired he must establish to the satisfaction of the court, when he is charged, that he did not mount the vehicle for the purpose of operating it. If he cannot discharge that onus, then he is

presumed to have been in charge of the motor vehicle for the purpose of operating it.

Hon. Mr. Roebuck: May I ask the honourable senator a question? If the person sitting in the driver's seat of the vehicle is presumed to be driving or attempting to drive, is he limited to public streets or to public property, or is there any limitation as to place? The section does not seem to say so.

Hon. John J. Connolly: The provision is similar to that of section 224(2) of the Criminal Code. Perhaps that answers the honourable gentleman's question. In other words, this provision is now in the National Defence Act as well as in the Criminal Code, and wherever the offence is committed, if it is on army property, presumably this section would apply. If it were not on army property, then presumably the provisions of the Code would apply. I think a person might be charged either under the National Defence Act or under the Code, depending on where the offence is alleged to have been committed.

Hon. Mr. Hayden: Is it not so that the real purpose in incorporating these provisions of the Criminal Code into the National Defence Act is to give the National Defence Act extra-territorial effect? In Canada offenders can always be prosecuted under the Code, but our forces may be stationed in Germany or some other country. I recall that under the Visiting Forces Acts we have agreements with Commonwealth countries, the United States and other NATO countries, whereby these Code provisions, when incorporated in the National Defence Act, will form part of our Code of Service Discipline outside of Canada as well as in Canada.

Hon. John J. Connolly: That is true, and I thank the honourable gentleman for making that point so clearly. Of course, our forces are in many countries, and I think the purpose is to establish in the Code of Service Discipline the provisions of the Canadian civil laws, in so far as they can be established.

Section 10 of the bill deals with the taking of evidence on commission for use at a court martial. By way of preface I may say that the lawyer for an accused is entitled to have a commissioner appointed to take evidence for use at a court martial from a witness who is not readily available to attend the trial. This provision applies in Canada and elsewhere. However, the prosecutor can only take the evidence of a witness for the prosecution on commission if the witness is ill or is absent from the country in which the trial is to take place. Such trials sometimes take place in countries where, under the civil law, witnesses cannot be compelled to attend a Canadian court martial. France is one of those countries, and I am informed by officials in the Judge Advocate General's Branch that such witnesses could not be forced to attend unless there were an amendment to the constitution of France. Section 10 provides that where the prosecution requires the evidence of a witness in a foreign country and that witness cannot readily attend the court martial, the prosecution will be entitled to have his evidence taken on commission and used at the trial. I understand there is ample provision for cross-examination of the witness in such circumstances.

Hon. Mr. Roebuck: May I ask the honourable gentleman if there is any provision for the paying of expenses for the taking of evidence on commission? The section appears to provide only that a qualified person may be appointed as a commissioner, and nothing is said about notifying him of his appointment. The civil law of our provinces contains provisions such as these, but they are quite extensive. Does the act extend these provisions in any way?

Hon. John J. Connolly: There is a great deal more in the act. I do not have the relative sections at hand, but there are provisions as to the method of appointment, the defraying of costs and so on. When the bill is before the committee I shall make a point of having the officials of the department who appear there turn up the sections and have the information available for the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck).

Hon. Mr. Roebuck: Thank you.

Hon. John J. Connolly: I come next to section 11, which would add to the act a new section 169A. Subsection 1 thereof defines the place of detention for service persons who are ordered to detention. This is not a new provision; it is contained in subsection 2 of section 178, which is repealed by section 12 of the bill. This provision is placed in this section because it seems the most logical place for it.

Subsection 2 of the new section 169A provides that corrective disciplinary measures imposed upon persons who are in detention are to be subject to the regulations. This is similar to a provision recently added to the United Kingdom Army Act and our Penitentiary Act. Honourable senators will understand that these corrective measures are to be applied to persons who have already been found guilty of an offence and have been placed in detention, and who, while in detention, have committed an offence against the rules of the place of detention.

By subsection 3 the corrective measures by way of punishment for breaking the rules

of the place of detention are made quite restrictive. For example, a person may be sentenced to close confinement, or to some dietary punishment such as being put on bread and water for a period of time, or to a loss of privileges; but it specifically prohibits whipping or paddling and any of the punishments provided for major offences against the Code of Service Discipline, which punishments are referred to in section 121 of the act.

Hon. Mr. Smith: What about pack drill?

Hon. John J. Connolly: I can speak only with respect to the navy, in which pack drill was abolished by the late Honourable Angus Macdonald when he was Minister of National Defence (Naval Service).

Hon. Mr. Macdonald: I am sure some honourable senators can speak from experience of pack drill. Can my honourable friend tell us whether it has been abolished in the three branches of the service?

Hon. John J. Connolly: I cannot answer for the army or the air force, but I know in the navy it has been abolished.

Hon. Mr. Macdonald: My observation was with respect to one of the other branches of the service.

Hon. John J. Connolly: Well, if any honourable senator who was in the navy does not remember pack drill with relish, he can take some satisfaction from the fact that no naval rating is subjected to it today.

Section 13 of the bill has to do with the payment of tolls on bridges, wharves, etc., in Canada. The general rule at the present time is that vehicles of the forces do not pay tolls on bridges. There is a wonderful new bridge at Halifax, which has done a great deal for that city, for Dartmouth and the surrounding area,—and

Hon. Mr. Macdonald: May I ask the honourable gentleman if the compensation provided for is retroactive?

Hon. Mr. Hayden: Does my friend suggest that they should pay tolls on the bridges they did not cross?

Some Hon. Senators: Oh, oh!

Hon. John J. Connolly: In the case of the bridge at Halifax, the Department of National Defence sold the land for the approaches to the authority which built and operates the bridge. The Department has felt it was only fair that its own vehicles should pay for the privilege of using the bridge. There is nothing in the act which allows the Treasury Board to approve of any arrangement made by the department for the use of the bridge by service vehicles. This amendment is designed to authorize the board to approve arrangements for payment of tolls.

Hon. Mr. McDonald: May I suggest to my honourable friend that this provides compensation to the commission which is looking after the interests of the Angus L. Macdonald Bridge, but the understanding up to the present time has been that Department of National Defence vehicles would cross the bridge without charge. I was wondering whether the proposed compensation would be retroactive and cover the use of the bridge when no tolls were collected, or will the payment of compensation start only with the passage of this act?

Hon. John J. Connolly: This provision is not retroactive, and I should think that, under the ordinary rules for the interpretation of statutes, it would be effective only from the date on which it was passed.

Honourable senators, my remarks have been lengthy and rambling; however, I trust I have given an adequate explanation of the provisions of the bill.

Hon. Mr. Isnor: Honourable senators, I withheld my questions until the sponsor of the bill concluded his explanation. With reference to section 2, would the honourable gentleman be good enough to explain the distinction between the two individuals mentioned, namely, officer and man? Why would not the same wording do for both classes?

Hon. John J. Connolly: I think it is because of the nature of the engagement and the type of work that is done, the authority exercised and the like. An officer, as the honourable senator knows perhaps a great deal better than I do, receives a commission under the Royal Seal. As an officer he is vested with certain authority, which he exercises subject to the provisions of the law and the regulations affecting officers. Men on the other hand are not commissioned, they are enrolled in the service, and they are subject to the rules of service discipline.

I must say that I am not too much of an expert on the theory of military law, but perhaps that very simple explanation is what the honourable senator is looking for.

Hon. Arthur W. Roebuck: May I add a comment in that connection? When the original bill was before us there was that distinction between officers and men, and I remember asking at the time why the distinction should be made. I can appreciate that the distinction has to be carried into the amendment because it is in the act, but I do not think that the information given by the honourable senator is an explanation, nor do I think that I got a satisfying explanation

when the original legislation was before us. To say that one is commissioned and the other is enrolled, is merely using words. Both are subject to certain penalties if they fail to observe the law. I could see no really good reason for distinguishing between them as we did in the original act, but having done so it is quite reasonable that the distinction should be continued here.

Hon. G. Percival Burchill: Honourable senators, several sections of this bill deal with pension gratuities. I presume the rates of pay of the various services are fixed by regulations of the department. Has the honourable senator any information as to the bearing that the rates of pay have on enlistments in the various services? Are there any shortages of personnel at the present time due to the rates of pay?

I am also interested in another feature, which I heard of the other day. In the air force, I am informed, $30 per month is paid to members of aircrew as risk pay. This amount is paid to aircrew personnel over and above the pay received by groundcrew personnel. Some of us who live near our great airports see at close hand the training work that is being carried on there all the time, and know of the casualties which, unfortunately, take place from time to time. I do not mean to suggest that we in Canada suffer more—perhaps we suffer less—than any other nation in that regard. But anyone who lives near these airports, who sees and hears these jet-powered planes flying over one's house day and night, is at all familiar with the work being done, cannot fail to realize the hazard that faces a young man who enlists in aircrew. I am wondering just how the sum of $30 a month was decided upon for risk pay. It seems to me that a man who is willing to fly these jets must be motivated by a love of flying and by feelings of patriotism. I am sure it is not the $30 a month which attracts him.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Burchill: So, I repeat, I wonder how that particular sum of $30 a month was fixed as the amount of risk pay. I understand that the allotment in some other countries is very different from what it is in Canada. The point, I think, is an interesting one.

Hon. John J. Connolly: Honourable senators—

The Hon. the Speaker: Honourable senators, if the honourable senator from Ottawa West (Hon. Mr. Connolly) speaks now he will close the debate.

Hon. John. J. Connolly: Honourable senators, in reply to the honourable gentleman from Northumberland-Miramichi (Hon. Mr. Burchill), I must confess that I have not at hand the answers to the questions he asked.

The question as to the relationship between the adequacy of pay on the one hand and enlistment on the other, strictly speaking, does not arise out of this bill. I am not saying that is the reason I do not answer it, but I think that it does point up that on a bill of this kind, containing a great many disjointed sections, all kinds of questions can be asked. Honourable senators will agree that it is difficult to answer questions when we have not the assistance of well-informed departmental officials, as the other place has when it is in committee. On the other hand I do say this, that I think the type of discussion that we conduct here in the Senate with reference to bills of this kind, which later go to committee where detailed information can be had from the officials directly, is a very useful way to do the business. I must apologize for not having all the answers, but it is rather difficult to anticipate everything which might be asked.

Hon. Mr. Macdonald: You did very well.

Hon. John J. Connolly: I will give this assurance to honourable senators, that the departmental officials will prepare the answers to the questions which have been asked, and I hope they will be able to anticipate any other questions that honourable senators may put when the bill is in committee.

Hon. Mr. Burchill: I did not desire to embarrass the honourable senator at all.

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

REFERRED TO COMMITTEE

Hon. John J. Connolly: If honourable senators so desire, I would move that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Arthur W. Roebuck: Honourable senators, I would like to make a slight comment in that connection. This bill is part of the Criminal Code of the armed forces and as such is exceedingly important. On two previous occasions in this chamber we have dealt with measures of this nature. One was when we had before us the general Criminal Code revision, which was referred to the Banking and Commerce Committee. That committee referred it to a smaller committee, composed for the most part, though not entirely, of lawyers. In consequence an intensive study was made; not the kind of study which goes on around a table, where a number of people pick up such points as occur to them, but a studious consideration of the bill in all its implications. I think honourable senators

will agree with me that through the work we did on that occasion we conferred a very great benefit on the Dominion of Canada. Then followed the general bill with regard to the armed forces to which reference has been made. It went to the Banking and Commerce Committee, which referred it to a smaller committee, where by a painstaking study we corrected and improved it. We changed the bill a good deal.

My suggestion is that, when this bill goes to the Banking and Commerce Committee, it should not be disposed of in a perfunctory manner, but should be referred to a smaller committee of our members by whom it can be carefully considered and an intelligent report presented on proposed amendments.

For instance, it has been noted that a distinction is made between an officer and a man. I drew attention to this in the discussion of the original act; I call attention to it again; and I am not alone in my concern about it. It is a tendency of our times to make the difference between officer and man less, not more, pronounced. The trend is as evident in the British army as it is in our own; and perhaps, in the course of an intensive study of these amendments, we can go further in the same direction. So, to repeat my suggestion: while I am glad that the bill is to be referred to the Banking and Commerce Committee I hope that that committee will not pass it perfunctorily.

Hon. John T. Haig: Honourable members, I cannot say that on this point I agree with the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). I have never placed much reliance on small committees; I have great confidence in the Banking and Commerce Committee, and I believe that every member of that committee and any other honourable senator who wants to attend should have the benefit of a full discussion. We are not so busy that we have not plenty of time to give proper consideration to this bill in committee. The honourable senator alluded to the manner in which the Criminal Code was dealt with. Undoubtedly fine work was done on that occasion, but the legislation was of a special character and of peculiar interest to those who are engaged in criminal law, rather than to the ordinary layman. This bill is of a different kind. The general panorama has been surveyed by the honourable senator from Ottawa West (Hon. Mr. Connolly), and we are now in a position to consider the bill in detail.

I do not want some honourable senator to reproach me after this fashion: "It is all very well for you to talk, for you are on the committee; but what about the rest of us? All we are likely to get is a perfunctory report from the committee, and then we shall be asked to pass the bill." I entirely agree with that point of view. When I first came to this House I was among the very small fry; I was not even a member of a committee. One day, when I wanted to speak in committee I was not permitted to do so; so when the bill was reported back to the house I refused to let the committee move except in conformity with the rules. The Right Honourable Arthur —Meighen, at that time Government leader, and the Right Honourable Mr. Dandurand, Leader of the Opposition, asked "What is the honourable senator from Winnipeg complaining of?" I said, "If you two distinguished gentlemen want to know, I will tell you. I was at the Banking and Commerce committee meeting this morning but was denied the right to speak or to ask questions on the matter under consideration, which is one I know something about. If I cannot speak there, I can speak here." So, though I am quite willing that this bill be considered by the Banking and Commerce Committee, I want it to be considered by every member of that committee, and not relegated to a subcommittee unless, because of lack of time or some other special factor, this course is absolutely necessary. A great many matters are included in the bill; provisions for dealing with soldiers' pensions and refunds and the rest are very important; so let us bear in mind our responsibility to those concerned, and act accordingly.

The motion was agreed to, and the bill was referred to the Standing Committee on Banking and Commerce.

INDUSTRIAL DEVELOPMENT BANK BILL

SECOND READING

The Senate resumed from Thursday, June 14, the adjourned debate on the motion of Hon. John J. Connolly for the second reading of Bill 165, an Act to amend the Industrial Development Bank Act.

Hon. John T. Haig: Honourable members, I do not intend to speak at any great length, because some honourable senators wish to attend committees or have other pressing duties. First, however, may I congratulate the honourable senator from Ottawa West (Hon. Mr. Connolly) and thank him for his explanation of the bill. By and large, I take it the intention is to add to the objects for which money may be loaned, and for these purposes the total sum available will be increased. The details, of course, are reserved for the attention of the committee.

When I learned that the bank is empowered to charge 6 per cent I thought it was a very high interest rate, especially as, unlike a private company, it is not required to pay

corporation tax, or any tax at all. I do not know whether the Industrial Development Bank is to pay anything for the money it will get. I can find nothing in the bill to indicate that it will need to do so. Funds will be provided by the Bank of Canada, and the charge, if any, for this service, will certainly be less than 6 per cent. If the bank were privately owned, and it made a profit of, say, $100,000, 47 per cent, or nearly $50,000, would be payable to the treasury. However, at this time I will not go into the details of the bill.

As I listened to the speech of the honourable senator from Southern New Brunswick (Hon. McLean) my mind went back to my university days, for the honourable senator's remarks sounded very much like the lectures I used to hear from our professor of economics. He would argue, as I understood him, that in certain cases two and two would make three, in other cases two and two would make five, but I never caught him admitting that they might make four, as I had been taught at school. Lo and behold, the honourable senator from New Brunswick, after making a number of arguments—far better than I can do—against the bill, said, near the end of his speech, that he would, however, vote for the bill. I knew right away that a politician had written that speech and had read it. I was sure of this when I heard the words "I intend to vote for the bill".

This brings up another point. I think that when a person has become a senator he ought to have reached the stage in public life where he can get up on his feet and address an audience without having to read from a manuscript. A person can always express his real feelings better when he delivers a speech extemporaneously, and will make a deeper impression on his audience than if he read his speech.

Hon. Mr. Reid: Does the Leader of the Opposition want to know why speakers prepare texts?

Hon. Mr. Haig: Why?

Hon. Mr. Reid: So the manuscript can be handed to the press for publicity purposes.

Hon. Mr. Haig: Well, if a person makes a good speech the press will print it whether or not a text has been prepared, and if a person makes a rotten speech the press won't publish it under any conditions. Except when senators are explaining bills and when new members are addressing the house during their first session, I think we should enforce the rule that speeches be not read in this chamber.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Haig: Then we would really know what honourable senators have in their minds.

I come now to the bill itself. I wondered why the Bank of Canada increased its bank rate to 3 per cent in April of this year. I have not heard of any explanation in the public press or in the House of Commons why this was done. The only thing I read was that the United States had increased its bank rate and we had followed suit. Surely we did not need to do that. But we did, and what has happened as a result? It is argued that the chartered banks, in turn, increased their rates. Did the Governor of the Bank of Canada direct the chartered banks to increase their rates and to cut down on lending? Did he tell the chartered banks and the insurance companies they did not need to make any more loans on housing? This is what is happening in our country today. How has it come about?

Hundreds of Canadians holding Dominion of Canada bonds in amounts of, say, $1,000 to $2,000, found that the value of their bonds had dropped from two to five points within two weeks of the announcement about the bank rate. I recall a widow coming to me in Winnipeg. She had $5,000 in Dominion of Canada bonds and she was protesting because the value of each $100 bond had dropped to $97. She said she wanted her money back and I told her: "My dear lady, we have a very fine government at Ottawa that believes in helping the poor and needy. You can now sell your bonds at $97 each, but a month ago you could have sold them at $100 each. Why didn't you sell them then?" She replied, "Because everybody told me they were the safest investment I could make and I believed it". Well, that kind of thing has happened to the little people all over this country.

Another effect of this increase in the bank rate has been a tremendous falling off of loans on housing and new buildings. Yet, with a few exceptions, the men who head the Bank of Canada also head this Industrial Development Bank. For example, the Governor of the Bank of Canada is the President of the Industrial Development Bank, and so on. Why do they say they are going to push out more money on one side and yet curtail loans on the other side? That is what I want to know, and so do the people of Canada. I have here an article which appeared in the Ottawa *Citizen* of last Friday. It also appeared in the Ottawa *Journal*, the Winnipeg *Free Press*, the Winnipeg *Tribune*, the Toronto *Globe and Mail*, the Toronto *Star*, the Montreal *Gazette*, and all other large newspapers in Canada. With the permission of the house I would like to read into *Hansard* the first

part of this article. It is headed, "Trade deficit soars to peak $345 million".

Canada's deficit in foreign trade of goods and services rose to a record $345 million in the first three months of 1956. This was just about double the $174 million deficit in the first three months of 1955 and was financed by imports of short-term and long-term capital, increasing Canada's foreign debt, the Bureau of Statistics reported today.

The article goes on at some length, but the point is that despite this $345 million deficit in the first three months of 1956 the Government, apparently on the advice of the officials of this bank, are asking us to extend their power to lend money. It looks to me as if they are a little "grabby" when they propose to lend money at 6 per cent interest and yet want to pay only 3¼ per cent interest on their own bonds. Sometimes when I sit in the Senate chamber I would if the people of Canada realize this situation.

Britain is in the same position as we are. She is importing more goods than she is exporting, and she is in trouble. It will be argued that hundreds of people will come into Canada and invest money in municipal and city bonds. Take Ontario. Some three months ago the Hydro-Electric Power Commission of Ontario borrowed about $50 million from New York investors to help in the seaway power development. That money came into Canada and it helped balance what went out, but it has to be paid back to the New York investors at the rate of 4 per cent interest over the next twenty or thirty years. This money is not being given away, it is being loaned at a certain rate of interest. That is the situation. By this legislation the officials of the Bank of Canada are in effect saying, "We are going to extend credit to everybody." Yet the bank is tightening up on credit too. It has been said that banks are hard to deal with, but that has not been my experience. Let me tell you a personal story. On March 1, 1929, I had a loan of $90,000 from my bank, and the next day it called in the loan. I had stock in my broker's hands. I was speculating; I was gambling. I went to the broker and asked him to sell the stock so that I could get my money, and he said: "Why, Jack, don't be a fool. This stock is going to double in the next six months." I said, "Well, you had better tell that to the manager of the bank I deal with, because he does not think so; he thinks I am going to be broke in six months, and he wants his money." So I sold my stock and paid off the loan. When the six months was up, the stock which I had sold in March for $155,000 could not have been sold for the amount of my investment, and in October I could not have sold them for anything at all. No doubt the people in my home town said, "Haig is a smart fellow, he knows when to sell out."

Honourable senators, we are borrowing large sums of money from the United States. Only the other day the City of Winnipeg borrowed $7½ million from the United States, for the first time in at least ten years, to my knowledge. We were borrowing money then when the rate of discount was 20 per cent against us, and we had to pay that back to the American people.

I am against this kind of lending. I do not think the Government should be in this kind of business, taxing the people of this country to raise money and lend it out like this. If banks or individuals want to lend money for the Government, that is all right. But here the credit of Canada is being used in order to make loans to people who have already been refused loans by the chartered banks. We know very well that if a bank refuses a loan to a man, all he has to do is to go to the Industrial Development Bank and it will lend him the money. It may be said that there are means to prevent abuses. Human nature was never able to prevent them. We often hear people say, "Why has that fellow Jones done so much better than that fellow Smith?" Well, it is because Jones was able to sense trouble coming, but Smith was not, so he had to sell out quickly to save himself.

Here is a department of the Government saying, "We are $355 million short this year." So they borrowed money from the United States, and they invested money in Canada to balance it up. This sort of thing can go only so far. Britain did the same thing, and it has been having trouble ever since.

Honourable senators, I am opposed to this kind of legislation. I am opposed to the Government entering into the business of money lending. It is a precarious business, and always will be; if it was not, there would not be so much money made out of it. Some people are willing to take the risk, and others are not. We are lending money when we cannot finance ourselves, let alone another country. Does all this money have to be loaned in order to carry on the industries of this country? It is said that if a fellow has a good idea he does not even have to own a successful business to get a loan. There might be some reason for lending him money if he already had a successful business. Or a man might be able to get a loan because of having a glib tongue and being able to put on a big show. It might be said the bank would not lend money to such a man, but I am not so sure about that. The men who are at the head of our chartered banks are there because they have ability and have demonstrated it all the way up. The man in the Bank of Commerce or the Bank of Montreal, or any other chartered bank, who has become general manager of vice-president or president, has

had to prove his ability to the directors who have control of the money in the bank, and you can be sure that they do not promote to high position anyone who is incapable of filling it efficiently. Every step taken by such a person in the service of the bank has been noted: the record shows what he has done, and the people who judged him for his ability all the way up are the people who lend the money. But in this case the people who make loans are not lending a dollar of their own—it is your money and mine they are lending, and the money of everybody else in the country.

For those reasons I am opposed to this legislation holus-bolus. I was opposed to the original legislation, for I did not see any need for it at all, and I do not see the need now. It is all right to say that the losses have only been so much, but you cannot tell what the losses are until things have quietened down and there is less speculation. I do not think we should pass this bill until Canada is able to sell as much goods to the world as it buys, until we have money for new investment. That might not be for some time. We have doubled our debt to the world this year so far, and I do not know what the situation will be at the end of the year. The country was $174 million short last year, and is $355 million short this year already. Nobody knows how short it will be by the end of the year, but we do know that if our expenses go on in this way and we have to keep borrowing money it will lead to inflation. If by any chance our prosperity slips and we have to borrow in the market, most of us will have to pay the interest in inflated currency.

It must never be forgotten that the Government has to take responsibility for the actions of the Bank of Canada. The Government set the rate of discount in the Bank of Canada at 3 per cent, hoping that would curtail the expenditure of money in this country; that is the reason it was done; yet in defiance of its own argument it proposes to lend money like this.

Honourable senators, for these reasons I oppose the bill. I hope the Government will not push this legislation, and that the bill will not be passed this session.

Hon. Norman P. Lambert: Honourable members, I had not intended to say anything in connection with this bill. No doubt many members who have read the bill would have no difficulty in dissipating some of the fallacies that we have just heard expressed with regard to the Industrial Development Bank Act and the question of balance of trade. My honourable friend the Leader of the Opposition (Hon. Mr. Haig), while he elaborated on the terrible condition which he tried to depict in connection with the imbalance of imports and exports, neglected to state that today the Canadian dollar is enjoying a premium of 1½ per cent over the American dollar. I think that in itself is a commentary upon his other remarks. In the first place, our trade relations with the United States in the matter of exports and imports have nothing whatever to do with this bill or with the banking system of this country, in any way, shape or form. Certainly it has nothing to do with the Industrial Development Bank, which was established to perform another function than that carried out by our chartered banking system, which is, roughly speaking, a commercial banking system. The chartered banks take care of current loans and help to operate businesses which turn over the output of industry as expeditiously as possible; whereas the Industrial Development Bank was set up to deal with new industries, and to loan money in much the same way as mortgages are given to farmers. In other words, the Farm Loan Board was intended to do the same thing in the agricultural field as was the Industrial Development Bank in the industrial field.

When this bill is in committee I am sure my honourable friend will be able to obtain from the officials of the bank many interesting examples of how it has helped immigrants to get started in business and develop successful industries which give employment to many men and women. The loans made by this bank are for a much longer term than those made by the chartered banks.

One hears on all sides today, and reads in the editorial columns of certain newspapers, particularly those with a prejudiced stripe, that because our imports from the United States are so much greater than our visible exports to that country we are faced with nothing short of ruin and disaster. There is another side to that equation, which is not always visible and is blandly overlooked by most people. I speak of the importation of capital into this country, which has to be serviced. Investment capital that is coming into Canada from the United States, and other countries if you like, far exceeds the deficit which exists in the visible trade balance. In the final analysis that capital investment must make a return to the investors in the form of dividends. Those earnings are not shipped out in the form of gold or paid in cash, but in the export of goods to the country from which the capital was obtained. Any student of primary economics or finance knows that trade cannot be conducted except by way of exchange of goods. That has been true throughout the history of England. In her prime trading days she imported visibly more than she exported. However, that difference

was made up by the receipt of earnings on her ships and her investments in countries which, unfortunately, she has since lost as a result of war.

Honourable senators, perhaps I may be pardoned for expressing these fundamental economic and financial principles, but they have a very definite relationship to the remarks that have been made about this bill.

Hon. R. B. Horner: Honourable senators, if the senior senator from Ottawa (Hon. Mr. Lambert) qualifies as an expert in economics and finance, I think I could break into that class too. For the life of me, I cannot understand how we can export enough goods to pay interest on the money we borrow, when in the first three months of this year our imports exceeded our exports by $345 million.

I say it is impossible to compare our situation today with that of England some years ago. It is true that that country once had a great income from her investments throughout the world and could make up her deficit on trade by the earnings on her investments abroad. I think my friend is putting the cart before the horse, when he compares our position with that of England, because we have no foreign investments. How are we going to balance our export-import picture when capital investment is coming to this country to maintain us at the present time?

There is also the question of the value of the Canadian dollar in the United States. All we do about it is throw out our chests and boast a bit. Personally, I would prefer to see our dollar at par with the American dollar, or even at a discount of 5 per cent.

Hon. Mr. Lambert: May I ask my honourable friend how he would explain the fact that the Canadian dollar is today worth more than the American dollar?

Hon. Mr. Horner: I certainly do not pose as an expert on that question. Many things have happened to bring about that situation. I go along with the leader on this side (Hon. Mr. Haig) when he asks why does the Bank of Canada charge the chartered banks 3 per cent interest? It was created for the purpose of providing money to the other banks at a low rate of interest. At the same time we are being asked to extend the operations of the Industrial Development Bank, the Farm Loan Board and such agencies. We hear it said: "What is a million dollars? If a project fails, we lose only a part of the money put into it." But we must consider our future ability to meet all these undertakings. Canada must export in order to live. What is our prospect for the future, and how can we increase the export of any commodity we have to sell? I wish I could be more sure of the future, but I see little ground for optimism.

We are fortunate at the present time to be able to export a fair amount of grain, but this is due in part to the fact that last winter was the most severe that Europe had experienced for a hundred years. So, it is only because of the loss of crops and stock on that continent that we have an opportunity to export some of our grain. And we have no corner on the minerals produced in the world today.

I cannot but feel in discussing this national debt and financing question that it is much like a contagious disease: we continue to inoculate ourselves to prevent the disease from becoming fatal. And we are trying to pull ourselves up by our boot straps. We are told that our vast expenditures will create more employment. Well, I hope it all turns out to the good, but it seems to me it is time we took a closer look at the facts.

If I could find two economists who agreed with each other, I would feel better satisfied as to what is the true picture. But when the experts cannot agree amongst themselves, I do not see how I could be expected to offer a satisfactory theory. However, I at least know that if a business is buying more than it is selling, it is in trouble.

Hon. Arthur W. Roebuck: Honourable senators, I am somewhat in accord with the statements made by the Leader of the Opposition (Hon. Mr. Haig) and to some extent with those of my friend from Blaine Lake (Hon. Mr. Horner).

When the Industrial Development Bank legislation was first introduced I looked upon it with a good deal of doubt, and I am now looking with some doubt on this particular bill. I should like to be a little more sure as to what the future holds and how the proposals in the bill will work. It is not an answer to say that the Industrial Development Bank has not had to write off any loans in the past. If in this cycle of a boiling and rising economy it had to write off huge losses, what might we expect should the trend in business turn even slightly in the other direction? As I say, I hope these proposals will work, but I am not sure that they will?

My friend from Blaine Lake raised some question about the logic of my friend from Ottawa (Hon. Mr. Lambert) who said that because of the flood of investment income and shipping profits from abroad, England was able to buy abroad. What else would she do with the money? What good is money if you do not use it to buy something? Great Britain used these funds to purchase such goods as she wanted, in foreign markets, and

the result was that in the peak years of her prosperity her imports were very much greater than her exports, while countries that did not enjoy investments abroad—India, for instance—had an excess balance of exports. There were large British investments in India. India was interested in having such investments—of course she paid interest on them—and the result was that India was exporting more than it imported. It was necessary to do that in order to get the money with which to pay the interest on the investments.

Now, we have a somewhat similar situation here. During this period of boom and expansion money is coming into this country, not perhaps as a result of great investments abroad, although we have some, but for investment in Canada. It is just the same kind of money as it would be if it were the produce of investment. What shall we do with it? Shall we sit on it? Money is no good unless you use it, so we are using that money to buy goods abroad.

Suppose, for instance, American money is invested in the Canadian mining industry. What happens? The mining industry imports from the United States expensive machinery to carry on mining development work. So it follows that our imports of mining machinery, supplies and equipment and that sort of thing are in themselves sufficient to make the balance of trade, so called, against us. We are using that money to buy abroad the things required to carry on our industry here.

The Leader of the Opposition says that this money is not being given to us, that we are borrowing it. Of course we are borrowing it, but have we no confidence in the good judgment of the businessmen who are borrowing that money? Are they borrowing it for fun? No, they are borrowing it because they will make a profit out of it.

Hon. Mr. Horner: They think they will.

Hon. Mr. Roebuck: Well, let us say they think they will. But is their judgment not as good as yours or mine? Their experience justifies them in thinking that it is good business to borrow. So we are borrowing, and when the time comes to pay back we will repay with the money that the investment has made for us.

Now, what do my two honourable friends suggest? That we cut off investments? That we should stop money coming in here?

Hon. Mr. Haig: I did not say that.

Hon. Mr. Roebuck: Well, I ask, what else do you suggest? If borrowing money abroad is a bad thing, let us stop it. If it is not a bad thing, why criticize it, and why use specious arguments with regard to it as applied to this bill?

Hon. Mr. Haig: What happened to the investment that Great Britain made in India?

Hon. Mr. Roebuck: Much of it was repaid; some of it was not.

Hon. Mr. Haig: Most of it was not.

Hon. Mr. Roebuck: Is my friend drawing any comparison between Canada and India?

Hon. Mr. Haig: No, but that is what happened.

Hon. Mr. Roebuck: Does my friend suggest that this country of Canada, where the investment is being made, will do what India did? We will pay back every dollar.

Hon. Mr. Haig: The people in Britain thought they were great financiers and that they could not make a mistake in investing money in India; but they did, and so can we.

Hon. Mr. Roebuck: My honourable friend ought to go and tell that to the investors in the United States.

Hon. Mr. Haig: No, no.

Hon. Mr. Lambert: Honourable senators,—

The Hon. the Speaker: Order. We must not have three speeches going on at once. Is it the intention of the honourable senator from Ottawa (Hon. Mr. Lambert) to ask a question?

Hon. Mr. Lambert: Yes, Mr. Speaker.

Hon. Mr. Roebuck: Would it be a question to me?

Hon. Mr. Lambert: Yes. With respect to the indebtedness of Great Britain to the United States, it is my understanding that every dollar of that was paid long ago. Is that not so?

Hon. Mr. Roebuck: There is some question as to whether all obligations of Great Britain to the United States have been paid, but generally speaking every dollar that was borrowed by Great Britain from the United States or every dollar that the United States borrowed from Great Britain has been paid, and I can stand here in perfect confidence and say to the investors of the United States that what they invest in Canada will be repaid,—not every dollar, perhaps, because all business is not profitable and some of their investments may not work out. That is so even with their local investments.

I do not think we need to concern ourselves about the wisdom of United States citizens investing their money in Canada. They will look after that. We will not receive one single dollar of investment that we in our good judgment do not think is good business on our part, each individual judging

for himself. The borrower borrows because he thinks he will make money on the borrowing.

Let me ask, where would Canada have been in the past if we had not had investments from abroad? Could we have built our railroads? Where would the money invested in the building of the Canadian Pacific Railway have come from if not from abroad? From the poor settlers of this country living here at that time, nearly a hundred years ago? They had no money to invest.

Hon. Mr. Horner: Well, the money could have been provided by a central bank, and the Government was the only authority to set up such a source. If it was going to be profitable to build the railroad it would have been possible to get the money.

Hon. Mr. Roebuck: All right. I take that as a very good explanation of where the money could have come from, but, unfortunately for my friend's argument, the Industrial Development Bank which he opposes is doing the very thing which he is now advocating. Surely my friend does not suggest that such a method should be used for the financing of all our private enterprises?

Hon. Mr. Horner: No, but the public can get money that way.

Hon. Mr. Roebuck: Well, if that were the issue I would meet it squarely. It is not the function of the Government to supply capital to private individuals and pay the losses out of taxation. That is why I express doubt about this bill and this method of financing.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Roebuck: At the outset I said something in that regard. But when it comes to condemning the borrowing of money from abroad, be it from the United States or anywhere else, in broad general terms I cannot go along with it. That is what we have been doing in this country for the past century, with great success, and I do not know how we could have developed Canada to the extent we have if not by means of financial assistance from abroad.

I was a member of the Ontario Hydro-Electric Power Commission for a number of years, and during that period we borrowed tremendous sums of money, much of it from the United States. What could we have done without that money? We certainly could never have put hydro-electric lines into practically every rural house in the province of Ontario; we could not have supplied electric service to urban homes, to the factories, and done all the things we did for the enterprise of the province of Ontario if we had not borrowed money from abroad.

What would municipalities all over Canada do were it not possible to obtain money from abroad? How could we have built the underground subway in Toronto if our ability to borrow had been restricted? If you leave it to the businessmen of our country to determine when it is profitable to borrow, and interfere with their freedom as little as possible by government regulation, you will find that in the end they will win the game. The best judgment available to us in these matters is that of our own private citizens who profit by the businesses in which they are engaged.

There is something I wanted to say, apart from this question, in reply to the suggestion of the Leader of the Opposition, who would enforce the rule that speeches shall not be read in this chamber. I was in the House of Commons when an attempt was made to enforce that rule. The attempt was not too successful and I did not agree with it. For a number of years I have sat in this house, where we pay little attention to the methods of speech employed by various honourable senators. I have seen no abuse that I would wish to correct in any speech that an honourable senator has delivered during all that time. I suggest to my fellow senators that those who wish to speak extemporaneously, as the Leader of the Opposition has just done with such eloquence, skill and ability, and as I am doing, with all these qualities negated, should proceed as they prefer. There are times when I would be free to read a paragraph which I have carefully prepared. A speech carefully prepared in advance of the sitting is a compliment to those to whom it is delivered. I believe it was the great Webster who said that an unprepared speech was an insult to the audience. I am impressed with that statement. An unprepared and un-thought-about speech is much more objectionable than a carefully prepared and written contribution, even though it be read. Personally, I am satisfied to leave the manner of preparation and delivery of a speech to the good judgment of the senator who undertakes its delivery. If he thinks he can get better results by reading it, or a portion of it, I am entirely satisfied to let him proceed and to listen to him. Far be it from me to suggest the enforcement of any rule to interfere with him or to cramp his style. But this has nothing to do with the subject-matter of the debate.

Hon. Mr. Reid: May I ask the honourable senator if he does not think that there is a danger, if speeches are read, of weakening

the effect of debate by the introduction of views and opinions of someone other than the speaker himself, and not a member of this body?

Hon. Mr. Roebuck: I suppose there is a danger of somebody getting assistance from outside and thereby expressing the thoughts of someone else. But is that danger much decreased if the material is unwritten rather than if it is written and read? At this moment I may be expressing opinions which somebody outside has handed to me. Most of our knowledge comes from others and our thoughts are subject to the general thinking and talking of the people of the age in which we live. None of us is very original. So I do not see any great danger of the kind that has been suggested, and—to answer more specifically—in the decade during which I have sat in this chamber I have never found the slightest reason to suppose that any honourable senator was merely parroting opinions written for him by somebody else. I am confident that nothing of that sort will take place, and I am fully content to let my fellow-senators conduct themselves as they deem fit.

Hon. John J. Connolly: Honourable senators,—

The Hon. the Speaker: If the honourable senator from Ottawa West (Hon. Mr. Connolly) speaks now he will close the debate.

Hon. John J. Connolly: Honourable senators, I have very few remarks to make in conclusion. I do not propose to engage in a discussion of the various questions that arose in connection with the balance of international trade and international payments; but I would say this in connection with that portion of the debate, that the Governor of the Bank of Canada, who is also President of the Industrial Development Bank, and the General manager of the Industrial Development Bank will be before the committee. They are people with whom, I think, these problems can be profitably discussed. Both of them were before the committee of the other place, where the discussion ranged over a great variety of subjects and, I think, very usefully so.

I would point out to the Leader of the Opposition (Hon. Mr. Haig) that this bill is not, as he knows, for the purpose of increasing the capital or the money available to the bank for the purposes of lending. The amount originally established as available for loans of the character proposed to be made by this bank was, as stated in section 12 of the original legislation, $25 million. That figure has never been changed. Section 14 of the act also states:

> The aggregate of the total direct liabilities of the bank, including bonds and debentures issued by the bank, and of the total contingent liabilities of the bank in the form of guarantees given or underwriting agreements entered into by it, shall not any time exceed three times the aggregate amount of the paid-up capital and the reserve fund . . .

So there is no change in the total capital available to be loaned as a consequence of this legislation.

As a result of the enlargement of the definition of institutions able to qualify for the loans under this bill, it is expected that more lending might well be done in both categories,—below and over $200,000. It is likely that that would have happened anyway in the normal course of events. But I would ask honourable senators to bear in mind that when this bank was established the purpose was to fill what was thought to be a gap in the financial machinery of the country. As the honourable the senior senator from Ottawa (Hon. Mr. Lambert) has said, this bank differs from the commercial banks in that it does not make term credit available to borrowers. On the other hand, it was felt that relatively small industries could not have access to the credit they need to get themselves established in all parts of this country if an institution of this kind were not created, and there did not seem to be any incentive for a commercial organization to create such an institution. The chartered banks were doing business on a current loan basis; and the big money lenders, the money markets, operating on the basis of bond issues and large mortgages, were not interested in the requirements of small industrial enterprises. It was just that gap that this institution was created to fill. The fact that it loaned a total of $104 million during those twelve years is something to note. While it may be proper to argue that it is not a complete answer to say it has lost just $350,000,—and I do not suggest it is a complete answer—I do say that the need has been filled to the extent of $104 million. I venture to say that the officials would be able to expand on this point in committee with much more knowledge than I am able to do.

There is only one other point I should like to mention. The people who have administered this institution have not had to prove themselves as a result of its operation. I refer to Mr. S. R. Noble, who was manager of this bank for the first ten or eleven years of its existence. Mr. Noble came from a chartered bank organization, the Royal Bank of Canada, and before he ever

came near the Industrial Development Bank his reputation in the banking world had been established. Relatively speaking the same can be said about Mr. D. G. Marble, the present General Manager. He also was a graduate of banking institutions, not only in this country but in South Africa. Therefore, in continuing the operation of this bank, it is not a matter of having the bank run by amateurs or academic people. The two men I have referred to had proved themselves in the banking world of this country before being associated with the Industrial Development Bank.

The Hon. the Speaker: Honourable senators, the question is on the motion of the Honourable Senator Connolly, (Ottawa West), seconded by the Honourable Senator Woodrow, that this bill be now read the second time. Is it your pleasure to adopt the motion?

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the second time, on division.

REFERRED TO COMMITTEE

Hon. John J. Connolly: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Haig: Honourable senators, I do not intend to discuss the merits of this bill. I merely want to bring to the attention of the Leader of the Government (Hon. Mr. Macdonald) that I have been notified that the Banking and Commerce Committee will meet tomorrow morning at 10 o'clock and that the Finance Committee will meet at 10:30. As the Canadian Forces Bill and the Industrial Development Bank Bill are being referred to the Banking and Commerce Committee, it will certainly not get through its business in time to permit honourable members to attend the meeting of the Finance Committee.

Hon. Mr. Macdonald: I notice that the Finance Committee is to meet *in camera*.

Hon. Mr. Haig: That does not make any difference. The members of that committee will want to be there. I happen to serve on that committee and I want to attend its meeting, but I also want to attend the Banking and Commerce meeting. I have been accused of many things here today, so I have quite a few questions I want to ask in committee about the Industrial Development Bank Bill.

Hon. Mr. Roebuck: There is something strange here and I would like an explanation of it. I understand the motion before the house is to refer this bill to the Banking and Commerce Committee, yet I already have in my hand a notice that this committee will meet tomorrow morning. Coming events cast their shadows before them.

Hon. Mr. Beaubien: The notice does not specify that the meeting is to deal with any specific legislation.

Hon. Mr. Haig: I would like the chairmen of the Banking and Commerce Committee and the Finance Committee to agree on some policy. The members of the Finance Committee have done a great deal of work this year and I for one want to attend its meeting tomorrow; but the Banking and Commerce Committee will never complete its deliberations in half an hour.

Hon. Mr. Macdonald: Probably the Banking and Commerce Committee could proceed with the bill respecting the Canadian Forces. I do not think any effort will be made on behalf of the committee to proceed with the Industrial Development Bank Bill right away, and I am satisfied that an arrangement agreeable to all could be made.

Hon. Mr. Haig: That is all right.

Hon. John J. Connolly: I would like to suggest that the Industrial Development Bank Bill be not placed on the agenda of the Banking and Commerce Committee tomorrow morning.

Hon. Mr. Macdonald: The committee members can decide that.

Hon. A. Neil McLean: Honourable senators, I would like to say a few words to make my position clear. I have a great regard for the Leader of the Opposition (Hon. Mr. Haig). When I came to the Senate I learned much from the older members, of whom he was one.

Hon. Mr. Roebuck: Who are the older members?

Hon. Mr. McLean: I mean older in point of service. I do not think anybody reading *Hansard* would say that my speech of last Thursday was a political one, although it may have been quite technical. I have been interested in banking affairs for some fifty years, since I was 16 or 17 years of age. I remember when the Industrial Development Bank was organized. I know it has its place in our economy, just as has the Central Mortgage and Housing Corporation. We must remember that the chartered banks come to Parliament for incorporation and are accountable to Parliament. I am not a director of any bank and I have no special interest

in any bank. In my speech I endeavoured to point out certain inconsistencies, and I think I put on *Hansard* that while the banks were lending more money and putting it into circulation, Canada's national income has grown to almost $28 billion, and that far more money than we now have in circulation will have to be found and put into circulation in order to finance the great future industrial development of this country.

I recall that when I served on the Royal Commission on Employment, in the hungry thirties, our total national income from goods and services amounted to less than $5 billion. I think at one time it was as low as $4 billion. Now it is up to around $28 billion. We simply must have more money put into circulation. I tried to point out the discrimination against chartered banks, which are really the foundation of our credit system. They created credit, and they should be able to loan money at a good deal less than 6 per cent, which the Industrial Development Bank will charge. They should get this business, but their hands are tied. The Industrial Development Bank is a one hundred per cent subsidiary of the Bank of Canada, which was born in the hungry thirties as a child of deflation. I do not know whom it is accountable to, but apparently it is not accountable even to its own board of directors. I said the other day that:

> During the fall of 1955 the chartered banks were directed by the Bank of Canada to cease taking on new commitments for term loans and the banks would no longer make purchases of corporate securities . . .

The chartered banks are being tied while these other institutions are being given a free hand. I do not disagree with the financing of the Industrial Development Bank, and that is why I am voting for the bill; but I do disagree with the Bank of Canada crippling the chartered banks, and I do not know what power it has to do so. Parliament incorporated the Bank of Canada, as it did the chartered banks. They are, as I have said, accountable to Parliament. Similarly, the Federal Reserve Bank is accountable to the United States Congress. That is why an inquiry is now going on in Congress to find out why the bank is putting up the bank rate without any reference to Congress at all. I have written to the committee to obtain the proceedings of the inquiry.

The motion was agreed to, and the bill was referred to the Standing Committee on Banking and Commerce.

LIBRARY OF PARLIAMENT

CIVIL SERVICE COMMISSION REPORT ADOPTED

The Senate proceeded to consideration of the report of the Civil Service Commission respecting revisions of salary ranges for the staff of the Library of Parliament.

Hon. Norman P. Lambert moved that the report be adopted.

He said: Honourable senators, this report was placed upon the table by His Honour the Speaker on June 12. It simply represents the Treasury Board minute following upon the act of the Civil Service Commission in increasing the salaries of the Library staff. There are 15 beneficiaries in this particular class. At the end of the report it is stated:

> It is also recommended that the class Assistant Library Clerk-Bookkeeper be abolished, effective April 1, 1956.

The person who formerly occupied that position will now be classified as Library Clerk and Bookkeeper, but there is really very little difference between the old and new salary for the position.

The motion was agreed to and the report was adopted.

PRIVATE BILL

NIAGARA LOWER ARCH BRIDGE COMPANY LIMITED—COMMITTEE AMENDMENT CONCURRED IN

The Senate proceeded to consideration of the amendment made by the Standing Committee on Transport and Communications to Bill J-14, an Act respecting Niagara Lower Arch Bridge Company Limited.

On motion of Hon. Mr. Beaubien, for Hon. Mr. Hugessen, the amendment was concurred in.

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

Hon. Mr. Beaubien: Next sitting.

LIBRARY OF PARLIAMENT

CEREMONY AT OFFICIAL OPENING

On the motion to adjourn:

The Hon. the Speaker: May I remind honourable senators that the ceremony in connection with the reopening of the Library of Parliament will be held at 6 o'clock this evening, and that all honourable members are invited to attend.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 20, 1956

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

Prayers.

Routine proceedings.

FARM IMPROVEMENT LOANS BILL

FIRST READING

A message was received from the House of Commons with Bill 208, an Act to amend the Farm Improvement Loans Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

VETERANS' BUSINESS AND PROFESSIONAL LOANS BILL

FIRST READING

A message was received from the House of Commons with Bill 253, an Act to amend the Veterans' Business and Professional Loans Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

CANADIAN FORCES BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce presented the report of the committee on Bill 416.

The report was read by the Clerk as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (416) intituled: "An Act respecting the Canadian Forces", have in obedience to the order of reference of June 19, 1956, examined the said bill, and now report the same without any amendment.

THIRD READING

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

Hon. Mr. Hayden: I move the third reading now.

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

THE ESTIMATES

REPORT OF COMMITTEE ON FINANCE

Hon. Charles G. Hawkins, Chairman of the Standing Committee on Finance, presented the committee's report on the estimates laid before Parliament for the fiscal year ending March 31, 1957.

The Clerk (reading):

The Standing Committee on Finance, to whom was referred the estimates laid before Parliament for the fiscal year ending March 31, 1957, report as follows:—

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hawkins: Next sitting.

Hon. Mr. Roebuck: Honourable senators, is tomorrow not a little too early for consideration of the report? I am sure that anyone who wants to study the report in order to discuss it will not be ready by tomorrow. I suggest that it be considered a little later.

Hon. Mr. Macdonald: Honourable senators, I understand that although the chairman of the committee has asked that consideration of the report be placed on the Order Paper for the next sitting he does not propose to go on with it until some time next week.

Hon. Mr. Hawkins: That is right.

Hon. Mr. Croll: Honourable senators, I think that the point of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) is that we should be provided with copies of the report. The honourable leader did not say anything about providing us with copies.

Hon. Mr. Macdonald: The rules of the house provide that the report be printed in our *Minutes of the Proceedings,* which will be distributed tomorrow.

Hon. Mr. Hawkins: Honourable senators, I move:

That the report of the Standing Committee on Finance on the expenditures proposed by the estimates laid before Parliament for the fiscal year ending March 31, 1957, together with the exhibits attached thereto be printed as an Appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date.

The motion was agreed to.

See Appendix "A" to today's Hansard, *pp. 753 to 777.*

LIBRARY OF PARLIAMENT

CEREMONY AT OFFICIAL REOPENING

Hon. W. Ross Macdonald: Honourable senators, yesterday afternoon members of this house were present along with members of the House of Commons upon the occasion of

the reopening of the Library of Parliament. I think that honourable senators would like the speeches that were delivered on that occasion to appear as a permanent record of this house, and so I would move:

That the address of His Excellency the Governor General, delivered on Tuesday, June 19, 1956, upon the occasion of the reopening of the Library of Parliament, together with the related speeches of the Honourable the Speakers of both Houses of Parliament and the Honourable the Minister of Public Works, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate*, and form part of the permanent records of this house.

The motion was agreed to.

See Appendix "B" to today's Hansard, *pp. 778 to 779.*

CANADIAN BROADCASTING CORPORATION

INQUIRY

On the Orders of the Day:

Hon. Thomas Reid: I should like to direct a question to the Leader of the Government (Hon. Mr. Macdonald). On June 12 when the interim estimates contained in Appropriation Bill No. 3 were brought down, I asked some questions with regard to the Canadian Broadcasting Corporation. Would the honourable gentleman be good enough to expedite the answers?

Hon. W. Ross Macdonald: I have made inquiries, but have not yet obtained the information required. I will try to have it available when the next interim supply bill is presented.

PRIVATE BILL

NIAGARA LOWER ARCH BRIDGE COMPANY LIMITED—THIRD READING

Hon. Salter A. Hayden moved the third reading of Bill J-14 an Act respecting Niagara Lower Arch Bridge Company Limited.

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

CANADA LANDS SURVEYS BILL

SECOND READING

Hon. Gray Turgeon moved the second reading of Bill 254, an Act to amend the Canada Lands Surveys Act.

He said: Honourable senators, this amending bill deals with only two sections of the Canada Lands Surveys Act. The proposed changes, which are quite simple, relate to the remuneration of the members of the board, the secretary, and examiners who from time to time are appointed to do work under the act. The fees involved are very minor amounts.

Section 1 of the bill amends section 7 of the present act, which reads:

7. (1) Every member or temporary member of the board who attends a meeting thereof called for the purpose of examining candidates or for any other purpose or who attends as a special examiner at an examination shall receive the sum of fifteen dollars for each day's sitting together with his actual living and travelling expenses incurred through his attendance at such meeting or examination.

(2) The secretary shall receive the sum of ten dollars for each day's sitting of meetings of the board at which he attends together with his actual living and travelling expenses incurred through such attendance and shall, in addition, be paid an annual remuneration of two hundred and fifty dollars.

Section 2 of the bill amends section 9 of the act, which reads:

9. Every special examiner, other than a member of the board, shall receive the sum of twenty-five dollars for each day's sitting of examinations at which he presides together with his actual living and travelling expenses incurred through his attendance at such examinations.

The nature of these examinations is such that it is practically impossible to carry out the work involved at a so-called meeting of the board of examiners. Examinations of this kind require first of all the preparation of the examination papers to be used. These papers must be kept in utter secrecy, with no one except those officially handling them having the faintest knowledge of what they contain. Then there is the holding of the actual examination, followed by the grading of the examination papers submitted by the applicants. This kind of work would be extremely difficult to carry out at what is called a "meeting". Practically all the work is done by members of the board individually, and to some extent by the secretary of the board, during hours that are not ordinary working hours for civil servants. It must be remembered, of course, that the members of the board are civil servants, three of them belonging to the Department of Mines and Technical Surveys. Each member must do the work in seclusion and in deep concentration, free from any disturbance.

Some time ago the office of the Auditor General suggested that a change should be made in the legislation providing remuneration for this work. It is as a result of that suggestion that we now have this bill, which, as we know, has already passed the other house.

By way of information I would point out that during the last calendar year some 82 candidates of all categories were examined. Thirty examination papers were prepared and 395 answer papers were graded.

The chairman of the board is R. Thistlethwaite, Surveyor General of Canada, and the other members are J. E. R. Ross, Dominion

Geodesist, and J. E. Lilly, Assistant Dominion Geodesist. The secretary is A. W. W. Cole, of the Department of Mines and Technical Surveys.

A good many of the examinations are held away from Ottawa, and wherever possible it has been the practice of the department to secure qualified persons to carry on these examinations. They are held in several places —for instance, Vancouver, Edmonton and Winnipeg. Sometimes the examiners are provincial surveyors, and the remuneration given for work of that kind varies in the different provinces. The present legislation which we are asked to amend sets the same figure for every examiner, regardless of the province in which he lives or of the amount of payment provided by that province for men doing a task of that nature. This, together with the nature of the work that is being carried on under the terms of the present legislation, which describes the work as attendance at a meeting, is, I assume, the reason why the Auditor General's office suggested that a change in the legislation should be made. The changes as expressed in this Bill 254 are specified in two sections. If the first section is approved, the new section 7 of the act will read as follows:

7. Every member or temporary member of the board and the secretary of the board, whether or not he is employed or paid in any other capacity in the public service of Canada, may, in respect of the performance of his duties and functions under this act, be paid

(a) remuneration at an annual rate to be fixed by the Treasury Board on the recommendation of the Civil Service Commission; and

(b) his actual living and travelling expenses incurred while away from his normal place of residence.

That would make the payment in line with ordinary remuneration and would dispose of any question as to whether or not the carrying out of the act is in order.

If the second section of the bill is approved, the new section 9 of the act will read as follows:

9. Every special examiner, other than a member of the board, may be paid for each day on which he presides at an examination such fee as may be fixed by the Treasury Board and his actual living and travelling expenses incurred while away from his normal place of residence.

That means that the amounts to be paid will be set by the Treasury Board. So far as the secretary and members of the board are concerned, the Treasury Board will get the advice of the Civil Service Commission before it makes a decision as to the amount that should be paid. I understand that during the last few years the amount paid to each member of the board for work of this kind has averaged about $750 per year.

Honourable senators, that is the general nature of the bill with which we are dealing. The proposed amendment simply provides that the terms of the bill be put into a better form than it is at present, so that there will be no doubt as to the proper procedure in making payments for the carrying out of this work.

I shall be glad to answer any questions which may be asked, if I happen to know the answers.

Hon. Mr. Reid: I wish to ask a question. Am I right in saying that a deputy minister may be a member of this board?

Hon. Mr. Turgeon: All members of the boad are dominion Government officials, as is the secretary.

Hon. Mr. Reid: When they serve on the board apart from their normal duties, will they be paid?

Hon. Mr. Turgeon: They are paid now. The amendment provides for a different form of payment. At present, payment is at the rate of so many dollars for a meeting, but under the terms of the bill the remuneration will be set by the Treasury Board. The examination work cannot be done by these officials while they are carrying out their ordinary civil service duties. If they were expected to carry out the task of preparation and conduct of examinations while carrying out their civil service duties, their work for the civil service would not be properly done on all days; there is no question of that. So the work is done over and above that performed by these members in their ordinary duties.

Hon. Mr. Reid: But does the Civil Service Commission recommend the payment to the Treasury Board?

Hon. Mr. Turgeon: Under the proposed new legislation, yes, and the Treasury Board will set the amount.

Hon. Mr. Reid: That is why I am suspicious about it.

Hon. Mr. Turgeon: When the Auditor General's Department asks for a change of this kind there cannot be any fear of excessive amounts of money being expended.

Hon. Mr. Roebuck: Is there an association of Canadian land surveyors, just as there are associations of surveyors in the provinces?

Hon. Mr. Turgeon: The different types of surveyors all come under the general title of Dominion Land Surveyors. There are three grades of examination, the first being for those not articled to a surveyor, the second for those who are articled, and the third for those who wish to obtain the certificate of topographical surveyor. The third examination is very difficult, and only

a few succeed in passing. All members of the board must have the certificate of topographical surveyor.

Hon. Mr. Roebuck: That does not exactly answer my question. I asked if there is an association of surveyors of this type. I know there are associations in the provinces.

Hon. Mr. Turgeon: Each province has its own association.

Hon. Mr. Roebuck: Each province has its own association of Canadian land surveyors?

Hon. Mr. Turgeon: Yes.

Hon. Mr. Roebuck: Why do they not carry out the examinations and bear the cost?

Hon. Mr. Turgeon: I thought I explained that. The examinations of which I am speaking must be held by the Department of Mines and Technical Surveys. That rule does not apply to general examinations in the provinces, but it does apply to examinations in the Yukon and the Northwest Territories, and in other places where there are great national resources. At times examinations might be held for, say, the Indian Affairs Branch of the Department of Citizenship and Immigration or some other special branch of the dominion Government, rather than a provincial Government, and in order to save expense the board employs qualified examiners—they must be Dominion Land Surveyors —to carry out the work. However, the board has encountered difficulties, because in some provinces the provincially arranged payment is larger than in some other provinces, but the present dominion Statute has a set rate of $25 for everyone. Sending examiners from Ottawa to distant points with all the additional cost of travelling is expensive, and that is why the board, wherever possible, secures provincial surveyors to do the work. But naturally these surveyors want to be paid the rate they could get from their own Government.

Hon. Mr. Roebuck: Do these men who become Canadian land surveyors work for others besides the department?

Hon. Mr. Turgeon: They can become Dominion Land Surveyors, and it is as surveyors that they are working for the department, without question.

Hon. Mr. Roebuck: Then why should they not run their own affairs? Why should the dominion Government do it?

Hon. Mr. Turgeon: The only work that any land surveyors are asked to do under this act is for the federal Government—not for anyone else or any other government—and they are employed to do the work by the federal Government through this board of Dominion Land Surveyors, which employs them and pays them. The payment is set out in the present act, and I have already read the section which is to be repealed. It is obvious that if a job is to be done in Edmonton, for example, and an Alberta land surveyor is called, his travelling expenses would be much less than if a surveyor were sent from Ottawa to Edmonton to do the work. It is difficult at times to secure qualified provincial land surveyors because they can get higher rates of pay for work in a province than the amount allowed by the Department of Mines and Technical Surveys under this act.

Hon. Mr. Roebuck: I am still not clear on this subject. If these men are employed by the federal Government, and the examinations are for the purpose of qualifying them for federal employment—

Hon. Mr. Turgeon: Not necessarily so.

Hon. Mr. Roebuck: If that is not necessarily the case, then they are in the position of any other land surveyors. The surveyors in the provinces run their own affairs, set their own examinations and pay their own costs. If these candidates you speak of are to work for only the dominion Government, and the examinations are to qualify them for work for which they will be paid out of the federal Treasury, I should think the examinations should be held under the supervision of the Civil Service Commission.

Hon. Mr. Turgeon: This proposed amendment would permit the examination work to be paid for by the Treasury Board. I probably did not explain clearly to my honourable friend from Toronto-Trinity that the only work done under this act is federal work; but at times the Department of Mines and Technical Surveys employs, or tries to employ, surveyors outside the department. Some provincial surveyors receive higher pay for doing that kind of wok for their provincial government and therefore they will not work for the federal authorities. Under those circumstances, when there is an examination at a distant point it is necessary to send someone and bear the extra expense. I repeat, the entire work is done under the federal Government.

I understand that these examinations have been carried out in this manner since 1871, when the act was first passed, and that hundreds of examinations have been held in that time.

Hon. David A. Croll: Honourable senators, I have listened to the discussion on this bill, and I say, without any disrespect, that I am a bit confused. Did I understand the honourable senator who explained the bill to say that the civil servants concerned are fully

employed by the dominion Government, that in addition to their regular civil service pay they receive extra pay for doing extra work, and that this arrangement has the approval of the Government.

Hon. Mr. Turgeon: That arrangement has been carried out for years.

Hon. Mr. Croll: I was not here when the arrangement started, so I was not concerned with it at that time. But do I present the problem correctly: three civil servants, fully employed by the Government, are paid regular salaries for doing their work, and in addition they are paid for doing additional work? Is that right?

Hon. Mr. Turgeon: My honourable friend asked two questions, one directly and one by implication.

Hon. Mr. Croll: No.

Hon. Mr. Turgeon: If I may, I shall attempt to answer both of them. The answer to the direct question is that these persons are doing work now for which they are paid under the provisions of the existing act. Under this amendment that work would be done in the same way, but payment for it would be made by the Treasury Board.

The implied question asked by my friend was whether the work for which they are paid under this act is their regular work. The answer to that is no, because the conducting of examinations is not their regular work. The chairman of the examination board is the Surveyor General of Canada and with him are the Dominion Geodesist and his assistant. The regular work of these men is not conducting examinations, but, rather, survey work under the Department of Mines and Technical Surveys. It is a question whether the proposed amendment would make any substantial difference in the amount now paid for examination work, which averages about $750 per year.

Hon. Mr. Croll: I do not quarrel with the amount of the payment; they should receive whatever they are entitled to. My quarrel is with the method of payment, and on that point I am not quite clear about the facts. Did I understand the honourable gentleman to say that they are paid for the regular job they do, and paid in addition for some similar sort of work done at unspecified hours?

Hon. Mr. Turgeon: They are paid extra, but not necessarily for a similar kind of work.

Hon. Mr. Croll: For work having to do with examinations?

Hon. Mr. Turgeon: Surveying is not necessarily the conducting of examinations to qualify surveyors.

Hon. Mr. Croll: When do these people set the examinations? Do they do that work outside their ordinary working hours?

Hon. Mr. Turgeon: That is the only time in which they can do it.

Hon. Mr. Croll: Then what they are being paid extra for is homework.

Hon. Mr. Turgeon: They are now being paid for homework.

Hon. Mr. Reid: I suggest this bill be referred to a committee.

Hon. T. A. Crerar: Honourable senators, I have only a brief comment to make on this bill. As my colleague explained, it is a very simple piece of legislation. All it does is provide a different method of remuneration for those who do certain work. However, I am not at all sure about the wisdom of the proposed change. The act at present specifically defines the remuneration that shall be paid for these particular services which are rendered by members of the board. There is no objection on that point. After all, they are setting examination papers for candidates, and they have to see that the examinations are properly conducted. But by this amendment we propose to remove provision for the remuneration from the statute and say that hereafter the amount will be fixed by the Treasury Board.

Hon. Mr. Macdonald: With the approval of the Civil Service Commission.

Hon. Mr. Crerar: Yes, probably the Treasury Board would rely on the Civil Service Commission.

Hon. Mr. Reid: It surely will.

Hon. Mr. Crerar: I can assure the honourable leader that I have had some experience in that field, and that is why I raise a question as to whether or not this is a desirable procedure. I quite agree that the remuneration fixed by statute is at present inadequate. It might need to be doubled or even tripled, but why not continue to have it provided for in the statute rather than leave it to the discretion of the Treasury Board?

Hon. Mr. Turgeon: May I ask one question of my friend?

Hon. Mr. Crerar: Yes.

Hon. Mr. Turgeon: If it were to be done that way, how would my friend settle on a definition of the term "meeting"? I would point out that at the present time these men are paid so many dollars per meeting, but that only a small percentage of the work is done at meetings. Most of it is done by the individuals who prepare papers and, after the examinations, grade the candidates. In

the circumstances my friend suggests, "meeting" would not mean anything. I assume it is because of that awkward situation that the Auditor General has suggested the legislation should be changed.

Hon. Mr. Crerar: I do not know the answer to that. It is not really a very important question, and I doubt that it is worth all the discussion we have had on it.

Hon. Mr. Turgeon: No, it is not.

Hon. Mr. Crerar: For my part, I would rather see the remuneration fixed at a daily rate, as has been done through the years, and not left to the discretion of either the Treasury Board or the Civil Service Commission. However, in my judgment it is not a very important matter.

Hon. Mr. Croll: I think it is very important. The amount involved is of no consequence, but the procedure raises the principle of whether a civil servant should get two salaries. If it is agreeable with this house that that should be so, it is all right with me, but I suggest that these civil servants be paid for the work they do during evenings, afternoons and off-days in one salary. To pay them more than one salary is wrong in principle. That is the only objection I have.

Hon. Mr. Turgeon: Well, honourable senators, it has been going on in that way, I take it, since 1871.

During past sessions we have amended certain legislation in order to bring departmental procedure into line with what the Auditor General thought was proper—some post office regulations, for instance, were changed in this way. The bill before us has a similar purpose. As the honourable senator from Churchill (Hon. Mr. Crerar) remarked, the amount involved is very small, so I would suggest that the best thing to do is to pass the bill and get it out of the way, and then if any senator wishes to change the whole underlying principle let him bring in at another session a private bill in accord with his views. I think that would be a much better way.

Hon. Mr. Croll: It is a much better way of not getting anything done. It is difficult for a senator to bring in a private bill dealing with money matters. If the present practice is wrong, and if, as the honourable gentleman from Cariboo (Hon. Mr. Turgeon) says, it has been carried on since 1871, I say that 1956 is as good a time as any to bring it to an end. I think the amount involved is of no consequence from a monetary point of view, but the principle is a very serious one and if not corrected this practice will go on and on.

Hon. John T. Haig: Honourable senators, I agree with the view expressed by the honourable senator from Toronto-Spadina (Hon. Mr. Croll). I do not like any legislative provision whereby a civil servant is to receive two salaries. In my opinion that is not a right principle at all. The three officials mentioned by the sponsor of the bill are already being paid salaries to do a certain job, and by this proposal we say to them, "We will pay you additional remuneration for your services as examiners". I would like to point out how the legal profession handles a similar problem, and I think the same method is followed by the medical profession. In the province of Manitoba certain lawyers volunteer to conduct the examinations set by the Law Society, and in payment for this service the society votes them an honorarium. Of course, there is this difference: the Law Society examiners are not civil servants in receipt of a salary for doing certain work.

I admit that there has been a tremendous demand for surveyors during the past five years. That is true in the city of Winnipeg, and I believe it applies to every city in Canada. A real estate operator who buys a tract of farm land for subdivision purposes may have to wait as long as two or three months to get a land surveyor to do the necessary work. When a qualified surveyor is asked to survey dominion-owned land he generally says he cannot do the work because he is employed full time on other jobs.

I agree with the idea expressed by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). Why do the dominion land surveyors not have their own organization to do the examining and charge the students a fee for taking the examination? The money which the Law Society receives from examination fees paid by students is used to pay the men who act as examiners. That is how the matter should be handled here. We should not permit federal civil servants to act as examiners; the profession itself should supply them. I also agree with the honourable member from Toronto-Spadina (Hon. Mr. Croll) that it is difficult for a senator to bring in a money bill.

Hon. Mr. Turgeon: Honourable senators, I do not suggest the bringing in of a money bill, in the ordinary sense, but rather a bill whose purpose will be the saving of money, and the best place to do it is here.

Hon. Mr. Haig: I would like to have this bill referred to committee, where we could ask the land surveyors why they do not have their own organization to do this work.

Hon. Mr. Roebuck: Why cannot the provincial land surveyors do it?

Hon. Mr. Haig: There is a reason why they cannot. I know a little about that from my own experience. In Manitoba all surveyors are provincial land surveyors originally. In addition a number of them take special examinations which entitle them to be known as Dominion Land Surveyors, and their firms are then known as Dominion and Provincial land surveyors. Generally one member of the firm is a Dominion Land Surveyor and the other members of the firm are Provincial Land Surveyors.

I would say that the honourable member from Toronto-Trinity is right, that Dominion Land Surveyors in such cities as Winnipeg, Toronto, Montreal, Calgary, Edmonton and Regina should form a local organization of their own and carry on this work in the same manner as is done by every provincial Law Society or College of Medicine. They have two good examples to follow there. The students themselves should have to pay examination fees, and the money could be used by the association to pay an honorarium to the members composing the board of examiners. I think that would be a far better system than the one followed under this act. What we in effect are saying to our civil servants in this case is that they are not getting paid enough now and we are going to pay them a little more for doing this extra work.

Hon. Mr. Golding: What is wrong with that?

Hon. W. Ross Macdonald: Honourable senators, I do not wish to delay the debate, but may I say that, generally speaking, I agree with those who have expressed the opinion that a civil servant should not be paid two salaries. I think we all agree that that is not desirable. However, occasions may arise when it is necessary to give a civil servant extra pay for extra work he is doing, and this is such an occasion.

Now, honourable senators, this board of examiners is necessary. True, it does not do a great deal of work, but what it does is very important. The Government, of course, could set up a board composed of experts in this field, and they would have to be paid very high salaries.

Hon. Mr. Roebuck: Lawyers have adopted a different system. They have established their own standards and set up provincial law societies. There is no Dominion Law Society.

Hon. Mr. Macdonald: No, but if there were a Dominion Law Society, a board of examiners would have to be set up, and I think that lawyers who sat on it would demand fairly generous remuneration.

Hon. Mr. Bradette: They certainly would.

Hon. Mr. Macdonald: And they would be entitled to it, because their work would be very important. This act, as the honourable senator from Cariboo has so well explained, makes it possible to have examinations conducted without employing additional specialists and paying them very large salaries.

Hon. A. K. Hugessen: Honourable senators, I have been looking up the act which this bill is to amend, and I think that the answer to the question which some honourable senators have raised namely, why should not this work be done by provincial surveyors, is clearly to be found in the act itself. The act deals with surveys of dominion public lands under the control of the Surveyor General of Canada; and under these circumstances it is obvious that he must have control of the people who survey the public lands, particularly those in the Yukon, the Northwest Territories and the national parks. No local association of provincial land surveyors could be controlled by the minister in charge of this act. That, I repeat, is the reason why dominion land surveyors are engaged for the special and particular purpose of surveying dominion lands.

The other question on which there has been a good deal of discussion relates to whether civil servants should draw two salaries. As was pointed out by the honourable senator who explained the bill, the members of the board are civil servants, and I suppose that the board will continue to be composed of civil servants. Let me point out the effect of this amendment. Under the act as it stands, the members of the board —who are civil servants—are entitled to extra pay of $15 per day plus expenses for any time they devote to this particular work. The amendment merely provides that they may be paid such remuneration as the Treasury Board shall fix. It is quite conceivable that the Treasury Board would say to the civil servants who are members of this board, "You are already compensated in your present positions; we will not authorize any further payment." So from the point of view of economy the position may be improved.

Hon. Mr. Reid: Why have not those who are responsible for this bill made a straightforward proposal to increase the remuneration? At present there is provision for $15 per day and all expenses. If it is now intended to change the remuneration to a rate to be fixed by the Treasury Board, it must be with the intention not of reducing the

allowance but of increasing it, and the fact should be frankly admitted.

Hon. Mr. Hugessen: There is not a word in the bill to support that view.

Hon. Mr. Reid: I know, but it is evident.

Hon. Mr. Hugessen: As I have said, the result may be quite the contrary; for the Treasury Board may hold that as these officials are receiving a salary they should not get any more.

Hon. Mr. Reid: I am ready to make a bet that the Treasury Board will not do that.

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

REFERRED TO COMMITTEE

Hon. Mr. Turgeon: I move that the bill be referred to the Standing Committee on Banking and Commerce. My personal opinion is that it could be disposed of at once, but some honourable senators, including the Leader of the Opposition (Hon. Mr. Haig), wish to have it considered in committee.

The motion was agreed to, and the bill was referred to the Standing Committee on Banking and Commerce.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

SECOND READING

Hon. T. A. Crerar moved the second reading of Bill 415, an Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1956, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable Senators, for a number of years now we have had bills in similiar form. Without going back over the history of the Canadian National Railways, it might be worth while to mention that in 1952 Parliament passed an act known as the Canadian National Railways Capital Revision Act. Under that legislation the whole capital structure was reorganized. As a result the Government, who are really the shareholders of the railway on behalf of the people of Canada, took over certain securities, namely, $800 million of preferred stock, carrying a 4 per cent interest rate, and six million shares of common stock of no par value: they also threw into the Canadian National system the investments which the Canadian people had in two Canadian Government railways—the old Intercolonial, and the Transcontinental, between Moncton and Winnipeg. The act contained a provision that, after operating expenses were paid and depreciation charges met, the first charge on profits, if any, would be payment of 4 per cent on the preferred stock held by the Government. All profits remaining were payable annually to the Receiver General of Canada. The principle underlying this arrangement was that Parliament should always have control over what the Canadian National Railways management was doing. As I recall, when the charges I have referred to were met there was no profit to turn over to the Receiver General.

The capital set-up of the Canadian National Railways, which I have briefly outlined, makes it necessary for the management to come to Parliament each year for approval of all capital expenditures—approval of not only the purposes for which the money required can be spent, but of the manner in which the money shall be provided. It is with these objects that the bill has to do.

Section 3 of the bill, which is the first one that needs to be mentioned, authorizes the capital expenditures set out in the explanatory notes.

Section 4 provides that securities may be issued by the railway with the approval of the Governor in Council. For instance, a common method of financing the purchase of locomotives, freight and passenger cars, and so on, that a railway requires, is by the issuance of what are called equipment trust certificates. Section 4 provides that none of these can be issued without the approval of the Governor in Council. In other words, the method by which expenditures are paid has to be approved by the Governor in Council.

Section 5 provides that guarantees of securities may be given by the Governor in Council, or, alternatively, the money might be advanced directly by the Department of Finance. In all cases, I believe, the securities are issued under the guarantee of the Governor in Council.

Section 6 provides that the Governor in Council may make loans of a temporary character to the railway. The financial year of the railway ends on December 31. Orders for the purchase of such equipment as diesel locomotives or freight and passenger cars may be placed for delivery at a later date, and when that time comes the railway must be in a position to make payment for the equipment. Provision is made whereby the Government may advance against earnings over, say, the next six months the moneys to pay for the equipment when it is delivered.

Section 7 empowers the Canadian National Railway Company to aid other companies and

railways comprised in its national system. That is to say, the Canadian National Railway Company may spend money on lines that it operates in the United States, or on any line like the Northern Alberta Railways, which is jointly operated under lease by the Canadian Pacific Railway Company and the Canadian National Railway Company. As honourable senators know, the Canadian National has a line operating from Montreal through Toronto to Chicago, and it also operates a few other small branch lines in the Chicago area. The company also operates a line from Montreal through American territory to Portland, Maine. Such equipment as bridges and railway ties may have to be replaced on these lines, and section 7 of the bill empowers the management of the Canadian National Railway Company to provide moneys for this purpose.

Section 8 is the usual type of section found in these bills. If money is raised by guarantee of securities, the money has to be paid under the direction of the Minister of Finance, either into chartered banks or the Bank of Canada. This money can be drawn out only for the purpose of the expenditures I have outlined, and only with the authority of the Minister of Finance.

Section 9 simply authorizes the Minister of Finance to place certain sums at the disposal of the company following the end of the calendar year and before July 1, 1957.

Section 10 authorizes the Canadian National Railway Company to give assistance to Trans-Canada Air Lines, which is constantly expanding and requiring new equipment. The section provides the necessary machinery for making expenditures of a capital nature in this respect.

Section 11 provides for the appointment of George A. Touche and Company, of the cities of Toronto and Montreal, as auditors of the Canadian National Railway Company for the ensuing year. This is a well-known firm of chartered accountants. Prior to last year, I believe, the appointment of the auditors of the Canadian National Railway Company was provided for in a separate bill. Inclusion of provision for the appointment of the auditors in the bill before us is, I think, a desirable departure.

The explanatory notes disclose that the total spending budget for the company is $313,564,000, less depreciation accruals, et cetera, available in relation to the 1956 calendar year, $74,570,000, and depreciation accruals available in relation to the period January 1 to June 30, 1957, $35 million, making a total depreciation of $109,570,000. Therefore the net amount being asked for is $203,994,000. In the matter of rolling stock, whether it is locomotives or freight cars, a certain amount of depreciation is set aside yearly for renewal purposes. That fund is then available when new equipment is needed or existing equipment is worn out.

With respect to gross capital expenditures, a word or two may be said about such items as road property. An amount of $84,077,000 is set aside for such items as replacement of railway ties and rails, construction of new bridges or repair of old ones, and so forth. It also covers the needs of the Alberta Northern Railways, and the American lines of the Canadian National Railways System.

Hon. Mr. Macdonald: Does it include railway stations?

Hon. Mr. Crerar: I am not quite sure, but I should think railway stations would be included under this item, for they do not come appropriately under any of the other headings.

The next item under gross capital expenditures is that of branch line construction, for which $9,875,000 is set aside. The company has almost completed a branch line in British Columbia from its main line to Kitimat to service the plant of the Aluminum Company of Canada at that point. I think a few hundred thousand dollars are required for that purpose. Then there is a new branch line from Hillsport, in northern Ontario, to Manitouwadge, which is some distance east of Port Arthur, Ontario. In the Manitouwadge area very important base metals have been found, and it is the general expectation that there will be substantial development there. The Canadian National line runs north of it and comes in from Hilisport. As a matter of fact, the Canadian Pacific Railway has also built a line, or are constructing one at present, from its main line into the area. It is clear that both railways see immense possibilities in those properties. From all the reports I have received, I believe that to be the case.

The next item, equipment, $116,147,000, includes diesel locomotives and passenger cars, but the largest expenditure is for more than 10,000 freight cars. Work equipment units are also included. If, for instance, a derailment takes place and a track is torn up, the work equipment units do the repair work. I believe those units also lay track on new branch lines.

The next item is hotels, $9,035,000. The greater part of that amount is for the Queen Elizabeth hotel in Montreal. Honourable senators will be interested to note that the total amount spent on that hotel to December 31, 1955, was roughly $4,380,000. It is estimated that in 1956 the expenditure will be $8,200,000 odd, and that in future years it will require to be approximately $7,350,000.

It is expected that the total cost of this hotel when completed, without furnishings of any kind, will be $20 million; and the estimated cost of furnishings is in the neighbourhood of $4,300,000. The hotel will have 1,216 rooms, and will probably be the finest in Canada.

Honourable senators, I feel bound to say that I think these costs are somewhat staggering. It looks to be a matter for criticism to spend $20 million on a hotel. However, I read an item in a newspaper the other day which stated that the Royal York hotel, Toronto, will shortly have an addition of about 450 rooms, and that the Canadian Pacific Railway Company, which owns the hotel, estimates the cost of the addition at $10 million. All this simply means that costs have advanced enormously since pre-war years and even since the war. There may be some question as to whether the C.N.R. should have a hotel in Montreal. I do not intend to discuss that. As a matter of fact, I do not think it is a part of this proposal, because Parliament has already approved the budget of the Canadian National Railways in which this hotel was included.

Another point of interest is that last year, according to the annual report of the Canadian National Railways, the total profit of all the hotels operated by the railway system, after depreciation, was approximately $1,700,000. Of course, times have been very good for some time; to use a phrase of the economists, "Our economy has been booming", and when our economy is booming the railway hotels, whether C.P.R. or C.N.R. participate in the benefits.

The Canadian National Railway Company's financial year ends on December 31, but it has certain commitments to meet between January 1 and the end of July. I expect those who prepared these estimates assumed that would be a safe margin of time in which to get the Financing and Guarantee Bill for next year through Parliament.

Honourable senators, perhaps that explains, though inadequately, the purposes of this bill.

Hon. Mr. Macdonald: Very fully.

Hon. John T. Haig: May I ask the honourable gentleman a question? I think Parliament put through legislation writing off $1 billion for the year 1952, although I am not sure of the year. At that time the President of the Canadian National Railway Company, who still holds that office told me that would be sufficient to take care of the railroad. I would like to know what the valuation of the road was at that time and what it is today. I would also like to know what the company's debt was after the $1 billion was written off and what the debt is today. I also want to know the operation costs for the year 1955 of the National Transcontinental from Moncton to Winnipeg, and what the operation costs of that line were for the five previous years. I also wish to inquire if the profit of $1,700,000 on hotels takes into account interest, taxation, repairs and depreciation. I also wish to ask if there were any taxes paid on the property during that period. I do not know if that information is available here, but I think the bill should go to committee so that those matters may be inquired into. I doubt if many people in Canada have any idea of how much money is spent per year on the C.N.R. railroad, and I think the public is entitled to know the state of the company's finances and have them presented in a way that can be understood. When an application comes before the Board of Transport Commissioners, the board never takes the C.N.R. as the test of what a well-operated railroad ought to show, but always uses the C.P.R. as the test. The farmers of western Canada, and probably the farmers of eastern Canada as well, insist that the C.P.R. should be used as the yardstick.

I am very disturbed about the fact that four C.N.R. hotels have been sold since 1952, and that the price received was just a little over the depreciated value. In spite of that, the company is adding another hotel to its chain. There are some questions I would like to ask as to the terms of the lease of the Montreal hotel, and so on. Parliament should have that information, and there is no other way of getting it except by inquiry.

I have great confidence in the ability of the President of the Canadian National Railways, and also the new executive assistant, who is one of the outstanding railway men of Canada and will make a strong effort to have the road operated successfully.

I should like to ask some questions about the operation of the road from Winnipeg to Vancouver, formerly known as the Grand Trunk Pacific, and also about the National Transcontinental line from Moncton to Winnipeg.

Hon. Mr. Hugessen: I did not catch what information my honourable friend wanted in that respect.

Hon. Mr. Haig: I should like to know the operating costs of the Canadian National Railways on the National Transcontinental line from Moncton to Winnipeg over the past ten years, and whether there was a profit or a loss last year; also, whether the figures given include taxes, depreciation and charges of that nature. I particularly want to know if the C.N.R. pays one dollar of tax to the federal, provincial or municipal authorities; also, the amount of the loans the railway has

received and what has been paid back, and how much is its present liability to the federal Government.

I do not go back beyond 1952, except with respect to the operations of the Transcontinental line, for the reason that I have already received a specific answer from Mr. Gordon, the president of the system. When he was before our committee in 1952 I put this question to him: "With this write-off of a billion dollars, what about the future operations of the road?" He replied, "If we have normal times we should never have to come back to Parliament for any more write-offs or money to cover depreciation or losses." Now I would like to know what has happened over the past five years, when times have been normal or better.

Hon. Mr. Burchill: Honourable senators, I think we had a clear explanation of the purposes of the bill from the sponsor. It is one of those perennial measures that come to us year after year, and I take it there is nothing special in this one.

As I understand it, the railway is asking for $203 million of new money. Following upon what the Leader of the Opposition (Hon. Mr. Haig) has said, I was wondering if the senator from Churchill (Hon. Mr. Crerar) has the operating figures for the preceding year. If so, can he tell us how much money the railway made or lost last year?

Hon. Mr. Haig: The answers to my questions will bring out that information.

Hon. Mr. Horner: Before the honourable senator from Churchill closes the debate, may I be allowed to make a few observations? He has said that the Queen Elizabeth Hotel without furnishings is to cost $20 million. In the first place, I am opposed to the Government getting into the hotel business. But let me ask how many cocktail lounges are proposed for this new hotel. I imagine that, whatever the number is, they will be elaborately furnished to meet the tastes of the travelling public and glorify the city of Montreal. I note that the railway has recently been granted a temporary increase of 7 per cent in freight rates. It looks as if some of that income will have to go to meet the tremendous expenditure for the construction of this new hotel. First we were told it would cost $20 million, but it would seem to me that the furnishings might well add another $10 million to that amount.

Hon. Mr. Crerar: Honourable senators,—

The Hon. the Speaker: Honourable senators, if the honourable senator from Churchill (Hon. Mr. Crerar) speaks now, he will close the debate.

Hon. Mr. Crerar: Honourable senators, may I reply first to the question raised by the senator from Blaine Lake? I gave the estimated cost for furnishings of all kinds as being roughly $4,300,000. Whether the Canadian National Railways should have built this hotel in Montreal is not of concern in the consideration of this bill. That project was before Parliament at an earlier date, and it was discussed in this house, and approved.

Hon. Mr. Horner: We then thought we might be in a position to run it ourselves without going outside.

Hon. Mr. Crerar: My honourable friend from Blaine Lake might be able to run the hotel satisfactorily, but I must say that I could not do so. After all, that is a matter that must be left to the judgment of the people who have the responsibility for management of the hotel. As to the furnishings, I have no reason to think that there will be any wild orgy of extravagance in that respect. But certainly the hotel will need something better than grass mats in its corridors and more than bunks for beds. I am confident the management will handle this matter with discretion. I never expect to be able to stay in the hotel, but perhaps my friend from Blaine Lake will.

Hon. Mr. Horner: Now, now.

Hon. Mr. Crerar: May I ask the honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill) to restate the question he asked earlier?

Hon. Mr. Burchill: With respect to the $203 million of new money, I merely asked if you had any figure as to the results of last year's operations.

Hon. Mr. Crerar: I do not have those figures, but my honourable friend will find them in the report of the Canadian National Railways. I may say there was no net profit after payment of operating expenses, depreciation and taxes. Any surplus after these charges was applied to the 4 per cent stock which the Government owns. It should be said that taxes are not included in the proposal in this bill; it is to cover only capital expenditures. After operating expenses, depreciation and taxes are paid, there is a fixed charge of 4 per cent on $800 million worth of preferred stock which the Government owns. The railway sometimes runs out of money before it meets that charge. In the event that in any one year there is an operating deficit after the payment of depreciation, taxes and other charges, the deficit has to be made good by a vote by Parliament. This has happened frequently in the past.

This bill should be considered in committee, where I am sure the honourable Leader of the Opposition (Hon. Mr. Haig) will be able to get the information he requires. It is a proper subject for inquiry. I repeat, all this bill does is to provide for the capital needs of the Canadian National Railway System for the ensuing year. After all, the system is owned by the people of Canada, whether we like it or not.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Crerar, the bill was referred to the Standing Committee on Transport and Communications.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX "A"

REPORT OF STANDING COMMITTEE ON FINANCE

(Presented by Hon. Mr. Hawkins. See p. 741)

Wednesday, June 20, 1956

The Standing Committee on Finance, to whom was referred the estimates laid before Parliament for the fiscal year ending March 31, 1957, report as follows:

On February 15, 1956, the following order of reference was adopted by the Senate:

That the Standing Committee on Finance be authorized to examine the expenditures proposed by the estimates laid before Parliament for the fiscal year ending March 31, 1957, in advance of the bills based on the said estimates reaching the Senate; that the said committee be empowered to send for records of revenues from taxation collected by the federal, provincial and municipal Governments in Canada and the incidence of this taxation in its effect upon different income groups, and records of expenditures by such governments, showing sources of income and expenditures of same under appropriate headings, together with estimates of gross national production, net national income and movement of the cost-of-living index, and their relation to such total expenditures, for the year 1939 and for the latest year for which the information is available and such other matters as may be pertinent to the examination of the estimates, and to report upon the same.

That the said committee be empowered to send for persons, papers and records.

In obedience to the foregoing, the committee held a meeting for organization on February 23, 1956, at which the Honourable Senator Turgeon was elected Vice-Chairman, and a steering committee appointed. The steering committee was comprised of the Chairman and the Honourable Senators Beaubien, Burchill, Crerar, Haig and Turgeon.

Subsequently the committee held nine meetings and heard evidence from a compresensive group engaged in the public service. The evidence adduced was sufficient, in the opinion of your committee, to justify the early adoption of the recommendations set forth herein.

1. Gross National Product and Expenditure

Frequently heard in the evidence were such terms as national income, gross national product and gross national expenditure, as set out in Exhibits 1, 2 and 3. Further, evidence was adduced on government expenditures at municipal, provincial and federal levels, expressed in percentage of national income in Exhibits 4 and 5. Your committee feel that a definition of these terms and the relationship they bear to the national economy would be timely.

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 also corporation profits, interest, net rent, and the net income of farmers and others who are in business on their own account. If we add to national income the total of indirect taxes less subsidies and the total of depreciation allowances and similar business costs, we arrive at gross national product or the total value at market prices of the goods and services produced in a year. The difference between the two aggregates, national income and gross national product, can be readily seen by examining the costs which go to make up the market price of a particular good which sells for a price of $1.00. Let us say that wage and salary costs throughout the many stages of production and distribution of this article amount to 50 cents. In addition, let us suppose that a further 25 cents goes for interest on investment, rent and profit, and here again these are the earnings associated with all the stages of manufacture, transportation and selling through which the article passes. The earnings on the production of this article total 75 cents and this appears as national income. The price which the consumer pays, however, includes other charges which are not earnings of Canadians: 13 cents for sales, excise, real property and other taxes apart from taxes on net income and 12 cents for depreciation and obsolescence on the plant used to produce the article. These further costs bring the total to $1.00, the market price which the consumer pays, and this new and larger total appears as the gross national product.

The nation, like the individual, has both an income and an expenditure account and these must balance if allowance is made for saving and investment. Thus, gross national expenditure measures the same aggregate as gross national product but in a different way. As indicated above, the gross national product is estimated by adding up all the costs of production to obtain the total value at market prices of the goods and services produced by Canadians in a year. These goods and services must, of course, either be sold at home or abroad or added to inventories. Hence, we can obtain the same total as gross national product by adding together all final sales and adjusting them for imports and for changes in inventories, and this aggregate is referred to as gross national expenditure. In our example above the article which appeared as $1.00 in gross national product because that was the total of its costs of production will also appear as $1.00 in gross national expenditure because that is what the final consumer pays for it. On the one hand, we

have the earnings and costs to which Canadian production gives rise or the gross national product and, on the other hand, the disposition that is made of the total Canadian product or the gross national expenditure. Both are useful in a study of the Canadian economy and changes in the totals and in the relationships of their components are worthy of attention.

Exhibit 1 shows national income, gross national product and gross national expenditure for the years 1929, 1939 and 1947-55. The growth in the gross national product was particularly large in 1955 and amounted to 10 per cent over the somewhat reduced output of 1954. This evidence of sharp economic recovery from the hesitation of 1954 is particularly encouraging but we offer only this brief comment on it and turn to the relationship of government taxation and expenditure to the total earnings of Canadians. Exhibit 2 shows the total taxation of all three levels of government in Canada, federal, provincial and municipal, as a percentage of national income for the years 1929, 1939 and 1947 to 1955 with comparable figures for the United Kingdom and the United States. Exhibit 3 shows government defence expenditure, non-defence expenditure on goods and services, and transfer payments and subsidies as percentages of national income for the years 1929, 1939 and 1947 to 1955.

It is perhaps necessary to explain why taxes have been expressed as a percentage of national income rather than as a percentage of gross national product. The reason is simple. Since taxes must be paid out of earnings they should be related to earnings and, as shown above, national income is the total of all the earnings of Canadian residents. The percentage of taxes to national income represents in effect the proportion of their earnings which Canadians choose through their governments to spend collectively for certain agreed ends.

In 1955 Canadians paid to their federal, provincial and municipal governments 31·2 cents out of every $1 earned compared with 22·4 cents in 1939 and 17·3 cents in 1929.* Why has the relative importance of government spending and taxation risen in this fashion?

In 1929, out of every dollar of national income about ·5 cent was spent for defence and in 1939 about 1·6 cents. Today 8·4 cents out of every dollar of national income goes for defence. In 1929, out of every dollar of national income 5 cents went for transfer payments such as old age pensions, veterans' benefits, interest on the unproductive debt which had arisen during periods of deficit financing and for subsidies, but by 1939 this had risen to 8·8 cents. Today about 11·1 cents out of every dollar earned by Canadians goes for these same purposes. For all the other broad purposes of government: law and order, education, health and sanitation, roads, fire protection, etc., 13·8 cents were spent out of every dollar of national income in 1929 compared with 15·2 cents in 1939 and 13·7 cents today. This latter is the only category which has remained relatively stable in relation to national income over the past quarter of a century. Since the pre-war year 1939 almost the whole increase has been in defence expenditure. There has been a moderate increase in the relative importance of transfer payments but this is almost offset by the slight decline in the relative importance of other government expenditure on goods and services.

The second question which naturally arises is the extent of burden represented by government taxation of a little more than 31 cents out of every dollar of national income. This percentage cannot of course be taken by itself as a complete indication of burden. In the first place, the burdensomeness of taxation depends to some extent upon what the taxpayer is left with after paying his taxes. A rich nation like a rich man can pay a higher proportion of income and still retain a much higher absolute amount for private expenditure. That mythical figure, the average Canadian, (man, woman and child) after paying 31 cents in taxes out of every dollar of income, has about $920 per annum left today compared with the $300 per annum left in 1939 after payment of smaller taxes. After making allowance for price increases, real income per capita after payment of all taxes has risen almost 50 per cent between 1939 and 1955.

In the second place it is necessary to examine the kind as well as the amount of government expenditure to get some idea of the degree of burden or of the degree of interference with private business. The percentage which taxation bears to national income is high in this country, as it is in the United States, but not quite so high as in the United Kingdom. The real problem here is how far the percentage of taxes to national income can rise before it interferes with the incentives to produce which are the mainsprings of economic activity and which underlie the growth of income from which taxes are paid. This is a very practical problem of the burden which higher taxation places on

* This is the total tax take for all levels of government in Canada. In addition, governments have available certain investment income such as profits from government corporations and interest on loans. Thus, quite apart from the effect of surpluses or deficits, the total of expenditures shown below will be somewhat different than the total tax take.

our taxing machinery and of the effects it may have, directly and indirectly, on production. But the burden on our tax-collecting machinery is a very different thing than the burden on the Canadian people since many services, such as education, if not performed by government, would have to be paid for directly by private expenditure.

In considering the kind as well as the amount of government expenditure, the wider acceptance of the government's role in social welfare has led to a great increase in direct payments to individuals. These are the transfer payments referred to above, and the largest of them are, of course, the family allowances and old age pensions. While a little more than 11 cents out of every dollar of national income is in the first instance taken away from the Canadian people through taxation for these purposes, this same amount is returned as money payments and spent in accordance with individual preferences. When we say that a little over 31 cents out of every dollar of national income is taken in taxation we should remember, therefore, that about one-third of this amount, or a little more than 11 cents, is returned to the Canadian people in the form of money payments to be spent in accordance with individual preferences.

A further consideration with regard to the burden of taxation is that taxation may be more burdensome if it supports expenditure which however necessary does not contribute in a positive fashion to the standard of living of the average Canadian. In this respect there is a fundamental difference between taxation which is used to finance expenditure for education or welfare and expenditure for defence. On this score we would have to say that the burden of taxation has increased in the post-war period. Defence expenditures are today about 25 per cent of total government expenditure for all levels of government in Canada. They are necessary in that they constitute a sort of insurance premium but they involve a diversion of income to what the average Canadian would regard as unproductive use.

The lesson of the above figures is that without the growth in these defence expenditures in the post-war period we would have been able to carry on the broad purposes of government and even to expand, as we have done, our participation in the field of social welfare without materially affecting the relationship of taxes to national income. The fact that increased expenditures for defence and the greater expenditures for other purposes as well have not led to even higher percentages of taxation to national income is because of our great good fortune in the growth of the income of this country. While we all hope and expect that such growth will continue, it would be unwise to take it for granted or to use it as an excuse for extravagance in public spending or in public demands on government. This is particularly true in a period such as now when the resources of the economy are fully employed.

2. *Preparation of Estimates*

During the examination of the estimates your committee found that, owing to the system followed over the years whereby services supplied to the various departments by Public Works are not charged to the department concerned, the estimates of the various departments do not reflect the actual departmental costs.

The Post Office Department, for example, enjoys services and facilities valued at approximately thirteen million dollars annually, and no items indicating the cost of such service appear in the Post Office estimates.

Your committee therefore recommend that interdepartmental allocations be clearly set out in conjunction with the estimates of the receiving department, in order that the document may more truly reflect the department's operations.

As a corollary to this recommendation, it is urged that the Post Office Department charge all departments of government for the approximately five million dollars which the committee was informed it is obliged to spend annually in carrying the Government's mail.

3. *Responsibility for Public Works.*

In its 1952 report, your committee found that while the Public Works Department had the responsibility of providing and maintaining all public buildings and works, many departments of government were spending more for these purposes than the Department of Public Works and it was recommended at that time that the practice be halted.

Under the current order of reference your committee has endeavoured to ascertain the extent to which the 1952 recommendations had been implemented. Evidence submitted indicated that this practice is being abandoned and the responsibility being returned to its proper place under the Public Works Department. A number of departments have turned over their works staffs to Public Works and this desirable practice is, we were informed, being steadily extended.

While the committee is gratified by this improved practice and the progress made to date, it is obvious that much remains to be

done in this regard. It is again stongly urged, therefore, that efforts be made to accelerate the process.

4. *Government Annuities.*

Your committee heard evidence with respect to the operation of government annuities, indicating that since its inception, the fund had been subsidized by the Government to the extent of thirty-one million dollars, not including administration costs of over eleven millions for the same period. The annual cost to the taxpayers for the current operation of this service was estimated at approximately one million dollars.

Further inquiries revealed that the estimated deficit ultimately to be faced on the old contracts, which were based on inadequate rates, is of the order of forty million dollars. To put the fund on a sound actuarial basis, provision should now be made for this known future liability instead of waiting year by year for the annual deficits to occur.

While the authors of the Government Annuities Act of 1908 were obviously concerned with the laudable aim of providing, for persons of modest means, a source of security not otherwise available at the time, few such persons now avail themselves of the facility. On the contrary, the service would appear now to be used largely by business organizations concerned with setting up pension funds for their employees.

The advent of old age pensions and the entry by most insurance companies into the annuity field have served to remove the basis on which the Act was established, and your committee is concerned with the justification of continuing, in deficit, a fund which no longer serves its original purpose.

In the light of these considerations, if Parliament is still desirous of continuing the sale of annuities, your committee recommend that the tables of rates for future annuities be revised to provide a revenue sufficient to maintain the fund on a self-supporting basis, including the cost of administration.

5. *Land Procurement.*

From the evidence obtained on this subject it appears that the responsibility for purchasing land and buildings for government use is spread over many individuals and departments. It is the view of your committee that such diversification tends to defeat the application of an overall policy so necessary in a field where large government spending is indicated.

Your committee therefore recommend the establishment of a Real Estate Procurement Branch, within the Department of Public Works, to be staffed by persons highly qualified in all phases of real estate. This branch would have the responsibility of appraising and purchasing real estate for all departments of government, with the exception of the departments of Transport and National Defence, which at present have statutory authority in this matter, and would ensure the application of a common policy to all such transactions.

6. *Rented Accommodation.*

Your committee view with concern the extent to which government departments are housed in rented accommodation. It is possible that in long-term lease contracts, or renewable short-term contracts, the amount paid in rent could exceed the original cost or value of the accommodation.

This practice, in your committee's opinion, is uneconomic and should be discouraged.

Where long-term tenancy is indicated, and with regard to the prevailing economic trends in the locality, renting should only be considered when all possibilities of outright purchase or construction have been exhausted.

7. *Financial Accounting.*

Your committee noted that the cost of capital works such as the construction of new buildings are charged in full to the year in which they are incurred. It is the feeling of some members of your committee that in such cases a capital asset should be set up and subsequently depreciated as would be the case in commercial or business practice.

The present system, established in 1920, is based on the premise that the assets and liabilities of Canada should be set out so as to disclose the amount of the net debt. Therefore assets which are not readily convertible or interest-producing are not considered as a proper offset to the gross liabilities in determining the net debt.

Your committee regrets that time does not permit a comprehensive study of this question and suggests that the Standing Committee on Finance, at the next session of Parliament, consider the matter at length, with a view to possible changes in line with modern accounting methods.

8. *Inflation and Export Markets.*

Your committee gave some consideration to the danger to Canadian export markets inherent in the inflationary trend, with its higher costs of production.

The danger inherent in this trend is immediately obvious. The ability to compete successfully in foreign markets is based, to

a large extent, on the domestic cost of production, and increases in the latter cannot help but have damaging effects on the former.

Your committee feel that a study of all production costs should be made if these inflationary trends are to be curbed and if Canada's valuable export market is to be safeguarded. An exhaustive inquiry into this subject at the next session of Parliament is strongly recommended.

All which is respectfully submitted.

C. G. Hawkins,
Chairman.

EXHIBIT No. 1

GROSS NATIONAL EXPENDITURE, 1929, 1939 AND 1947–1955

(millions of dollars)

——	1929	1939	1947	1948	1949[1]	1950[1]	1951[1]	1952[1]	1953[1]	1954[1]	1955[1]
Personal expenditure on consumer goods and services	4,393	3,904	9,173	10,112	10,963	12,029	13,273	14,366	15,125	15,776	16,811
Government expenditure on goods and services[2]	682	735	1,570	1,798	2,128	2,326	3,243	4,245	4,359	4,361	4,614
Gross domestic investment—[3]											
New residential construction	247	185	506	637	742	801	781	786	1,061	1,166	1,476
New non-residential construction	486	166	599	818	903	1,026	1,260	1,554	1,706	1,659	1,775
New machinery and equipment	597	254	1,016	1,230	1,323	1,389	1,769	1,916	2,073	1,841	2,017
Change in inventories	61	331	947	605	231	960	1,620	310	549	−280	450
Exports of goods and services	1,632	1,451	3,638	4,054	4,011	4,183	5,089	5,573	5,400	5,136	5,696
Deduct: Imports of goods and services	1,945	−1,328	−3,621	−3,636	−3,837	−4,513	−5,613	−5,400	−5,843	−5,562	−6,347
Residual error on estimate	13	9	−60	−5	−2	2	52	−95	19	51	132
GROSS NATIONAL EXPENDITURE AT MARKET PRICES	6,166	5,707	13,768	15,613	16,462	18,203	21,474	23,255	24,449	24,148	26,624

[1] Includes Newfoundland.

[2] Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Also, includes the changes in inventories of government commodity agencies.

[3] Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals.

EXHIBIT No. 1—*Concluded*

NATIONAL INCOME AND GROSS NATIONAL PRODUCT, 1929, 1939 AND 1947-55

(millions of dollars)

—	1929	1939	1947	1948	1949[1]	1950[1]	1951[1]	1952[1]	1953[1]	1954[1]	1955[1]
Wages, salaries and supplementary labour income	2,929	2,575	6,221	7,170	7,761	8,311	9,716	10,868	11,706	11,989	12,861
Military pay and allowances	8	32	83	82	115	137	201	270	309	367	394
Investment income	836	917	2,269	2,464	2,445	3,155	3,642	3,763	3,800	3,715	4,471
Net income of unincorporated business—											
Accrued net income of farm operators from farm production[2]	408	385	1,223	1,518	1,504	1,503	2,072	1,851	1,653	1,058	1,421
Net income of non-farm unincorporated business[3]	608	464	1,189	1,326	1,369	1,444	1,507	1,574	1,688	1,645	1,753
NET NATIONAL INCOME AT FACTOR COST	4,789	4,373	10,985	12,560	13,194	14,550	17,138	18,326	19,156	18,774	20,900
Indirect taxes *less* subsidies	681	733	1,604	1,772	1,830	2,018	2,478	2,714	2,901	2,914	3,177
Depreciation allowances and similar business costs	709	610	1,118	1,276	1,437	1,636	1,910	2,120	2,411	2,511	2,679
Residual error of estimate	−13	−9	61	5	1	−1	−52	95	−19	−51	−132
GROSS NATIONAL PRODUCT AT MARKET PRICES	6,166	5,707	13,768	15,613	16,462	18,203	21,474	23,255	24,449	24,148	26,624

[1] Includes Newfoundland.

[2] This item includes the undistributed earnings of the Canadian Wheat Board, and an inventory valuation of adjustment for grain in Wheat Board Channels.

[3] Includes net income of independent professional practitioners.

EXHIBIT No. 2

TAXATION IN CANADA, THE UNITED STATES AND THE UNITED KINGDOM, 1954 AND 1955

(all levels of government)

—	Canada Canadian $ million		United States U.S. $ million		United Kingdom U.K. $ million	
	1954	1955	1954	1955	1954	1955
Net National Income at factor cost....	18,774	20,900	299,900	322,500	14,940	n.a.
Taxes as a percentage of Net National Income at factor cost—						
Direct personal taxes.....	7·6	7·1	10·9	10·5	9·3	
Direct corporation taxes.....	6·2	6·5	5·7	6·8	6·7	
Indirect taxes.....	16·0	15·6	10·1	10·0	16·6	
Social insurance contributions.....	2·1	2·0	3·2	3·4	3·6	
Total taxes.....	31·9	31·2	29·9	30·7	36·2	

TOTAL TAXES (DIRECT AND INDIRECT) AS A PER CENT OF NET NATIONAL INCOME AT FACTOR COST

(all levels of government)

—	Canada Percent	United States Percent	United Kingdom Percent
1929.....	17·3	12·9	n.a.
1939.....	22·4	20·9	n.a.
1945.....	28·5	29·3	n.a.
1946.....	31·6	27·5	40·6
1947.....	31·5	27·9	40·9
1948.....	28·5	26·4	42·3
1949.....	27·8	26·4	41·3
1950.....	27·9	28·2	39·3
1951.....	31·5	30·7	41·3
1952.....	32·0	31·4	38·8
1953.....	31·6	31·5	37·1
1954.....	31·9	29·9	36·2
1955.....	31·2	30·7	n.a.

EXHIBIT No. 3

GOVERNMENT EXPENDITURE, FEDERAL, PROVINCIAL AND MUNICIPAL AS A PERCENTAGE OF NATIONAL INCOME
1929, 1939, 1947-55

Government expenditure on goods and services	1929	1939	1947	1948	1949	1950	1951	1952	1953	1954	1955
Defence	0·5	1·6	2·1	1·9	2·7	3·4	6·8	9·8	10·0	9·2	8·4
Non-defence	13·8	15·2	12·2	12·4	13·4	12·6	12·2	13·3	12·8	14·0	13·7
Transfer payments and subsidies	5·0	8·8	13·5	11·2	11·4	10·6	9·4	10·5	10·8	11·9	11·1

EXHIBIT No. 4

NATIONAL INCOME AND GROSS NATIONAL PRODUCT, BY QUARTERS, 1953-1955

(millions of dollars)

——	1953					1954					1955				
	I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, Salaries and Supplementary Labour Income	2,792	2,902	3,003	3,009	11,706	2,855	2,947	3,074	3,113	11,989	2,984	3,153	3,327	3,397	12,861
2. Military Pay and Allowances	70	77	79	83	309	83	92	95	97	367	93	100	101	100	394
3. Investment Income	885	1,024	1, 18	873	3,800	843	965	1,002	905	3,715	907	1,184	1,267	1,113	4,471
Net Income of Unincorporated Business:															
4. Accrued Net Income of Farm Operators from Farm Production[1]	18	83	1,386	166	1,653	42	119	734	163	1,058	21	146	1,076	178	1,421
5. Net Income of Non-Farm Unincorporated Business[2]	348	453	447	440	1,688	334	426	445	440	1,645	346	450	479	478	1,753
6. NET NATIONAL INCOME AT FACTOR COST	4,113	4,539	5,933	4,571	19,156	4,157	4,549	5,350	4,718	18,774	4,351	5,033	6,250	5,266	20,900
7. Indirect Taxes less Subsidies	691	732	742	736	2,901	716	734	728	736	2,914	750	778	816	833	3,177
8. Depreciation Allowances and Similar Business Costs	543	601	603	664	2,411	575	639	630	667	2,511	609	672	674	724	2,679
9. Residual Error of Estimate	−8	−88	10	67	−19	−17	−72	−20	58	−51	−37	−38	−44	−13	−13
10. GROSS NATIONAL PRODUCT AT MARKET PRICES	5,339	5,784	7,288	6,038	24,449	5,431	5,850	6,688	6,179	24,148	5,673	6,445	7,696	6,810	26,624
11. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators)	(5,321)	(5,701)	(5,902)	(5,872)	(22,796)	(5,389)	(5,731)	(5,954)	(6,016)	(23,090)	(5,652)	(6,299)	(6,620)	(6,632)	(25,203)

[1] This item includes the undistributed earnings of the Canadian Wheat Board, and an inventory valuation adjustment for grain in Wheat Board channels.

[2] Includes net income of independent professional practitioners.

EXHIBIT No. 4—*Concluded*

GROSS NATIONAL EXPENDITURE, BY QUARTERS, 1953–1955

(millions of dollars)

	1953					1954					1955				
	I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services	3,475	3,786	3,659	4,205	15,125	3,615	3,949	3,825	4,387	15,776	3,749	4,230	4,123	4,709	16,811
2. Government Expenditure on Goods and Services [1,4]	1,162	879	1,186	1,132	4,359	1,121	874	1,183	1,183	4,361	1,167	950	1,260	1,237	4,614
Gross Domestic Investment:[2]															
3. New Residential Construction[5]	190	273	302	296	1,061	206	283	334	343	1,166	245	377	422	432	1,476
4. New Non-Residential Construction	311	412	523	460	1,706	332	410	486	431	1,659	327	419	534	495	1,775
5. New Machinery and Equipment[6]	522	592	520	439	2,073	460	544	434	403	1,841	417	568	525	507	2,017
6. Change in Inventories	−149	−48	1,126	−380	549	−136	−118	394	−420	−280	−120	29	871	−330	450
7. (Business Inventories only)[3]	(96)	(215)	(132)	(−90)	(353)	(104)	(−1)	(−75)	(−148)	(−120)	(141)	(97)	(51)	(−32)	(257)
8. Exports of Goods and Services	1,154	1,399	1,478	1,369	5,400	−1,089	1,278	1,397	1,372	5,136	1,212	1,417	1,560	1,507	5,696
9. Deduct: Imports of Goods and Services	−1,335	−1,597	−1,496	−1,415	−5,843	−1,272	−1,442	−1,386	−1,462	−5,562	−1,361	−1,584	−1,643	−1,759	−6,347
10. Residual Error of Estimate	9	88	−10	−68	19	16	72	21	−58	51	37	39	44	12	132
11. Gross National Expenditure at Market Prices	5,339	5,784	7,288	6,038	24,449	5,431	5,850	6,688	6,179	24,148	5,673	6,445	7,696	6,810	26,624

[1] Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes the change in inventories of government commodity agencies.

[2] Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals

[3] Excluding grain in commercial channels and change in farm inventories.

[4] Includes defense expenditures of:

1953					1954					1955				
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year
590	401	452	464	1,907	528	360	399	440	1,727	520	391	414	435	1,760

[5] In 1955 data were based on a redesigned and enlarged sample and some discontinuity with previous years may exist.

[6] See footnote 5, Table 15

EXHIBIT No. 5

SUMMARY OF NET GENERAL REVENUE AND EXPENDITURE

ALL GOVERNMENTS IN CANADA

EXCLUDING INTER-GOVERNMENT TRANSFERS

Fiscal Years Ended Nearest December 31, 1939, 1945 and 1951 to 1955

——	Government of Canada	Provincial Governments	Municipal Governments	All Governments
Revenue	Millions of Dollars			
1939	480	236	317	1,033
1945	2,382	322	345	3,049
1951	3,787	949	660	5,396
1952	4,392	924	738	6,054
1953	4,479	993	811	6,283
1954[1]	4,202	1,021	883	6,106
1955[2]	4,493	1,008	949	6,450
	Percentage			
1939	46·47	22·84	30·69	100·00
1945	78·12	10·56	11·32	100·00
1951	70·18	17·59	12·23	100·00
1952	72·55	15·26	12·19	100·00
1953	71·29	15·80	12·91	100·00
1954[1]	68·82	16·72	14·46	100·00
1955[2]	69·66	15·63	14·71	100·00
Expenditure[3]	Millions of Dollars			
1939	571	355	305	1,231
1945	4,414	376	343	5,133
1951	3,305	1,052	786	5,143
1952	3,981	1,183	907	6,071
1953	4,047	1,230	1,010	6,287
1954[1]	4,092	1,370	1,225	6,687
1955[2]	4,416	1,469	1,292	7,177

EXHIBIT No. 5—*Concluded*

—	Government of Canada	Provincial Governments	Municipal Governments	All Governments
	Percentage			
1939	46·39	28·84	24·77	100·00
1945	85·99	7·33	6·68	100·00
1951	64·26	20·46	15·28	100·00
1952	65·57	19·49	14·94	100·00
1953	64·37	19·56	16·07	100·00
1954[1]	61·19	20·49	18·32	100·00
1955[2]	61·53	20·47	18·00	100·00

[1] Preliminary in the case of Federal and Provincial; estimated for Municipal.
[2] Estimated.
[3] Excluding debt retirement.
NOTE: Revised to agree with statistics prepared for Federal-Provincial Conference held in October 1955.
Prepared in Dominion Bureau of Statistics, Public Finance and Transportation Division March 1956.

EXHIBIT No. 6

REPORTED NUMBERS OF EMPLOYEES OF THE GOVERNMENT OF CANADA EXCLUDING MEMBERS OF THE ARMED FORCES, THE R.C.M.P., AND STATUTORY EMPLOYEES

Year	Government Departments	Crown Corporations
March 31, 1939	46,106	67,752
March 31, 1945	115,908	161,464
March 31, 1948	118,370	119,566
March 31, 1951	124,866	115,942
March 31, 1952	137,037	136,400
March 31, 1953	159,654	143,438
March 31, 1954	165,454	139,473
February 28, 1955	174,860	138,094
February 29, 1956	177,556(d)	146,404(d)

NOTES

1. The statistics for the last four years were prepared on a slightly different basis from that of the previous years given. The latter, however, can be accepted as approximately correct in comparison with the last four years.

2. Crown Corporations. Figures for all years were supplied by the Bureau of Statistics based on data gathered by them from the Corporations.

EXHIBIT No. 6—*Continued*

Department (a)	March 31, 1953	March 31, 1954	February 28, 1955	February 29, 1956
Agriculture	7,320	7,544	7,712	7,413
Auditor General	145	140	139	125
Chief Electoral Officer	22	19	17	17
Citizenship and Immigration	3,435	3,462	3,854	3,902
Civil Service Commission	578	570	598	583
Defence Production	1,678	1,522	1,446	1,453
External Affairs	1,375	1,454	1,527	1,552
Finance	784	801	789	736
Comptroller of the Treasury	4,130	4,145	4,107	3,987
Royal Canadian Mint	226	215	222	190
Tariff Board	17	15	16	13
Fisheries	1,875	1,847	1,845	1,903
Governor General's Secretary	16	12	13	13
House of Commons	676	687	667	664
Insurance	94	94	90	92
International Joint Commission	20	20	21	22
Justice	230	246	254	236
Penitentiaries Branch	1,615	1,705	1,728	1,644
Labour	633	650	596	590
Unemployment Insurance Commission	8,330	8,881	8,845	8,923
Library of Parliament	45	49	61	61
Mines and Technical Surveys	1,703	1,919	1,991	2,372
National Defence—				
Administration	5,126	5,601	5,858	5,750
Army Services	18,257	18,832	22,097	22,837
Naval Services	9,514	9,648	11,393	12,063
Air Services	9,923	11,637	14,212	15,428
National Film Board	558	553	581	603
National Health and Welfare—				
Departmental Administration	331	438	523	456
Health Branch	890	906	885	1,018
Welfare Branch	924	867	869	843
Indian Health Services	1,582	1,526	1,654	1,699
National Library	14	19	23	28
National Research Council and Atomic Energy Control Board	2,268	2,415	2,541	2,575
National Revenue—				
Customs and Excise	6,654	6,790	7,219	7,232
Income Tax	6,785	7,264	6,725	6,480
Post Office (b)	19,298	19,789	21,321	21,745
Prime Minister's Office and Privy Council Office	107	103	103	90
Public Archives	65	59	62	71
Public Printing and Stationery	1,199	1,295	1,382	1,468
Public Works	7,595	7,797	7,842	7,590
Northern Affairs and National Resources	2,402	2,335	2,610	2,669
Royal Canadian Mounted Police	849	903	933	932
Secretary of State	522	554	578	596

EXHIBIT No. 6—*Continued*

Department (a)	March 31, 1953	March 31, 1954	February 28, 1955	February 29, 1956
Senate	156	161	160	158
Trade and Commerce (including Dominion Bureau of Statistics)	2,853	2,649	2,649	2,627
Board of Grain Commissioners	833	826	836	831
Canadian Government Elevators	238	224	206	199
Transport	11,336	12,074	11,211	11,955
Air Transport Board	52	53	50	46
Board of Transport Commissioners	158	167	165	138
Veterans Affairs	13,042	12,847	12,519	12,031
Soldier Settlement and Veterans' Land Act	1,176	1,125	1,115	907
Sub Total, Government Departments	159,654	165,454	174,860	177,556(d)
Revenue Postmasters	9,355	9,213	9,068	8,890
Total	169,009	174,667	183,928	186,446(d)
Crown Corporations (c)	143,438	139,473	138,094	146,404
Grand Total	312,447	314,140	322,022	332,850

NOTES:

(a) The statistics for regular Government Departments include Classified Employees, Prevailing Rate Employees, Casual Employees and Ships' Officers and Crews.

Classified employees comprise those paid on the basis of stated annual salaries, the vast majority being under certificate of the Civil Service Commission, the balance being employed under the authority of other statutes (e.g. staffs of the National Research Council, the National Film Board, and the Canadian Government Elevators).

Prevailing Rate Employees are those whose remuneration is based on the prevailing hourly, daily or monthly rate for similar type of work in the area of employment and who occupy a continuing year round position on the establishment of a Department. Casual Employees are those whose remuneration is based on the prevailing hourly, daily or monthly rate for a similar type of work in the area of employment and who are employed for short periods of time in connection with specific projects.
Ships' Officers and Crews are employed on Canadian Government Vessels.

(b) Excludes revenue postmasters, figures for which are shown separately immediately below the sub-total.

(c) The Crown Corporations for which staff strengths are included in this total are—

Atomic Energy of Canada, Ltd.
Bank of Canada
Canadian Arsenals Ltd.
Canadian Broadcasting Corporation
Canadian Commercial Corporation
Canadian National Railways
Canadian National (West Indies) Steamships, Ltd.
Canadian Overseas Telecommunication

EXHIBIT No. 6—*Concluded*

Canadian Wheat Board
Central Mortgage and Housing Corporation
Crown Assets Disposal Corporation
Defence Construction, Ltd.
Eldorado Mining and Refining, Ltd.
Export Credits Insurance Corporation
Hudson Bay Railway
Industrial Development Bank
National Harbours Board
Northern Transportation Co. Ltd.
Northwest Territories Power Comm.
Polymer Corporation, Ltd.
Prince Edward Island Car Ferry
St. Lawrence Seaway Authority
Trans-Canada Air Lines

(d) For stricter comparability of February 1956 figures with those for the three previous years, 579 employees representing total staffs of the following:
Canadian Farm Loan Board
Canadian Patents and Development Ltd
Federal District Commission
Halifax Relief Commission
International Pacific Salmon Fisheries Commission
International Pacific Halibut Commission
National Battlefields Commission
The Office of the Custodian
should be deducted from the total of Crown Corporations (146,404) and be added to Sub-Total Government Departments (177,556).

EXHIBIT No. 7

SUMMARY OF ANNUAL ESTIMATES OF THE GOVERNMENT OF CANADA BY STANDARD OBJECTS OF EXPENDITURES AND SPECIAL CATEGORIES

Total, all Departments

		1938–39	1951–52	1952–53	1953–54	1954–55	1955–56	1956–57
				(in millions of dollars)				
(1)	Civil Salaries and Wages	76·9	367·5	413·9	450·6	515·9	554·4	580·6
(2)	Civilian Allowances	1·2	7·7	8·3	8·8	9·2	9·8	9·8
(3)	Pay and Allowances, Defence Forces and R.C.M. Police	15·1	223·3	266·5	297·5	339·2	380·3	402·2
(4)	Professional and Special Services	4·3	36·1	39·1	43·7	48·6	52·9	67·9
(5)	Travelling and Removal Expenses	4·6	36·5	48·1	53·7	59·4	61·9	62·2
(6)	Freight, Express and Cartage	0·7	13·4	19·3	18·8	17·9	22·0	30·6
(7)	Postage	0·4	3·7	3·7	3·9	5·1	5·5	5·6
(8)	Telephones, Telegrams and Other Communication Services	0·7	8·5	10·9	13·0	12·9	14·2	15·2
(9)	Publication of Departmental Reports and Other Material		6·7	7·3	7·7	7·2	6·8	7·1
(10)	Films, Displays, Advertising and Other Information Publicity	1·8	10·8	10·6	10·0	11·2	10·2	11·3
(11)	Office Stationery, Supplies, Equipment and Furnishings	2·7	18·3	18·4	19·4	19·6	19·6	20·0
(12)	Materials and Supplies	6·1	263·3	379·6	228·9	213·2	196·6	191·5

EXHIBIT No. 7—*Concluded*

		1938–39	1951–52	1952–53	1953–54	1954–55	1955–56	1956–57
				(in millions of dollars)				
	BUILDINGS AND WORKS, INCLUDING LAND							
(13)	Construction or Acquisition	34·9	442·5	507·5	449·4	382·9	337·9	384·8
(14)	Repairs and Upkeep	4·0	46·5	59·0	42·0	37·9	40·6	48·0
(15)	Rentals	1·8	9·3	10·4	11·5	13·8	15·3	15·9
	EQUIPMENT							
(16)	Construction or Acquisition	14·3	697·9	797·6	919·2	850·8	684·5	583·1
(17)	Repairs and Upkeep	1·2	104·1	155·9	142·1	164·7	157·2	163·7
(18)	Rentals		1·1	1·2	1·2	1·7	2·0	1·9
(19)	Municipal or Public Utility Services	0·9	9·7	13·6	16·8	18·3	20·4	25·3
(20)	Contributions, Grants, Subsidies, etc., not included elsewhere	50·7	117·3	193·8	518·3	479·2	326·5	309·6
(21)	Pensions, Superannuation and Other Benefits	5·5	152·5†	79·6	102·1	88·2	79·1	91·0
(22)	All other Expenditures (other than Special Categories)	14·0	35·6	39·9	42·5	41·6	43·1	50·8
	Total Standard Objects	241·8	2,612·3	3,074·2	3,401·1	3,338·5	3,040·8	3,079·1
	SPECIAL CATEGORIES							
(23)	Interest on Public Debt and Other Debt Charges	132·4	437·7	435·5	469·0	511·5	487·1	524·6
(24)	Subsidies and Special Payments to the Provinces	21·2	115·1	32·3 (317·1)	328·4	350·8	350·5	384·2
(25)	Family Allowances Payments		320·0	332·2	348·8	366·0	383·6	399·2
(26)	Old Age Pensions, including Allowances to the Blind and the Disabled	30·5	187·4	23·0	25·1	24·6	31·1	32·2
(27)	Veterans Disability Pensions and Other Payments under the Pension Act	40·9	103·8	127·2	127·7	128·9	129·8	132·7
(28)	Other Payments to Veterans and Dependents	9·4	56·8	46·8	46·2	43·3	41·0	49·8
(29)	Government's Contribution to the Unemployment Insurance Fund		30·2	32·0	32·0	33·7	32·5	25·6
(30)	General Health Grants		25·0	27·5	30·0	31·8	31·8	33·7
(31)	Trans-Canada Highway Contributions		15·2	15·0	15·0	20·0	20·0	20·0
(32)	Movement of Mail by Land, Air and Water (Post Office)	15·6	38·2	41·4	45·6	48·0	46·6	45·8
(33)	Deficits—Government Owned Enterprises	57·2	17·9	4·9	5·5	34·1‡	4·7	.....
	Total Special Categories	307·2	1,347·3	1,117·8 (1,402·6)	1,473,2	1,592·7	1,558·7	1,663·7
	Total Standard Objects and Special Categories	549·0	3,959·6	4,192·0 (4,476·8)	4,874·4	4,931·2	4,599·5	4,742·8
(34)	Less—Estimated Savings and Recoverable Items	0·1	27·3	27·0	344·5	366·6	239·2	214·7
	Net Total Estimated Expenditures (Budgetary)	548·9	3,932·3	4,165·0	4,529·9	4,564·6	4,360·3	4,528·1
(26)	Old Age Pension Payments			322·0	344·9	355·9	367·6	379·5

(Figures in brackets include amounts payable in 1952–53 under the 1952 Tax Rental Agreements but which were not shown in the printed Estimates for 1952-53).

NOTES

†Includes $75 million in 1951–52, being a special Government Contribution to the Civil Service Superannuation Account, designed to reduce the deficit in the Account.

‡Includes $28·7 million in 1954–55, being the Canadian National Railways Deficit for 1954.

EXHIBIT No. 8

EXPLANATORY NOTES COVERING THE STANDARD OBJECTS OF EXPENDITURE AND SPECIAL CATEGORIES

STANDARD OBJECTS (Items 1 to 22)

1. Civil Salaries and Wages

Includes salaries and wages, overtime and other special pay of all civilian full time, part time, seasonal and casual personnel normally considered as "Government Employees" (but does not include employees of agency and proprietary Crown corporations) whether paid at hourly, daily, weekly, monthly or annual rates of pay. It also includes Judges' salaries, those of the Governor General and Lieutenant Governors and the indemnities to Members of both Houses of Parliament, but does not include persons engaged for a specific project where pay and other costs would normally enter into the total cost of the project.

2. Civilian Allowances

Includes all types of allowances paid to or in respect of personnel normally considered as "Government Employees", such as Living, Terminable, Officer-in-Charge, Living and Representation Abroad, Special Service, Northern, Isolation, and Board and Subsistence Allowances, Mileage Allowances to Railway Mail Service Staffs, Allowances for Assistants, and other such allowances. Also includes Ministers' Motor Car Allowances, and the Expense Allowances to Senators and Members of the House of Commons.

3. Pay and Allowances—Defence Forces and R.C.M.Police

Includes pay and all types of allowances (except travel allowances included in Item No. 5 below) payable to members of the Defence Forces and the Royal Canadian Mounted Police, including Subsistence Allowances and other perquisites common to such Services.

4. Professional and Special Services

Includes provision for services performed by individuals or organizations outside a particular departmental service, other than such services identified with specific works projects or with projects and programs for which provision is made under Items 9 and 10; payments in the nature of fees, commissions, etc., for legal services, architects', engineers', analysts', accountants', reporters', translators' and writers' services; medical and dental services, doctors and nurses for Veterans Treatment and examination of pension applicants, hospital treatment and care and other outside technical, professional and other expert assistance; annuities and other agents paid on a fee or commission basis, payments to church organizations for Indian education, and Corps of Commissionaires services. It includes armoured car service and other operational and maintenance services performed under contract other than those more properly classified under other Items, such as the Marconi-operated Radio Stations of the Department of Transport which are included in Item No. 8.

5. Travelling and Removal Expenses

Includes travelling and transportation expenses of Government Employees, Members of the Defence Forces and the Royal Canadian Mounted Police, removal expenses of those persons and their dependents, and living and other expenses of such persons on travel status; Judges' travelling expenses and travelling expenses and allowances payable to Senators and Members of the House of Commons. It also includes transportation of persons by contract and chartered facilities or by other means, automobile mileage, aeroplane fares, local transportation, etc., travelling expenses of persons engaged in field survey work, inspections and investigations. Does not include travelling and transportation of other than Government Employees such as travel costs for deports, applicants for treatment or pensions (veterans), etc., which are classified under Item No. 22.

6. Freight, Express and Cartage

Includes the cost of transportation of goods other than initial delivery cost on a purchase which is included in the Object covering the cost of the purchase itself. These costs range from the movement of mails from city Post Offices to the various Government Departments, to the movement of heavy equipment between camps and other establishments of the Defence Services.

7. Postage

Includes ordinary postage, air mail, registered mail, special delivery mail, post office box rentals and any other postal charges. Does not, of course, include provision for mail enjoying the "frank" privilege.

8. Telephones, Telegrams and Other Communication Services

Includes all costs of communication services by telephone, telegram, cable, teletype, radio and wireless communication (tolls, rates, rentals, etc.) and other communication costs such as Courier Services provided by outside agencies and communication services performed under contract or agreement such as the Marconi-operated Radio Stations of the Department of Transport.

9. Publication of Departmental Reports and Other Material

Includes provision for the publication, through the Queen's Printer, of Departmental Reports and other material, including informational and educational bulletins and pamphlets; publications on scientific and technical matters, natural resources, statistics and other such material; Hansard and other Parliamentary Papers; maps, charts, etc. The costs of printing, binding, engraving, lithographing, artwork, mats, writers' fees, and other costs attributable to specific publication projects and programs are included hereunder, with the exception of those belonging under Items 1, 2 and 5. The costs of publications and material produced wholly within a Service are distributed throughout other Items. The printing of forms and other stationery is included under Item No. 11.

10. Exhibits, Advertising, Films, Broadcasting and Displays

Includes provision for exhibits, films, displays and other visual materials; advertising for publicity and general purposes, including advertising for tenders (except that charges directly arising from specific construction projects or purchases are included under such headings). It includes publication of proclamations, announcements, notices, etc., and various forms of educational and

informational publicity, by broadcasting, poster, press and other means. The costs of artwork, writers' fees, casual employees hired for a specific project, and other costs attributable to the foregoing are included hereunder with the exception of those belonging under Items Nos. 1, 2 and 5, and the costs of projects or programs produced wholly within a Service where the costs are distributed throughout other Objects. Total provision for the operation of the National Film Board and the International Service of the Canadian Broadcasting Corporation is included under this Item.

11. Office Stationery, Supplies, Equipment and Furnishings

Includes stationery, envelopes, blotting paper and other office supplies such as pens, pencils, erasers, ink, etc.; printed forms, including tax return, statistical and like forms; letterheads, ledgers and ledger sheets, carbon paper, stencils and other paper supplies; the purchase, repair and rentals of office machines and appliances, including typewriters, adding machines, calculators, recording machines, tabulating machines, microfilming equipment and supplies, inter-office communication equipment, postal meter machines, machine records and all other office equipment; also includes desks, chairs, filing cabinets and such office furnishings; books, newspapers and periodicals for office or library use.

12. Materials and Supplies

Includes provision for materials and supplies required for normal operation and maintenance of Government Services (other than Office Stationery, Supplies and Furnishings). It includes gasoline and oil purchased in bulk; fuel for ships, planes, transport, heating, etc., feed for live stock; food and other supplies for ships and other establishments; live stock purchased for ultimate consumption or resale; seed for farming operations; food, clothing and other supplies for sick and indigent Indians; text books and school supplies purchased for Indian schools; books and other publications purchased for outside distribution; uniforms and kits; coining and refining supplies for the Mint; photographs, maps and charts purchased for administrative and operational purposes; laboratory and scientific supplies, including samples for testing; drafting, blueprinting and artists' supplies; supplies for surveys, investigations, etc.; chemicals, hospital, surgical and medical supplies; mail bags for transportation of the mails; char service supplies; coal, wood and electrical supplies; and all other materials and supplies other than those purchased for construction or repair projects which would normally be charged to such projects.

13. Construction or Acquisition of Buildings and Works, including Acquisition of Land

Includes provision for all expenditures on new construction of buildings, roads, irrigation works, canals, airports, wharfs, bridges and other such type of fixed assets, and reconstruction of such type of assets, improvements involving additions or changes of a structural nature, and also the installed cost of fixed equipment which is essentially a part of the work or structure such as elevators, heating and ventilating equipment, etc. It includes all such projects performed under contract or agreement or undertaken by a Department directly. The purchase of land is also included. The cost of casual employees hired for specific projects is included but not the cost of continuing employees assigned to work full or part time on such projects.

14. Repairs and Upkeep of Buildings and Works

Includes materials, supplies and other charges entering directly into the cost of repair and upkeep of the type of durable physical assets indicated under Item No. 13 above. It includes repair and upkeep projects performed under contract or agreement or undertaken by a Department directly.

15. Rentals of Land, Buildings and Works

Includes provision for rentals of properties required for special purposes by the various Departments and for the accommodation of Government Offices and Services by the Department of Public Works. Also includes rentals of space for storage of motor cars and other equipment and supplies.

16. Construction or Acquisition of Equipment

Includes provision for all machinery, equipment and furnishings (other than office equipment and office furnishings), and includes motor vehicles aeroplanes, tractors, road equipment, laboratory and other scientific equipment, vessels, icebreakers and other aids to navigation and all other types of light and heavy equipment, and includes various types of such equipment for National Defence, such as ships, aircraft, mechanical equipment, fighting vehicles, weapons, engines, and such spare parts as are normally acquired with that equipment; workmen's tools, farm implements, furniture and furnishings required for other than normal office purposes. Also includes live stock, horses and dogs purchased for employment as such rather than for ultimate consumption or resale (see Item No. 12 above).

17. Repairs and Upkeep of Equipment

Includes all materials, repair and replacement parts and other costs entering directly into the cost of repair and upkeep of the type of equipment indicated in Item No. 16 above.

18. Rentals of Equipment

Includes provision for hire and charter—with or without crew—of vessels, aircraft, motor vehicles and other equipment (but excluding hire of such vehicles primarily for travel or cartage covered in other items, or hire of vehicles or other equipment for works projects where the rental would normally be included in the costs of the projects).

19. Municipal or Public Utility Services

Includes provision for all payments for services of a type normally provided by a Municipality, School Board, or Public Utility Service such as the supply of water, electricity, gas, etc., and includes water rates, light, power and gas services, school fees, and payment for such services whether obtained from the Municipality or elsewhere; taxes and water rates on diplomatic properties. Also includes payments to Municipalities in lieu of Taxes and local improvement charges.

20. Contributions, Grants, Subsidies, etc., Not Included Elsewhere

Includes contributions to international and other organizations; contributions toward the cost of joint undertakings and programs not directly the responsibility of the Federal Government; contributions or grants to governments outside Canada, whether in money or in kind; grants to national

organizations such as the Boy Scouts Association and agricultural, health, welfare and similar organizations; subsidies to primary and other industries; contributions under agreements with the Provinces for vocational training and other purposes, unless otherwise provided for in special categories; payments under the Maritime Freight Rates Act; grants to various exhibitions, etc.; research grants and other assistance toward research carried on by non-governmental organizations; scholarships and similar payments. Does not include Grants to Municipalities in lieu of Taxes (Item No. 19), Subsidies and Special Payments to the Provinces (Item No. 24), Government's contribution to the Unemployment Insurance Fund (Item No. 29), General Health Grants paid to Provinces (Item No. 30), contributions to the Provinces for the Trans-Canada Highway (Item No. 31), nor the Deficits on Government Owned Enterprises (Item No. 33).

21. Pensions, Superannuation and Other Benefits in Consideration of Personal Services

Includes pensions, superannuation and other benefits to former civilian Government employees and ex-members of the Royal Canadian Mounted Police, or their dependents. It also includes payment of compensation under the Government Employees Compensation Act, the Government's contribution to the Superannuation Account and the Members of Parliament Retiring Allowances Account, Sick Mariners Dues, Judges' Pensions, Gratuities in lieu of Retiring Leave, Gratuities to Families of Deceased Employees, the Government's contribution to the Public Service and Regular Forces Death Benefit Accounts, payments under the Defence Services Pension Act and the Government's contribution, as an employer, to the Unemployment Insurance Fund. It does not, however, include the Government's contribution to the Unemployment Insurance Fund which represents one-fifth of the net amount contributed by employers and employees combined (Item No. 29), Disability Pensions in respect of World Wars I and II (Item No. 27), nor Other Payments to Veterans and Dependents (Item No. 28).

22. All Other Expenditures (Other than Special Categories)

Includes minor residual items shown as "Sundries" in practically all votes. These include such costs as towel service, laundering and dry cleaning, loss of personal effects, bonding of Government employees, and other small miscellaneous articles and services. It includes licences, permits, dockage, towage, wharfage and mooring privileges; works of art for exhibits, and historical material for galleries, museums and archives. It includes travel costs incurred for other than Government employees, e.g., immigrants, veteran patients and migrant labour. Also included is provision for many items and services detailed throughout the Estimates which do not lend themselves to distribution under the specific headings detailed in this Summary.

SPECIAL CATEGORIES (Items 23 to 33)

23. Interest on Public Debt and Other Debt Charges

Includes interest on the Funded Debt of Canada (including Treasury Bills) and on other liabilities such as Trust and Other Special Funds. It also includes costs of issuing new loans, Annual Amortization of Bond Discount, Premiums and Commissions, and the costs of servicing the Public Debt.

24. Subsidies and Special Payments to the Provinces

Includes Provincial Subsidies payable under the British North America Act and subsequent arrangements; Special Compensation to the Provinces in lieu of certain taxes as provided in the Tax-Rental Agreements. It also includes certain payments to Newfoundland under the Terms of Union. In general, it does not include payments made to Provinces for expenditures for specific purposes, some of which are included in Items Nos. 20, 26, 30 and 31.

25. Family Allowances Payments

Payments of monthly allowances authorized by the Family Allowances Act—Chap. 109, Revised Statutes.

26. Old Age Pensions, including Allowances to the Blind and the Disabled

Includes pensions authorized by the Old Age Security Act, payment of the Federal Government's 50% share of old age assistance authorized by the Old Age Assistance Act, payment of the federal Government's 75% share of allowances paid to blind persons under the Blind Persons Act, and payment of the federal Government's 50% share of allowances paid to disabled persons under the Disabled Persons Act.

27. Veterans' Disability Pensions and Other Payments under the Pension Act

Includes pensions and other payments authorized under the Pension Act, the Civilian War Pensions and Allowances Act and the Civilian Government Employees (War) Compensation Order. Most of these payments arise from service during World Wars I and II.

28. Other Payments to Veterans and Dependents

Includes provision for War Veterans Allowances, including the Assistance Fund, Veterans Treatment and Other Allowances, Unemployment Assistance for Veterans, Rehabilitation Benefits, War Service Gratuities, Re-establishment Credits and other Sundry Items.

29. Government's Contribution to the Unemployment Insurance Fund

Provides for the Government's contribution to the Unemployment Insurance Fund and represents one-fifth of the net amount contributed by employers and employees combined.

30. General Health Grants

Provides for General Health Grants to the Provinces, the Northwest Territories and the Yukon Territory under terms and conditions approved by the Governor in Council to assist in hospital construction, extending and improving health services, prevention of tuberculosis, prevention of mental illness, control of venereal diseases, prevention and treatment of crippling conditions in children, training of health and hospital personnel, programs for the detection and treatment of cancer, public health research, provision of laboratory and radiological diagnostic facilities and services, medical rehabilitation and the improvement of maternity, infant and child care.

31. Trans-Canada Highway Contributions

Covers payments to those Provinces whach have entered into agreements with the Federal Government under the Trans-Canada Highway Act, Chap. 269, Revised Statutes, in respect of the construction of the Trans-Canada Highway.

32. Movement of Mail by Land, Air and Water (Post Office)

Includes provision under the Post Office Department for Mail Service by Air, Water and Ordinary Land Conveyance, including Rural Mail Delivery.

33. Deficits—Government Owned Enterprises

Includes provision for the deficits incurred in the operation of Government Owned Enterprises such as the Hudson Bay Railway, the Canadian National (West Indies) Steamships, Limited, the Prince Edward Island Car Ferry and Terminals, the North Sydney, N.S.—Port aux Basques, Nfld., Ferry and Terminals, and Churchill Harbour.

34. Less—Estimated Savings and Recoverable Items

In certain special instances it is necessary for commitment and control purposes to detail total requirements of services but, in order that the actual amount of cash requirement only may be voted, deductions are made of estimated savings or recoverable amounts. Since the Standard Objects are made up of the gross requirements, the total of those Objects must be reduced by these deductions in order to arrive at the total amount provided in the Estimates.

EXHIBIT No. 9

COMPARISON OF CONSUMER PRICES AND AVERAGE WEEKLY WAGES ANNUAL AVERAGES FOR CANADA, 1952-1955

(Prepared by Labour & Prices Division, Dominion Bureau of Statistics)

	Average Weekly Wages in Manufacturing	The Consumer Price Index (1949=100)
1952	53.62	116.5
1953	56.09	115.5
1954	57.16	116.2
1955	59.25	116.4

Note—Wage averages shown above have been calculated from payroll data for hourly rated employees of manufacturing establishments. These figures represent gross earnings before any deductions, e.g., for taxes or security benefit plans. Both the wage averages and the Consumer Price Index are published in the Dominion Bureau of Statistics' monthly reports "Man-Hours and Hourly Earnings" and "Prices and Price Indexes".

EXHIBIT No. 10

SELECTED ITEMS OF CONSUMER EXPENDITURE
(Millions of dollars)

	1953 (Revised)	1954
Alcoholic Beverages	869	867
Tobacco in various forms	453	461
Race Track Betting	84	86
Soft Drink Beverages—all kinds	198	195
Commercial Recreation	199	194
Total of above items	1803	1803

Prepared by Research & Development Division, Dominion Bureau of Statistics. May 23, 1956.

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APPENDIX "B"

(See pp. 741-2)

Address of His Excellency the Governor General and Speeches of the Honourable Wishart McL. Robertson, Speaker of the Senate, the Honourable L. René Beaudoin, Speaker of the House of Commons, and the Honourable Robert H. Winters, Minister of Public Works, delivered on the occasion of the

UNVEILING OF THE MEMORIAL PLAQUES
at the
REOPENING
of the
LIBRARY OF PARLIAMENT
on
TUESDAY, JUNE 19, 1956

Hon. Wishart McL. Robertson (Speaker of the Senate): Your Excellency, Mr. Prime Minister, Mr. Speaker of the House of Commons, ladies and gentlemen: The object of this gathering is to be present at and participate in the official reopening of the Library of Parliament. His Excellency the Governor General has graciously consented to officiate at the reopening of the library and the unveiling of the plaques. The English version of the plaques is as follows:—

Library of Parliament

This building, begun in 1860 and completed in 1876 was opened on February 28, 1876, by the Earl of Dufferin, Governor General of Canada. It survived the great fire which destroyed the Parliament Buildings in February 1916, but was severely damaged by fire in August 1952. After restoration it was reopened on June 19, 1956, by the Right Honourable Vincent Massey, Governor General of Canada.

(Translation):

Hon. L.-René Beaudoin (Speaker of the House of Commons): Your Excellency, Mr. Speaker of the Senate, Mr. Prime Minister, ladies and gentlemen: We are gathered here today to witness the reopening of our library.

To preside over such an important ceremony, it was fitting that we should invite that personage who symbolizes parliamentary authority. On your behalf and on behalf of the members of the joint library committee, I am happy to thank His Excellency for having so graciously accepted our invitation.

Certain historical notes concerning our library have been transcribed on a plaque commemorating today's solemn event. The inscription reads as follows:

Library of Parliament

This building, begun in 1860 and completed in 1876 was opened on February 28, 1876, by the Earl of Dufferin, Governor General of Canada. It survived the great fire which destroyed the Parliament Buildings in February 1916, but was severely damaged by fire in August 1952. After restoration it was reopened on June 19, 1956, by the Right Honourable Vincent Massey, Governor General of Canada.

From August 1952 until today our librarians and their assistants, in spite of the difficulties and inconveniences of temporary quarters, have managed to provide us with the valuable help to which we had for so long become accustomed on their part.

I am happy, on your behalf, to pay tribute to their devotion and to thank them for their loyal services.

While restoration work was in progress, the library was entrusted to the care of the Honourable the Minister of Public Works (Mr. Winters) who is now pleased to let us resume its use and possession. I congratulate him and thank him for a magnificent achievement on behalf of Parliament, and now invite him to address us.

(Text):

Hon. Robert H. Winters (Minister of Public Works): Your Excellency, Mr. Prime Minister, Honourable Speakers, ladies and gentlemen: The interest of the Department of Public Works in the Library of Parliament goes back as far as 1859, when the erection of the Parliament Buildings was approved. Thanks to the foresight of the architects and the contractor, several steel fire doors were installed in the library when it was built. It was prompt closure of one of these doors that saved the historic building from serious damage, if not total loss, during the disastrous fire of February 3, 1916, which destroyed the centre block.

The second fire, which occurred on August 4, 1952, dealt this historic structure a heavier blow. You know the story of that day—how many thousands of books had to be moved quickly and dried to minimize the damage by water and smoke. Following the immediate investigation into the cause and extent of the fire, the Department of Public Works undertook the removal of everything inside the building and immediately started planning rehabilitation.

This, it subsequently turned out, involved a great deal more than replacement of charred timbers and redecoration of smoke-fumed walls and ceilings. It was discovered that in order to ensure greater protection against

further disasters, the entire interior of the building would have to be rebuilt using fire protection methods and materials. One thing led to another, and what was first estimated to be a $1 milion project came to involve an expenditure of approximately $2⅓ million. This is usually the case when large-scale renovations of old buildings are undertaken. But today we see the worth-while results of that expenditure. I am grateful to those members of the press who have conducted their own investigations and reported so favourably upon the quality of the work that has been done. This is one of the rewards for painstaking efforts to rehabilitate the Library of Parliament, to maintain the integrity of design and the ideas which were in the minds of the original architects and builders.

Canadians today are deeply aware of the value of our historic relics, and I am pleased that the Department of Public Works was able to play a role in restoring this fine old structure to the point where you can see it here today, faithfully reproduced, true and unaltered, but strengthened to endure the ravages of accident and time.

Of course it is not yet fully finished. In due course, for example, you will see better and more appropriate furniture in its main reading room. Other finishing touches need to be added, but in the meantime it gives me great pleasure, on behalf of the Department of Public Works, the architects and builders, the prime contractors, the subcontractors and all who have laboured so carefully and efficiently, to turn over to your care again, Messrs. Speakers, this beautiful and beloved old Library of Parliament so that it may render further service to the people of Canada.

Hon. L. René Beaudoin (Speaker of the House of Commons): Ladies and gentlemen, His Excellency the Governor General of Canada.

Right Hon. Vincent Massey (Governor General of Canada): Mr. Prime Minister, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Mr. Winters, ladies and gentlemen:

I greatly appreciate the privilege you have given me this afternoon. This is a very important event for all of us, the restoration and reopening of this historic building. It is easy to build a new structure, but it takes faith and courage and a true feeling for the past to treasure and restore an old one such as this. It is not what the architects of today would design for a modern library. It is not streamlined. It is not functional. It has no new look, but it has a very good old look. It is the kind of library that our founding fathers were proud to set on this hill, which was to be the scene of a nation's deliberations.

(*Translation*):

The Library of Parliament is but one of that large number of institutions which illustrate so well the bilingual character of this country. Among these innumerable works, covering such a wide variety of subjects, there are many which relate, in both our official languages, the history of our nation.

This library, used by representatives of French and English Canada, constitutes, as it were, an official link between Canadians of differing languages. Within its walls, it assembles works which bear upon every aspect of our Canadian life.

We are happy to note that it has been perfectly restored and that it is once more capable of performing, on behalf of our country, the important service expected of it.

(*Text*):

This library is a Victorian building. Old Ottawa, what is left of it, is a Victorian city. Its architecture expresses many of the qualities of that great era, and reflects a romantic feeling for the past. Such buildings should not, of course, be reproduced or imitated, but when surviving examples are preserved, they give us precious links with our beginnings.

This institution has had a chequered history; legislative libraries in Canada seem often to have had troubled careers. Two were burned, one at York in 1813 as a result of invasion, and the other at Montreal in the riots of 1849. As we have been reminded, this building was menaced dangerously by the great fire of 1916, but it was saved, as we have been told, by a prompt decision on the part of one of the staff when he closed the steel doors without a moment's warning, and as several members of Parliament were at the time in the library, they found themselves, to their surprise, locked in with the books. All were equally safe.

This library was opened in 1876 by one of my predecessors, Lord Dufferin. In the intervening eighty years its services have been of immeasurable importance, and we owe much to the men who have directed its work. Many of these have not been only the custodians of books, but the lovers of books. Some indeed, by their own effort, have contributed ably to our national literature.

I hope that this day will mark the reinvigoration of a great national institution. To those who have been concerned in its restoration, and to the staff who will again carry on in these precincts their invaluable but onerous work, I offer my warmest congratulations and best wishes.

I now have much pleasure in declaring the Library of Parliament officially reopened.

THE SENATE

Thursday, June 21, 1956

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

Prayers.

Routine proceedings.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, I move that when this house rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

The motion was agreed to.

FEDERAL EXPENDITURE IN PROVINCES

CORRECTED INFORMATION TABLED

Hon. Mr. Macdonald: Honourable senators, on May 24 I tabled information requested by the honourable senator from King's (Hon. Mr. McDonald) under the following notice:

That an order of the Senate do issue for a return showing:

1. What was the total expenditure in each province of Canada for the fiscal year 1954-55, by the federal Government, including the statutory subsidy and tax rental agreement payments?

2. What was the total expenditure during the fiscal year 1954-55 in each province by each federal Government department and agency?

I find that some of the information tabled was erroneous, and I now table corrected information.

CANADIAN BROADCASTING CORPORATION

INQUIRY ANSWERED

Hon. W. Ross Macdonald: Honourable senators, on June 12 the honourable senator from New Westminister (Hon. Mr. Reid) asked the following questions:

1. What is the total expenditure to be during 1956-57, if there is an anticipated deficit of $12 million?

2. Has a grant been allowed the Canadian Broadcasting Corporation to provide for the erection of a modern building to house all departments before the report is made by the Royal Commission?

I now have the answers, as follows:

1. $38,600,000.
2. No.

Hon. Mr. Reid: Thank you.

NORTHERN ONTARIO PIPE LINE CROWN CORPORATION BILL

PRESS COMMENT ON SENATE ACTION

On the Orders of the Day:

Hon. Arthur W. Roebuck: Honourable senators, during the decade or more that I have been a member of the Senate I have heard one senator after another protest against newspaper articles with respect to the Senate, some of which were decidely —and not a few cruelly—misinformed. I think, therefore, it is in order that I should call to the attention of honourable members an article that appeared in the *Financial Times* of Montreal, under date of June 15, 1956, signed *Tempus*, the pseudonym of Mr. Austin Cross, who is a well-known member of the Parliamentary Press Gallery.

May I read just two paragraphs:

What a nasty experience the pipe line debate was. All honour to the Senate that put the thing through in one day—

As a matter of fact, we took two days.

—after the Commons had made a bear garden out of the legislature for three weeks.

The Conservatives talk of reforming the Senate. After the Commons performance it seems they are the ones to be reformed. The Senate can travel on its laurels for years on their calm and dignified conduct. If you want to get things done on Parliament Hill, send the Commons home for a year but keep the Senate here, on a 52 weeks a year shift.

There is more, not equally good, but certainly excellent.

I think it is worth while to call attention to an article of this kind, which does give us some credit, for it is so seldom that we get credit. In the battle for headlines we lose out, but perhaps in the battle for the calm, good, sensible judgment of our fellow-citizens, we win, and this article would appear to show that to be the case.

Hon. Mr. Hackett: If the honourable senator's suggestion is to have the approval of the house, I suggest that it be on division.

EMERGENCY GOLD MINING ASSISTANCE BILL

SECOND READING

Hon. Joseph A. Bradette moved the second reading of Bill 417, an Act to amend the Emergency Gold Mining Assistance Act.

He said: Honourable senators, the purpose of this bill, briefly stated, is to extend without any change the present provisions of the Emergency Gold Mining Assistance Act and the existing regulations to the years 1957 and 1958. The act first came into operation in 1948, and with certain changes of formula it has been assisting the gold mines since that date.

As you will have noticed, this is a very short bill. The whole tenor of it is given in the explanatory note, which is as follows:

Section 4A, which was enacted by 1955, chapter 19, extended the act to the years 1955 and 1956. The purpose of this bill is to extend the act to the years 1957 and 1958, and the only change in this section is to substitute "1955, 1956, 1957 and 1958" for "1955 and 1956".

The emergency, so far as the gold mines were concerned, was due to rising costs of labour and materials and the fixed price for gold at $35 United States funds per ounce. During the war the gold mines had been restricted in obtaining certain materials, and consequently production was less than it could have been under normal circumstances. The payments under the act were to meet emergency conditions and to compensate, in some measure, for the restrictions that had been imposed.

The emergency, so far as rising costs and the fixed price for gold are concerned, still exists. There are many communities dependent solely or almost exclusively on gold mining and it is proposed, therefore, to extend the period of assistance for another two years, namely, to 1957 and 1958, at the same rate that prevailed for 1955 and this year.

Payments under the act have always been based on a formula which has two factors, namely, the rate of assistance and the number of assistance ounces. The formula now in effect, and which this bill will extend for two years, is two-thirds of the amount by which the average cost of producing an ounce of gold exceeds $26.50, multiplied by two-thirds of the production in the designated year. The maximum assistance payment is $12.33 an ounce.

Applications for payment in any year are received up to June 30 of the following year. Advance payments are made on an 80 per cent basis, pending an audit of the gold mining company's books by the cost inspection and audit division of the Department of Finance. When the audit is completed the final payment of the 20 per cent holdback is approved. Under these conditions final payments are not yet complete for 1955, but they are expected to be in the neighbourhood of $9,300,000.

When subsidies were first proposed for our gold mining industry the honourable senator from Churchill (Hon. Mr. Crerar) was Minister of Mines and Resources, and I was a membr of the other house. I recall telling that branch of Parliament that conditions in my district certainly warranted financial assistance to the industry. I felt then, as I do now, that this assistance should be of only a temporary nature, but it so happens that conditions in the industry today are the same as they were then. It seems to me to be paradoxical, if not ironical, that gold, which is synonymous with wealth, should require assistance in its production. However, gold is different from any other metal produced in this country. It is the only metal universally accepted as a monetary basis, and by reason of that fact it plays a major part in the national economy of most nations. How has the price of gold fluctuated over the past twenty-five years? In 1931 the Government of Canada asked the gold producers to send all their gold to the Mint, and by the Gold Export Act of 1932 gold mining companies were compelled to comply with that request. This action was taken when Britain went off the gold standard and when the price of gold was just over $20 an ounce. During the period from 1930 to 1933 the average price of gold increased each year, until in 1933 it reached $28.60 an ounce. That was the maximum price producers could obtain for gold on the world market, regardless of the effect of supply or demand.

Hon. Mr. Reid: Would the honourable member permit a question? Is any information available as to what the price of gold would be if the United States had not set the price at $34 or $35 an ounce?

Hon. Mr. Bradette: I will answer that question a little later on, if I may, because it is quite an involved question, with many ramifications.

Honourable senators, the fact is that since 1941 base metals, food, manufactured products and all other commodities, have increased greatly in price, but the price of gold has remained rigidly pegged at $35.50. As honourable senators know, this precious metal is used not only as the basis of our monetary system, but it is used throughout the world in the making of objects of art and other valuable articles.

Referring to the question put by the honourable senator from New Westminster (Hon. Mr. Reid), I may say it is quite true that the price of gold has been set by the United States. I took it upon myself on two separate occasions to go to Washington to ascertain from the United States Treasury if it would be possible to increase the price of gold by $5 or $10 per ounce, or even by as much as $15, but I was told that it was absolutely impossible. The Treasury had decided that the price should remain as it was, because of the fear that any increase might prove inflationary. Until we had discussed this problem I had not sufficiently realized that gold production is not as important a factor in the American national economy as it is, for instance, in that of Canada or South Africa. However, the fact is that the United States has decided affirmatively that it will not increase the price of gold. The situation is not altogether bad for Canada, for no matter how much gold this country may produce at any time a market can be found at the set price.

I want now to continue my remarks dealing with assistance payments. For 1954,

under a formula which gave larger payments, the total cost when the final settlements are made is expected to be about $16,300,000. The payments for 1953 amounted to $14,652,080.26. Payments have varied from a low of slightly under $9 million, for 1950, to a high of more than $16 million, for 1954. The rate of payment per ounce for gold produced in 1954 was $4.22, and in 1953 it was $4.61, the highest rate ever paid.

Payments are made only to mines whose production of gold is 70 per cent of the total value of their output. In 1955 five lode mines suspended operations, and one was absorbed by its parent company. One new lode mine came into production that year, and another elected to sell on the free market and was ineligible for assistance. No mines sold on the free market in 1954. Production of gold eligible for assistance payments under the conditions outlined amounted to 3,795,248 ounces in 1954, and 3,301,501 ounces in 1955. No payments under the Emergency Gold Mining Assistance Act are made for gold produced as a by-product recovered in the smelting of gold-bearing base metals. For instance, the International Nickel Company produces some gold as a by-product, as do some mines in the Rouyn district, but they are not eligible for assistance under this act. Thus, the gold which qualified for assistance in 1954 was 86·9 per cent of the total gold production of 4,366,440 ounces; and in 1955 it was 72·4 per cent of the total gold production of 4,556,400 ounces.

The gold mines have made strenuous efforts to decrease their operating costs, and with marked success. Indeed, they have done very well.

Gold mining is the most outstanding example of industries in Canada which have adopted automation and can carry out large operations with a minimum of manpower and the utilization of huge machines. This is most apparent around the nickel belt, where the International Nickel Company and some gold mines operate. It is a revelation to see two or three men with the use of machinery doing work that would otherwise require a great labour force.

The gold mining industry has always been co-operative in meeting requests made by the federal Government. In the second year of the last war the mines were requested to increase their production, which they did; but less than two years later they were requested by the federal authorities to curtail their activities to some extent because of the shortage of material. In complying with this request they also co-operated fully.

I was interested to note that the Honourable Mr. Prudham, Minister of Mines and Technical Surveys, said, after a recent trip through the Red Lake Camp, that many of the mines there had improved their position. One mine in particular in the Northwest Territories has a very high grade of ore and is doing well without gold mining assistance. In 1957 there may be as many as seven mines which, because of decreased costs of production, will receive no assistance, or a very small amount, under this act. Other mines, however, are in a life and death struggle for existence, and some may have to close within the next two years.

I take this opportunity to pay tribute to the people who live in the great mining sections of Canada, particularly in northern Ontario. In the towns and community centres the municipal councils have always been alert to the fact that exploitation of the minerals in the areas would eventually lead to depletion of the mines, and attention has been directed to the formation of new industries to take their place.

I recall vividly the fine historic town of Cobalt, which in my early mining life based its prosperity on the discovery of silver. Eventually it was no longer economic to mine silver, but because of the initiative of the local municipal council and board of trade there have been attracted to that town some new industries which have brought to it the prosperity it had forty years ago. Another example is Dawson City, where there was a large discovery of placer gold which lasted for a limited time. With the decline of mining activities that centre has not disappeared, but rather has had renewed life through other industries and hydro-electric developments.

I wish to make special reference, as I have done before, to the great co-operation between management and labour in the gold mining area which for 27 years I had the honour of representing in the other house. During that time it was the finest mining section of Ontario, if not of all Canada. True, there have been some instances of differences between management and labour, but by and large a fine spirit of co-operation emanated from both sides, and has accrued to the benefit of the communities concerned by providing adequate schools, hospitals and other facilities. These institutions were erected at great cost on account of the rock formations. Towns such as Kirkland Lake, Timmins, Schumacher and South Porcupine have done their utmost, through their municipal councils and boards of trade, to induce other industries to come in, and in this respect they have had some success. I am sure the gold mining industry would be very happy if it were in a position to say to the Government "We do not need your assistance".

But that is not the case: it must have this federal subsidy in order to survive.

May I digress for a moment to pay a warm tribute to the Honourable Leslie Frost, Premier of Ontario, whose personal friendship I have the honour to enjoy. I hope honourable senators will find time to read the report, published by the province, on the inquiry into the gold mining resources of Ontario. It is well worth reading, as it gives an insight into the problems facing the gold mining industry in this province and in Canada as a whole.

As honourable senators know, we in northern Ontario suffer from lack of fuel. Being situated as we are in the central part of Canada, we have tried to obtain fuel from both east and west. We have purchased coal from the Maritimes, but because of the long freight haul the cost is almost prohibitive. We have also attempted to use Alberta coal, but it has proved in part unsuitable to our needs. Now, after three years of continued efforts by our municipal councils, boards of trade, sulphite, newsprint and mining interests we are thankful that Mr. Frost found it possible to have passed at the last session of the provincial Legislature a bill providing the sum of $35 million to assist in the laying of a pipe line which will bring natural gas to northern Ontario—yes, and to the whole province.

It must always be realized, honourable senators, that northern Ontario is really in central Canada. There we are not parochial or narrow in our views; we are well aware of the problems of British Columbia, the Prairie provinces and the Maritimes. We sympathize greatly with the Maritime rights; and when the western farmers are having difficulty harvesting and disposing of their crop, we are much appreciative of their problem. In all, we are an open-minded people, and well aware of the general problems facing Canada as a whole. So it is most encouraging to us to know that within two or three years we will have gas for use as a fuel in the development of agriculture, mining, forestry and other activities in that great section of northern Ontario where the possibilities for new development are almost unlimited.

It has been estimated by officers of the Department of Mines and Technical Surveys that if assistance payments were discontinued at the end of 1956, when the present act, if not extended, would expire, 18 or 20 gold mines with an annual production of about 700,000 ounces of gold would quite likely close, after a salvage period of two or three years. During the salvage period the ore now in sight would be mined, but there would be no further exploration for new ore. These mines when closed would be permanently lost to our country's economy. For the past several years there has, in general, been very little prospecting for or development of new gold mines, and in 1955 the number of gold producers dropped to fewer than half the number producing in 1941. It should be noted that most of the potential gold mines which are in the development stage are located in or near proven gold camps, and there appears to be little interest on their part to move beyond those localities. It will be apparent that continuation of the emergency gold mining assistance has aided many of the gold mines to remain in operation, and the communities dependent on them have thus been enabled to maintain a reasonable standard of living. This assistance has also provided money for new mining developments, and they have contributed to the general prosperity that mining is now enjoying, and which is reflected everywhere in the economy of our country.

Many of the gold mining companies have used their surplus funds to undertake ventures in other mining fields, such as iron ore, oil and uranium. I have in mind particularly the Hollinger Company, which used its surplus funds to search for mineral deposits such as copper, iron ore or uranium in other sections of the country. Progressive mines are not satisfied to stay with what they have, they seek to open up new operations. I believe the surplus that the Hollinger Company had on hand amounted to $35 or $45 million, and that accumulated fund was spent in exploring iron ore deposits in Ungava, in northern Quebec. This exploration work was started by the then president of the company, Mr. Noah Timmins, whose friendship I enjoyed, and was continued by his nephew, Mr. Jules Timmins. The Hollinger company may be said to be responsible for the great iron ore development in Ungava which means so much to Canada as a whole. The McIntyre mine too is operating mining enterprises in other sections of Canada, particularly in the Chibougamau area and other parts of northern Quebec, in the new copper mining section. That company is also interested in mines in the Rouyn-Noranda section and, I believe, in the Yukon and British Columbia also.

These mining people are enterprising. They do not want to remain idle or dormant. They have taken gambles in the past and they will continue to do so in the future.

Some persons go so far as to say that the gold mining industry benefits only a few, but I would point out that some 200,000 people derive a livelihood from this industry. At least 20,000 are directly employed in the industry and a great many more benefit by it. In the famous northern Ontario clay belt,

which is adjacent to the northern Quebec clay belt, land has been developed for agricultural use because of the market for farm products provided by the gold mining industry; when there is any talk of the gold mines closing down the farmers in that area begin to worry because they see their market threatened. The same misgivings affect the lumber manufacturers in British Columbia. Many millions of feet of lumber and timber from British Columbia and other timber producing sections of our country are sold to the gold mines of Canada. I would say that every element of our population is benefited to some degree by the gold mining industry of Canada because the operations of that industry are linked with many other activities.

Let me place just a few figures on record showing the contribution of our gold mines to the Canadian economy. The amount of new wealth produced in gold in 1955 was valued at $157,305,152. Salaries and wages paid in 1954 were $63,578,156; fuel and electric power purchased amounted to $6,987,528; plant and equipment installed amounted to $6,385,260, and other supplies purchased amounted to $38,814,500. It is estimated that the total number of employees in 1954 was almost 18,500.

Since the inception of the gold mining assistance in 1948 the amount paid out to March 31, 1956, is over $90 million. This applied to 26 million ounces is an average of $3.48 an ounce. It is calculated that payments for 1955 will probably reach $9,300,000, and if production costs remain unchanged in 1956 and 1957 it is estimated that the cost of assistance for those two years will be about $8,900,000 and $8,600,000, respectively. These totals are based on payments at the present rate of assistance, and the estimated decreases from the 1955 total are due to the fact that several mines are now producing higher grade ores and therefore will receive less help, and a few will probably go out of existence.

I do not think I need elaborate at much greater length. Debate was quite extensive in the House of Commons and its record is available to everyone. I shall not burden this august assembly with more figures because they are all available to members of this house. If necessary the bill could be sent to the Standing Committee on Banking and Commerce.

However, I will make just one or two more remarks, pertaining to the price of gold. Why has the price of gold remained pegged at the same price for so long a period? What are the factors that keep the American treasury from paying a higher price for gold? In explanation it is sometimes said that if the price of gold were to be raised $10 an ounce the Russians would immediately flood the money market with their gold. I do not believe that situation will ever occur. It is true that Russia has a tremendous hoard of gold: she took a large amount of gold from Spain during the Civil War in that country, and she also took a considerable amount from Italy. We know that men in labour camps in Siberia and the northern parts of Russia, to the number of 10,000, have been engaged in gold mining, and Russia must be in possession of all that gold. However, I do not think Russia desires to see gold depreciated, especially as it might interfere with the development of its five-year programs which have been so successful. We must all realize and admire the great industrial development of Russia; and I believe that because of her present position she would not want to see free world monetary systems destroyed or jeopardized by the dumping of gold on the world market.

I do not think the time is ripe for the Americans to pay a higher price for gold. I say that with some personal knowledge of what is happening in other parts of the world with regard to gold production. Of course, an increase in the price by $10 an ounce would help a lot of people. It certainly would help the gold producer in South Africa, and to some extent Great Britain. There is a lot of gold in Europe, and many countries on that continent would be helped if the price of gold were increased. However, we cannot force the hand of the United States Government on a question of this kind. After all, we are very fortunate in that we have in the United States a ready and steady market where cash is paid on delivery of gold.

Some people may ask, "Why does not the Canadian Government coin or mint gold?" It could be done, but what difference would it make? We might have a gold piece or two in our pockets. Minting is an easy thing to do, but of itself it would not provide any solution of our problem. At the same time, the federal government departments, provincial government departments, and others interested in the mining not only of gold but of all kinds of metal, have been very active. As I mentioned a few moments ago, Premier Leslie Frost of Ontario has done a magnificent job. His attention is continually centred on our mining sections, because he knows how much they mean to the economy, not only of Ontario, but of the whole of Canada.

There are those who ask, "Why is more gold not sold on the open market?" I know that in our section some of the mines tried a recourse to the open market, but not with the success they expected. In 1954 six private

firms in London resumed, after a lapse of 13 years, the buying and selling of gold on the open market. When that announcement appeared in the newspapers we had great hopes; we thought there was a chance that the price of gold might be increased by $5 to $10 an ounce. But things did not work out that way. One or two firms in Canada—I have particularly in mind one, whose name, however, I will not mention—sold gold on the open market, and the first difficulty they met with was, what kind of money they were to receive for their gold, what currency could be transferred from another country to our own. Also, the market fluctuated considerably; on some days the price fell below $35, at other times it went as high as $37. The market had none of the steadiness which characterizes it at the present time.

It is the habit of honourable members of this body to give special attention and study to the problems which come before them. I believe that the more thoroughly we examine into what has been done in this connection by the federal Government, the provincial Governments and those elements of the community that are particularly interested in gold mining, the more willing we shall be to have this measure passed unanimously.

Hon. Senators: Hear, hear.

Hon. Arthur W. Roebuck: The honourable senator from Cochrane (Hon. Mr. Bradette) has invited us to extend to 1957 and 1958 the assistance provided by this act. Can he give the house any assurance that the industry will be able to continue on its own feet after that time, or is this simply an interim provision which it is expected will need to be renewed?

Hon. Mr. Bradette: If I could give my honourable friend the assurance that further aid will not be required I would be a very happy man, but I am afraid that if the present situation exists two years from now it will be necessary to get another subsidy, as otherwise most of the mines will be, so to speak, engaged in a lost cause.

Hon. Mr. Stambaugh: I know that we in Alberta have been unable to sell our coal as far east as the Cochrane area; and, as the honourable senator has said, it is not economic for his district to obtain coal from the Maritimes. I believe that most of the coal that his district is using is imported from the United States. Do I understand correctly that when the Trans-Canada pipe line is completed Alberta gas will be used in his section of the country?

Hon. Mr. Bradette: Positively so. I was a member of a delegation which met Premier Frost to discuss the matter, and it was unanimously agreed that Alberta gas will be enormously useful to northern Ontario, as well as, I believe, to many other parts of Canada.

Hon. Mr. Roebuck: Perhaps in this connection a comment or two is due from me. I lived in northern Ontario for a number of years, I was very much interested in the gold mining and other mining industries of that country, and I was highly sympathetic to those enterprises which were finding it difficult to get along. At the same time I have wondered whether the honourable senator from Cochrane realizes that the proposal he has made is uneconomic. As I understand it, this subsidy, amounting to about $9 million a year, is to be paid to mines which, because their operating costs are greater than the returns they get on the product they sell, could not otherwise make a profit. I am reminded of two men, famous in radio, who some years ago were discussing the raising of pigs. One of them explained, "You buy pigs in the fall, carry them over the winter, and sell them at a somewhat lower price in the spring." The other said, "Of course, you can't make money that way;" and his friend replied, "No; we found that out." Similarly, loss. Even though the rest of the citizens of the country make up the deficit, there is still of the country make up deficit, there is still a loss. If the arrangement is a temporary one it can be justified; but is it justifiable to go on year after year supplying the profits or negativing the losses of an industry which it does not pay to operate? It is difficult to face facts, but if those are the facts, and mines are to be run indefinitely at a loss which the rest of us are to make up, is not the law which requires us to do so an uneconomic law? How long is it to continue? Am I right in my statement that without the subsidy these mines would lose money? And are they not losing money for the nation if their profits come from the public treasury?

Although I question this proceeding, I am not going to vote against the bill. I am highly sympathetic to the industry. I want to see it prosper. I would not like to see any mine close down. But if we are to be good economists we must face the facts. We cannot add two and two and get five. If we are going to pass this measure now it should be thoroughly understood that we are not going to carry it on for ever.

Hon. Salter A. Hayden: Honourable senators, I do not think the problem is as simple as the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) is trying to make it. The ordinary rules of economics have to be weighted by a number of other factors. If

you study the history of gold mining in Canada you will find there have been periods when this country was very fortunate in having gold mines. It has been said that gold mines prosper most when a country generally is having a bad time. During the war years gold production was of inestimable value to Canada in helping us to deal with our problem of foreign exchange.

Hon. Mr. Bradette: Hear, hear.

Hon. Mr. Hayden: Certainly we were scratching the bottom of the barrel many times, particularly in the first two or three years of the war. The gold mining industry is faced with this difficulty, that there is a fixed price for gold, but production costs are not fixed in relation to that price. They are quite independent. Those costs have mounted very considerably since the end of the war. The question is: should we allow the gold mining industry to be practically wiped out, or should we give it the financial assistance it requires to continue operations? There is more involved in reaching a decision than just pointing out that the industry is losing money on its operations. The fact is that the gold mining industry is well established in various parts of our nation. For example, take northern Ontario, where towns and communities have been developed as a result of that basic income-producing asset. It may be argued that last year it cost the Government some $9 million by way of assistance to the industry, but the problem is so big that it has become a national one, like many other problems. What are we going to do with these communities if we allow to develop a situation that will result in wiping out an industry that contributes so much to the income and living of these communities? In time other industries may be established there. Perhaps economies in the mining operations themselves may become possible. It is not sufficient to say that the cost of operating some mines is so high that they should be closed down. The problem is bigger than that. We have to consider all these communities and the development that has taken place as a result of a once flourishing gold mining industry. Who can peer into the future beyond a year or so and say what the situation is going to be? Perhaps, sooner than we think, gold may again be a valuable asset for Canada so far as our foreign relations are concerned.

I agree that we should examine this sort of legislation whenever it is presented, but at the same time I feel we have to look at the over-all picture. Our action now is a holding one. We should hold on for a little longer to see how the picture will develop.

Hon. Mr. Roebuck: I would go along with what the honourable senator from Toronto (Hon. Mr. Hayden) has said, except his comment that we have a fixed price for gold. Is it not a fact that we recently abandoned the fixed price? True, the United States fixed the price which it will pay, but did we not throw the market open, so that producers may sell wherever they can find buyers?

Hon. Mr. Hayden: There is a choice. A company may sell to the federal authority and qualify under certain conditions for emergency assistance, or it may sell outside the federal authority. However, it cannot do both. I think that many companies which have chosen to sell outside have found themselves in the predicament of the dog that was crossing a bridge with a piece of meat in its mouth. The dog, by opening its mouth to grab the apparently bigger piece of meat reflected in the water, lost the real meat and ended up with nothing. A substantial number of the gold mines have preferred the security that comes from operating within Canada, selling gold to the Government and collecting emergency assistance. Not too many have preferred to take a chance on uncertain and fluctuating gold markets outside of Canada. We sometimes hear about fancy prices for gold on foreign markets, but I wonder just what quantity is involved.

Hon. Mr. Roebuck: I agree with the honourable senator, but I do not think he should say there is a fixed price. My honourable friend also spoke about the danger of the industry being wiped out. Is it not a fact that this assistance goes to a portion of the industry only, and that the other mines pay their own way?

Hon. Mr. Hayden: Some of the very high grade properties are able to operate successfully and do not qualify under the formula for assistance. We might be able to look at the problem differently if more of the high grade mines were located in settled communities, so that the closing down of smaller mines would not affect our economic life to any serious extent. But gold is where you find it.

Hon. R. B. Horner: Honourable senators, I agree largely with the remarks just made by the honourable senator from Toronto (Hon. Mr. Hayden). Farmers have settled in many of these mining districts, and of course their market is dependent on the mines.

Some mines with low grade ore were able to operate at a profit before the great rise in production costs, but since then the ore produced has not paid a sufficient return. There is certain potential wealth in the mines,

but without financial assistance that wealth must remain in the ground. The Emergency Gold Mining Assistance Act provides the needed assistance, and that is why I do not object to it. I know of mines that do not need assistance, but many others do. It is a question of some of these companies being enabled to mine gold that would otherwise remain in the ground. I believe some legislation of this nature is essential, and I have no hesitation in supporting the bill. From time to time we can question the usefulness of gold and the necessity for the legislation. Since the beginning of human history, gold has been readily exchanged throughout the world. I think, therefore, that it would be wise to continue some form of assistance to the low grade mines which are already operating.

Hon. Mr. Bradette: May I be permitted to make a few remarks in answer to the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck)?

The Hon. the Speaker: If the honourable senator from Cochrane (Hon. Mr. Bradette) speaks now he will close the debate.

Hon. Mr. Bradette: The honourable member from Toronto-Trinity apparently is under the impression that to subsidize the gold mining industry is an uneconomic procedure. However, I am sure we do not believe that it is a bad investment on behalf of the federal Government to subsidize the coal mining industry of the Maritime provinces.

Earlier this afternoon I summarized the contribution of the gold mines to the Canadian econmy by giving the following figures. The amount of new wealth produced in gold in 1955 was valued at $157,305,152. Salaries and wages paid in 1954 were $63,578,156; fuel and electric power purchased amounted to $6,987,528; plant and equipment installed amounted to $6,385,260, and other supplies purchased amounted to $38,814,500. It is estimated that the total number of employees in 1954 was almost 18,500.

It is clear, therefore, honourable senators, that the subsidies are not by any means all loss. I think it will be found that in a year or two, if new centres of population like Timmins, South Porcupine, Kirkland Lake, Schumacher, and others are established subsidies may not be needed. I hope and pray that within a year or two they may become unnecessary. However, I believe that at the present time there is no other solution of the problem than the subsidies being given under the Emergency Gold Mining Assistance Act.

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

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

Hon. Mr. Bradette: Next sitting.

The Senate adjourned until Tuesday, June 26, at 8 p.m.

THE SENATE

Tuesday, June 26, 1956

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

Prayers.

Routine proceedings.

APPROPRIATION BILL NO. 4

FIRST READING

A message was received from the House of Commons with Bill 435, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

The bill was read the first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. W. Ross Macdonald: Honourable senators, this is an interim supply bill. I would like to proceed with it now, and if it receives the second and third readings at this sitting it could be given the Royal Assent this evening. I would therefore move the second reading of the bill.

We have already passed two interim supply bills for the year ending March 31, 1957. On March 22 we passed a bill providing supply for the months of April and May, and on June 12 a bill covering the month of June. The first of those bills voted not only two months' general supply, but certain additional amounts for seven special items, with respect to which the expenditures in the early part of the year are larger than those that will have to be made in later months. The bill that we passed on June 12 granted supply for that one month—that is, one-twelfth of all the items—plus one-twelfth of six special items in the main estimates and one-fourth of all the items in the supplementary estimates for the fiscal year 1956-57.

The supply bill before us tonight provides for one-twelfth of all items to be voted in the main estimates for the fiscal year 1956-57, together with one-twelfth of all the items in the supplementary estimates for the current fiscal year. In no instance is the total amount of any item being requested.

I have a statement which, for the information of honourable senators and with their consent, I shall place on *Hansard*. It sets forth the total estimates for the year 1956-57, plus the total supplementary estimates, and also the amounts voted on the two previous appropriation bills, together with the amount which is provided for in this bill.

ESTIMATES, 1956-57

	Total	Of which: Statutory	To be Voted
Main estimates	$5,042,893,969	$1,869,978,290	$3,172,915,679
Supplementary estimates	146,025,513	–	146,025,513
	$5,188,919,482	$1,869,978,290	$3,318,941,192

SUPPLY

Appropriation Act No. 1 (March 22/56)		
One-sixth generally (Main estimates)	$528,819,279.84	
7 Special items	1,194,760.42	$530,014,040.26
Appropriation Act No. 3 (June 12/56)		
One-twelfth generally (Main estimates)	$264,409,639.92	
6 Special items	652,148.34	
One-fourth generally (Supplementary estimates)	36,506,378.25	$301,568,166.51
Total granted to date		$831,582,206.77
This bill:		
One-twelfth generally (Main estimates)	$264,409,639.92	
One-twelfth generally (Supplementary estimates)	12,168,792.75	$276,578,432.67
Total supply, including this bill		$1,108,160,639.44

Note: Appropriation Act No. 2 covered the further (final) supplementary estimates (2) for 1955-56.

I will, of course, give the usual undertaking that the passage of this bill will not prejudice the rights and privileges of honourable members to discuss these items in full when the estimates come before the house later in the session.

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

THIRD READING

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

Hon. Mr. Macdonald: I move the third reading now.

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

INTERNATIONAL WHEAT AGREEMENT

TABLED

Hon. W. Ross Macdonald: Honourable senators, I have the honour to lay on the table of the house a copy of the International Wheat agreement, 1956, in English and French texts, together with a list of the countries which have signed the agreement.

Hon. John T. Haig: May I ask that it be printed as an appendix to *Hansard*? It is a very important document.

Hon. Mr. Macdonald: I shall be glad to make a motion to that effect. With leave, I move, seconded by the honourable the Leader of the Opposition (Hon. Mr. Haig):

That the International Wheat Agreement, 1956, and a list of the countries which have signed the agreement be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date.

The motion was agreed to.

See appendix to today's Hansard, *pp. 800-814.*

EMERGENCY GOLD MINING ASSISTANCE BILL

THIRD READING

Hon. Joseph A. Bradette moved the third reading of Bill 417, an Act to amend the Emergency Gold Mining Assistance Act.

Hon. A. Neil McLean: Honourable senators, I had intended to say a word or two on this bill last Thursday afternoon, but did not find an opportunity to do so. I am glad to support the bill, for I think the gold mining industry needs support.

The World Bank and International Monetary Fund fix the price of gold. I have noticed that on different occasions South Africa has made very strong representations to the World Bank and International Monetary Fund to have the price of gold raised. Gold is the main product of South Africa and its chief source of income, just as wheat is the main crop of Canada. Although Canada has a director on the World Bank and International Monetary Fund, I do not think this country has given more than mild support, if any, to South Africa in this matter; at least, I have not read of our having done so. South Africa is one of our sister nations in the Commonwealth, and I feel that if Canada vigorously supported her representations it would help to get the price of gold raised. History shows that the price of gold has been increased many times, and I think the time has come for us to take more active steps to have a further increase made. As far as home consumption is concerned we can set the price of gold at whatever price we please, but when we send gold abroad we have to take the export price. Hundreds of millions of dollars in gold have been purchased by our national bank since the war and placed in reserve, sterilized and taken out of circulation. If it fell into the Ottawa river tonight business would probably go on just the same as if no one knew of the loss. We take gold from one hole where we can get it, and place it in another hole where we can't get it. Gold is the only commodity that is being bought at the pre-war price for home use. Certainly wheat is not, nor butter, nor any other commodity that I know of. And all the time while Canada is buying and hoarding all this gold, wage rates are going up. Some day when the price is raised very high profits will be made on the hoards of gold, by Canada and other nations, but these profits will not affect the miners a bit; not one cent will be passed along to those who have mined the gold. I think that for gold taken for home consumption or use we should pay the economic price, and not ask the taxpayer to make up the difference, as is suggested by this bill.

Nevertheless, honourable senators, I support the bill.

Hon. Mr. Hackett: Will the honourable senator tell us if there is any market for gold at a price higher than that set by the United States?

Hon. Mr. McLean: There is not. The millions of dollars' worth of gold that we have in reserve is out of circulation. We bought it, as we have bought other commodities, but the price was not an economic one. But the gold that leaves the country is sold at the present world price. We have taken over great quantities of gold for home consumption, for which we paid an uneconomic price, but some day the price will go up and we will realize a profit on it. We know from past experience that the price will be higher in the future

than it is today. I do not believe the present price of gold permits the mines to pay fair wages to their employees.

Hon. Mr. Reid: Is the United States still the largest purchaser of gold, or are there other big buyers?

Hon. Mr. McLean: The United States has a great stock of gold, which stays at a level of approximately $22 billion. But the world price for gold is not set by the United States; it is set by the World Bank and International Monetary Fund.

Hon. Mr. Reid: But the United States is still the big buyer of gold from other countries?

Hon. Mr. McLean: That is true, but it must be selling as much as it is buying, for its stocks are not going up.

The motion was agreed to, and the bill was read the third time, and passed, on division.

VETERANS' BUSINESS AND PROFESSIONAL LOANS BILL

SECOND READING

Hon. C. G. Power moved the second reading of Bill 253, an act to amend the Veterans' Business and Professional Loans Act.

He said: Honourable senators, this is a very short and simple bill, which seeks to amend the Veterans' Business and Professional Loans Act, a companion act of the Veterans' Land Act. The legislation provided financial assistance by way of guaranteed loans to veterans who had no aptitude for farm or agricultural pursuits, but who wished to go into business or one of the professions. I understand it has been beneficial to veterans, advantageous to the community and presumably, since the loans were guaranteed by the Government, highly satisfactory to the banks.

Some difficulty has arisen with regard to the expiry date beyond which veterans are not eligible for loans. Section 4, subsection (1) (l) of the act provides that loans must be made . . .

. . . within a period of ten years from the 1st day of January, 1945, or the date that is the date of his discharge within the meaning of subsection (1) of section 12 of the War Service Grants Act, whichever date is the later.

Delays which have occurred between the receipt of an application for and the processing of a loan have resulted in refusal of the loan. For example, there is on file at the present time the case of a veteran who made application for a loan, let us say, on September 1, 1955, and it was not processed until, say, October 1 of that year; meanwhile, the ten-year period from the date of his discharge expired and his loan could not be granted.

The bill proposes to amend paragraph (l) by substituting for the word "loan" the word "application". The act, as amended, would then provide that if a veteran made application within the required ten-year period he would be eligible for a loan and it would be guaranteed by the Government.

Hon. Mr. Roebuck: Could the honourable senator tell us how much money has been loaned under this act, and the amount, if any, of loans that have had to be written off?

Hon. Mr. Power: I have before me the answers to certain questions asked in the other house. These disclose the following facts. The total amount loaned to date is $12,549,629.62. The total amount repaid has been $11,114,219.07. The total amount in arrears, covering 124 loans, is $97,574.13. The amount of claims—I take it that these are the loans not repaid—is $222,374.85. There is no amount actually written off as bad debts. A total of $16,735.68 has been recovered, and recoveries are continually being made.

Hon. Mr. Roebuck: That is not a bad showing.

Hon. Mr. Power: No; I would think it is a remarkably good showing.

Hon. Mr. Roebuck: I do too.

Hon. Mr. Fournier: What is the maximum amount of money that a veteran can borrow under this legislation?

Hon. Mr. Power: I think that previously the maximum amount was $2,500, but it was raised to $5,000. The act provides for loans for the purchase of a business, for the purchase or repair of machinery or tools, instruments, etc., for the construction or alteration of or addition to any building used in business, and for the purpose of making a payment to the funds of a partnership, such as a legal, medical, engineering or agricultural partnership. It has, I know, been very widely used and has served an excellent purpose.

Hon. Mr. Euler: What rate of interest do the veterans pay?

Hon. Mr. Power: The banks cannot charge more than 5 per cent interest, and are not allowed to make any extra charges.

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

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Power: I move the third reading now.

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

THE ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Honourable Patrick Kerwin, Chief Justice of Canada, Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 9.45 p.m., for the purpose of giving the Royal Assent to certain bills.

THE ESTIMATES

MOTION FOR CONCURRENCE IN REPORT OF COMMITTEE ON FINANCE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Committee on Finance on the estimates laid before Parliament for the fiscal year ending March 31, 1957.

Hon. Charles G. Hawkins: Honourable senators, in rising to move concurrence in this report, I do so fully conscious of the standards set by my predecessor, the honourable senator from Churchill (Hon. Mr. Crerar). His contribution to public life in Canada, including his work as chairman of this committee, has very justly earned for him a place in the hearts and the minds of Canadians equalled by very few. Further, I wish to thank him for the good advice and many courtesies extended to me personally during the years I have been a member of this house.

Over the course of the years it has become evident that a clear picture of Canada's economy can only be obtained by scrutinizing closely the tables on the national income, gross national production and gross national expenditures. These items appear in the report submitted as exhibits 1, 2 and 3. All three terms have been used loosely and almost interchangeably in public places at various times, frequently without a full appreciation of their true meaning. Indeed we found that the tables of the Dominion Bureau of Statistics upon which they were based were couched in terms and founded on premises which could lead to confusion in the mind of the layman.

Your committee felt that a definition of these items and the relationship they bear to the national economy would be of value. Likewise, exhibits 4 and 5 having to do with government expenditures at municipal, provincial and federal levels, form a part of our submission. The first part of this report is an attempt to explain these terms in language which is as simple and non-technical as possible. Your committee hopes that this will lead to a clearer undertaking of our national outlook by the citizens of Canada generally. This brief summary therefore attempts to clarify the proportional percentage of the total tax taken at all levels of government, which we feel will lead to a better understanding of the tax burden and an appreciation of where the taxpayer's dollar goes.

Your committee felt that it probably would better serve Canadians if, in addition to examining the public accounts and making recommendations with a view to reducing expenditures and improving administrative functions, it could also clarify some of the statistical data on which our economic planning is based. We hope that the purposes for which it is submitted will be fulfilled. This can be achieved only by circulating it as widely as possible, and we hope that from it may emerge a simplification of matters which at first glance may appear too complex for the man who pays the shot.

Preparation of Estimates:

For many years a practice has been followed whereby not all the services used by it are charged to the department concerned. Although I shall cite the Post Office Department as an outstanding example, the practice is generally followed by many other departments. The problem may be briefly and clearly illustrated as follows: Public Works carries the cost of providing office space, char service, upkeep, etc., for the Post Office Department, but these costs do not appear in the Post Office estimates. The committee felt that the practice followed in the United Kingdom Parliament is more desirable. There, in addition to the cost budgeted for in the estimates, the costs supplied by another branch of the Government are shown as a footnote to the estimates of the department concerned. This would give a more realistic picture of the actual cost of each department of government.

Responsibility for public works:

Your committee was very much impressed with the progress made by the Department of Public Works in implementing the recommendations contained in your committee's report for the years 1952 and 1955, and we are pleased to learn that this practice is continuing. We are looking forward to the day in the near future when all such services as Public Works is authorized to perform will be done by Public Works, thereby eliminating duplication of effort.

Government Annuities:

The statute under which the Annuities Branch operates was enacted in 1908, and the purpose for which it was passed is set out in the preamble:

> Whereas it is in the public interest that habits of thrift be promoted and that the people of Canada be encouraged and aided thereto so that provision may be made for old age . . .

This enactment, at the time it was passed, was progressive legislation and made provision for old age that was not available elsewhere. However, because of the advent of old age pensions and the entry of many other organizations to the annuities and pension field, your committee feels that the need to subsidize this scheme has passed. This view is based upon evidence that very few individuals in the low-income group have been using its facilities, and at present the greatest amount of business transacted by the fund comes from business organizations who wish to provide pensions for their staffs. As a result of quite an extensive study of this subject it was disclosed that since the inception of this scheme the sale of government annuities has created a very substantial loss for the Government. We feel that if there is justification for the Government being in this business, there is none for continuing it at a substantial annual loss. Your committee, therefore, urges that the Government reassess the situation to determine whether or not it should continue this practice, and that if it is desirable to do so the table of rates for future annuities be revised to provide a revenue sufficient to maintain the fund, including the cost of administration, on a self-supporting basis.

Land Procurement:

It would seem from our inquiry into this phase of government activities that there is a lack of co-ordinated effort in this field. At present many departments purchase real estate for their own requirements. Honourable senators will agree with me, I am sure, that this is a field which calls for special skills and training. Further, if each and every department is performing this service it must inevitably lead to duplication in administration. Another apparent deficiency is the lack of skilled personnel. The approach in the past on the part of some negotiators has not led to the best relations between the Government and the owners concerned. This cannot but make settlements more difficult than necessary, and it often leads to prolonged litigation. Expropriation of property by the Government in a free enterprise system, while necessary, is drastic and should be avoided wherever possible.

For this and other reasons we submit a recommendation in order that improved policies may be implemented through a straightening out and tightening up of the mechanics of the operation. We regret that time did not permit an inquiry into the procedures used for the acquisition of property by the Departments of Transport and National Defence, which have statutory authority in this matter.

Rented Accommodation:

It is well known to everyone that the Government rents a considerable portion of its accommodation right across the country. In some instances this policy may be more economical than outright ownership of the buildings, but it was felt that in many areas it would be more profitable to own than to rent. Your committee holds that a very close scrutiny should be made of the rental situation in all areas where there is a concentration of government services, and that, where 100 per cent occupancy is assured for government requirements, a policy of building or buying instead of renting accommodation should be followed. There are many reasons for this, the principal one being full occupancy, and the lower interest rates prevailing for government-financed requirements than for those of civilian activities.

National Accounting:

There was considerable discussion on this matter and it was felt by several members of the committee that instead of the costs of capital works, such as construction of new buildings, being charged in full to the year in which they are incurred, they should be set up as a capital asset, and subsequently depreciated, as is the case in commercial and industrial practice. That is, the statement of assets and liabilities should be so set out as to disclose the amount of the net debt. The present policy has been followed since 1920. In the budget speech of May 18, 1920, the following explanation was given by the then Minister of Finance:

> Assets which are not readily convertible as the specie is convertible, or are not interest-producing, are not such assets as ought to be deducted from the gross debts. They are items of such a character as might well be placed in a suspense account. At any rate, whatever may be their future value, whatever that may be, they are not assets of such a character as to directly reduce the gross debt any more than the other capital accounts of the country ought to be deducted from it.

As I have already said, there was some discussion on this, and evidence was given by the Honourable Mr. Harris, the present Minister of Finance, who stated that in his opinion the system at present used is the

better one. Your committee felt that a further study of this problem would be necessary before any definite recommendation was made.

Inflation and Export Markets:

This is a large subject, and the realization of its magnitude leads us to recommend further study. Indeed, as chairman I have nothing to add to the recommendation of the committee, but, as a member of this house, I wish to express my personal views, which may or may not coincide with those of others who have worked with me on this report.

Speaking as one who comes from a part of Canada where export markets are vital to our very existence, the continuing inflationary trend leads me to view with alarm the effect of increased production costs on our ability to compete in foreign markets. More than 90 per cent of our exports are products of the forest, the farm, the mine and the sea, and if we are to have continuing outlets for our surplus production in this field it is vital that our costs be kept in a competitive position in world markets.

I want to make a passing reference to the real basis of Canada's wealth—her primary industries. It is not possible to do so without having consideration for the fact that more than 90 per cent of our export markets are for the products of the forest, the farm, the mine and the sea.

Immediately two further considerations arise. One, the necessity for maintaining export outlets for these products; and, second, the dangers which these industries may face in competitive markets abroad if they are subjected to higher production costs.

I should like to deal first with the maintenance of our export outlets and the necessity for trading whenever and wherever possible. It is said almost daily by critics that our trade picture is not what we should expect. We cannot trade with the United Kingdom because our trade position in relation to Britain is not in balance. The same situation exists as regards many other countries. It is also argued that we should not trade with the United States because too much of our trade goes to that country. This is a flimsy proposition: almost the only free market in the world is with our neighbours to the south and it is therefore valuable to us. It is true that they take a great deal of our export goods, but we, in turn, take 18 per cent of their total exports—more than four times as much as they sell to any other country.

No one will deny that our secondary industries are necessary for the development and rounding-out of our economy, but they do not add to our wealth, and in many cases they constitute a charge on our economy because they have to be supported by subsidy and high tariffs. These charges are sometimes reflected in higher costs of production for our primary industries. This should be studiously avoided. It is dangerous to increase such costs of production and place them at the ports of exit, for, as I have already said, we are dependent to the extent of 90 per cent of our export trade on our primary industries, and any tariff increases would only operate to their detriment.

We must not jeopardize our trading position in the world markets. Canada is a vast country. I come from an area located far from large consuming centres. For us the most important thing is the maintenance of traditional markets and the retention of our export outlets for primary goods. We are not greatly disturbed over the theory that Canadians have become hewers of wood and drawers of water. In fact, in the Maritimes, where the early pioneers persevered to establish a civilization in this country, we are proud of our record and feel that we have done much toward building national character. As hewers of wood and drawers of water we have not been doing badly, and we find that the most recent figures show an increase in our gross national product far in excess of any reached in our history.

Just a further word about our secondary industries and their relation to our primary industries. It is in the nature of world trade that we should export the products which we produce most efficiently. There is no use attempting to export a product which is built here under handicaps. Trade is built on the fact that every nation exports the things it can best produce. That is the basis of our trade. In general, secondary industry is able to supply the Canadian market. It is true that some secondary producers in this country are finding difficulty in competition. In most cases, however, this is not due, as is popularly believed, to the fact that Europeans are underselling us on the world market owing to their lower wages and longer hours. Much of this competition is found in the United States and results from the expansion of similar industries there. This is pointed up by our almost insignificant imports from Europe of the type of goods produced by those secondary industries which find themselves in trouble and have to cut back or re-assess their production capacities. The only way to achieve a proper solution to this problem is through natural means. If the Government was to adopt such drastic measures as doubling tariffs there would be no improvement in the

particular industry concerned. On the contrary, it would be a sick industry which we would have to support in perpetuity. The natural consequence flowing from that would be to increase the cost of production of our primary industries upon which we rely almost entirely for our existence. By letting the law of supply and demand have its own way we shall maintain the greatest possible efficiency in Canadian industry.

Before I conclude my remarks I wish to express my appreciation to the members of both the full committee and the steering committee for the wonderful co-operation and assistance I received from them, and pay a tribute to the diligent and concentrated effort they gave to their assignment. Also, I wish to say how much we owe the Committees Branch for assistance and guidance, and I would draw your attention to our good fortune in having such a competent group to serve us.

Hon. John T. Haig: Honourable members, the Senate always finds it exceedingly difficult, if not impossible, to deal with the estimates in detail when they come to us from the House of Commons late in the session. This year they probably will not be at our disposal for another two or three weeks, and then we shall be expected to rush through them in a short time. This practice does not give us sufficient opportunity to study the estimates, and it was for this very reason that a few years ago the late Senator King suggested we should refer them to the Finance Committee during the course of the session. This procedure has been followed and has proved highly successful.

An editorial appearing today in one of Ottawa's newspapers criticizes certain aspects of this report, which was submitted to the house last week. As far as I am aware the annual report of the Finance Committee has never set out either to praise or criticize the Government for the manner in which it has conducted its business. That has never been a purpose of the committee, which merely tries to gather and present facts as to Government spending, and so on. For one thing, we try to get figures on the gross national product, and this year our report contains a definition of this term. Our gross national product is the total value at market prices of the goods and services produced by Canadians in a year. Our report also discloses Canada's gross national expenditure, and we try to show how the Government spends certain moneys. While each member of the committee may have his own opinion about this, it is not our purpose to criticize Government action. We merely want to present the facts and show what the Government does with the taxpayer's dollar. I am sure the people of Canada are always desirous of having the fundamental facts at their disposal, for these enable them to determine what would happen if certain proposals were put into effect. For instance, suppose we should have a general election and three or four parties offered candidates. The people know what the policy of the Government is, because of the legislation it has introduced, and they can find out about Conservative, C.C.F. and Social Credit policies through articles and speeches. Then, having before them the facts and figures on Canada's existing financial situation, they can come to some reasonable conclusions as to what to expect should any of these parties go into power. We hope that every person over ten years of age who reads our report will be able to base opinions on it.

We are not proposing a lot of new ways for Government departments to spend money. In 1952 we did suggest that the construction and maintenance of all Government buildings should come under one department. Today the Department of Public Works looks after the maintenance and construction of all Government buildings except those of two departments. This session we have made several other suggestions that should help to create greater efficiency. I want to emphasize, however, that we do not criticize or commend Government policies.

The honourable member from Churchill (Hon. Mr. Crerar) and I have served faithfully on this committee for years and we have always been anxious that the press should be able to depend on the accuracy of our committee's report. In Winnipeg the *Free Press* and the *Tribune* have regularly published the report and have never disputed its accuracy. It is on this basis that I would like the whole of Canada to accept the report. I have long been a great admirer of the honourable gentleman from Churchill. He is a native of my province and I have known him for some forty years. He may not be one of Canada's outstanding businessmen, but he has a lot of common sense. When the honourable gentleman said this year that he should not be reappointed as chairman of the committee, I looked right at the honourable Leader of the Government (Hon. Mr. Macdonald) and said to myself, "Mr. Leader, you are on the spot." Then he produced the honourable gentleman from Milford-Hants (Hon. Mr. Hawkins), and much to my surprise and delight he became a worthy successor to the former chairman.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: On every subject discussed by the committee the chief financial representative from the Department of Finance was called. This gentleman is so good that the benighted province on the Pacific coast called him there to help it out. We are losing a really good civil servant, but our loss will be British Columbia's gain. He not only gave us valuable information, but he told us how to look for facts and where to find them.

If I may say so, I think that witnesses called before the committee this year were a little more outspoken than in former years. Even the Government, which I sometimes say is over-apprehensive, realizes that our committee is not out to gun it, or to get it on political grounds, but is simply trying to procure facts for presentation to the public. The Government now seems to be quite willing to have its officials come and give us full information on which to found our opinions.

I do not want to discuss all the matters that came before the committee, but I would like to say a word or two about government annuities. Canada as a whole has been very favourable to government annuities. In 1908, when the then minister introduced them, they were a new thing in this country. Since then the life insurance companies have gradually adopted annuity plans. The government scheme is a very fine one, but it has two faults. First, the Government calculated that the money would earn 4 per cent, but that has proved a little too high. Our interest rates gradually went down. Bond rates have been about 3 per cent for some years, and therefore it has been difficult to earn 4 per cent on annuity premiums. Secondly, the death rate changed. Forty years ago a man or woman of 60 years of age probably had a life expectancy of 10 years, but the life expectancy of such a person now is perhaps 20 years. In other words, the average annuitant has to be paid for 10 years longer than the old mortality table indicated. The result is that the Annuities Branch has had to be subsidized to the extent of $31 million to meet the losses incurred. In addition, aside from any new contracts at all, $40 million will have to be put up to pay the cost of management and take care of the loss on existing contracts. The committee heard the evidence of very competent persons, and from what they said I cannot see any way of avoiding a very large loss. The Minister of Labour, who is in charge of this branch, frankly admitted all these facts. I was greatly impressed by the straightforward way in which he gave his evidence.

Honourable senators, our committee recommends one of two courses of action: either wind up the business as far as that can be done, or if it is to be carried on let new contracts be put on a self-sustained basis, in the same way as is done by the life insurance companies, and make some arrangement about catching up with the arrears. For some years since 1908, when government annuities were first sold, it was the labouring people and others of small means who bought annuities. Gradually that custom changed.

May I make a personal reference? In 1931 I came to Ottawa and saw the then Prime Minister about a young lawyer in one of the rural parts of Manitoba who was having a hard time making things go. I had known him and his family for a long time, and I thought a lot of the young fellow. I asked the Prime Minister if it would be possible to put him in the Annuities Branch to sell annuities. He said, "Well, Mr. Haig, we could guarantee him only $125 a month for the first six months, and then he would have to depend on commissions." I pointed out that the young man was a pretty good salesman. Well, he was taken on, and the first year he made $5,000, the next year $15,000. Then the rate of commission was reduced. He so impressed the third largest life insurance company in Canada that it made him its supervisor for the province of Ontario.

Hon. Mr. Hugessen: How much did he lose for the country?

Hon. Mr. Haig: Well, quite a bit. However, he complied with the law, and he did a lot of business.

About the year 1931 or 1932 well-to-do people started to buy annuities. I recall that one could buy up to $5,000 or $6,000 then.

Hon. Mr. Euler: $5,000.

Hon. Mr. Haig: Very well, $5,000. A friend of mine, a broker, whose only dependent was his wife, said to me one day, "I have bought an annuity for $5,000 a year, which I will start receiving when I reach 60 years of age, and my wife will receive the same amount after I die.

Hon. Mr. Aseltine: Do you mean $5,000 a year?

Hon. Mr. Haig: Yes, $5,000 a year. I believe the man is dead now, but his wife is still living. We are paying that annuity today on the basis of 4 per cent money, and the woman is well past her life expectancy under the old mortality table.

Hon. Mr. Macdonald: The rates are changed now.

Hon. Mr. Haig: Yes, but the old contracts are not affected.

Hon. Mr. Macdonald: The annuity is a contract, I suppose.

Hon. Mr. Haig: Yes, all these annuities are under contract. I am a bit of a saver myself sometimes. I bought an annuity for each one of my children, for the small amount of $300 a year when they reach the age of 60. That was all I could afford when I bought the annuities in 1917 or 1918, and I am paying quite low premiums for them. Last evening a member of the House of Commons told me how he had provided for his family by means of annuities. They are a mighty good investment. The difficulty is that the government annuities were based on earnings of 4 per cent, but for years bonds did not earn that much. Life insurance companies have had the same trouble.

Honourable senators, we have got to bring annuities in line with what they actually cost. That is the fair thing to do. If we were dealing with old age pensions it would be a different matter. But the Government is selling annuities in competition with insurance companies. If it is to continue to offer annuities for sale, it should do so on a strictly business basis and the purchasers should pay the full cost of them. In those circumstances if the people still want to buy annuities from the Government instead of from private companies, I would have no objection.

Hon. Mr. Macdonald: May I interrupt my friend? I do not have the report before me, but did the committee not ascertain the amount of loss suffered at the present rate?

Hon. Mr. Haig: No. But the Minister told us that to continue the present policy of the Annuities Branch with respect to existing contracts would cost about $40 million.

Hon. Mr. Macdonald: That is over a long period of time.

Hon. Mr. Haig: That is to finish out the contracts.

Hon. Mr. Hackett: Until all present annuitants die.

Hon. Mr. Haig: It will cost that much to carry the existing contracts to maturity.

Hon. Mr. Macdonald: That would include annuities of up to $5,000 a year?

Hon. Mr. Haig: Yes. I am not critizing the Government for what was done then. We cannot avoid that loss, but we should not let it happen again. If it is the wish of the people that the Annuities Branch be wound up, we will not quarrel with them; but if it is going to be continued, it should be operated on a straight business basis.

Hon. Mr. Roebuck: May I ask the honourable Leader of the Opposition a question? When he refers to losses, suffered over a long period, is he taking into account the change in the dollar value? For instance, I bought an annuity many years ago for which I paid money that had a high purchasing value, and that annuity is now being repaid in money with a low purchasing value. Is any consideration given to the fact that annuities may be bought with heavy money and repaid with light money?

Hon. Mr. Hackett: That is true of all life insurance.

Hon. Mr. Roebuck: That is of course true of all life insurance, but is it taken into consideration when a mathematical calculation of losses is made?

Hon. Mr. Haig: My fellow members on the committee will support me when I say we did not make any calculations with respect to losses. We asked the minister to give us the figures, and after consulting with his staff, he told us that the cost of subsidizing the fund, not including administration costs, was $31 million; he later told us that it would cost about $40 million to carry the present contracts to maturity.

Hon. Mr. Roebuck: That is just the money cost?

Hon. Mr. Haig: Yes. The question of changes in the buying power of money can be applied to almost any commodity.

Honourable senators, before concluding my remarks I should like to refer to an editorial which appeared in this afternoon's Ottawa *Journal*. That editorial, which I believe was written under a misapprehension, suggested that the honourable senator from Churchill (Hon. Mr. Crerar) would have done a better job than that done by the present chairman of the committee (Hon. Mr. Hawkins). May I say that I sat on the committee under the chairmanship of both these honourable gentlemen, and I regard them as equally competent; I have complete confidence in both. I know that when the present chairman met with the steering committee he was very careful to place all the facts before us, and it was up to the committee to decide who should be heard and what should go into the report.

I recall one occasion in the steering committee when, after we had heard from several senators, I started to express my views, and the senator from Churchill remarked "Now we will hear from the Government". I said "I am not here to protect the Government, but to see that our report truthfully states the information as we find it, not what somebody thinks it should be".

May I say that the committee received every assistance from the Minister of Finance and his officials; in fact, he went out of his

way to facilitate us in getting the information we required. His co-operation was very much appreciated.

Finally, may I emphasize that the report now before the house can be taken by honourable senators as containing the facts as we found them. Whether my honourable friends will agree with its recommendations is a different matter. There are two points which time did not permit the committee to consider this session, but which it is intended should be studied next year. We felt that it was perhaps better to concentrate our efforts this year on a few things, and leave certain other questions for future study.

With those words, honourable senators, I take great pleasure in supporting the report.

Hon. W. D. Euler: Honourable senators, my remarks will be very brief. In the first place, I should like to support what the Leader of the Opposition (Hon. Mr. Haig) has said with regard to the work of the chairman of the Finance Committee. As all senators know, I have a very high regard for my desk-mate (Hon. Mr. Crerar); at the same time I do not think the Leader of the Government need have any regret in having nominated the senator from Milford-Hants (Hon. Mr. Hawkins) as chairman. In my view, he has done a fine job.

I rise to make one or two remarks with regard to government annuities. I can remember well when one could obtain annuities for $5,000. It was the Conservative Government under Mr. Bennett that reduced the amount to $1,200. As a member of the Commons at that time, I supported Mr. Bennett in that move because I felt that while perhaps it was all right for the Government to help people with modest incomes by making available to them annuities of $1,200, persons who were in a position to buy annuities of $5,000 were not in need of financial help from the Government.

It was about twenty years ago that annuities of $1,200 were made available to the public. The Government was still losing money at that rate, largely, I think, because of the fact that it paid the administration costs. However, the system had some problems that perhaps went a little deeper than the administration costs. It was heavily in arrears at that time, and although amounts have been voted from year to year to try to wipe out that deficit, I believe some still exists.

As my honourable friend has said, the committee could choose to recommend either that the annuity premiums be increased to make the system carry itself, or that the Government go out of the business altogether. I was wondering what method my friend had in mind for getting the Government out of this business. I assume he did not think that it should close out existing contracts. Perhaps I have a little more than a casual interest in this subject because of my association with an insurance company which sells annuities, and the insurance companies generally do not like the Government to be in competition with them. I am not going to say anything along that line. However, I would like to know what my honourable friend thinks about the Government getting out of the annuity business altogether. Some of these annuities will run for many years. Are you going to suggest the keeping up of the establishment just for the purpose of administering existing contracts and not for taking on any additional contracts? I suppose that would be your thought?

Hon. Mr. Haig: The committee did not discuss that point at all, and I would not have been in favour of discussing it, because I thought that we were going far enough into this whole matter on our first attempt. I have my own personal opinion as to what should be done, but I am not going to state it.

Hon. Mr. Euler: I will state one fact as a matter of information, although I do not know if it is in the interest of the Government that I should do so. As I said before, originally a person could contract for an annuity payment of $5,000 a year, if he paid in sufficient money. That contract can still be had by those who started paying premiums but did not contract for the full $5,000. For instance, a person who took out an annuity for $1,200 at a time when he could have taken out one for $5,000, can still have it brought up to the full $5,000 at the old rates.

Hon. Mr. Haig: If he still has a policy in existence.

Hon. Mr. Euler: Perhaps I should not have disclosed that, because some of the earlier annuitants may now apply for additional annuities up to the total of $5,000. I do not know how an application from such a person could be refused, because there is a contract.

Hon. Mr. Haig: Let me answer my honourable friend, if I have the permission of the house.

Hon. Senators: Yes.

Hon. Mr. Haig: That information was given by the department in reply to a question that I asked. We were told that if a policy was issued and as much as $10 was paid on it, an annuity up to $5,000 could be taken out at the present time.

Hon. A. K. Hugessen: Honourable senators, I should be sorry if the discussion on this very valuable report went off on one of its very minor features, one of the small recommendations at the end of it, in connection with this question of government annuities.

We have heard from the Chairman of the Finance Committee, and we have heard from the Leader of the Opposition, who is and has at all times been a very active and energetic member of that committee, and I think now perhaps it is time for somebody who is not a member of the committee to express on behalf of other honourable senators a few words of thanks and admiration to the committee for a most valuable and informative report.

Hon. Senators: Hear, hear.

Hon. Mr. Hugessen: During the week-end I read over this report a couple of times. The chairman mentioned that the committee took great care to use non-technical terms. That I think is a perfectly true statement. Certainly in my own case I must admit that for the first time I got at least moderately clear in my own mind just what the terms "national income", "gross national product" and "gross national expenditure", respectively, mean.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Hugessen: We are constantly hearing these terms, particularly in connection with reports which we receive from the Dominion Bureau of Statistics, and I think it is an excellent thing for a short, concise and easily understandable report of this kind to go out from the Senate telling the people of the country just what these terms mean.

The report raises a number of points which are worthy of consideration, and indeed not only the report itself but some of the financial tables and schedules appended to it are themselves full of invaluable information. One sentence which appears in the report struck me as being very significant, as bringing to a head and explaining to the people of the country just what is the present incidence of their taxation as compared with the revenue which they have at their disposal to meet that taxation and to use for their ordinary expenditures.

At page 754 of our Senate *Hansard* I read:

> That mythical figure, the average Canadian, (man, woman and child) after paying 31 cents in taxes out of every dollar of income, has about $920 per annum left today compared with the $300 per annum left in 1939 after payment of similar taxes. After making allowance for price increases, real income per capita after payment of all taxes has risen almost 50 per cent between 1939 and 1955.

Well, that crystallizes in one sentence just what has been happening in this country over the last 15 years. It tells us that despite the increase in taxes our country is developing at such a rate and becoming so much wealthier that regardless of the increase in taxes over that period the average man and woman in this country has 50 per cent more money to spend on the necessaries and conveniences of life than he or she had 15 years ago. That part of the report which gives a picture of the financial position, and the way our money is collected and spent, is, I think, most invaluable; I do trust that it will be widely circulated and will receive as much publicity in the press of this country as have previous reports by the same committee when it was under the chairmanship of the honourable senator from Churchill (Hon. Mr. Crerar).

Hon. Mr. Hackett: Would my honourable friend permit me to ask him a question? Does he not think it would be well, if his suggestion be carried out, that the drop in value of the money be expressed at the same time, so as to reflect the purchasing power of the dollar today?

Hon. Mr. Hugessen: That is exactly what is stated in this paragraph. Let me read it again:

> After making allowance for price increases, real income per capita after payment of all taxes has risen almost 50 per cent between 1939 and 1955.

That states the position as clearly as anybody could do; and I am quite sure that my honourable friend from Victoria (Hon. Mr. Hackett) can understand it as well as I can.

Hon. Mr. Hackett: I cannot understand it as clearly as the honourable gentleman himself has stated it, as distinguished from the report.

Hon. Mr. Hugessen: I suggest that my honourable friend from Victoria make it the subject of profound cogitation!

I have nothing further to say on this report; but I felt that it was only right and proper that a member of the house who is not a member of the Finance Committee should congratulate the chairman and the members of the committee upon this most cogent and excellent report which they have submitted for our consideration.

Hon. Senators: Hear, hear.

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

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Honourable Patrick Kerwin, Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the

Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act for the relief of Michael Costom.

An Act for the relief of Marie Theresa Gerega St-Jacques.

An Act for the relief of Julius Michael Cantor.

An Act for the relief of Gerald Zelman.

An Act for the relief of Lucille Viola Arthur Ward.

An Act for the relief of May O'Connor MacKenzie.

An Act for the relief of Rita Cleevely Scott.

An Act for the relief of Leah Banfield Rideout.

An Act for the relief of Margaret Isobel Gillespie MacKenzie.

An Act for the relief of Edda Roehm Sackmann.

An Act for the relief of Joseph Ernest Adrien Joly.

An Act for the relief of Jacqueline Bussiere Sirois.

An Act for the relief of Doris Elaine Cameron Gladwish.

An Act for the relief of Myra Goodman Lobell.

An Act for the relief of Jennie Zalezniak Wiseman.

An Act for the relief of Phyllis Elizabeth Jardine Williams.

An Act for the relief of Martha Hope MacDougall Fortier.

An Act for the relief of Hugh Oliver Semper.

An Act for the relief of Yvonne Elizabeth Thurgarland Brosseau.

An Act for the relief of Hugh Lawrence Byers.

An Act for the relief of Jean Benoit Maille.

An Act for the relief of Elizabeth Redling Lefebvre.

An Act for the relief of Marie Cecile Veronique Goudreau Johnstone, otherwise known as Lucille Goudreau Johnstone.

An Act for the relief of Claire Esther Cohen Weiner.

An Act for the relief of Vera Norine Tromley Ashford.

An Act for the relief of Jacques Demers.

An Act for the relief of Virginia Ruth Jones Lord.

An Act for the relief of Harold Barnes.

An Act for the relief of Geraldine Isabelle Johnson Mole.

An Act for the relief of Adam Forbes.

An Act for the relief of Rose-Anna Rose Crombie.

An Act for the relief of Esther Pheobe Brunger Abels.

An Act for the relief of Lorna Elizabeth Cadorette Belinsky.

An Act for the relief of Benjamin Franklin Luther.

An Act for the relief of Gordon Frederick Collins.

An Act to amend the Canadian Farm Loan Act.

An Act respecting the Construction of a line of railway in the Province of New Brunswick by Canadian National Railway Company from a point at or near Bartibog in a westerly direction to the Tomogonops River in the vicinity of Little River Lakes.

An Act to incorporate The Albion Insurance Company of Canada.

An Act respecting the Canadian Forces.

An Act to amend the Emergency Gold Mining Assistance Act.

An Act to amend the Veterans' Business and Professional Loans Act.

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 789)

International Wheat Agreement, 1956, and list of countries which have signed the agreement.

Note: The following is the text of the International Wheat Agreement which was adopted at the United Nations Wheat Conference which concluded on 25 April 1956. In accordance with a resolution of the Conference, the text is forwarded to all Governments invited to the Conference for their consideration. The Conference requested the Government of the United States to arrange for the agreement to be open for signature in Washington until and including 18 May 1956.

INTERNATIONAL WHEAT AGREEMENT, 1956

The Governments signatory to this Agreement,

Considering that the International Wheat Agreement which was opened for signature at Washington on 23 March 1949 was entered into in order to overcome the serious hardship caused to producers and consumers by burdensome surpluses and critical shortages of wheat, and

Considering that the 1949 Agreement was revised and renewed at Washington on 13 April 1953, and

Considering that it is desirable that the International Wheat Agreement be again renewed, with certain modifications, for a further period, and

Having decided to conclude for that purpose this Agreement revising and renewing the International Wheat Agreement,

Have agreed as follows:

PART I—GENERAL

ARTICLE I

Objectives

The objectives of this Agreement are to assure supplies of wheat to importing countries and markets for wheat to exporting countries at equitable and stable prices.

ARTICLE II

Definitions

1. For the purposes of this Agreement:

"Advisory Committee on Price Equivalents" means the Committee established under Article XV.

"Bushel" means 60 pounds avoirdupois or 27·2155 . . . kilogrammes.

"Carrying charges" means the costs incurred for storage, interest and insurance in holding wheat.

"C. and f." means cost and freight.

"Council" means the International Wheat Council established by Article XIII.

"Crop-year" means the period from 1 August to 31 July, except that in Article VII it means in respect of Argentina and Australia the period from 1 December to 30 November, and in respect of the United States of America the period from 1 July to 30 June.

"Executive Committee" means the Committee established under Article XIV.

"Exporting country" means, as the context requires, either (i) the Government of a country listed in Annex B to Article III which has accepted or acceded to this Agreement and has not withdrawn therefrom, or (ii) that country itself and the territories in respect of which the rights and obligations of its Government under this Agreement apply.

"F.a.q." means fair average quality.

"F.o.b." means free on board ocean vessel and, in the case of

(i) French wheat delivered at a Rhine port, free on board river craft,

(ii) Swedish wheat, free on board seagoing vessel.

"Guaranteed quantity" means in relation to an importing country its guaranteed purchases for a crop-year and in relation to an exporting country its guaranteed sales for a crop-year.

"Importing country" means, as the context requires, either (i) the Government of a country listed in Annex A to Article III which has accepted or acceded to this Agreement and has not withdrawn therefrom, or (ii) that country itself and the territories in respect of which the rights and obligations of its Government under this Agreement apply.

"Marketing costs" means all usual charges incurred in marketing, chartering, and forwarding.

"Metric ton", or 1,000 kilograms, means 36·74371 bushels.

"Old crop wheat" means wheat harvested more than two months prior to the beginning of the current crop-year of the exporting country concerned.

"Territory" in relation to an exporting or importing country includes any territory in respect of which the rights and obligations under this Agreement of the Government of that country apply under Article XXIII.

"Transaction" means a sale for import into an importing country of wheat exported or to be exported from an exporting country, or the quantity of such wheat so sold, as the context requires. Where reference is made in this Agreement to a transaction between an

exporting country and an importing country, it shall be understood to refer not only to transactions between the Government of an exporting country and the Government of an importing country but also to transactions between private traders and to transactions between a private trader and the Government of an exporting or an importing country. In this definition "Government" shall be deemed to include the Government of any territory in respect of which the rights and obligations of any Government accepting or acceding to this Agreement apply under Article XXIII.

"Unfulfilled guaranteed quantity" means, in the case of an exporting country, the difference between the quantities entered in the Council's records in accordance with Article IV in respect of that country for a crop-year and its guaranteed sales for that crop-year and, in the case of an importing country, the difference between the quantities entered in the Council's records in accordance with Article IV in respect of that country for a crop-year and that portion of its guaranteed purchases for that crop-year which it is, at the relevant time, entitled to purchase having regard to paragraph 9 of Article III.

"Wheat" includes wheat grain and, except in Article VI, wheat-flour.

2. (a) All calculations of the wheat equivalent of guaranteed purchases or guaranteed sales of wheat-flour shall be made on the basis of the rate of extraction specified in the contract between the buyer and the seller.

(b) If no such rate is specified, seventy-two units by weight of wheat-flour shall for the purpose of such calculations be deemed to be equivalent to one hundred units by weight of wheat grain unless the Council decides otherwise.

PART 2—RIGHTS AND OBLIGATIONS

ARTICLE III

Guaranteed Purchases and Guaranteed Sales

1. The quantities of wheat set out in Annex A to this Article for each importing country represent, subject to any increase or reduction made in accordance with the provisions of Part 3 of this Agreement, the guaranteed purchases of that country for each of the crop-years covered by this Agreement.

2. The quantities of wheat set out in Annex B to this Article for each exporting country represent, subject to any increase or reduction made in accordance with the provisions of Part 3 of this Agreement, the guaranteed sales of that country for each of the crop-years covered by this Agreement.

3. The guaranteed purchases of an importing country represent the maximum quantity of wheat which, subject to deduction of the amount of the transactions entered in the Council's records in accordance with Article IV against those guaranteed purchases,

(a) that importing country may be required by the Council, as provided in Article V, to purchase from the exporting countries at prices consistent with the minimum prices specified in or determined under Article VI, or

(b) the exporting countries may be required by the Council, as provided in Article V, to sell to that importing country at prices consistent with the maximum prices specified in or determined under Article VI.

4. The guaranteed sales of an exporting country represent the maximum quantity of wheat which, subject to deduction of the amount of the transactions entered in the Council's records in accordance with Article IV against those guaranteed sales,

(a) that exporting country may be required by the Council, as provided in Article V, to sell to the importing countries at prices consistent with the maximum prices specified in or determined under Article VI, or

(b) the importing countries may be required by the Council, as provided in Article V, to purchase from that exporting country at prices consistent with the minimum prices specified in or determined under Article VI.

5. If an importing country finds difficulty in exercising its right to purchase its unfulfilled guaranteed quantity at prices consistent with the maximum prices specified in or determined under Article VI or an exporting country finds difficulty in exercising its right to sell its unfulfilled guaranteed quantity at prices consistent with the minimum prices so specified or determined, it may have resort to the procedure in Article V.

6. Exporting countries are under no obligation to sell any wheat under this Agreement unless required to do so as provided in Article V at prices consistent with the maximum prices specified in or determined under Article VI. Importing countries are under no obligation to purchase any wheat under this Agreement unless required to do so as provided in Article V at prices consistent with the minimum prices specified in or determined under Article VI.

7. The quantity, if any, of wheat-flour to be supplied by the exporting country and accepted by the importing country against their respective guaranteed quantities shall, subject to the provisions of Article V, be determined by agreement between the buyer and seller in each transaction.

8. Exporting and importing countries shall be free to fulfil their guaranteed quantities through private trade channels or otherwise.

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Nothing in this Agreement shall be construed to exempt any private trader from any laws or regulations to which he is otherwise subject.

9. The Council may, at its discretion, require that no importing country shall purchase and no exporting country shall sell under this Agreement more than 90 per cent of its guaranteed quantity for any crop-year before 28 February of that crop-year.

ANNEX A TO ARTICLE III

Guaranteed Purchases for Each Crop-Year

	Metric tons	Equivalent in bushels
Austria	100,000	3,674,371
Belgium	450,000	16,534,669
Bolivia	110,000	4,041,808
Brazil	200,000	7,348,742
Ceylon	175,000	6,430,149
Colombia	70,000	2,572,060
Costa Rica	40,000	1,469,748
Cuba	202,000	7,422,229
Denmark	50,000	1,837,185
Dominican Republic	30,000	1,102,311
Ecuador	50,000	1,837,185
Egypt	300,000	11,023,113
El Salvador	25,000	918,593
Germany	1,500,000	55,115,565
Greece	300,000	11,023,113
Guatemala	40,000	1,469,748
Haiti	60,000	2,204,623
Honduras Republic	25,000	918,593
India	200,000	7,348,742
Indonesia	140,000	5,144,119
Ireland	150,000	5,511,557
Israel	225,000	8,267,335
Italy	100,000	3,674,371
Japan	1,000,000	36,743,710
Jordan	10,000	367,437
Korea	60,000	2,204,623
Lebanon	75,000	2,755,778
Liberia	2,000	73,487
Mexico	100,000	3,674,371
Netherlands	700,000	25,720,597
New Zealand	160,000	5,878,994
Nicaragua	10,000	367,437
Norway	180,000	6,613,868
Panama	30,000	1,102,311
Peru	200,000	7,348,742
Philippines	165,000	6,062,712
Portugal	160,000	5,878,994
Saudi Arabia	100,000	3,674,371
Spain	125,000	4,592,964
Switzerland	190,000	6,981,305
Union of South Africa	150,000	5,511,557
Vatican City	15,000	551,156
Venezuela	170,000	6,246,431
Yugoslavia	100,000	3,674,371
	8,244,000	302,915,145

ANNEX B TO ARTICLE III

Guaranteed Sales for Each Crop-Year

	Metric tons	Equivalent in bushels
Argentina	400,000	14,697,484
Australia	823,471	30,257,380
Canada	2,800,395	102,896,902
France	450,000	16,534,669
Sweden	175,000	6,430,149
United States	3,595,134	132,098,561
	8,244,000	302,915,145

ARTICLE IV

Recording of Transactions against Guaranteed Quantities

1. The Council shall keep records for each crop-year of those transactions and parts of transactions in wheat which are part of the guaranteed quantities in Annexes A and B to Article III.

2. A transaction or part of a transaction in wheat grain between an exporting country and an importing country shall be entered in the Council's records against the guaranteed quantities of those countries for a crop-year:

(a) provided that (i) it is at a price not higher than the maximum nor lower than the minimum specified in or determined under Article VI, and (ii) the exporting country and the importing country have not agreed that it shall not be entered against their guaranteed quantities; and

(b) to the extent that (i) both the exporting and the importing country concerned have unfulfilled guaranteed quantities for that crop-year, and (ii) the loading period specified in the transaction falls within that crop-year.

3. A transaction or part of a transaction for the purchase and sale of wheat shall be eligible for entry in the Council's records against the guaranteed quantities of the exporting and importing countries concerned on the conditions specified in this Article, notwithstanding that the transaction has been entered into before the deposit of its instrument of acceptance of this Agreement by either or both of those countries.

4. If a commercial contract or governmental agreement on the sale and purchase of wheat-flour contains a statement, or if the exporting country and the importing country concerned inform the Council that they are agreed, that the price of such wheat-flour is consistent with the prices specified in or determined under Article VI, the wheat

grain equivalent of such wheat-flour shall, subject to the conditions prescribed in (a) (ii) and (b) of paragraph 2 of this Article, be entered in the Council's records against the guaranteed quantities of those countries. If the commercial contract or governmental agreement does not contain a statement of the nature referred to above and the exporting country and the importing country concerned do not agree that the price of the wheat-flour is consistent with the prices specified in or determined under Article VI, either of those countries may, unless they have agreed that the wheat grain equivalent of that wheat-flour shall not be entered in the Council's records against their guaranteed quantities, request the Council to decide the issue. Should the Council, on consideration of such a request, decide that the price of such wheat-flour is consistent with the prices specified in or determined under Article VI, the wheat grain equivalent of the wheat-flour shall be entered against the guaranteed quantities of the exporting and importing countries concerned, subject to the conditions prescribed in (b) of paragraph 2 of this Article. Should the Council, on consideration of such a request, decide that the price of such wheat-flour is inconsistent with the prices specified in or determined under Article VI, the wheat grain equivalent of the wheat-flour shall not be so entered.

5. Provided that the conditions prescribed in paragraph 2 or 4 of this Article, other than that in (b) (ii) of paragraph 2, are satisfied, the Council may authorize transactions to be recorded against guaranteed quantities for a crop-year if (a) the loading period specified in the transaction is within a reasonable time up to one month, to be decided by the Council, before the beginning or after the end of that crop-year, and (b) the exporting and importing country concerned so agree.

6. For the period of closed navigation between Fort William/Port Arthur and the Canadian Atlantic ports, a transaction or part of a transaction shall, notwithstanding the provisions of paragraph 4 of Article VI, be eligible for entry in the Council's records against the guaranteed quantity of the exporting country and the importing country concerned if it relates to

(a) Canadian wheat which is moved by an all-rail route from Fort William/Port Arthur to Canadian Atlantic ports, or

(b) United States wheat which, except for conditions beyond the control of the buyer and the seller, would be moved by lake and rail to United States Atlantic ports and which, because it cannot be so moved, is moved by an all-rail route to United States Atlantic ports, provided that payment of the extra transportation cost thereby incurred is agreed between the buyer and the seller.

7. The Council shall prescribe rules of procedure, in accordance with the following provisions, for the reporting and recording of transactions which are part of the guaranteed quantities:

(a) Any transaction or part of a transaction, between an exporting country and an importing country, qualifying under paragraph 2, 3 or 4 of this Article to form part of the guaranteed quantities of those countries shall be reported to the Council within such period and in such detail and by one or both of those countries as the Council shall lay down in its rules of procedure.

(b) Any transaction or part of a transaction reported in accordance with the provisions of sub-paragraph (a) shall be entered in the Council's records against the guaranteed quantities of the exporting country and the importing country between which the transaction is made.

(c) The order in which transactions and parts of transactions shall be entered in the Council's records against the guaranteed quantities shall be prescribed by the Council in its rules of procedure.

(d) The Council shall, within a time to be prescribed in its rules of procedure, notify each exporting country and each importing country of the entry of any transaction or part of a transaction in the Council's records against their guaranteed quantities.

(e) If, within a period which the Council shall prescribe in its rules of procedure, the importing country or the exporting country concerned objects in any respect to the entry of a transaction or part of a transaction in the Council's records against its guaranteed quantity, the Council shall review the matter and, if it decides that the objection is well founded, shall amend its records accordingly.

(f) If any exporting or importing country considers it probable that the full amount of wheat already entered in the Council's records against its guaranteed quantity for the current crop-year will not be loaded within that crop-year, that country may request the Council to make appropriate reductions in the amounts entered in its records. The Council shall consider the matter and, if it decides that the request is justified, shall amend its records accordingly.

(g) Any wheat purchased by an importing country from an exporting country

and resold to another importing country may, by agreement of the importing countries concerned, be entered against the unfulfilled guaranteed purchases of the importing country to which the wheat is finally resold, provided that a corresponding reduction is made in the amount entered against the guaranteed purchases of the first importing country.

(h) The Council shall send to all exporting and importing countries weekly, or at such other interval as the Council may prescribe in its rules of procedure, a statement of the amounts entered in its records against guaranteed quantities.

(i) The Council shall notify all exporting and importing countries immediately when the guaranteed quantity of any exporting or importing country for any crop-year has been fulfilled.

8. Each exporting country and each importing country may be permitted, in the fulfilment of its guaranteed quantity, a degree of tolerance to be prescribed by the Council for that country on the basis of its guaranteed quantity and other relevant factors.

ARTICLE V

Enforcement of Rights

1. (a) Any importing country which finds difficulty in purchasing its unfulfilled guaranteed quantity for any crop-year at prices consistent with the maximum prices specified in or determined under Article VI may request the Council's help in making the desired purchases.

(b) Within three days of the receipt of a request under subparagraph (a) the Secretary of the Council shall notify those exporting countries which have unfulfilled guaranteed quantities for the relevant crop-year of the amount of the unfulfilled guaranteed quantity of the importing country which has requested the Council's help and invite them to offer to sell wheat at prices consistent with the maximum prices specified in or determined under Article VI.

(c) If within twenty days of the notification by the Secretary of the Council under subparagraph (b) the whole of the unfulfilled guaranteed quantity of the importing country concerned, or such part thereof as in the opinion of the Council is reasonable at the time the request is made, has not been offered for sale, the Council shall as soon as possible decide:

(i) the quantities
and also, if requested,
(ii) the quality and grade
of wheat grain and/or wheat-flour which each or any of the exporting countries is required to offer to sell to that importing country for loading during the relevant crop-year or within such time thereafter, not exceeding one month, as the Council may decide.

The Council shall decide on (i) and (ii) above after receiving an assurance, if requested, that the wheat grain or wheat-flour is to be used for consumption in the importing country or for normal or traditional trade; and in reaching its decision the Council shall also take into account any circumstances which the exporting and the importing countries may submit, including:

(iii) the normal traditional volume and ratio of imports of wheat-flour and wheat grain and the quality and grade of wheat-flour and wheat grain imported by the importing country, and

(iv) the proportion of each exporting country's guaranteed quantity already sold at the time the request is made.

(d) Each exporting country required by the Council's decision under subparagraph (c) to offer quantities of wheat grain and/or wheat-flour for sale to the importing country shall, within thirty days from the date of that decision, offer to sell those quantities to such importing country for loading during the period provided under subparagraph (c) at prices consistent with the maximum prices specified in or determined under Article VI and, unless those countries agree otherwise, on the same conditions regarding the currency in which payment is to be made as prevail generally between them at that time.

(e) In case of disagreement between an exporting country and an importing country on the allowance for difference in quality to be made in the price of wheat or on the quantity or price of wheat-flour to be included in a particular transaction being negotiated in compliance with the Council's decision under subparagraph (c), or on the relation of the price of such wheat-flour to the maximum prices of wheat grain specified in or determined under Article VI, or on the conditions on which the wheat grain and/or wheat-flour shall be bought and sold, the matter shall be referred to the Council for decision.

2. (a) Any exporting country which finds difficulty in selling its unfulfilled guaranteed quantity for any crop-year at prices consistent with the minimum prices specified in or determined under Article VI may request the Council's help in making the desired sales.

(b) Within three days of the receipt of a request under subparagraph (a) the Secretary of the Council shall notify those importing countries which have unfulfilled guaranteed quantities for the relevant crop-year of

the amount of the unfulfilled guaranteed quantity of the exporting country which has requested the Council's help and invite them to offer to purchase wheat at prices consistent with the minimum prices specified in or determined under Article VI.

(c) If within twenty days of the notification by the Secretary of the Council under subparagraph (b) the whole of the unfulfilled guaranteed quantity of the exporting country concerned, or such part thereof as in the opinion of the Council is reasonable at the time the request is made, has not been purchased, the Council shall as soon as possible decide:

(i) the quantities
and also, if requested,
(ii) the quality and grade
of wheat grain and/or wheat-flour which each or any of the importing countries is required to offer to purchase from that exporting country for loading during the relevant crop-year or within such time thereafter, not exceeding one month, as the Council may decide.

In reaching its decision on (i) and (ii) above, the Council shall take into account any circumstances which the exporting and the importing countries may submit, including in the case of each importing country:

(iii) the normal traditional volume and ratio of its imports of wheat-flour and wheat grain and the quality and grade of wheat-flour and wheat grain imported, and
(iv) the proportion of its guaranteed quantity already purchased at the time the request is made.

(d) Each importing country required by the Council's decision under subparagraph (c) to offer to purchase quantities of wheat grain and/or wheat-flour from the exporting country shall, within thirty days from the date of that decision, offer to purchase those quantities from such exporting country for loading during the period provided under subparagraph (c) at prices consistent with the minimum prices specified in or determined under Article VI and, unless those countries agree otherwise, on the same conditions regarding the currency in which payment is to be made as prevail generally between them at that time.

(e) In case of disagreement between an exporting country and an importing country on the allowance for difference in quality to be made in the price of wheat or on the quantity or price of wheat-flour to be included in a particular transaction being negotiated in compliance with the Council's decision under subparagraph (c), or on the relation of the price of such wheat-flour to the minimum prices of wheat grain specified in or determined under Article VI, or on the conditions on which the wheat grain and/or wheat-flour shall be bought and sold, the matter shall be referred to the Council for decision.

3. For the purposes of this Article Port Churchill shall not be a port of shipment.

ARTICLE VI

Prices

1. (a) The basic minimum and maximum prices for the duration of this Agreement shall be:

Minimum	$1.50
Maximum	$2.00

Canadian currency per bushel at the parity for the Canadian dollar, determined for the purposes of the International Monetary Fund as at 1 March 1949, for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur. The basic minimum and maximum prices, and the equivalents thereof hereafter referred to, shall exclude such carrying charges and marketing costs as may be agreed between the buyer and the seller.

(b) Carrying charges as agreed between the buyer and seller may accrue for the buyer's account only after an agreed date specified in the contract under which the wheat is sold.

2. The equivalent maximum prices for bulk wheat for:

(a) No. 1 Manitoba Northern wheat in store Vancouver shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article;

(b) No. 1 Manitoba Northern wheat f.o.b. Port Churchill, Manitoba, shall be the price equivalent to the c. and f. price in the country of destination of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article, computed by using currently prevailing transportation costs and exchange rates;

(c) Argentine wheat in store ocean ports shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article, converted into Argentine currency at the prevailing rate of exchange, making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(d) f.a.q. Australian wheat in store ocean ports shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1

of this Article, converted into Australian currency at the prevailing rate of exchange, making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(e) French wheat on sample or on description f.o.b. French seaports or at the French border (whichever is applicable) shall be

(i) if the country of destination has a sea coast, the c. and f. price in the country of destination of No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur at the maximum price specified in paragraph 1 of this Article, less the cost of transportation from the French coast to the coast of the country of destination,

(ii) if the country of destination has no sea coast, the price at the French border equal to the price determined as at (i) above in relation to a delivery of wheat at Hamburg,

computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(f) Swedish wheat on sample or on description f.o.b. Swedish ports between Stockholm and Gothenburg, both included, shall be the price equivalent to the c. and f. price in the country of destination of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(g) No. 1 Hard Winter wheat f.o.b. Gulf/Atlantic ports of the United States of America shall be the price equivalent to the c. and f. price in the country of destination of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned; and

(h) No. 1 Soft White wheat or No. 1 Hard Winter wheat in store Pacific ports of the United States of America shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article, computed by using the prevailing rate of exchange and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned.

3. The equivalent minimum price for bulk wheat for:

(a) No. 1 Manitoba Northern wheat f.o.b. Vancouver,

(b) No. 1 Manitoba Northern wheat f.o.b. Port Churchill, Manitoba,

(c) Argentine wheat f.o.b. Argentina,

(d) f.a.q. wheat f.o.b. Australia,

(e) French wheat on sample or on description f.o.b. French ports,

(f) Swedish wheat on sample or on description f.o.b. Swedish ports between Stockholm and Gothenburg, both included,

(g) No. 1 Hard Winter wheat f.o.b. Gulf/Atlantic ports of the United States of America, and

(h) No. 1 Soft White wheat or No. 1 Hard Winter wheat f.o.b. Pacific ports of the United States of America,

shall be respectively:

the f.o.b. prices Vancouver, Port Churchill, Argentina, Australia, France, Swedish ports between Stockholm and Gothenburg, both included, United States of America Gulf/Atlantic ports and United States of America Pacific ports equivalent to the c. and f. prices in the United Kingdom of Great Britain and Northern Ireland of the minimum prices for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned.

4. For the period of closed navigation between Fort William/Port Arthur and the Canadian Atlantic ports, equivalent maximum and minimum prices shall be determined by reference only to the lake and rail movement of wheat from Fort William/Port Arthur to Canadian winter ports.

5. The Executive Committee may, in consultation with the Advisory Committee on Price Equivalents, determine the minimum and maximum price equivalents for wheat at points other than those specified above and may also designate any description, type, class or grade of wheat other than those specified in paragraphs 2 and 3 above and determine the minimum and maximum price equivalents thereof; provided that, in the case of any other wheat the price equivalent of which has not yet been determined, the minimum and maximum prices for the time

being shall be derived from the minimum and maximum prices of the description, type, class or grade of wheat specified in this Article, or subsequently designated by the Executive Committee in consultation with the Advisory Committee on Price Equivalents, which is most closely comparable to such other wheat by the addition of an appropriate premium or by the deduction of an appropriate discount.

6. If any exporting or importing country represents to the Executive Committee that any price equivalent established under paragraph 2, 3 or 5 of this Article is, in the light of current transportation or exchange rates or market premiums or discounts, no longer fair, the Executive Committee shall consider the matter and may, in consultation with the Advisory Committee on Price Equivalents, make such adjustment as it considers desirable.

7. In establishing equivalent minimum and maximum prices under paragraph 2, 3, 5 or 6 above, no allowance for difference in quality shall be made which would result in the equivalent minimum and maximum price of wheat of any description, type, class or grade being fixed at a level higher than the basic minimum or maximum price, respectively, specified in paragraph 1 above.

8. If a dispute arises as to what premium or discount is appropriate for the purposes of paragraphs 5 and 6 of this Article in respect of any description of wheat specified in paragraph 2 or 3 or designated under paragraph 5 of this Article, the Executive Committee, in consultation with the Advisory Committee on Price Equivalents, shall on the request of the exporting or importing country concerned decide the issue.

9. All decisions of the Executive Committee under paragraphs 5, 6 and 8 of this Article shall be binding on all exporting and importing countries, provided that any of those countries which considers that any such decision is disadvantageous to it may ask the Council to review that decision.

ARTICLE VII

Stocks

1. In order to assure supplies of wheat to importing countries, each exporting country shall endeavour to maintain stocks of old crop wheat at the end of its crop-year at a level adequate to ensure that it will fulfil its guaranteed sales under this Agreement in each subsequent crop-year.

2. In the event of a short crop being harvested by an exporting country, particular consideration shall be given by the Council to the efforts made by that exporting country to maintain adequate stocks as required by paragraph 1 of this Article before that country is relieved of any of its obligations under Article X.

3. In order to avoid disproportionate purchases of wheat at the beginning and end of a crop-year, which might prejudice the stabilization of prices under this Agreement and render difficult the fulfilment of the obligations of all exporting and importing countries, importing countries shall endeavour to maintain adequate stocks at all times.

4. In the event of an appeal by an importing country under Article XII, particular consideration shall be given by the Council to the efforts made by that importing country to maintain adequate stocks as required by paragraph 3 of this Article before it decides in favour of such an appeal.

ARTICLE VIII

Information to be Supplied to the Council

The exporting and importing countries shall report to the Council, within the time prescribed by it, such information as the Council may request in connection with the administration of this Agreement.

PART 3—ADJUSTMENT OF GUARANTEED QUANTITIES

ARTICLE IX

Adjustments in Case of Non-participation or Withdrawal of Countries

1. In the event of any difference occurring between the total of the guaranteed purchases in Annex A to Article III and the total of the guaranteed sales in Annex B to Article III as a result of any country listed in Annex A or Annex B (a) not signing or (b) not depositing an instrument of acceptance of or (c) withdrawing under paragraph 5, 6 or 7 of Article XXII from or (d) being expelled under Article XIX from or (e) being found by the Council under Article XIX to be in default of the whole or part of its guaranteed quantity under this Agreement, the Council shall, without prejudice to the right of any country to withdraw from this Agreement under paragraph 6 of Article XXII, adjust the remaining guaranteed quantities so as to make the total in the one Annex equal to the total in the other Annex.

2. The adjustment under this Article shall, unless the Council decides otherwise by two-thirds of the votes cast by the exporting countries and two-thirds of the votes cast by the importing countries, be made by reducing *pro rata* the guaranteed quantities in Annex A or Annex B, as the case may

be, by the amount necessary to make the total in the one Annex equal to the total in the other Annex.

3. In making adjustments under this Article, the Council shall keep in mind the general desirability of maintaining the total guaranteed purchases and the total guaranteed sales at the highest possible level.

ARTICLE X

Adjustment in Case of Short Crop or Necessity to Safeguard Balance of Payments of Monetary Reserves

1. Any exporting or importing country which fears that it may be prevented, by a short crop in the case of an exporting country or the necessity to safeguard its balance of payments or monetary reserves in the case of an importing country, from carrying out its obligations under this Agreement in respect of a particular crop-year shall report the matter to the Council at the earliest possible date and apply to the Council to be relieved of the whole or a part of its obligations for that crop-year. An application made to the Council pursuant to this paragraph shall be heard without delay.

2. If the matter relates to a short crop, the Council shall, in dealing with the request for relief, review the reporting country's supply situation.

3. If the matter relates to balance of payments or monetary reserves, the Council shall seek and take into account, together with all facts which it considers relevant, the opinion of the International Monetary Fund, as far as the matter concerns a country which is a member of the Fund, on the existence and extent of the necessity referred to in paragraph 1 of this Article.

4. The Council shall, in dealing with a request for relief under this Article, adhere to the principle that the country concerned will to the maximum extent feasible, if it is an exporting country, make sales to meet its obligations under this Agreement and, if it is an importing country, make purchases to meet its obligations under this Agreement.

5. The Council shall decide whether the reporting country's representations are well founded. If it finds they are well founded, it shall decide to what extent and on what conditions the reporting country shall be relieved of its guaranteed quantity for the crop-year concerned. The Council shall inform the reporting country of its decision.

6. If the Council decides that the reporting country shall be relieved of the whole or part of its guaranteed quantity for the crop-year concerned, the following procedure shall apply:

(a) The Council shall, if the reporting country is an importing country, invite the other importing countries, or, if the reporting country is an exporting country, invite the other exporting countries, to increase their guaranteed quantities for the crop-year concerned up to the amount of the guaranteed quantity of which the reporting country is relieved. Any increase in guaranteed quantities under this sub-paragraph shall require the approval of the Council.

(b) If the amount of which the reporting country is relieved cannot be fully offset in the manner provided in (a) of this paragraph, the Council shall invite the exporting countries, if the reporting country is an importing country, or the importing countries, if the reporting country is an exporting country, to accept a reduction of their guaranteed quantities for the crop-year concerned up to the amount of the guaranteed quantity of which the reporting country is relieved, after taking account of any adjustments made under (a) of this paragraph.

(c) If the total offers received by the Council from the exporting and importing countries to increase their guaranteed quantities under (a) of this paragraph or to reduce their guaranteed quantities under (b) of this paragraph exceed the amount of the guaranteed quantity of which the reporting country is relieved, their guaranteed quantities shall, unless the Council decides otherwise, be increased or reduced, as the case may be, on a *pro rata* basis, provided that the increase or reduction of the guaranteed quantity of any such country shall not exceed its offer.

(d) If the amount of the guaranteed quantity of which the reporting country is relieved cannot be fully offset in the manner provided in (a) and (b) of this paragraph, the Council shall reduce the guaranteed quantities in Annex A to Article III, if the reporting country is an exporting country, or in Annex B to Article III, if the reporting country is an importing country, for the crop-year concerned by the amount necessary to make the total in the one Annex equal to the total in the other Annex. Unless the exporting countries in the case of a reduction in Annex B, or the importing countries in

case of a reduction in Annex A, agree otherwise, the reduction shall be made on a *pro rata* basis, account being taken of any reduction already made under (b) of this paragraph.

ARTICLE XI

Adjustments of Guaranteed Quantities by Consent

1. The Council, when requested to do so by the exporting and importing countries whose guaranteed quantities would thereby be changed, may approve increases in the guaranteed quantities in one Annex to Article III for the remaining period of the Agreement together with equivalent increases in the guaranteed quantities in the other Annex for that period.

2. An exporting country may transfer part of its guaranteed quantity to another exporting country and an importing country may transfer part of its guaranteed quantity to another importing country for one or more crop-years, subject to approval by the Council by a majority of the votes cast by the exporting countries and a majority of the votes cast by the importing countries.

3. The guaranteed quantity of any country acceding under Article XXI of this Agreement shall be offset by appropriate adjustments by way of increase or decrease of the guaranteed quantities of one or more other countries in Annexes A and B to Article III. Such adjustments shall not be approved unless each exporting or importing country whose guaranteed quantity is thereby changed has consented.

ARTICLE XII

Additional Purchases in Case of Critical Need

In order to meet a critical need which has arisen or threatens to arise in its territory, an importing country may appeal to the Council for assistance in obtaining supplies of wheat in addition to its guaranteed purchases. On consideration of such an appeal the Council may reduce *pro rata* the guaranteed quantities of the other importing countries in order to provide the quantity of wheat which it determines to be necessary to relieve the mergency created by the critical need, provided that it considers that such emergency cannot be met in any other manner. Two-thirds of the votes cast by the exporting countries and two-thirds of the votes cast by the importing countries shall be required for any reduction of guaranteed purchases under this paragraph.

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PART 4—ADMINISTRATION

ARTICLE XIII

The Council

A. *Constitution*

1. The International Wheat Council, established by the International Wheat Agreement which was opened for signature in Washington on 23 March 1949, shall continue in being for the purpose of administering the present Agreement.

2. Each exporting country and each importing country shall be a voting member of the Council and may be represented at its meetings by one delegate, alternates, and advisers.

3. Such inter-governmental organizations as the Council may decide to invite may each have one non-voting representative in attendance at meetings of the Council.

4. The Council shall elect for each crop-year a Chairman and a Vice-Chairman.

B. *Powers and Functions*

5. The Council shall establish its rules of procedure.

6. The Council shall keep such records as are required by the terms of this Agreement and may keep such other records as it considers desirable.

7. (a) The Council may study any aspect of the world wheat situation and may sponsor exchanges of information and inter-governmental consultations relating thereto. The Council may make such arrangements as it considers desirable with the Food and Agriculture Organization of the United Nations and with other inter-governmental organizations, and also with Governments not party to this Agreement which have a substantial interest in the international trade in wheat, for co-operation in any of these activities.

(b) The exporting and importing countries reserve to themselves complete liberty of action in the determination and administration of their internal agricultural and price policies.

8. The Council shall publish an annual report and may publish any other information concerning matters within the scope of this Agreement.

9. The Council shall have such other powers and perform such other functions as it may deem necessary to carry out the terms of this Agreement.

10. The Council may, by two-thirds of the votes cast by the exporting countries and two-thirds of the votes cast by the importing countries, delegate the exercise of any of its powers or functions. The Council may at any time revoke such delegation by a majority of the votes cast. Any decision made under any powers or functions delegated by the Council

in accordance with this paragraph shall be subject to review by the Council at the request of any exporting or importing country made within a period which the Council shall prescribe. Any decision in respect of which no request for review has been made within the prescribed period shall be binding on all exporting and importing countries.

C. *Voting*

11. (a) Subject to the provisions of subparagraphs (b) and (c) of this paragraph, the importing countries shall hold 1,000 votes, which shall be distributed among them in the proportions which their respective guaranteed purchases for the current crop-year bear to the total of the guaranteed purchases for that crop-year. The exporting countries shall also hold 1,000 votes, which shall be distributed among them in the proportions which their respective guaranteed sales for the current crop-year bear to the total of the guaranteed sales for that crop-year.

(b) If at any Session of the Council an importing country or an exporting country is not represented by an accredited delegate and has not authorized another country to exercise its votes in accordance with paragraph 16 of this Article, the total votes to be exercised by the exporting countries shall be adjusted to a figure equal to the total of votes to be exercised at that Session by the importing countries and redistributed among exporting countries in proportion to their guaranteed sales.

(c) No exporting country or importing country shall have less than one vote and there shall be no fractional votes.

12. The Council shall redistribute the votes in accordance with the provisions of paragraph 11 of this Article whenever there is any change in the guaranteed purchases or guaranteed sales for the current crop-year.

13. If an exporting or an importing country forfeits its votes under paragraph 5 of Article XVII or is deprived of its votes under paragraph 7 of Article XIX, the Council shall redistribute the votes as if that country had no guaranteed quantity for the current crop-year.

14. Any reduction in its guaranteed quantity accepted by an exporting country or an importing country under paragraph 6(b) of Article X and any transfer of part of a country's guaranteed quantity for only one crop-year under paragraph 2 of Article XI shall be disregarded for the purpose of redistributing votes under this Article.

15. Except where otherwise specified in this Agreement, decisions of the Council shall be by a majority of the total votes cast.

16. Any exporting country may authorize any other exporting country, and any importing country may authorize any other importing country, to represent its interests and to exercise its votes at any meeting or meetings of the Council. Evidence of such authorization satisfactory to the Council shall be submitted to the Council.

D. *Sessions*

17. The Council shall meet at least once during each half of each crop-year and at such other times as the Chairman may decide.

18. The Chairman shall convene a Session of the Council if so requested by (a) five countries or (b) one or more countries holding a total of not less than 10 per cent of the total votes or (c) the Executive Committee.

E. *Quorum*

19. The presence of delegates with a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries prior to any adjustment of votes under paragraph 11(b) of this Article shall be necessary to constitute a quorum at any meeting of the Council.

F. *Seat*

20. The seat of the Council shall be London unless the Council decides otherwise by a majority of the votes cast by the exporting countries and a majority of the votes cast by the importing countries.

G. *Legal Capacity*

21. The Council shall have in the territory of each exporting and importing country such legal capacity as may be necessary for the exercise of its functions under this Agreement.

H. *Decisions*

22. Each exporting and importing country undertakes to accept as binding all decisions of the Council under the provisions of this Agreement.

ARTICLE XIV

Executive Committee

1. The Council shall establish an Executive Committee. The members of the Executive Committee shall be not more than four exporting countries elected annually by the exporting countries and not more than eight importing countries elected annually by the importing countries. The Council shall appoint the Chairman of the Executive Committee and may appoint a Vice-Chairman.

2. The Executive Committee shall be responsible to and work under the general direction of the Council. It shall have such powers and functions as are expressly

assigned to it under this Agreement and such other powers and functions as the Council may delegate to it under paragraph 10 of Article XIII.

3. The exporting countries on the Executive Committee shall have the same total number of votes as the importing countries. The votes of the exporting countries shall be diivded among them as they shall decide, provided that no exporting country shall have more than 40 per cent of the total votes of the exporting countries. The votes of the importing countries shall be divided among them as they shall decide, provided that no importing country shall have more than 40 per cent of the total votes of the importing countries.

4. The Council shall prescribe rules and procedure regarding voting in the Executive Committee and may make such other provisions regarding rules of procedure in the Executive Committee as it thinks fit. A decision of the Executive Committee shall require the same majority of votes as this Agreement prescribes for the Council when making a decision on a similar matter.

5. Any exporting or importing country which is not a member of the Executive Committee may participate, without voting, in the discussion of any question before the Executive Committee whenever the latter considers that the interests of that country are affected.

ARTICLE XV

Advisory Committee on Price Equivalents

The Council shall establish an Advisory Committee on Price Equivalents consisting of representatives of not more than three exporting countries and of not more than three importing countries. The Committee shall advise the Council and the Executive Committee on the matters referred to in paragraphs 5, 6 and 8 of Article VI and on such other questions as the Council or the Executive Committee may refer to it. The Chairman of the Committee shall be appointed by the Council.

ARTICLE XVI

The Secretariat

1. The Council shall have a Secretariat consisting of a Secretary and such staff as may be required for the work of the Council and of its committees.

2. The Council shall appoint the Secretary and determine his duties.

3. The staff shall be appointed in accordance with regulations established by the Council.

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ARTICLE XVII

Finance

1. The expenses of delegations to the Council, of representatives on the Executive Committee, and of representatives on the Advisory Committee on Price Equivalents shall be met by their respective Governments. The other expenses necessary for the administration of this Agreement, including those of the Secretariat and any remuneration which the Council may decide to pay to its Chairman or its Vice-Chairman, shall be met by annual contributions from the exporting and importing countries. The contribution of each such country for each crop-year shall be in the proportion which its guaranteed quantity bears to the total guaranteed sales or purchases at the beginning of that crop-year.

2. At its first session after this Agreement comes into force, the Council shall approve its budget for the period ending 31 July 1957 and assess the contribution to be paid by each exporting and importing country.

3. The Council shall, at a session during the second half of each crop-year, approve its budget for the following crop-year and assess the contribution to be paid by each exporting and importing country for that crop-year.

4. The initial contribution of any exporting or importing country acceding to this Agreement under Article XXI shall be assessed by the Council on the basis of the guaranteed quantity to be held by it and the period remaining in the current crop-year, but the assessments made upon other exporting and importing countries for the current crop-year shall not be altered.

5. Contributions shall be payable immediately upon assessment. Any exporting or importing country failing to pay its contribution within one year of its assessment shall forfeit its voting rights until its contribution is paid, but shall not be deprived of its other rights nor relieved of its obligations under this Agreement. In the event of any exporting or importing country forfeiting its voting rights under this paragraph its votes shall be redistributed as provided in paragraph 13 of Article XIII.

6. The Council shall, each crop-year, publish an audited statement of its receipts and expenditures in the previous crop-year.

7. The Government of the country where the seat of the Council is situated shall grant exemption from taxation on the salaries paid by the Council to its employees except that such exemption need not apply to the nationals of that country.

8. The Council shall, prior to its dissolution, provide for the settlement of its liabilities and the disposal of its records and assets.

ARTICLE XVIII

Co-operation with other Inter-Governmental Organizations

1. The Council may make whatever arrangements are desirable for consultation and co-operation with the appropriate organs of the United Nations and its specialized agencies and with other inter-governmental organizations.

2. If the Council finds that any terms of this Agreement are materially inconsistent with such requirements as may be laid down by the United Nations or through its appropriate organs and specialized agencies regarding inter-governmental commodity agreements, the inconsistency shall be deemed to be a circumstance affecting adversely the operation of this Agreement and the procedure prescribed in paragraphs 3, 4 and 5 of Article XXII shall be applied.

ARTICLE XIX

Disputes and Complaints

1. Any dispute concerning the interpretation or application of this Agreement which is not settled by negotiations shall, at the request of any country party to the dispute, be referred to the Council for decision.

2. In any case where a dispute has been referred to the Council under paragraph 1 of this Article, a majority of countries, or any countries holding not less than one-third of the total votes, may require the Council, after full discussion, to seek the opinion of the advisory panel referred to in paragraph 3 of this Article on the issues in dispute before giving its decision.

3. (a) Unless the Council unanimously agrees otherwise, the panel shall consist of:

(i) two persons, one having wide experience in matters of the kind in dispute and the other having legal standing and experience, nominated by the exporting countries;

(ii) two such persons nominated by the importing countries; and

(iii) a chairman selected unanimously by the four persons nominated under (i) and (ii) or, if they fail to agree, by the Chairman of the International Wheat Council.

(b) Persons from countries whose Governments are parties to this Agreement shall be eligible to serve on the advisory panel, and persons appointed to the advisory panel shall act in their personal capacities and without instructions from any Government.

(c) The expenses of the advisory panel shall be paid by the Council.

4. The opinion of the advisory panel and the reasons therefor shall be submitted to the Council which, after considering all the relevant information, shall decide the dispute.

5. Any complaint that any exporting or importing country has failed to fulfil its obligations under this Agreement shall, at the request of the country making the complaint, be referred to the Council which shall make a decision on the matter.

6. No exporting or importing country shall be found to have committed a breach of this Agreement except by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries. Any finding that an exporting or importing country is in breach of this Agreement shall specify the nature of the breach and, if the breach involves default by that country in its guaranteed quantity, the extent of such default.

7. If the Council finds that an exporting country or an importing country has committed a breach of this Agreement it may, by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries, deprive the country concerned of its voting rights until it fulfils its obligations or expel that country from the Agreement.

8. If any exporting or importing country is deprived of its votes under this Article, the votes shall be redistributed as provided in paragraph 13 of Article XIII. If any exporting or importing country is found in default of the whole or part of its guaranteed quantity, or is expelled from this Agreement, the remaining guaranteed quantities shall be adjusted as provided in Article IX.

PART 5—FINAL PROVISIONS

ARTICLE XX

Signature, Acceptance, and Entry into Force

1. This Agreement shall be open for signature in Washington until and including 18 May 1956 by the Governments of the countries listed in Annex A and Annex B to Article III.

2. This Agreement shall be subject to acceptance by signatory Governments in accordance with their respective constitutional procedures. Subject to the provisions of paragraph 5 of this Article, instruments of acceptance shall be deposited with the Government of the United States of America not later than 16 July 1956 provided, however, that a notification by any signatory Government to the Government of the United States of America by 16 July 1956 of an

intention to accept this Agreement, followed by the deposit of an instrument of acceptance not later than 1 December 1956 in fulfilment of that intention, shall be deemed to constitute acceptance on 16 July 1956 for the purposes of this Article.

3. Provided that the Governments of countries listed in Annex A to Article III responsible for not less than two-thirds of the guaranteed purchases and the Governments of countries listed in Annex B to Article III responsible for not less than two-thirds of the guaranteed sales have accepted this Agreement by 16 July 1956, Parts 1, 3, 4 and 5 of the Agreement shall enter into force on 16 July 1956 and Part 2 on 1 August 1956 for those Governments which have accepted the Agreement.

4. If by 16 July 1956 the conditions laid down in the preceding paragraph for the entering into force of this Agreement are not fulfilled, the Governments of those countries which by the same date have accepted this Agreement as provided in paragraph 2 of this Article may decide by mutual consent that it shall enter into force between them, or alternatively may take whatever other action they consider the situation requires.

5. Any signatory Government which has not accepted this Agreement by 16 July 1956 as provided in paragraph 2 of this Article may be granted by the Council an extension of time after that date for depositing its instrument of acceptance. Parts 1, 3, 4 and 5 of this Agreement shall enter into force for that Government on the date of the deposit of its instrument of acceptance, and Part 2 of the Agreement shall enter into force on 1 August 1956 or on the date of the deposit of its instrument of acceptance, whichever is later.

6. The Government of the United States of America will notify all signatory Governments of each signature and acceptance of this Agreement.

ARTICLE XXI

Accession

The Council may, by two-thirds of the votes cast by the exporting countries and two-thirds of the votes cast by the importing countries, approve accession to this Agreement by any Government not already a party to it and prescribe conditions for such accession; provided, however, that the Council shall not approve the accession of any Government under this Article unless at the same time it approves adjustments of the guaranteed quantities in Annexes A and B to Article III in accordance with paragraph 3 of Article XI. Accession shall be effected by depositing an instrument of accession with the Government of the United States of America, which will notify all signatory and acceding Governments of each such accession.

ARTICLE XXII

Duration, Amendment, Withdrawal and Termination

1. This Agreement shall remain in force until and including 31 July 1959.

2. (a) The Council shall, at such time as it considers appropriate, communicate to the exporting and importing countries its recommendations regarding renewal or replacement of this Agreement.

(b) The Council may invite any Government not party to this Agreement which has a substantial interest in the international trade in wheat to participate in its discussions in connection with such renewal or replacement.

3. The Council may, by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries, recommend an amendment of this Agreement to the exporting and importing countries.

4. The Council may fix a time within which each exporting and importing country shall notify the Government of the United States of America whether or not it accepts the amendment. The amendment shall become effective upon its acceptance by exporting countries which hold two-thirds of the votes of the exporting countries and by importing countries which hold two-thirds of the votes of the importing countries.

5. Any exporting or importing country which has not notified the Government of the United States of America of its acceptance of an amendment by the date on which such amendment becomes effective may, after giving such written notice of withdrawal to the Government of the United States of America as the Council may require in each case, withdraw from this Agreement at the end of the current crop-year, but shall not thereby be released from any obligations under this Agreement which have not been discharged by the end of that crop-year.

6. Any exporting country which considers its interests to be seriously prejudiced by the non-participation in or withdrawal from this Agreement of any country listed in Annex A to Article III responsible for more than 5 per cent of the guaranteed quantities in that Annex, or any importing country which considers its interests to be seriously prejudiced by the non-participation in or withdrawal from the Agreement of any country listed in

Annex B to Article III responsible for more than 5 per cent of the guaranteed quantities in that Annex, may withdraw from this Agreement by giving written notice of withdrawal to the Government of the United States of America before 1 August 1956.

7. Any exporting or importing country which considers its national security to be endangered by the outbreak of hostilities may withdraw from this Agreement by giving thirty days' written notice of withdrawal to the Government of the United States of America.

8. The Government of the United States of America will inform all signatory and acceding Governments of each notification and notice received under this Article.

ARTICLE XXIII

Territorial Application

1. Any Government may, at the time of signature or acceptance of or accession to this Agreement, declare that its rights and obligations under the Agreement shall not apply in respect of all or any of the overseas territories for the foreign relations of which it is responsible.

2. With the exception of territories in respect of which a declaration has been made in accordance with paragraph 1 of this Article, the rights and obligations of any Government under this Agreement shall apply in respect of all territories for the foreign relations of which that Government is responsible.

3. Any Government may, at any time after its acceptance of or accession to this Agreement, by notification to the Government of the United States of America, declare that its rights and obligations under the Agreement shall apply in respect of all or any of the territories regarding which it has made a declaration in accordance with paragraph 1 of this Article.

4. Any Government may, by giving notification of withdrawal to the Government of the United States of America, withdraw from this Agreement separately in respect of all or any of the overseas territories for whose foreign relations it is responsible.

5. The Government of the United States of America will inform all signatory and acceding Governments of any declaration or notification made under this Article.

In Witness Whereof the undersigned, having been duly authorized to this effect by their respective Governments, have signed this Agreement on the dates appearing opposite their signatures.

The texts of this Agreement in the English, French and Spanish languages shall be all equally authentic, the original to be deposited in the archives of the Government of the United States of America, which shall transmit certified copies thereof to each signatory and acceding Government.

(Signatures to be in alphabetical order of countries.)

COUNTRIES WHICH HAVE SIGNED THE INTERNATIONAL WHEAT AGREEMENT, 1956

Argentina, Australia, Austria, Kingdom of Belgium, Bolivia, Brazil, Canada, Costa Rica, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, France, Federal Republic of Germany, Greece, Guatemala, India, Ireland, Israel, Italy, Japan, Republic of Korea, Lebanon, Liberia, Mexico, Kingdom of the Netherlands, New Zealand, Nicaragua, Kingdom of Norway, Panama, Peru, Republic of the Philippines, Portugal, Sweden, Switzerland, Union of South Africa, United States of America, The Vatican City State, Yugoslavia

THE SENATE

Wednesday, June 27, 1956

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

Prayers.

Routine proceedings.

CANADA LANDS SURVEYS BILL

PRIVILEGE

Hon. Jean-François Pouliot: Honourable senators, I am exceedingly sorry to have to rise on a question of privilege this afternoon. I happen to be a member of the Banking and Commerce Committee, a sitting of which I attended this morning in room 262 of this building. The bill which was before the committee was Bill 254, which contains what is in my opinion a bad amendment to a good act—the Canada Lands Surveys Act. I regret to inform honourable senators that I was precluded by the chairman of the committee from asking pertinent questions of the witness. I regret that very much, and while I do not ask for a sanction I have raised this question of privilege to acquaint the house with the point that I want to establish, that in my opinion the amendment is a bad amendment to a good act. I shall do so in due course today. I will not persist now, but it has been a great humiliation to me to have been denied the freedom of speech which until now has been the greatest asset of the Senate.

Hon. Salter A. Hayden: Honourable senators, as I was the chairman of the committee in question I desire to offer a few words in reply to my friend's suggestion that he was precluded by any comment of mine from asking pertinent questions, or that any freedom has ceased to exist in the conduct of the Senate or of its committees.

Let me just recount what happened for the benefit of those who were not there this morning. We were discussing Bill 254, an Act to amend the Canada Lands Surveys Act. After some lengthy discussion my friend rose and asked the witness a question which in effect was really asking the witness to reflect upon the qualifications of the Civil Service Commission. I indicated that I thought it was unfair to expect the witness to answer such a question, but the witness went ahead and answered. My friend then continued berating the Civil Service Commission, whereupon I referred him to the particular paragraph in the bill which contained the only reference to Civil Service Commission. I suggested that he keep his remarks within the ambit of that particular paragraph in so far as anything that he had to say with reference to the Civil Service Commission was concerned. My friend then continued. Mind you, honourable senators, these were not questions. On the contrary, they were statements, delivered in my friend's best fashion, for he was really warming up to the subject. He proceeded to berate the Civil Service Commission further. I have no brief for the commission, but I could not see why in the consideration of this bill it should be imported and its qualifications made the subject-matter of a speech. I therefore told my friend that as far as I was concerned my ruling was that he was out of order in discussing the Civil Service Commission in that connection and in that fashion. My friend took umbrage and left the room.

At no time did I say to my friend, "You cannot speak further". I would not assume to do that. All I did was to make a ruling upon the particular statements that he was making at the time in relation to the Civil Service Commission. There was no ban on my friend's continuing, and if he had been in order there would have been no objection. I even offered him the privilege of testing the ruling that I had made by putting it to the committee. I said, "This is my view on the point, and this is my ruling, but here is the committee; ask the committee what it thinks about it".

Honourable senators, that is the sum and substance of the matter. I could not let the occasion pass without making an explanation, because it is the first time this has occurred. I have known my friend for a great number of years, and I had always felt there was some spirit of friendship existing between us. I can assure him that if that spirit of friendship seems to have retreated, the retreat proceeds from his side and not from mine. However, I cannot allow to go unchallenged a statement regarding any supposed act of mine which is alleged to have precluded him from asking pertinent questions. I have no way of determining what the questions were; therefore, I do not know whether or not they were pertinent. That is the only submission I have to make on this point.

The Hon. the Speaker: Honourable senators, now that the senator from De la Durantaye (Hon. Mr. Pouliot) has stated his question of privilege, and the Chairman of the Committee (Hon. Mr. Hayden) has expressed his views with regard to it, the matter might well be left to the committee itself, which is primarily concerned.

CRIMINAL LAW

CAPITAL PUNISHMENT—REPORT OF JOINT COMMITTEE TABLED

Hon. Salter A. Hayden, Joint Chairman of the Joint Committee of the Senate and House of Commons on capital and corporal punishment and lotteries, presented the second report of the committee.

He said: Honourable senators, this report constitutes the committee's final report on the question of capital punishment only. The report is being presented in English at this time; the French version will be presented later. No motion is now being made for adoption of the report. I therefore move that this report do lie on the table, and that it be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this date.

The motion was agreed to.

See appendix to today's Hansard, *pp. 824-54.*

INDUSTRIAL DEVELOPMENT BANK BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 165.

The report was read by the Clerk as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (165) intituled: "An Act to amend the Industrial Development Bank Act", have in obedience to the order of reference of June 19, 1956, examined the said bill and now report the same without any amendment.

The report was adopted.

THIRD READING

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

Hon. Mr. Hayden: Honourable senators, I move the third reading now.

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

CANADA LANDS SURVEYS BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 254.

The report was read by the Clerk as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (254) intituled: "An Act to amend the Canada Lands Surveys Act", have in obedience to the order of reference of June 20, 1956, examined the said bill and now report the same without any amendment.

The report was adopted.

THIRD READING

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

Hon. Mr. Hayden: Honourable senators, I move the third reading now.

Hon. John T. Haig: Honourable senators, I opposed this bill when it was debated on second reading in the house and again this morning in committee. I am opposing it on three grounds. In the first place, I believe that land surveyors should be granted certificates of qualifications under university standards recognized throughout Canada. That is the procedure in such professions as law, medicine, and accountancy, and I see no reason why there should be an exception as regards the profession of surveying.

My second objection, I admit, is not quite so important. It is based on the principle that people who apply for examination in a profession should do what university students are required to do, that is, pay a fee sufficient to take care of the cost of their examination. It is only in connection with the surveying profession that the taxpayers are required to pay the costs of examinations.

My third objection is that under this bill extra pay will be received by one class of civil servants. That is a practice to which I am opposed. If a civil servant is paid a salary which is less than his services to the country are worth, the discrepancy should be adjusted by an increase in salary, not through extraneous payments.

The honourable senator who sponsored this bill in committee stated that as a consequence of it fewer dominion surveyors would be required in the Northwest Territories. The bill does not affect in any way the number of dominion surveyors; all it does is to increase the pay of certain civil servants who are to act as special examiners. This class of work should be the function of the universities. On this matter I entirely agree with the honourable senator from St. Boniface (Hon. Mr. Howden), and I speak from some experience in the matter. I have the honour to be the chairman of one of the boards of our affiliated universities in Manitoba, and my knowledge of university matters extends over fifty years. One main concern of our province, and in fact of all the provinces, is to emphasize the primary importance of education. The president of the Royal Bank of Canada, who returned from Russia only the other day, stressed the great efforts which the Russian people are making to extend higher education. Now here in Canada, what should be the function of a degree-conferring university is to be done by subterfuge, through

federal civil servants going around and examining candidates. This ought not to be permitted. Someone has asked me why I do not move an amendment. No amendment can be moved to this bill. All I can say is that I am opposed to the bill, and if I had sufficient support I would move that it be not reported. I did so in committee this morning, but the majority was against the motion.

I hold that this house should give careful consideration to the question whether men and women should be granted professional standing without having received university training and examination. I say they should not. I say further that civil servants should not be given subsidiary jobs beyond the regular scope of their occupation. If they are properly performing the work for which they are paid, the doing of it takes up all their knowledge and time. The more additional occupations a man has, the less time and ability he has left to concentrate on his main employment. We all know that one of life's problems is that of the man who, in any line of endeavour, carries too large a volume of work on his shoulders and cannot give proper time and thought to any of the matters he has to consider.

For these reasons I object to the bill. I think it should never have been introduced, and that it should not be passed.

Hon. John P. Howden: Honourable senators, I supported the stand of the honourable Leader of the Opposition (Hon. Mr. Haig) this morning when this bill was before the committee. I am a graduate of a university, and I know that practically all the sciences are, in matters of organization, salaries and the like, controlled through the universities. In committee I inquired whether the proceedings under the bill would be controlled by any board of education of a university. Though I could not get a direct reply, I gathered that they would not be, and therefore I objected: I said, as I have said before, that the teaching and the assessment of qualifications in the sciences should be controlled by a university board. Also in this case there appears to be no definite tariff: one charge may be imposed today, another tomorrow. If the matter were controlled by a university board, specific regulations would be laid down and the people concerned would have to follow them. This is a matter which should be seriously dealt with. I hope we shall have an end of bills such as the one before us.

Hon. Jean-François Pouliot: Honourable senators, on the second reading of this bill we were told that the discussion in this chamber would be shortened because members of the committee would have full opportunity to discuss it. I appreciate what has been said by the honourable Leader of the Opposition (Hon. Mr. Haig) and by my old friend the honourable senator from St. Boniface (Hon. Mr. Howden) as regards the qualifications of the surveyors to be appointed by the board. But the issue is much deeper; it goes to the manner in which these surveyors are to be appointed.

As a rule, civil servants are appointed by the Civil Service Commission, and in a very strange way, namely, by boards composed of civil servants. A long time ago—in 1938—the report of the Civil Service Commission carried an appendix with a list of special and advisory examiners; and although it was difficult for me to paddle against the current I succeeded in asking a witness on the stand—I do not know who he was; probably a public servant in the Mines and Technical Surveys Department—if there was anybody in the Civil Service Commission qualified to appoint surveyors. His answer was that there was not.

My objection to this bill is that the Civil Service Commission is brought in to establish the rate of salaries to be paid to successful candidates. The Canada Lands Surveys Act was passed in 1951. I was delighted to vote for it, because it was in accordance with my personal conviction that the determination of appointments should be upon the recommendation of the ministerial head of the department, not the Civil Service Commission. As that method conforms to an old conviction of mine, I was elated when the bill which gave recognition to it was passed by the House of Commons. It is to be remembered that the minister is the person responsible to Parliament and to the people for bills which affect his department. It is only legitimate that he should appoint those under him. This was the procedure laid down by the act of 1951. Very good. But this bill repeals section 7 of the act and replaces it with the following:

> Every member or temporary member of the board and the secretary of the board, whether or not he is employed or paid in any other capacity in the public service of Canada, may, in respect of the performance of his duties and functions under this act, be paid
>
> (a) remuneration at an annual rate to be fixed by the Treasury Board on the recommendation of the Civil Service Commission; and
>
> (b) his actual living and travelling expenses incurred while away from his normal place of residence.

My objection is that the Civil Service Commission, being unqualified to make the appointments, is no more qualified to fix the rate of salary. This should be done by the Treasury Board upon the recommendation of the minister.

My statement before the committee this morning and which I wish to repeat here,

under the protection of the Chair, is that the Civil Service Commission is just a smoke screen—so, much so that in many cases when the deputy minister of a department asks the commission to make an appointment and the commission holds a competition, there is no one within the commission itself qualified to decide upon the merits of the candidates, so it asks the deputy minister to recommend someone qualified to do the job. Well, that is ridiculous. It is just red tape. Some years ago the reports of the Civil Service Commission used to contain long lists of civil servants, from the Governor of the Bank of Canada down to minor technicians and clerks, who were available in their respective departments to conduct examinations for the commission, but the number of positions for which candidates have to be examined in this way has become so large that for some years now the commission has not published them. The commission is ashamed to publish a list containing so many names of departmental officials who act as examiners. Of course the pretext is that the Civil Service Commission does the examining. Why not be frank? The act itself is all right. It provides that the making of appointments shall be the responsibility of the minister. If the appointments are good, so much the better for the minister; and if the appointments are bad, then the minister will be to blame. I agree with that idea. Why should the Civil Service Commission, which is not competent to make the appointments, establish the salaries of these examiners? That is my objection.

If I had a seconder I would move that the words "Civil Service Commission" be deleted from the proposed new section 7(a) and that the words "the minister" be substituted. I wonder if any honourable senator would support me in that amendment. In my opinion there is a principle at stake. I had some preliminaries to my question in committee and I was perfectly in order in acting as I did. I have never been steam-rollered by the chairman of any committee, and I am too old to embark on such a career now. The chairman and I may not hold the same view, but I consider that the remuneration now paid special examiners is sufficient. The act provides that:

> The secretary shall receive the sum of ten dollars for each day's sitting of meetings of the board at which he attends together with his actual living and travelling expenses incurred through such attendance . . .

That remuneration of $10 is an extra, as has been said. The men doing this work hold down regular jobs in the Civil Service at so much a year. Why should they be given a bonus to fulfil their departmental duties? Is it not ridiculous that a man employed in the Department of Mines and Technical Surveys at a salary of so much a year should get an extra amount for saying that "John was a better candidate than Tom in an examination for the job of surveyor"? This is part of his job and his remuneration for it should be within his regular salary. There is no reason to increase the amount already paid him, which is most generous. The simplest way to deal with this question is not to move an amendment but to vote against the bill, and that is what I intend to do.

Hon. Salter A. Hayden: Honourable senators, I had not intended to say anything on the motion for third reading, but in view of what has taken place I should like to make a reference to the statute which the bill seeks to amend. I was pleased to note from the remarks of the honourable senator from De la Durantaye (Hon. Mr. Pouliot) that he supported the original Canada Lands Surveys Bill when it came before Parliament in 1951. That bill was passed and is the present act. I would like to point out to him that Part I of the act provides that:

> The Governor in Council shall appoint a Board of Examiners consisting of the Surveyor General who shall be chairman and two other members.

Under section 7 of the act statutory provision is made for the payment of remuneration to the members of this board for such services as they may render to it. Now, so far as my honourable friend's opposition to paying a bonus is concerned, I would point out that if the payment is to be considered a bonus because the members of the board are already employed in the Civil Service, then the statute itself also provides for a bonus. There is no difference. I rather gathered that my honourable friend's real objection was not to the payment of these men but to the manner in which the payment is to be made. The act now provides for payment and it fixes the rate of so much *per diem*, but the bill proposes that the rate be fixed by the Treasury Board on the recommendation of the Civil Service Commission. The Treasury Board should certainly be in a position to make some determination of what would be adequate rates of pay for such services as the members of the Board of Examiners perform. The Treasury Board is a well-informed organization which functions independently, and I can see no reason for a storm developing over the new method of payment proposed by the bill. If the Civil Service Commission made a recommendation which the Treasury Board thought was either too high or too low, I take it that the board would not act on that recommendation. The Treasury Board being, as I say an independent authority, I am perfectly happy to have it make the final determination as to what remuneration shall be paid to the examiners.

The Hon. the Speaker: Honourable senators, the question is on the motion of the Honourable Senator Hayden, seconded by the Honourable Senator Macdonald for the third reading of Bill 254, intituled an Act to amend the Canada Lands Surveys Act. Is it your pleasure to adopt the motion?

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the third time and passed, on division.

CRIMINAL LAW

JOINT COMMITTEE ON CERTAIN QUESTIONS—SUBSTITUTION OF COMMONS MEMBER

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

That the name of Miss Bennett be substituted for that of Miss Aitken on the special Joint Committee of both houses of Parliament appointed to inquire and report upon the questions of capital punishment, corporal punishment and lotteries; and

That a message be sent to the Senate to acquaint Their Honours thereof.

ADDITION TO SENATE MEMBERS

Hon. Mr. Macdonald: Honourable senators, although I may not be following the order of procedure, following upon the message received from the House of Commons I would move, seconded by the Leader of the Opposition (Hon. Mr. Haig):

That the names of the Honourable Senators Bishop, Connolly (Ottawa West) and Wilson be added to the list of senators serving on the Joint Committee on Capital and Corporal Punishment and Lotteries; and

That a message be sent to the House of Commons to inform that house accordingly.

Hon. Muriel McQ. Fergusson: Honourable senators, may I ask the reason for proposing these additions to the membership of the committee so late in the session, and at so late an hour this afternoon? The committee's report on capital punishment was tabled here today, and the committee is not likely to hold many more meetings. I am curious to know why new members are being added now.

Hon. Mr. Macdonald: I cannot give the reason for the change in membership made by the other house.

Hon. Mrs. Fergusson: I know the reason for that change. Miss Bennett was on the committee formerly. I am interested only in the addition of the three members of this house.

Hon. Mr. Macdonald: The purpose in appointing additional members is to facilitate meetings of the committee in the event that this house should be adjourned. We would not want our adjournment to delay the work of the committee.

Hon. Mr. Euler: May I ask if that is the reason why members from Ottawa were selected?

Hon. Mr. Macdonald: Yes, that is the reason. They live in Ottawa and will be available whenever a committee meeting is called. I am informed it is unlikely that there will be many meetings of this committee during any adjournment we might have, but in any event we want to ensure that the work of the committee will not be delayed.

Hon. Mrs. Fergusson: If I am not out of order, I would like to point out to the honourable leader that probably the only matters that will come up for discussion at the committee are our final decisions on corporal punishment and lotteries, and those decisions will probably be made during the next few meetings.

Hon. Mr. Hayden: Not on lotteries.

Hon. Mrs. Fergusson: My point is that members who have not attended the meetings which have been held during the last three sessions will not really be in a position to vote on these matters. I think that members who have attended the meetings regularly should be the ones to express their opinions.

Hon. Mr. Macdonald: I quite agree that those who have been attending the meetings should express their opinions, but may I point out to the honourable senator that the proceedings of the committee have been printed during the three sessions, and that the honourable senators now proposed as additional members of the committee have followed the reports very carefully and are quite familiar with the subjects under discussion.

The motion was agreed to.

NATIONAL CAPITAL

JOINT COMMITTEE ON FEDERAL DISTRICT COMMISSION—ADDITION TO SENATE MEMBERS

Hon. Mr. Macdonald, with leave of the Senate, moved:

That the names of the Honourable Senators Bishop, Croll and Wilson be added to the list of senators serving on the Joint Committee on the Federal District Commission; and

That a message be sent to the House of Commons to inform that house accordingly.

The motion was agreed to.

INTERNATIONAL TRADE

RECIPROCAL TAX AGREEMENTS

Hon. Gordon B. Isnor inquired of the Government, pursuant to notice of June 14:

1. What countries, with which Canada trades, have reciprocal tax agreements?
2. Give names of countries and dates on which agreements were made.

3. Is Canada trading with any country, to any extent, which imposes double taxation?
4. If so, what action, if any, is being taken to overcome the double taxation problem?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

1 and 2. Canada-United Kingdom, June 5, 1945; Canada-United States, March 4, 1942, Amended June 12, 1950; Canada-New Zealand, March 12, 1948; Canada-France, March 16, 1951; Canada-Sweden, April 6, 1951; Canada-Ireland, October 28, 1954; Canada-Denmark, September 30, 1955.

3 and 4. Although Canada imposes tax on the entire income from all sources received by a resident of Canada, nevertheless from the tax so paid there may be deducted an allowance for foreign income tax paid on income from foreign sources. This allowance may not exceed the Canadian tax payable on such foreign income. As a result of this provision under our law, double taxation of residents of Canada is avoided.

In view of the fact that our law protects our own residents from double taxation no further action by means of agreement is necessary on our part to accomplish this purpose. We are, however, always prepared to negotiate an agreement with any country which wishes to do so for the benefit of its own residents.

CLERK ASSISTANT OF THE SENATE

EXPRESSION OF SYMPATHY IN ILLNESS

On the Orders of the Day:

Hon. John P. Howden: Honourable senators, I am sure most of us have observed that a highly esteemed member of the Staff of the Senate has not been present for several days while the house has been sitting. Lieutenant-Colonel Rodolphe Larose, the Clerk Assistant, has long been a familiar figure in this chamber. It was only within the past day or two that I learned of his indisposition. I do not know what communications may have been sent to him or to his home by members of this house, but it occurs to me that sympathetic notice should be taken of the fact that he is indisposed.

Therefore, with leave, I beg to move, seconded by my desk-mate (Hon. Mr. Gershaw):

That the Senate, having heard with regret of the indisposition of its popular Clerk Assistant, Lieutenant Colonel Rodolphe Larose, trusts that his illness may prove to be of a transient nature and hopes to welcome him back in the near future, completely restored to health; and

That a copy of this resolution be forwarded to Lieutenant Colonel Larose forthwith by the Clerk of the Senate.

Hon. Senators: Hear, hear.

The motion was agreed to.

FOREIGN INSURANCE COMPANIES BILL

SECOND READING

Hon. Paul H. Bouffard moved the second reading of Bill S, an Act to amend the Foreign Insurance Companies Act.

He said: Honourable senators, this bill, which is not very complicated, seeks to amend the Foreign Insurance Companies Act in two respects. First, it would increase the deposit required to be made before a foreign insurance company can be registered to do fire or life insurance business in Canada; and secondly, it would change the date at which these companies must file their annual reports with the Department of Insurance.

There are three types of companies doing insurance business in Canada: Canadian, British and foreign companies. The foreign companies, which are incorporated outside the British commonwealth, are the only companies affected by the amendments proposed by this bill.

Prior to 1927 the amount of deposit required to be made by foreign companies doing life or fire insurance business in Canada was $50,000; in 1927 it was increased to $100,000, and since that date there has been no change. The bill now proposes that it be increased to $200,000. The reason for the proposed increase is a simple one. The insurance business in Canada, both as to fire and life, has increased tremendously over the past few years. For instance, while a life insurance policy of $10,000 may have provided sufficient protection for a man in 1927, today a policy of $20,000 would be required to give comparable protection. With respect to fire insurance, the volume of business has grown greatly by reason of the development of the country and the increase in property values since 1927. Consequently, for the protection of life and fire policyholders, the department feels the time has come when the amount of the deposit should be increased.

As further justification of the increased deposit I would point out that Canadian insurance companies which do fire or life business must have their shareholders subscribe and pay a minimum capital of $200,000. Therefore, it seems only just that foreign companies should be asked to increase their deposit for the security of the policyholders.

The second amendment which the bill proposes has to do with the annual statements which foreign companies have to make to the department. On or before March 1 each year the companies now must file a report covering their volume of business done in Canada in the preceding year. The bill makes no change in that respect, but foreign companies which do reinsurance business are given until March 15 to file their report. The

reason for the additional fifteen days is that these companies have to obtain reports from other companies which they re-insure, and it is difficult to file statements within the shorter time.

Foreign companies are also required to file a report as to their general business in the same way as they report to their shareholders. At the present time the report must be deposited with the department one month after it was filed with the government of the country in which the company's head office is located; and if filing is not required by that government the report must be filed with our department one month after the company reported to its shareholders, and in any event not later than June 30 of each year. Under those conditions the Department has been put to a good deal of trouble because of delays and postponements in the holding of shareholders' meetings. Further, it was impossible for companies whose fiscal year ended on June 30 to file their report with the department as of that date. Because of these difficulties the Department is attempting by this bill to remove some administrative obstacles. It is now proposed that the general report of a foreign company be made to the department in the month following the filing of the report with the foreign government concerned, and if that government does not require the report to be filed it must be in the hands of our department within six months after the end of the company's fiscal year. That seems to be a very simple arrangement and involves no shareholders' meetings or other complications.

Honourable senators, I have touched on all the amendments which the bill proposes. May I add that this bill has been on the Order Paper for the past six months, and in all that time not one objection to the deposit has been made by any company to the Insurance Department. Further, not only is there no objection to the deposit, but it has no retroactive effect. That is to say, the foreign companies which have been registered up to date, having deposited $100,000, will not have to increase that deposit. Nor is it necessary, because they have been doing business in Canada for a long time, and they are required to have in Canadian assets in this country an amount equivalent to their liabilities here.

I do not know that any further explanation is needed. It was not my intention to move that the bill be referred to a committee, because its terms are simple and its purpose is evident, but I am willing, if I can, to give honourable senators any additional information for which they may ask.

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

THIRD READING

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

Hon. Mr. Bouffard: I move the third reading now.

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

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

SECOND READING

Hon. Paul H. Bouffard moved the second reading of Bill T, an Act to amend the Canadian and British Insurance Companies Act.

He said: Honourable senators, this bill is very similar to the one which has just been under discussion, except that it concerns Canadian and British insurance companies. In so far as deposits are concerned, the amount of the deposit of a Canadian company with the Minister of Finance is increased from $50,000 to $100,000: that is to say, it is doubled. It should be remembered, however, that these companies are required to have subscribed and paid up a minimum of $200,000, and that the deposit of $100,000 is made from that subscription.

In so far as British life or fire insurance companies are concerned—that is to say, companies incorporated outside Canada but within the British commonwealth—the amount of deposit is to be increased from $100,000 to $200,000. The reasons here applicable are the same as I have just mentioned in the case of foreign companies. The only security of British companies available to their Canadian policyholders is the amount deposited with the Minister of Finance: all their other assets are held either in Britain or elsewhere in the world where they do business. It is important that Canadian policyholders be protected, and the increased deposit puts British companies in the same category as Canadian companies. It would be invidious if Canadian companies were required to provide security of $200,000 and only $100,000 were required from British companies.

As regards the filing of annual statements, the fiscal year of a Canadian company is always equivalent to the calendar year. Canadian insurance companies do not have to make two reports: they report only on their activities in Canada, and their statement of the business they have done in the preceding calendar year must be filed with the Minister of Finance on or before the first of March following. In so far as Canadian reinsurance companies are concerned,

there is allowed a delay to the 15th of March each year, for the same reasons applicable to foreign reinsurance companies. Reinsurance companies, whether Canadian, British or foreign, need time to get reports from the various companies with which they have reinsured or which they have reinsured, and that is why they are allowed the additional 15 days within which to file their reports.

In so far as British companies are concerned, they, like foreign companies, have to make two reports. They have to file an annual statement of their Canadian business by the first of March, or, in the case of a reinsurance company, not later than the 15th of March. Their statement of general business must be deposited in the department one month after they have furnished their report to their own Government, and, if such a report is not required, then within six months after the expiration of their fiscal year. So there will be no reason for the department to make inquiry as to the date of a shareholders' meeting, whether it be on the advertised date, or after adjournment: the time for filing is six months after the close of the fiscal year. In this respect, British, Canadian and foreign companies are in exactly the same position. The purpose of these provisions is to protect Canadian policyholders, if they are insured in a British or foreign company, to the same degree as if they are insured in a Canadian company.

Hon. Mr. Euler: I understand from the remarks of the honourable senator that there is an obligation on foreign insurance companies to have in Canada assets at least equal to their liabilities. Does the same requirement apply to British companies?

Hon. Mr. Bouffard: Exactly the same. For a long time it was permissible for British companies to hold assets in sterling in London, which were deposited with the Bank of Montreal, acting as an agent of the Minister of Finance. This has not been changed, but the new companies are obliged to take Canadian assets and deposit them in Canada. The old companies are permitted to continue to operate as they have in the past. Mind you, the British companies are desirous of transferring their British assets into Canadian assets, but they cannot do so all at once. They have to proceed slowly.

Hon. Mr. Power: Are the British companies restricted in doing this by exchange regulations set up by the British Government?

Hon. Mr. Bouffard: They have to get permission from the British Government, and they cannot transfer their assets very quickly. I would point out that out of a total of $2 billion assets now in the hands of the Minister of Finance, only $76 million is in sterling, as against $88 million in 1954 and $76 million in 1955. The department's 1956 report has not yet been published, but the figures I have given indicate that the amount of sterling assets is decreasing all the time. That, of course, is the desire of the British companies. They would rather have their assets and their deposits in Canadian money, but they cannot make the transfer all at once, and I do not think the Government would force these companies into a bad position.

Hon. Mr. Power: What is the situation with respect to foreign companies? Are their assets in the currencies of their own countries?

Hon. Mr. Bouffard: They were in the past, but at present the amount of deposits in their own currencies is extremely small. They all want to get into Canadian business. If foreign or British countries make a deposit in their own currency, then their deposit, based on the value of the Canadian dollar, must equal their liabilities in this country. Therefore, if the value of their currency should decrease they would have to deposit more assets, so that their assets would always equal the amount of their liabilities in Canada.

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

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Bouffard: I move the third reading now.

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

FARM IMPROVEMENT LOANS BILL

SECOND READING

Hon. William H. Taylor moved the second reading of Bill 208, an Act to amend the Farm Improvement Loans Act.

He said: Honourable senators, the Leader of the Government (Hon. Mr. Macdonald) was kind enough to ask me to explain this bill on second reading. I take it that his request was made because of my long experience in farming operations, not because of any experience I may have had in interpreting law.

The Farm Improvement Loans Act became law in 1945, as chapter 41 of the Statutes of Canada, 1944-45. From that date until 1954 chartered banks have made farm improvement loans under the act totalling more than $513 million. The Government has provided a guarantee of 10 per cent of the aggregate loans granted by the banks, and the total

amount guaranteed during the period from 1945 to 1954 was approximately $50 million. In spite of this large guarantee and the very large sums loaned by the banks, the losses in that period were very trivial, amounting to less than $150,000. Thus the Government's experience in this field has been excellent.

The purpose of the bill before the house is very simple and I will not take much of your time to explain the proposed changes to the act. First of all, the bill increases the individual loan by the banker to the borrower from $4,000 to $5,000. By the statutes of 1952-53 the act was extended for a three-year period terminating on March 31, 1956, and the bill would extend it for a further three-year period, terminating on March 31, 1959. The bill also continues a revolving fund of $300 million that was provided in previous legislation for the aggregate loan.

The bill also provides a maximum penalty of $500 to be imposed on persons summarily convicted before a magistrate of making false statements in applying for a loan. A further amendment is that proceedings for an offence under section 8 of the act may be commenced at any time within twelve months from the day on which evidence, sufficient in the opinion of the minister to justify prosecution for the offence, comes to his knowledge. The minister will be required to certify as to the date on which the evidence in question came to his knowledge. Proceedings in respect of an offence under section 8 of the act may not be taken later than three years from the time when the subject-matter of the proceedings first arose.

The final section of the bill provides that the act shall be deemed to have come into force on April 1, 1956, the date on which the guarantee would otherwise expire.

Honourable senators, I hope my explanation has been sufficient and that you will endorse the second reading of this bill.

Hon. John T. Haig: Honourable senators, although I do not say I am going to oppose this bill, I have never liked this type of legislation. I was a member of the Senate when this act came into force and I was opposed to it then. I still dislike the legislation, although I will admit that it has enabled many people to buy new high-powered farm machinery. In certain parts of Manitoba, Saskatchewan and Alberta it is necessary to have that kind of machinery, but it cannot be denied that the rural character of the areas where the machinery is used has been changed by reason of it. That is the march of progress, and no one can stop it. The half-section farm of the past has now become a section or a section and a half, and by reason of machinery our rural population has become markedly reduced.

Honourable senators, I have never been sure that the privilege of borrowing money too easily has helped the borrower. My experience in the city has been that more people have been ruined by banks lending them too much money than by refusing to lend them any money at all. To my knowledge some farmers are also in that position. It may be technically correct to say that the banks lose only 10 per cent, but that statement does not give the true story. If a bank lends $400,000, a loss of $40,000 on that amount would not mean a 10 per cent loss on ten separate machines or ten separate deals; it would be a loss on the gross amount loaned. I was in a bank at Virden recently, and the chief accountant said to me, "We made 73 loans yesterday and today". I asked him what kind of loans were made, and he told me that they were loans on machinery. I remarked that that was a large number of loans to make in two days, and he said, "Yes, but we have the Government guarantee". I asked him if the 10 per cent guaranteed by the Government covered each separate loan. He replied, "Oh, no, it covers 10 per cent of the total number of loans made". He said that if 75 loans were made, 10 per cent of the aggregate amount would be the maximum amount that could be lost. Until we get the final settlement it will not be clear how much the loss or gain is.

Honourable senators, I am not opposing the bill. The law is there, and it is being acted upon. With present crop conditions in Manitoba, Saskatchewan and Alberta, it looks as if there will be a demand for machinery this fall, but I do not like this system of loaning, for I am not sure that it is a good plan for the farmer who has to borrow money.

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

THIRD READING

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

Hon. Mr. Taylor: I move the third reading now.

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

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

See p. 816

CAPITAL PUNISHMENT

The Special Joint Committee of the Senate and the House of Commons on Capital and Corporal Punishment and Lotteries begs leave to present herewith its

SECOND REPORT*

of the current session, being the Committee's final report upon the question whether the criminal law of Canada relating to capital punishment should be amended in any respect and, if so, in what manner and to what extent.

The Minutes of Proceedings and Evidence tabled on June 29, 1955, by the preceding Committee were referred to this Committee; and, at this time, the Committee is returning only that portion applicable to the question of capital punishment. At the current session, no further evidence was printed and all proceedings were conducted *in camera*.

The sources of the evidence taken and witnesses heard on capital punishment during the first two sessions are listed alphabetically in Number 21 of the Committee's 1955 printed Minutes of Proceedings and Evidence, and a chronological schedule of the sittings of the Committee for the same period appears at page 830 of the same number.

The Committee proposes to report later on the questions of corporal punishment and lotteries, as well as to report generally on its activities, procedure, and matters relating thereto.

Respectfully submitted,

SALTER A. HAYDEN,
Joint Chairman representing the Senate.

DON. F. BROWN,
Joint Chairman representing the House of Commons.

*The first report of the Committee was a recommendation concerning its quorum, made on March 21, 1956.

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"B"—Canadian Capital-Case Statistics.

FINAL REPORT ON CAPITAL PUNISHMENT

CHAPTER I

SCOPE OF INQUIRY

1. The Committee endeavoured to give consideration to all aspects of the question of capital punishment. In addition to its study of the principal issue of abolition or retention, it considered proposals for limiting or modifying capital punishment by changes in law or procedure and gave special consideration to methods of executing the sentence of capital punishment. The Committee, however, expressly excluded from its inquiry any consideration of the defence of insanity and related problems arising from mental abnormality of accused persons because these questions were being investigated concurrently by a Royal Commission specially appointed for that purpose.

CHAPTER II

EXISTING LAW AND PRACTICE

Section 1: Present Provisions for Capital Punishment

2. Treason, piracy, and murder are the only capital offences prescribed in the present Canadian Criminal Code. The revised Criminal Code, which was enacted in 1954 and came into force in 1955, abolished capital punishment for rape. In practice, capital punishment has significance only as the punishment for murder. There was no recent example of its use as punishment for other crimes.

3. The sections of the Criminal Code defining the crime of murder and related homicidal offences are set forth in Appendix "A". Canadian law differs in some important respects from the common-law definition of murder. It is based on Stephen's draft Criminal Code of 1879 which was not adopted in the United Kingdom and, consequently, some of the detailed proposals for the change of the law recently made in the United Kingdom are not relevant to Canada.

4. Capital punishment is mandatory as the penalty upon conviction for murder and there is no discretion to impose any lesser sentence. Hanging is the only method prescribed for execution (Section 642).

Section 2: Trial and Procedure

(1) *Trial*

5. The responsibility for the investigation and prosecution of criminal offences is vested in the provinces. A charge of murder is first heard by a magistrate at a preliminary hearing and is proceeded with if the magistrate commits the accused for trial. In provinces retaining the grand jury, a true bill must also be found by the grand jury before the accused is tried. The charge is dealt with under the law and procedure governing indictable offences.

6. Jury trial is mandatory for murder charges except in the Province of Alberta where the accused may elect to be tried by a superior court judge without a jury. Upon a charge of murder the jury may convict, acquit, or convict for a lesser offence such as manslaughter or infanticide. In some cases, juries attach a recommendation to mercy to a murder verdict but it is not the practice for judges to instruct them that this course is open. On rare occasions a person convicted of murder has insisted on entering a plea of guilty. In these cases the courts have insisted on the production of sufficient crown evidence to assure that the charge was well founded.

7. It was apparent to the Committee that special importance is attached to murder trials because of the gravity of the sentence. In particular, arrangements appear to exist in most provinces, either through provincial governments or Law Societies, for the provision of counsel for the accused and, in some instances, for other assistance in the preparation of the defence against a charge of murder.

(2) *Appeals to Provincial Courts of Appeal*

8. The evidence indicated that most convictions of murder are appealed to provincial courts of appeal. The procedure is the same as for other indictable offences and an appeal lies as of right on a question of law and, with leave of the court appealed to, on a mixed question of law and fact or any other ground. The detailed rules governing appeals, including the time within which an appeal or application for leave may be brought, are established by the court of appeal rules of the different provinces. The Criminal Code, however, expressly prohibits the courts from granting any extension of time for appeal or leave to appeal in capital cases, although this right exists for all other convictions.

(3) *Appeals to the Supreme Court of Canada*

9. A person whose conviction is upheld by a provincial court of appeal may appeal as of right to the Supreme Court of Canada where there is a dissent on a question of law in the lower court. Otherwise, a convicted person may apply to a single judge of the Supreme Court of Canada for leave to appeal on a question of law.

(4) *The Royal Prerogative of Mercy*

10. The Criminal Code specifically preserves the Royal Prerogative of Mercy (Section 658). In addition, the Minister of Justice may direct a new trial or refer the whole of the case to a provincial appeal court or refer any question upon which he desires assistance to a provincial appeal court for opinion (Section 596). These latter provisions have been used infrequently. Nine new trials have been ordered since 1892 of which five have resulted in acquittals, three in convictions and one where the accused was found unfit to stand trial because of insanity. Five appeals have been referred to provincial courts of appeal of which four were dismissed and one resulted in a new trial.

11. The procedure governing commutation is based partly on statute but principally on established practice. The Governor in Council is authorized to commute the death sentence to life imprisonment or any lesser sentence. The same procedure applies to every capital case whether or not the convicted person applies for commutation. As soon as practicable after trial, the judge is required to send a complete transcript of the trial together with his own report to the Remission Service of the Department of Justice. As is the practice in the United Kingdom, the Canadian Remission Service is not confined to the record of trial and appeal. Accordingly, it seeks additional evidence and information about the convicted person's background, character, personality, conduct in prison, and other relevant matters from police, custodial officers and other responsible sources. Where there is the slightest question of mental abnormality, special psychiatric reports are obtained from consulting psychiatrists employed by the Remission Service. In addition, careful consideration is given to the representations of defence counsel and friends and all points of fact and detail raised are carefully investigated to ensure that no factor favouring clemency is overlooked. In the conduct of their investigation, officers of the Remission Service and the responsible Minister, now the Solicitor General, make themselves freely available to hear oral representations on behalf of the convicted person. The officers of the Remission Service make their recommendation to the responsible Minister who, in turn, will present the case to Cabinet, indicating whether he concurs in or disagrees with their recommendation. Each capital case is considered by Cabinet which has the final decision whether the sentence of death should be carried out or commuted.

12. Since each case is judged on its own merits, the practice governing remission cannot be reduced to a statement of settled principles. The decision in many cases necessitates a review of varying circumstances and, not infrequently, the weighing of conflicting considerations. It would defeat the purpose of the exercise of the prerogative of mercy to attempt to codify the instances in which it might be invoked. The only safe and fair generalization that can be made is that commutation occurs in all cases where extenuating circumstances of a substantial nature exist or the degree of moral culpability is not sufficient to warrant the supreme penalty.

13. The prerogative is not to be exercised where the circumstances show design and premeditation unqualified by any extenuating feature or where a murder is deliberately committed either to facilitate the commission of another crime or to avoid arrest following another crime. In general, it seemed that the same grounds are urged in requests for commutation as are urged as defences at trial. The executive, however, is not bound by the same strict rules as a court and jury in giving effect to them.

14. It appeared that certain considerations have substantial weight in relation to commutation. Unlike the United Kingdom, where the law prohibits the execution of a person who commits murder while under 18, no minimum age limit is prescribed in Canada. In practice, it appeared that youth is always taken into account. Only three persons, under the age of 18 when the offence was committed, have been executed in Canada. Since 1947, only one person under the age of 20 when the offence was committed has been executed and he was 19 years and 11 months of age. Prior to 1947, the preponderance of convicted murderers under 20 had their sentences commuted.

15. Mental abnormality falling short of the legal defence of insanity is a frequent factor in commutation, and to a lesser extent drunkenness falling short of the legal defence. There is some reluctance to override a jury's finding on a specific defence such as provocation. However, provocation carries more weight if it is coupled with factors like youth, instability, intoxication, or if the provocation itself has persisted over a long period. Mercy killings and genuine suicide pacts generally result in commutation. Where a murder conviction results from a killing committed in the course of another crime, consideration is given to the degree of moral culpability of an accomplice who did not actually commit the killing but who, in law, is equally guilty of the crime of murder.

16. Careful consideration is given to every recommendation to mercy by a jury. In many instances such recommendations will cover the various circumstances outlined in preceding paragraphs; but such recommendations occur also in a general residue of cases not falling in the above categories. In the 30-year period 1920-49, such recommendations were added in 135 out of a total of 597 sentences. Subsequently, 42 of these cases were disposed of by courts of appeal and of the balance, 69 or virtually 75 per cent were commuted. On the other hand, less than 25 per cent of the cases were commuted where no recommendation to mercy occurred. A recommendation to mercy is not automatically accepted as grounds for commutation because it is regarded as only one of the important factors affecting the final decision on commutation and may be outweighed by other considerations.

17. Convictions of murder against women are not common. Most homicide convictions against women are for the reduced offences of manslaughter, infanticide, or concealment of birth. Where women are convicted of murder, there is usually a lesser degree of moral culpability. In the 30-year period 1920-49, only 14 convictions of females were considered by the Cabinet and 9 or 64·3 per cent were commuted. In the same period, 456 male cases were considered of which only 32·5 per cent or 148 were commuted. In all, 157 or 33.4 per cent of the 470 cases considered in this period were commuted.

18. The figures referred to in the preceding paragraph indicate the disposition of cases which actually reach Cabinet. They do not take account of murder convictions which are set aside on appeal either by acquittal, order of a new trial, or substitution of a conviction for a lesser offence. The overall disposition of murder convictions by 10-year groupings in the period 1920-49 is indicated by the following table:

M—Male
F—Female
T—Total

* DISPOSITION OF CAPITAL CASES (** 1920-1949)

Period	(1) Sentenced to Death			(2) Disposed of by Court of Appeal or otherwise.			(3) Considered by Governor in Council			(4) Commuted			(5) Executed		
	M.	F.	T.	M.	F.	T.	M.	F.	T.	M.	F.	T.	M.	F.	T.
1920-29.....	184	6	190	27	1	28	157	5	162	65	4	69	92	1	93
1930-39.....	198	10	208	38	3	41	160	7	167	38	4	42	122	3	125
1940-49.....	191	8	199	52	6	58	139	2	141	45	1	46	94	1	95
Totals.....	573	24	597	117	10	127	456	14	470	148	9	157	308	5	313

* From statistical data presented to the Committee by the Remission Service of the Department of Justice. (See Appendix "B", which is an extract from and extension of the Committee's Minutes of Proceedings and Evidence No. 12 of 1954 and No. 20 of 1955).

** A complete record of the disposition of capital cases from 1867 to 1954 appears as Table A in Appendix "B". This record indicates that prior to 1920 commutation occurred in a higher proportion of cases than in the 30-year period 1920 to 1949 covered by the above Table. The Committee considered that the record for the years 1920 to 1949 gives a more accurate picture of the present extent of commutation and that the inclusion of the earlier years would create a misleading impression of the proportion of cases in which commutation has occurred and is likely to occur.

19. In this 30-year period, the sentences of 25.8 per cent of the males and 37.5 per cent of the females or 26.3 per cent of the total sentenced to death were commuted. This may be compared with the 50-year period 1900-49 in the United Kingdom where, out of a total of 1,210 capital sentences (1,080 male and 130 female), 45.7 per cent were commuted representing 40.3 per cent of the males and 90.8 per cent of the females. After allowance is made for 20.4 per cent of the males, 41.7 per cent of the females or 21.3 percent of the total whose sentences were reversed by courts of appeal as indicated in paragraph 17, 33.4 per cent of all sentences actually reviewed by Cabinet were commuted. The percentage of commutations in cases considered by Cabinet was considerably higher in the 1920's (42.5%) than in the 1930's (25.2%) rising substantially in the 1940's to a point (32.6%) approximating the 30-year average.

20. On the whole, no serious criticism was offered against present remission procedures and policies. Later paragraphs of this report will indicate the Committee's view that the exercise of the prerogative of mercy is a necessary and indispensable feature of the mandatory sentence of capital punishment for murder and that, by its use, the severity of the punishment can be mitigated in appropriate cases.

Section 3: Statistics on Incidence of Murder and Homicide.

21. The Committee considered carefully, during the course of its inquiry, statistical material relating to the incidence of murder and homicide in Canada and other countries. The Committee concluded that there are gaps in Canadian statistics which cannot be filled and, from the evidence presented to it, assumes that, apart from the United Kingdom and a few other jurisdictions, this lack of complete statistical data is common to most countries.

22. The most reliable Canadian figures are those relating to the disposition of sentences of capital punishment referred to in paragraph 18. They do not give the whole story. A complete picture would include the number of suspected murders, the number solved by arrest or otherwise and the disposition of charges whether by conviction, acquittal or conviction for a lesser offence such as manslaughter. The interim recommendation made by the Committee in 1954 suggesting a revision of statistical method had been anticipated by the Dominion Bureau of Statistics but the revised and improved statistical tables now being developed did not provide sufficient perspective to assist the Committee in its decision.

23. A general impression of the incidence of murder in Canada and the disposition of charges of murder is given by the following table:

STATISTICAL DATA RELATING TO HOMICIDAL DEATHS AND CAPITAL CASES REPORTED BY THE POLICE, COURTS AND SECRETARY OF STATE DEPARTMENT, 1930-1954[1], CANADA

Year	Number of homicidal deaths A	Number of murders known to police (2) B	Number of murders solved by police (2) C	Number of charges of murder (3) D	Number of convictions E	Number of acquittals (5) F	Number of detentions for insanity G	Number of charges reduced to manslaughter		Appeals (7)			No. of commutations (8) M	No. of executions (8) N
								conviction (6) H	acquittal I	Sentence varied J	Convictions Quashed K	New Trials L		
1930	214			54	17	30	7						5	10
1931	172			49	25	14	10						2	22
1932	158			47	23	18	6						6	16
1933	147			43	24	11	8						4	16
1934	142			46	19	24	3						1	12
1935	153			46	15	22	9						5	17
1936	137			48	22	18	8						3	8
1937	138			35	13	16	6						4	12
1938	127			45	22	19	4			—	2	2	7	7
1939	124			37	14	20	3			—	1	3	5	7
1940	148			40	17	18	5			—	1	6	6	8
1941	130			40	13	19	8			—	—	1	6	9
1942	113			41	15	16	9			—	1	6	4	6
1943	125			23	9	10	4			—	1	—	—	7
1944	106			33	11	20	2			1	1	2	3	6
1945	152			35	17	10	8			1	—	2	3	6
1946	146			66	32	29	5			2	2	4	8	14
1947	146			61	18	30	13			1	—	6	6	10
1948	155			56	19	33	4			2	—	4	4	12
1949	172			55	26	27	2			2	1	6	4	13
1950	118			29	19	9	1			1	2	9	6	13
1951	140	100	89	52	15	30	7			1	—	6	2	6
1952	138	105	94	50	18 (4)	32	—			—	—	9	3	12
1953	155	119	87	36	10	18	8	29	2	2	4	3	10	11
1954	160	116	96	35	15	16	4	40	—	4	—	4	1	4

(1) Figures from 1930 to 1950 inclusive respecting charges, convictions, acquittals, commutations and executions are for the judicial year. All other figures are for the calendar year.

(2) Figures prior to 1951 are not available.

(3) Figures include charges which resulted in conviction, acquittal, jury disagreement, stay of proceedings, no bill and *nolle prosequi;* but do not include charges resulting in convictions for lesser offence of manslaughter (See footnote (6)) (Columns H and I).

(4) The figure for 1952 includes one sentence of death commuted to life imprisonment.

(5) Includes acquittals, jury disagreements, stay of proceedings, no bill and *nolle prosequi*.

(6) Figures prior to 1953 are not available. The murder charges resulting in convictions for the lesser offence of manslaughter are additional to the number of charges of murder listed under the column "Number of Charges of Murder" (See footnote (3)) (Column D).

(7) Figures prior to 1938 are not available. The figures shown cover the calendar year.

(8) Figures represent commutations and executions that took place the year mentioned regardless of the year sentences of death were imposed.

24. The statistics summarized in the preceding table are incomplete and the figures appearing under different heads were gathered by different agencies and are not related to each other. Because statistics were referred to extensively in presentations made to the Committee, it seemed desirable to set forth available Canadian statistics and to indicate their limitations.

25. The United Kingdom Royal Commission on Capital Punishment concluded that the most accurate assessment of the incidence of murder was given by a count of murders known to the police. Figures under this head have been published in Canadian Police Statistics only since 1951 and are set forth in the preceding table in column "B". Insufficient data are available to indicate any trend, but the figures do suggest that murder is not a common crime. The figures included in the column of murders known to the police include reports from the Royal Canadian Mounted Police, the Ontario Provincial Police, and all large municipal police forces in Canada. They do not include reports from the Quebec Provincial Police or police forces in municipalities under 4,000 population.

26. Another method of statistical comparison used before the Committee was based on the number of charges of murder, tracing the disposition of those charges by conviction, acquittal or otherwise. Under the best of circumstances, an analysis of the incidence of murder based only on the number of murder charges would necessarily be incomplete because it would deal only with murders which result in prosecutions and would not include unsolved murders or cases where the suspected murderer never comes to trial because of suicide or mental incapacity. In addition, in Canada, the statistics reporting the number of charges of murder did not, until 1953, include murder charges which resulted in conviction for the lesser offence of manslaughter. The preceding table indicates that in the years 1953 and 1954 the number of charges of murder reduced to manslaughter (columns "H" and "I") approximates the number of charges of murder dealt with as such (column "D"). This means that over the years there must have been a much higher ratio of convictions in murder charges either for murder or for the reduced offence of manslaughter than is indicated by an analysis of the available statistics relating to the charges of murder only and their disposition. It should also be mentioned that, because of differences in reporting procedures, the number of convictions for murder shown in the preceding table does not coincide with the figures based on the actual cases disposed of by the Remission Service and referred to in paragraph 18.

27. The only other method of statistical comparison available is that provided by the record of homicides in ordinary vital statistics. These are open to question because they are based on the cause of death immediately recorded; frequently before the police have determined whether or not death was due to murder. These statistics are set forth in column "A" of the preceding table. They include all cases where intentional homicide was suspected as the cause of death but do not include cases where death resulted from negligence and more particularly from motor accidents. A similar reporting procedure is used in most other countries. When allowance is made for the incompleteness of vital statistics on homicides, a further complication is introduced because homicide is a broader term than murder. Professor Sellin, in presenting statistical material to the Committee, pointed out these difficulties and indicated that the validity of comparisons, based upon statistical records of killings or homicides, depended upon the number of murders in relation to total homicides remaining constant over a period of years. It seemed to the Committee as well, that an assumption has to be made that inaccuracies and omissions in statistical reporting would also balance out.

28. The Committee considered that it is necessary to emphasize the lack of complete statistical information on the crime of murder in Canada if only to indicate that other countries are in somewhat the same position,. The Committee shared the view expressed by representatives of the police that any consideration of the problems of murder and the death penalty, now or in the future, would be greatly facilitated by more and better statistical information. The Committee concluded, as a result of its consideration of the problems created by incomplete statistical information in Canada and elsewhere, that caution has to be used in interpreting statistical information from most other countries. This caution is added to that ordinarily required in comparing nations with different traditions and standards of law enforcement and becomes more significant because of the markedly different definitions of murder and related offences used by various countries.

CHAPTER III
RETENTION OR ABOLITION

Section 1: Arguments for Retention

(1) *Deterrence*

29. The Committee was impressed by the support of the death penalty by those having responsibility for law enforcement including all provincial attorneys general except the attorney general of Saskatchewan. The

experience of the officials supporting this view indicated it was an effective deterrent to murder. They considered that it was particularly effective in deterring professional criminals from carrying weapons and committing crimes of violence. In addition, it was contended that abolition would endanger police because a criminal seeking to avoid arrest would have much less fear of the consequences of the use of firearms or violence. Capital punishment was also said to be an integral part of Canada's respected structure of law enforcement which probably deters a substantial number of professional criminals from entering Canada.

(2) *Retribution*

30. Capital punishment was said to be a just and appropriate punishment for murder. It was claimed that, above all other punishment, it marks society's detestation and abhorrence of the taking of life and its revulsion against the "crime of crimes". In the retributive sense, capital punishment was supported not because of a desire for revenge but rather as society's reprobation of the grave crime of murder. It was also argued that, as a result of capital punishment, there had developed over a long period of time, in the words of the United Kingdom Royal Commission, "a deep feeling of peculiar abhorrence for the crime of murder".

(3) *Public Opinion*

31. It was contended that public opinion in Canada remained substantially in favour of capital punishment and that it would be unwise for the Canadian Parliament to abolish capital punishment contrary to the wishes of a majority of the Canadian citizens.

(4) *Prison Administration*

32. It was claimed that additional administrative problems would arise in penitentiaries if all convicted murderers were imprisoned. The conduct in prison of murderers, whose death penalties had for extenuating reasons been commuted to life imprisonment, was said to be no reliable guide to the conduct of persons in respect of whose capital offences there had been no sufficiently extenuating circumstances to warrant commutation.

33. The Commissioner of Penitentiaries, who expressed no view on the principle of abolition of capital punishment, suggested that consideration should be given to the retention of capital punishment for the convicted murderer who commits a subsequent murder in prison or in the course of an escape. He said that, if this existing deterrent were removed, apprehension would exist concerning the safety of the prison staff and the general public from prisoners for whom, because they were already serving life sentences, a further sentence of imprisonment could have no deterrent effect.

34. One related argument, which has been made in other jurisdictions to the effect that capital punishment in a painless and humane form is less cruel than punishment by life-long imprisonment, was not put to this Committee.

(5) *Propensity to Crimes of Violence*

35. It was also suggested that care should be used in making comparisons with the experiences of the United Kingdom and other countries in Western Europe which have been longer established and are more homogeneous as regards the racial origin, the language, the religion and outlook of their citizens than Canada. In a young and growing country like Canada, with a mixed population representing many nationalities, there was a greater need for the deterrent control provided by capital punishment. The murder rate, however it was measured, was said to be appreciably higher in both the United States and Canada than in Western Europe, as was the proportion of deliberately planned homicides. Hence, it was argued, that greater danger exists on this continent of an increase in violent crime if capital punishment were abandoned. Moreover, it was contended that professional criminals were more likely to resort to violence. To this class of criminal, capital punishment was a more effective deterrent than mere imprisonment to which they were already hardened and which they tended to regard as an occupational hazard.

Section 2: Arguments for Abolition

(1) *Not an Effective Deterrent*

36. Capital punishment was said to have no unique deterrent effect which would not be accomplished by imprisonment. It was claimed that a considerable proportion of murders are committed in circumstances of sudden passion and such murderers cannot be deterred by threat of the consequences. In contrast, those who carefully plan a murder or a crime like robbery from which murder results, were alleged to plan deliberately to avoid detection and are not influenced by the threat of the death penalty. In effect it was claimed that the only person who might be deterred is the normal law-abiding citizen, who would not murder in any case. In substance, the argument was that certainty of detection and apprehension is a more effective deterrent than severe punishment. This argument was reinforced by reference to some theories of the behaviour sciences which indicate that capital punishment has no special deterrent effect against those who expose themselves to it. Apart from those who can

meet the test of the legal defence of insanity, it was also contended that a considerable proportion of murderers are not fully responsible and cannot be restrained by the threat of a particular punishment. The argument denying any effective deterrent influence of capital punishment was supported by statistical references which were said to prove that capital punishment exercises no deterrent effect and that variations in the incidence of murder are not affected by the presence or absence of capital punishment. These statistics are discussed more fully in the next section of this chapter.

(2) *Morally Wrong*

37. It was contended that it is morally wrong for the state, as well as an individual, to take human life. The punishment was said to be at variance not only with the principles of Christianity but also with the humanitarian and social developments which characterize the modern world. It was alleged to be an obsolete, barbarous punishment which has been successfully dispensed with in most civilized countries and that it is out of step with modern morality and thought. It was also claimed that the public is revolted by the barbarous nature of the punishment.

(3) *Based on Revenge*

38. It was alleged that the death penalty is not justified as a deterrent and is retained only as a retributive punishment in the worst sense of expressing society's revenge against the murderer. It was contended that revenge should not be part of any just punishment and that the death penalty fails completely to afford any special protection to society.

(4) *Morbid Aspects*

39. It was contended that capital punishment is not only unjust to the murderer and ineffective as a deterrent, but is brutalizing in that it has a bad effect, not only upon prisoners and staff of the institutions where it takes place, but on society at large. It was said that the disproportionate publicity which surrounds a murder trial and an execution reflects the morbid instincts aroused by the death penalty. The shocking scenes which have accompanied some executions were cited in proof of these assertions as to the degenerative influence of capital punishment.

(5) *Risk of Error*

40. The punishment is irrevocable and the risk of executing an innocent person was alleged to justify abolition.

(6) *Adverse Effect upon Administration of Justice*

41. On the other hand, it was argued that guilty persons sometimes go free because juries are unduly swayed in their verdicts by fear of the death penalty. The punishment was criticized as unequal because the accused person who is able to employ competent counsel is much less likely to be exposed to it than the indigent person.

(7) *Prison Administration*

42. Opponents of the death penalty alleged that the incarceration of all convicted murderers will pose no special problems for prison administration and argued that, as a class, murderers have a superior record to other types of prisoners. Some also urged that, even if the housing of all convicted murderers presented difficulties, it would be improper to permit mere administrative considerations to stand in the way of abolition which was justified on broad grounds of public policy.

Section 3: Statistics relating to Deterrence

43. Throughout the literature on this subject and in many of its early hearings, the committee noted references to the statistical studies of Professor Thorsten Sellin and the Committee was fortunate in arranging for his attendance. His evidence presented statistical surveys comparing homicide rates (as defined in paragraph 27) in various jurisdictions in relation to the use of capital punishment.

44. Professor Sellin's oral evidence fell into three categories and was later supplemented by written evidence on a fourth matter. First, he compared homicide rates in several groups of states in the United States having similar social and economic characteristics, including in each group both states which have abolished and states which have retained capital punishment. In this way he sought to avoid the danger of comparing homicide rates in states with different traditions and social conditions. These comparisons indicate that homicide rates are similar in the various groups of states in which traditions and social conditions are substantially the same regardless of whether these states have retained or abolished the death penalty.

45. Professor Sellin's second group of comparisons traced the pattern of homicide rates, before and after abolition, in jurisdictions which have abolished the death penalty and included information on jurisdictions where capital punishment was restored after a period of abolition. These statistics also indicate that the trend of homicide rates does not appear to be affected appreciably by the presence or absence of capital punishment, and that no significant change in the rates followed abolition or reimposition of the death penalty.

46. His third group of statistics related to the incidence of homicide in Philadelphia before and after well-publicized executions and indicated that the executions appear to have had no appreciable effect on the number of homicides reported.

47. Finally, Professor Sellin and the Reverend Father Donald J. Campion submitted written studies of police killings in certain United States jurisdictions including both abolition and retention states. These studies, while comprehensive for the jurisdictions covered, did not contain data from some important states and municipalities. They indicated that the rate of police killings does not appear to be affected appreciably by the presence or absence of capital punishment.

48. The interpretation of this statistical data involves difficulty because the figures cannot express the differences in tradition, standards of law enforcement, social conditions and other factors in various countries or even regions within a country. It seems impossible to determine to what extent the movement of homicide rates may have been influenced by causes other than abolition or by a combination of abolition and other causes. However, the figures from other countries indicate that homicide rates are influenced by factors other than the death penalty, which are not easily measured or assessed, and this makes it difficult to deduce from the statistics available that abolition in Canada would not influence the homicide rate.

49. The Committee noted that Professor Sellin went farther in his presentation to it than in his presentation to the United Kingdom Royal Commission on Capital Punishment (1). In his evidence before the Royal Commission he stated in answer to a question that it could not be concluded from his statistical studies that capital punishment had no deterrent effect. In his evidence to this Committee he stated (2): "What the statistics prove is not the case for or against the death penalty, but the case against the general deterrent effect of that penalty".

50. While the Committee recognized that this statistical information assists in an understanding of this subject, it shared the opinion of the United Kingdom Royal Commission that too much should not be read into the failure to find a correlation between the death penalty and homicide rates in these statistical surveys. The Royal Commission concluded its survey of these statistics as follows: "The negative conclusion we draw from the figures does not of course imply a conclusion that the deterrent effect of the death penalty cannot be greater than that of any other punishment. It means only that the figures afford no reliable evidence one way or the other. It would no doubt be equally difficult to find statistical evidence of any direct relationship between the severity of any other punishment and the rise or fall of the crime to which it relates. Too many other factors come into the question. All we can say is that the deterrent value of punishment in general is probably liable to be exaggerated, and the effect of capital punishment specially so because of its drastic and sensational character".

Section 4: Conclusions

51. Abolition of capital punishment would involve a major change in the law and the Committee considered that it must approach this question on the basis of whether or not such a change would prejudice the safety and well-being of the public.

52. In considering the arguments for and against abolition, the Committee was conscious of the view of the provincial attorneys general and other officials responsible for law enforcement from whom it received evidence that capital punishment is an important and necessary deterrent to murder. As indicated in paragraph 50, the Committee did not consider that this opinion is displaced by other evidence based upon statistical comparisons, and the Committee has concluded that capital punishment does exercise a deterrent effect, which would not result from imprisonment or other forms of punishment.

53. The failures of capital punishment as a deterrent are obvious from the number of murders still committed. Its successes are unknown because it is impossible to determine the number of persons it has deterred from murder. One measure of its deterrent effect was afforded by an analysis of murders which indicated that a considerable proportion, probably in excess of half, are committed under the compulsion of overwhelming passion or anger where no deterrent could have been effective. This would seem to demonstrate that the death penalty, coupled with the excellent standards of law enforcement prevailing in Canada, has been successful in deterring the commission of deliberate, premeditated murders and reducing their incidence to minimum proportions. The deterrent effect may also be indicated by the widespread association of the crime of murder with the death penalty which is undoubtedly one reason why murder is regarded as such a grave and abhorrent crime.

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(1) Report of U.K. Royal Commission on Capital Punishment, 1949-53 (Cmd. 8952) H.M.S.O. London.
(2) 1954 Minutes of Proceedings and Evidence, No. 17, p. 671 (Queen's Printer, Ottawa).

54. The Committee has already indicated in paragraph 28 that comparisons between different countries on the basis of available statistics must, of necessity, be made with reservations. However, the Committee considered that criminals in North America appear more prone to the use of firearms and violence than European criminals. The Committee does not attempt to explain why this should be so, although it appears likely that it results from the comparative youthfulness of North American society and the variegated nature of its population. Whatever the reason may be, the Committee is of the opinion that it is obviously more imperative to retain the stern penalty of capital punishment as a continuing restraint against the use of violence by professional criminals.

55. The Committee also noted a difference in the types of murder committed in Canada and the United Kingdom. In the United Kingdom, murders of the familial-passion type which are not subject to control by the death penalty or any other penalty, constitute an appreciably higher proportion. In contrast, it seems that, proportionately, twice as many Canadian murders are committed in connection with robbery which indicates that, on the whole, Canadian murders are committed more frequently by professional criminals. The Committee has concluded that the death penalty is most likely to operate as a restraint and a deterrent to professional criminals who are obviously not deterred from crime by the risk of imprisonment alone, and that it is necessary to retain capital punishment to minimize the tendency of Canadian criminals to use violence in the commission of other crimes.

56. The Committee, while recognizing the substantial support given by many persons to the abolition of capital punishment, considered there is a still wider group who support and accept capital punishment. This support reflects the public's revulsion against murder, the "crime of crimes". Equally, the Committee considered that the public abhorrence of murder reflects a traditional attitude built up by the reservation of capital punishment for this particular crime. The abolition of a penalty traditionally accepted as a just and effective deterrent could only be recommended if the evidence clearly established that the ordinary citizen's view of its efficacy was demonstrably wrong. The experience of other jurisdictions shows that abolition, in the face of strong public support of capital punishment, might lead to confusion and doubt which adversely affect the administration of justice.

57. The Committee, in reaching the conclusion that it is in the public interest to retain capital punishment, took into account additional considerations relating to the apprehension, trial, and custody of accused persons upon which it desired to record its views.

58. The Committee was of the opinion that capital punishment does protect the police to a greater extent than imprisonment alone would do by deterring criminals from using firearms or violence to facilitate the commission of crimes, or escapes from arrest or attempted apprehension.

59. Some witnesses suggested that juries might be swayed by fear of the death sentence, and refuse to render murder verdicts in appropriate cases with the result that the guilty are not punished. The Committee, however, accepted the view of most law-enforcement authorities appearing before it that the great majority of jurors do not shrink from their duty because of fear of accepting responsibility for a sentence of capital punishment. While there is ample evidence that court and jury alike insist on the highest standards of proof in murder trials, the Committee did not consider that the existence of the death sentence interferes with the administration of justice. There are undoubtedly cases where the verdicts of juries, either acquitting or convicting for a lesser offence, are not easily reconciled with the evidence, but the Committee considered that, in these instances, juries may have been moved by their sympathy with the accused rather than by any reluctance to impose capital punishment.

60. Considerable emphasis was put on the risk of irrevocable error in capital convictions. The fact that there was no known Canadian instance of the execution of an innocent person indicated the effectiveness of present procedures by way of trial and executive review and this suggests that the risk of error does not present a reasonable argument for abolition in Canada.

61. The Committee considered that the proper management of prisons and executions can and does prevent adverse effects on prisoners and the public generally, and there was no evidence that properly trained and selected personnel, charged with the duty of superintending all details of executions, are left with any lasting ill effects.

62. The Committee took note of both the report of the United Kingdom Royal Commission on Capital Punishment, 1949-53, and the subsequent debates in the United Kingdom Parliament. Recently the British House of Commons approved the abolition of capital punishment. The Committee did not consider that the recent decisions of the United Kingdom House of Commons afford any compelling reason for it to reconsider its decision.

There are obvious differences between the two countries which may indicate that capital punishment is necessary and more effective in Canada. Moreover, the Committee noted that the votes in favour of abolition were carried by small majorities and that public opinion in the United Kingdom appears divided on the question. If the United Kingdom Parliament abolishes capital punishment, the experience of that country after abolition may be of assistance to Canada in the event that this question is studied again, as this Committee considers it should be, within the next decade.

63. While the Committee considered that capital punishment should be subjected to periodic review by Parliament, it recommends that the death penalty should be retained as the mandatory punishment for the crime of murder.

CHAPTER IV

SPECIFIC PROPOSALS FOR LIMITATION OF CAPITAL PUNISHMENT

Section 1: Crimes other than Murder

64. The Committee is of the opinion that capital punishment should not be extended to cover any crimes for which it is not at present a penalty. Specifically, the Committee approved of the deletion in the new Criminal Code of capital punishment as a penalty for rape.

65. The Committee believed that capital punishment should be retained as a punishment for treason and piracy. The latter offence is virtually obsolete but the retention of the grave penalty conforms to the general practice of common-law jurisdictions. The penalties for treason were carefully considered by Parliament during the enactment of the new Criminal Code and the use of capital punishment was suitably restricted to the most serious types of treasonable activity.

Section 2: Redefinition of the Crime of Murder

66. No specific proposal was put forward to the Committee for the redefinition of the crime of murder. Some witnesses, however, expressed the opinion that the crime might be redefined so that it would be limited to cases involving the greatest degree of moral culpability. The Committee recognized that murder is a many-sided crime. Many murders arise in circumstances where no premeditation is possible and where the killing follows suddenly from the passions of the moment. Other murders are premeditated, but not ignobly motivated, an example being what is called a "mercy killing". Some are not premeditated in the sense of representing the combination of a long and deliberately-planned scheme of killing but nonetheless are reprehensible because they arise from a wanton disregard of human life, an example being the killing committed in the course of an armed robbery. These examples are mentioned simply to show that any attempt to redefine murder rigidly in terms of specific premeditation or intent is not likely to accomplish fully the purpose of excluding killings involving little moral culpability and including only killings involving grave moral culpability. In this connection the Committee noted the many proposals considered in the United Kingdom in the past 80 years. It shares the conclusion of the United Kingdom Royal Commission on Capital Punishment that the various proposals for the redefinition of the crime of murder are not wholly satisfactory and cannot recommend any for the favourable consideration of Parliament.

67. The Canadian law of murder is not altogether comparable with that of the United Kingdom because, as mentioned in the opening sections of this report, the Canadian Criminal Code incorporates the codification proposed by Stephen in 1879 which was never accepted by the Parliament of the United Kingdom. This results, in practice, in two substantial differences between the Canadian and United Kingdom law of murder which did not appear to be appreciated by all witnesses who appeared before the Committee. In the first place, the defence of provocation has a wider ambit in Canada, and includes provocation by words as well as by deeds. Secondly, the concept of constructive murder is narrower in Canada than in the United Kingdom and, in general, is limited to killings arising in the commission or attempted commission of specified crimes of violence or in the course of escape from apprehension following such crimes or attempted crimes.

68. The Committee was of the opinion that no useful purpose would be served in attempting to specify, to any greater degree than at present, the responsibility of accomplices in crimes from which killing results. Since the type of murder which presents a peculiar problem in Canada is that arising in the course of a robbery, the Committee considers that the present law serves a useful purpose in making it clear that all those, who knowingly participate in an armed robbery in which it is clearly contemplated that violence will be used if necessary, should know that they are all equally liable to be charged with murder if killing results.

69. In practice, the Committee considered that any redefinition of the crime of murder should conform closely to the present practice in commuting sentences of capital punishment. Having concluded that it is not practicable to achieve a satisfactory redefinition of murder, the Committee also decided that differences between murders can only be recognized by granting commutation in suitable circumstances. Since differentiation in the crime of murder depends to a considerable extent upon the assessment of moral culpability of a crime, the Committee is of the opinion that the ends of justice are best served by the continuation of the present practice of mitigating the rigour of the law in appropriate cases by the exercise of executive clemency.

Section 3: Degrees of Murder

70. Several witnesses suggested that consideration might be given to the creation of degrees of murder which would take into account the difference in moral culpability between different types of homicides. All witnesses representing law-enforcement authorities opposed the establishment of degrees of murder. The Committee shares the conclusions of the United Kingdom Royal Commission on this question. The Committee is of the opinion that the present distinction between murder and manslaughter is quite clear and straightforward. It considers that any attempt to break murder down into degrees may lead to the creation of technical and confusing distinctions without, at the same time, creating any precise delineation between murders of differing degrees of moral culpability.

71. The experience of the United States seemed to suggest that, in the last analysis, the selection between the different degrees of murder is made by juries for reasons which are not too clear and which, in the words of the late Mr. Justice Cardozo, are shrouded in a cloud of words. In fact, in most jurisdictions in the United States the creation of degrees of murder has been accompanied in late years by the conferring of a discretion on the judge or jury to dispense with capital punishment for first-degree murder. Some reference was also made to the practice in some American jurisdictions of trafficking in the degrees of murder and accepting pleas of guilty for the lesser degree in place of prosecuting first-degree murder charges in serious cases. While this result might not occur in Canada, it suggests an added reason for caution in creating degrees of murder.

Section 4: Discretion as to Sentence

72. The Committee considered, as another method of limiting the rigour of capital punishment, the possibility of reposing discretion as to sentence in either the judge or the jury. The Committee noted that the United Kingdom Royal Commission on Capital Punishment concluded that permitting the jury to exercise discretion as to whether or not capital punishment should be imposed was the only practicable method of limiting the operation of capital punishment aside from complete reliance on executive clemency.

73. The Committee considers that it would be inappropriate and inadvisable to leave any discretion as to sentence to the judge. Apart from the difficulty of placing such an onerous responsibility upon one judge, there is the danger that inconsistency and lack of certainty might develop in practice as a result of differing policies followed by different judges.

74. The Committee does not favour the granting of discretion as to sentence to the jury because it does not conform to the traditional function of the jury which is to decide whether a person is guilty or innocent as charged. The Committee also considers that the exercise of a jury's discretion on the question of sentence would result in inconsistency and uncertainty in the administration of the law.

Section 5: Limitation in respect of Women and Young Persons

75. The commission of murder by women is rare and usually occurs in circumstances which warrant the exercise of the Royal Prerogative of Mercy. In the few cases where commutation of the death sentence was not warranted, the Committee can see no justification for treating women any differently from men.

76. The Committee noticed that the invariable practice has been to commute the sentence of all persons under 18 and that, since 1945, the sentence has rarely been executed against a person 20 years and under. The Committee balanced the consideration, that youth must always be a mitigating factor, against the fact that some of the most callous crimes are committed by young offenders showing a total disrespect for life or property. The Committee noted that the United Kingdom Royal Commission on Capital Punishment unanimously favoured the retention of the present United Kingdom law prohibiting the execution of offenders under 18 but was almost equally divided in considering whether

the exemption should be raised to 21. The Committee concluded that it would be proper to amend the law to provide that the death penalty should not apply to a person of the age of 18 years or less at the time of the commission of the offence and recommends strongly that, except in extraordinary cases, the present practice of commuting most death sentences passed on persons under 21 years be continued.

CHAPTER V

PROPOSALS AFFECTING TRIAL AND APPEAL

Section 1: Trial

77. The Committee gave consideration to all aspects of the procedure in capital cases at trial and on appeal and concluded that certain procedural changes are desirable if capital punishment is retained.

78. The Committee considered that two essential conditions should be met in all murder trials. First, the accused should be fully advised of the facts upon which the prosecution will base its case. Secondly, the accused should have the benefit of the advice and defence of competent, experienced counsel at all stages including the preliminary hearing, trial, and appeal and should have facilities and funds to procure evidence and witnesses essential to a proper defence.

79. The Committee has already mentioned the differences of opinion expressed about the efficiency of present procedures in ensuring that the defence is given proper notice of the essentials of the case for the prosecution. The Committee considers that no room for doubt should exist in capital cases and that the Criminal Code should be amended to provide that all facts upon which the prosecution proposes to base its case are disclosed to the defence in advance of trial.

80. The view was expressed by some witnesses that an accused person, who is able to employ competent counsel, has a better chance of acquittal than an indigent person. While the Committee was aware of no specific instance where an accused may have suffered because of an inadequate defence, it concluded that the present system of providing assistance to the defence in capital cases is based too much on the charity and spirit of public service of the bar and prosecuting authorities. The Committee recognized that the provision of counsel and other aids to the accused is the responsibility of provincial authorities but nevertheless respectfully recommends that existing arrangements should be reviewed. Specifically, the Committee recommends, for the consideration of provincial authorities, that arrangements be made for the employment and payment of competent counsel at all stages in a capital case and that funds and facilities be made available, where necessary, to assist the defence in procuring evidence and otherwise preparing its case for trial.

81. The Committee has already noted that it is possible for an accused to plead guilty in a capital case. The Committee believes that it is extremely undesirable to admit pleas of guilty in capital cases because the capacity of the accused must always be taken as doubtful and the acceptance of the plea almost makes the court privy to a scheme for self-destruction. Thus, the Committee recommends that the law be amended to provide that all murder trials proceed as if a plea of not guilty were entered.

Section 2: Appeals to Provincial Courts of Appeal

82. There was evidence that the present law, which prohibits the extension of the time prescribed for bringing an appeal in applications for leave to appeal in capital cases, may cause both injustice and embarrassment. The possibility exists that a technical slip may deprive an accused of his right to appeal. Extraordinary devices, such as the reference of a case to a provincial appeal court by the Minister of Justice, have been employed to circumvent this strict rule. The Committee considered that no technical barrier should prevent the review of every capital conviction by a provincial Court of Appeal. Equally, the Committee recognized the desirability of avoiding unnecessary delay in the disposition of capital cases and noted the experience of other jurisdictions where technical procedural delaying actions have frustrated the course of justice.

83. In the Committee's opinion, it is necessary to provide for an appeal procedure open to all, but which will not be prolonged or rendered uncertain in its effectiveness by procedural technicalities. The Committee concluded that this purpose can best be achieved by providing for an automatic appeal to a provincial appellate court after every capital conviction. The Committee contemplates that after conviction the record will be transmitted to the appellate court which will then be able to govern the conduct of the appeal by its own rules. Under this procedure, the Committee would expect provincial authorities, in all necessary cases, to arrange for the provision of competent counsel and the preparation of all materials and documents required for the appeal. The Committee recommends that the Criminal Code be amended to provide for an automatic appeal to a provincial

Court of Appeal in capital cases and respectfully commends, for the consideration of provincial authorities, its views on the provision of assistance to an accused in the conduct of his appeal.

Section 3: Appeals to the Supreme Court of Canada

84. At present, appeals to the Supreme Court of Canada are limited to appeals as of right where there is a dissent on a question of law in the provincial Court of Appeal. Otherwise an appeal may be taken only on a question of law if leave is obtained from one judge of the Supreme Court of Canada. Because of the gravity of the crime and sentence, the Committee considered it proper that an opportunity to be heard by the court of last resort should be open to every person subject to a capital sentence and recommends that the law be amended to provide for an appeal as of right in such event to the Supreme Court of Canada.

CHAPTER VI

METHOD OF EXECUTION

Section 1: Present Practice

85. Executions are now carried out by hanging. In Quebec and the four Western Provinces, hangings take place at central prisons, while in Ontario and New Brunswick they take place in county jails. Where centralized facilities are available they appear to be satisfactory, but there was considerable criticism of the temporary facilities which have to be erected in county jails. These are objectionable from several standpoints. The erection of the facilities naturally disturbs the condemned man and other prisoners. The occurrence of a hanging in the smaller centre, usually in a jail which is centrally located, awakens the morbid instincts of a section of the public. The fact that the facilities have to be hastily constructed frequently means that the condemned person must walk a considerable distance from his cell to the gallows. There was also the suggestion that personnel are not necessarily so well trained as in the centralized locations, and this may affect not only the conduct of the execution itself but the aftermath caused by the reaction left with officials present at the execution.

86. Generally speaking, in all provinces the same rules seem to govern the custody of the condemned man and the events immediately preceding execution. The condemned person is kept in a cell segregated from the rest of the prison, is afforded more privileges than the ordinary prisoner and is kept under extremely close surveillance. Under the authority of regulations issued by the Governor in Council, hangings now take place immediately after midnight on the day fixed for execution and are conducted as much as possible to avoid disturbance to other prisoners and to eliminate undue public attention. The conduct of executions is the responsibility of provincial officials. Two provinces had official hangmen who are available to serve in other jurisdictions when required.

87. Because it was not the practice to conduct post-mortems after executions by hanging, there appeared to be some uncertainty as to the exact causes of death in all cases, although the general presumption was that it occurred because of a fracture of the spinal column and injury to the spinal cord. The Committee recommends that, if hanging is retained, the law be amended to provide for post-mortems to ascertain the precise cause of death.

Section 2: Place of Execution

88. The Committee considers that the responsibility for providing facilities for execution should remain with the provinces and that all executions should be held in central locations in each province. The Criminal Code at present permits provincial authorities to designate central places of execution. The Committee is of the opinion that executions in central locations would be conducted with greater despatch and efficiency and in an atmosphere of greater decency and dignity than is the case with executions in local jails.

Section 3: Method of Execution

89. The Committee considered the merits of four different methods of execution, namely, hanging, electrocution, the gas chamber and lethal injection. Evidence on hanging was received from several prison officials and medical officers who had witnessed hangings in Canada as well as from the executioner who had officiated at most recent Canadian hangings. The Warden of Illinois State Penitentiary described the process of electrocution carried on in his institution and a description of execution by gas chamber was given by the former Warden of San Quentin Penitentiary in California. In addition, independent expert evidence on the effects and implications of the various methods of execution was presented by two leaders in the field of pharmacology and neurology who has been invited to appear before the Committee.

90. It was apparent that serious practical difficulties would arise if lethal injection by hypodermic needle were adopted as the method of execution and because of this the Committee gave less consideration to this method than the other three. The virtue alleged for execution by lethal injection was that it ensured instantaneous and painless death free from the fears aroused by other

methods of execution. The Committee ascertained that this could only be accomplished by intravenous injection and that skill was required to give such an injection. The Committee considered that it was not reasonable to expect a medical doctor to perform a task so repugnant to the tradition of the medical profession. Moreover, an intravenous injection is a delicate operation requiring the subject to keep absolutely still, and even if other skilled personnel were trained for the task, there would be substantial risk of mishap unless the condemned person was entirely acquiescent. The Committee thus concluded that lethal injection was not a practical method of execution.

91. The Committee considered that one of the principal objections to hanging was that so much depended upon the personal competence of the hangman, leaving a greater margin for error than in the case of execution by electrocution or the gas chamber. It may be that a hanging, conducted efficiently and with proper facilities, may be accomplished more quickly and with less anguish to the condemned person than the other two methods of execution. The Committee noted that, for this reason, the United Kingdom Royal Commission concluded that hanging should be retained. The evidence of medical witnesses and others, however, indicated that hangings in Canada were not conducted with the same degree of precision as in the United Kingdom and that there was no way of knowing, in some cases, how death was caused and whether loss of consciousness had been instantaneous. Examples of bungled hangings were brought to the Committee's attention. Moreover the Committee sensed from the evidence given by experienced officials and others, that hanging was regarded generally as being an obsolete, if not a barbaric method of execution. The Committee has concluded, after weighing these considerations, that hanging is not the most satisfactory method of execution which might be employed and, accordingly, recommends its abolition.

92. The advantage of both electrocution and the gas chamber is that they avoid the worst psychological associations connected with hanging and are also proof, to a much greater extent, against human frailty and error. The criticisms made of electrocution were that in some United States jurisdictions it had resulted in burning and mutilation of the body of the condemned person. No such problems arose from execution by the inhalation of lethal gas and the former warden of San Quentin Penitentiary contended that it was the least objectionable method of execution from the standpoint of both the condemned person and officials. On the other hand the gas chamber was criticized because of the danger to which it exposed the prison staff and because of the final strain it put on the condemned person. It was said that after lethal gas was released into the gas chamber the condemned person would be tempted to hold his breath for as long as possible.

93. In considering the merits of the two methods of execution, the Committee was influenced, to a substantial degree, by the evidence of the independent medical experts who both recommended electrocution as the most satisfactory method. Their recommendation was based on the extensive experience resulting from the use of electric shock treatments for mental diseases. This experience indicated that the application of even a small charge of electricity would produce instantaneous unconsciousness. It is the only method of execution where it could be established that unconsciousness was produced instantaneously and that death was painless. Moreover, the experts maintained that if properly conducted an electrocution would not result in any burning or mutilation of the body. Scientific knowledge indicated that life could be terminated by a series of shocks of alternating low and high voltages and that massive shocks which might result in burning were not necessary. The evidence of the warden of Illinois Penitentiary supported this view and his experience was that the application of carefully regulated alternating shocks resulted in instantaneous unconsciousness and speedy termination of life without any burning or mutilation. The medical experts suggested that electrocution need not be carried out in an electric chair and that simpler and less repulsive facilities might be employed.

94. The Committee concluded that the most satisfactory method of execution is by electrocution and, accordingly, recommends that the law be amended to replace hanging by electrocution. This recommendation, however, is premised on the evidence that modern methods of electrocution can produce instantaneous unconsciousness and painless death without any of the evil effects traditionally associated with the electric chair. If further investigation should create doubt as to the possibility of employing electrocution in this manner then the Committee considers it would be preferable to substitute the gas chamber as the method of execution.

CHAPTER VII

SUMMARY OF RECOMMENDATIONS

95. A summary of the Committee's recommendations is as follows:

(1) Retention of Capital Punishment as mandatory penalty for murder (paragraph 63).

(2) Retention of Capital Punishment for treason and piracy (paragraph 65).
(3) No change in definition of murder (paragraph 69).
(4) No "degrees of murder" (paragraphs 70-71).
(5) No special provision for women (paragraph 75).
(6) Abolition of Capital Punishment for offenders under 18 and restriction for offenders under 21 (paragraph 76).
(7) Full disclosure of Crown's case to accused (paragraph 79).
(8) Provision of competent counsel and assistance in producing evidence(paragraph 80).
(9) Mandatory plea of "not guilty" in Capital Cases (paragraph 81).
(10) Automatic appeal to provincial Court of Appeal in all Capital Cases (paragraph 83).
(11) Appeal as of Right by a Convicted Person to Supreme Court of Canada (paragraph 84).
(12) Centralized places of execution in each province (paragraph 88).
(13) Abolition of Hanging—Replacement by Electrocution with alternative of the Gas Chamber (paragraphs 91-94).

96. Appendices "A" and "B" are annexed hereto.

Respectfully submitted,

SALTER A. HAYDEN
Joint Chairman representing the Senate.

DON. F. BROWN,
Joint Chairman representing the House of Commons.

APPENDIX "A"

CRIMINAL CODE SECTIONS DEFINING THE CRIME OF MURDER AND RELATED HOMICIDAL OFFENCES

MURDER, MANSLAUGHTER AND INFANTICIDE

Murder

201. Culpable homicide is murder

(a) where the person who causes the death of a human being
  (i) means to cause his death, or
  (ii) means to cause him bodily harm that he knows is likely to cause his death, and is reckless whether death ensues or not;

(b) where a person, meaning to cause death to a human being or meaning to cause him bodily harm that he knows is likely to cause his death, and being reckless whether death ensues or not, by accident or mistake causes death to another human being, notwithstanding that he does not mean to cause death or bodily harm to that human being; or

(c) where a person, for an unlawful object, does anything that he knows or ought to know is likely to cause death, and thereby causes death to a human being, notwithstanding that he desires to effect his object without causing death or bodily harm to any human being.

Murder in commission of offences

202. Culpable homicide is murder where a person causes the death of a human being while committing or attempting to commit treason or an offence mentioned in section 52, piracy, escape or rescue from prison or lawful custody, resisting lawful arrest, rape, indecent assault, forcible abduction, robbery, burglary or arson, whether or not the person means to cause death to any human being and whether or not he knows that death is likely to be caused to any human being, if

Intention to cause bodily harm

(a) he means to cause bodily harm for the purpose of
  (i) facilitating the commission of the offence, or
  (ii) facilitating his flight after committing or attempting to commit the offence,
  and the death ensues from the bodily harm;

Administering overpowering thing

(b) he administers a stupefying or overpowering thing for a purpose mentioned in paragraph (a), and the death ensues therefrom;

Stopping the breath

(c) he wilfully stops, by any means, the breath of a human being for a purpose mentioned in paragraph (a), and the death ensues therefrom; or

Using weapon

(d) he uses a weapon or has it upon his person

(i) during or at the time he commits or attempts to commit the offence, or

(ii) during or at the time of his flight after committing or attempting to commit the offence,

and the death ensues as a consequence.

Murder reduced to manslaughter

203. (1) Culpable homicide that otherwise would be murder may be reduced to manslaughter if the person who committed it did so in the heat of passion caused by sudden provocation.

What is provocation

(2) A wrongful act or insult that is of such a nature as to be sufficient to deprive an ordinary person of the power of self-control is provocation for the purposes of this section if the accused acted upon it on the sudden and before there was time for his passion to cool.

Questions of fact

(3) For the purposes of this section the questions

(a) whether a particular wrongful act or insult amounted to provocation, and

(b) whether the accused was deprived of the power of self-control by the provocation that he alleges he received,

are questions of fact, but no one shall be deemed to have given provocation to another by doing anything that he had a legal right to do, or by doing anything that the accused incited him to do in order to provide the accused with an excuse for causing death or bodily harm to any human being.

Death during illegal arrest

(4) Culpable homicide that otherwise would be murder is not necessarily manslaughter by reason only that it was committed by a person who was being arrested illegally, but the fact that the illegality of the arrest was known to the accused may be evidence of provocation for the purpose of this section.

Infanticide

204. A female person commits infanticide when by a wilful act or omission she causes the death of her newly-born child, if at the time of the act or omission she is not fully recovered from the effect of giving birth to the child and by reason thereof or of the effect of lactation consequent on the birth of the child her mind is then disturbed.

Manslaughter

205. Culpable homicide thas is not murder or infanticide is manslaughter.

Punishment of murder

206. Every one who commits murder is guilty of an indictable offence and shall be sentenced to death.

Punishment for manslaughter

207. Every one who commits manslaughter is guilty of an indictable offence and is liable to imprisonment for life.

Punishment for infanticide

208. Every female person who commits infanticide is guilty of an indictable offence and is liable to imprisonment for five years.

Killing unborn child

209. (1) Every one who causes the death of a child that has not become a human being, in such a manner that, if the child were a human being, he would be guilty of murder, is guilty of an indictable offence and is liable to imprisonment for life.

Saving

(2) This section does not apply to a person who, by means that, in good faith, he considers necessary to preserve the life of the mother of a child that has not become a human being, causes the death of the child.

Attempt to commit murder

210. Every one who attempts by any means to commit murder is guilty of an indictable offence and is liable to imprisonment for life.

Accessory after fact to murder

211. Every one who is an accessory after the fact to murder is guilty of an indictable offence and is liable to imprisonment for life.

SUICIDE

Counselling or aiding suicide

212. Every one who

(a) counsels or procures a person to commit suicide, or

(b) aids or abets a person to commit suicide, whether suicide ensues or not, is

guilty of an indictable offence and is liable to imprisonment for fourteen years.

Attempt to commit suicide

213. Every one who attempts to commit suicide is guilty of an offence punishable on summary conviction.

POWERS OF MINISTER OF JUSTICE

Powers of Minister of Justice

596. The Minister of Justice may, upon an application for the mercy of the Crown by or on behalf of a person who has been convicted in proceedings by indictment,

(a) direct, by order in writing, a new trial before any court that he thinks proper, if after inquiry he is satisfied that in the circumstances a new trial should be directed;

(b) refer the matter at any time to the court of appeal for hearing and determination by that court as if it were an appeal by the convicted person; or

(c) refer to the court of appeal at any time, for its opinion, any question upon which he desires the assistance of that court, and the court shall furnish its opinion accordingly.

CAPITAL PUNISHMENT

Form of sentence

642. The sentence to be pronounced against a person who is sentenced to death shall be that he shall be hanged by the neck until he is dead.

Royal prerogative

658. Nothing in this Act in any manner limits or affects Her Majesty's royal prerogative of mercy.

APPENDIX "B"—CAPITAL CASE STATISTICS

TABLE A: DISPOSITION OF CAPITAL CASES, 1867-1954

This Table is the counterpart of Table I in Appendix 3 of the United Kingdom Royal Commission on Capital Punishment, 1949-53 at pages 298-301. "Otherwise" means "otherwise disposed of by the court of appeal", i.e., by quashing the conviction and entering a verdict of not guilty or ordering a new trial or substituting a verdict for a lesser offence.

M.—Male
F.—Female

Year	Sentenced to death		Executed		Commuted		Otherwise	
	M.	F.	M.	F.	M.	F.	M.	F.
1867	7	1	2	0	5	1	0	0
1868	11	0	4	0	7	0	0	0
1869	8	0	6	0	1	0	1	0
3 years	26	1	12	0	13	1	1	0
1870	6	0	0	0	6	0	0	0
1871	12	1	2	0	9	1	1	0
1872	16	1	3	1	13	0	0	0
1873	10	1	6	1	4	0	0	0
1874	13	0	3	0	10	0	0	0
1875	14	1	3	0	11	1	0	0
1876	15	0	4	0	11	0	0	0
1877	3	0	2	0	1	0	0	0
1878	12	1	4	0	8	1	0	0
1879	8	1	4	0	4	1	0	0
10 years	109	6	31	2	77	4	1	0
1880	6	0	5*	0	1	0	0	0
1881	12	1	8	0	4	1	0	0
1882	8	0	3	0	5	0	0	0
1883	8	1	5	0	3	1	0	0
1884	10	1	9	0	1	1	0	0
1885	20	0	11	0	9	0	0	0
1886	8	0	4	0	4	0	0	0
1887	6	0	3	0	3	0	0	0
1888	12	0	7	0	5	0	0	0
1889	2	0	2*	0	0	0	0	0
10 years	92	3	57	0	35	3	0	0
1890	12	0	10	0	2	0	0	0
1891	4	0	2	0	2	0	0	0
1892	6	0	2	0	4	0	0	0
1893	7	0	2	0	5	0	0	0
1894	8	0	5	0	3	0	0	0
1895	5	0	3	0	2	0	0	0
1896	5	0	1	0	4	0	0	0
1897	6	1	4	0	1	0	1	1
1898	14	0	7*	0	6	0	1**	0
1899	11	3	8	3	3	0	0	0
10 years	78	4	44	3	32	0	2	1
1900	8	0	6	0	2	0	0	0
1901	7	0	3	0	4	0	0	0
1902	13	0	9	0	4	0	0	0
1903	12	0	5	0	7	0	0	0
1904	12	0	6	0	4	0	2	0
1905	9	1	5	0	3	0	1†	1
1906	6	0	2	0	3	0	1	0
1907	12	0	7	0	5	0	0	0
1908	16	0	8	0	7	0	1	0
1909	17	1	12	0	3	1	2	0
10 years	112	2	63	0	42	1	7	1

* Includes one condemned person who committed suicide.
** Includes one condemned person who died in police hospital.
† Condemned person who died before consideration of case by Governor in Council.

TABLE A: DISPOSITION OF CAPITAL CASES, 1867-1954—*Concluded*

This Table is the counterpart of Table I in Appendix 3 of the United Kingdom Royal Commission Report on Capital Punishment, 1949-53 at pages 298-301. "Otherwise" means "otherwise disposed of by the court of appeal", i.e., by quashing the conviction and entering a verdict of not gulity or ordering a new trial or substituting a verdict for a lesser offence

M.—Male
F.—Female

Year	Sentenced to death		Executed		Commuted		Otherwise	
	M.	F.	M.	F.	M.	F.	M.	F.
1910	16	1	12	0	3	1	1	0
1911	13	1	7	0	4	1	2	0
1912	29	1	8	0	20	1	1	0
1913	25	1	9	0	14	0	2	1
1914	29	1	15	0	13	1	1	0
1915	28	2	14	0	12	2	2	0
1916	19	1	9*	0	9	0	1	1
1917	16	2	6	1	10	0	0	1
1918	15	0	6	0	8	0	1	0
1919	35	2	20*	0	13	1	2**	1
10 years	225	12	106	1	106	7	13	4
1920	21	2	7	0	11	2	3	0
1921	16	0	7	0	6	0	3	0
1922	24	1	11	1	8	0	5	0
1923	15	1	11	0	3	0	1	1
1924	23	1	10	0	9	1	4	0
1925	19	0	9	0	9	0	1	0
1926	10	0	6	0	2	0	2	0
1927	16	1	11	0	4	1	1	0
1928	18	0	6	0	7	0	5	0
1929	22	0	14	0	6	0	2	0
10 years	184	6	92	1	65	4	27	1
1930	23	0	13	0	5	0	5	0
1931	32	0	25	0	3	0	4	0
1932	22	1	13	0	5	0	4	1
1933	21	0	16	0	3	0	2	0
1934	23	3	11	1	4	1	8	1
1935	14	3	11	1	2	1	1	1
1936	21	1	14	0	3	1	4	0
1937	14	0	7	0	2	0	5	0
1938	18	1	8	1	8	0	2	0
1939	10	1	4	0	3	1	3	0
10 years	198	10	122	3	38	4	38	3
1940	19	2	9	0	6	0	4	2
1941	15	0	7	0	7	0	1	0
1942	12	1	6	0	1	0	5	1
1943	10	0	7	0	1	0	2	0
1944	18	0	9	0	4	0	5	0
1945	19	0	10	0	5	0	4	0
1946	24	5	12	1	7	1	5	3
1947	19	0	10	0	3	0	6	0
1948	26	0	13*	0	5	0	8	0
1949	29	0	11	0	6	0	12	0
10 years	191	8	94	1	45	1	52	6
1950	20	1	10	0	3	0	7	1
1951	17	2	10	1	2	1	5	0
1952	26	0	10	0	8	0	8	0
1953	22	0	8	0	6	0	8	0
1954	25	0	10	0	4	0	11†	0
5 years	110	3	48	1	23	1	39	1

* Includes one condemned person who committed suicide.
** Includes one condemned person who died before date fixed for execution.
† Includes three condemned persons whose cases were still before Appeal Courts.

TABLE B.

PROPORTION OF EXECUTIONS (1920–1949)

This table shows the number of persons who, during the relevant period, were executed as a result of the imposition of sentence of death upon them. The number of cases disposed of by appeal courts and by commutation will be found in Tables C, D and E.

M.—Male
F.—Female
T.—Total

Period	(1) Sentenced to death			(2) Executed			(3) (2) as a percentage of (1)		
	M.	F.	T.	M.	F.	T.	Per cent M.	Per cent F.	Per cent T.
1920–1929	184	6	190	92	1	93	50·	16·6	47·7
1930–1939	198	10	208	122	3	125	61·6	30·0	60·1
1940–1949	191	8	199	94*	1	95	49·2	12·5	47·7
Total	573	24	597	308	5	313	53·9	20·8	52·4

* Includes one condemned person who committed suicide.

TABLE C.

PROPORTION DISPOSED OF BY APPEAL COURTS (1920–1949)

This table shows the number of persons who, during the relevant period, had their convictions quashed by appeal courts and in respect of whom a verdict of not guilty was entered, a new trial ordered or another verdict substituted.

M.—Male
F.—Female
T.—Total

Period	(1) Sentenced to death			(2) Disposal by Court of Appeal			(3) (2) as a percentage of (1)		
	M.	F.	T.	M.	F.	T.	Per cent M.	Per cent F.	Per cent T.
1920–1929	184	6	190	27	1	28	14·6	16·6	14·7
1930–1939	198	10	208	38	3	41	19·2	30·0	19·7
1940–1949	191	8	199	52	6	58	27·2	75·0	29·2
Total	573	24	597	117	10	127	20·4	41·7	21·3

TABLE D.

PROPORTION OF COMMUTATIONS (1920–1949)

This table shows the number of persons whose sentences were, during the relevant period, commuted to sentences of life imprisonment. It is the counterpart of Table III of the United Kingdom Royal Commission Report, at page 13. This table is to be distinguished from Table E which deals not with all sentences of death imposed during the relevant period, but only with those that came before the Governor in Council for decision on the question of commutation.

M.—Male
F.—Female
T.—Total

Period	(1) Sentenced to death			(2) Commuted			(3) (2) as a percentage of (1)		
	M.	F.	T.	M.	F.	T.	Per cent M.	Per cent F.	Per cent T.
1920–1929	184	6	190	65	4	69	35·3	66·6	36·3
1930–1939	198	10	208	38	4	42	19·2	40·0	20·2
1940–1949	191	8	199	45	1	46	23·6	12·5	23·1
Total	573	24	597	148	9	157	25·8	37·5	26·3

TABLE E.

PROPORTION OF COMMUTATIONS (1920–1949)

This table shows the number of persons whose sentences were, during the relevant period, commuted to sentences of life imprisonment by the exercise of the royal prerogative. It is to be noted that the figures in this table do not take into account cases disposed of by appeal courts. This table relates only to cases that were dealt with by the Governor in Council.

M.—Male
F.—Female
T.—Total

Period	(1) Considered by Governor in Council			(2) Commuted			(3) (2) as a percentage of (1)		
	M.	F.	T.	M.	F.	T.	Per cent M.	Per cent F.	Per cent T.
1920–1929	157	5	162	65	4	69	41·4	80·0	42·5
1930–1939	160	7	167	38	4	42	23·7	57·1	25·2
1940–1949	139	2	141	45	1	46	32·4	50·0	32·6
Total	456	14	470	148	9	157	32·5	64·3	33·4

TABLE F.

RECOMMENDATIONS AS TO MERCY (1920–1949)

This table is the counterpart of Table I of the United Kingdom Royal Commission Report, at page 9.

M.—Male
F.—Female

Year	Convicted and sentenced to death		Recommended to Mercy								Not Recommended to Mercy							
			Total		Commuted		Executed		Disposed of by appeal court		Total		Commuted		Executed		Disposed of by appeal court	
	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.
1920 to 1929...	184	6	35	4	17	2	5	0	14	1	149	2	49	1	87	1	13	0
1930 to 1939...	198	10	38	4	23	3	11	0	4	1	160	6	15	1	111	3	34	2
1940 to 1949...	191	8	49	5	24	0	8	0	17	5	142	3	21	1	86	1	35	1
Total.....	573	24	122	13	64	5	24	0	35	7	451	11	85	3	284	5	82	3

M.—Male
F.—Female
C.—Commutation
E.—Execution

TABLE G

ANALYSIS RE VICTIMS OF CONVICTED MURDERERS (1920-1952)

THIS TABLE IS THE COUNTERPART OF TABLE 4 IN APPENDIX 3 OF THE UNITED KINGDOM ROYAL COMMISSION REPORT, AT PAGES 304-306

—	For murder of wife		For murder of husband		For murder of parent				For murder of sweetheart				For murder of mistress				For murder of children				Sexual Assault				Robbery				Revenge or Jealousy				Escaping Custody or arrest				For murder of policeman				Miscellaneous				Total
	M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		
	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	
1920	1	1	1											1				1							2	4			2					1						6				20
1921	1	1															1								2	5				1											2				13
1922																	1					1				2			1	4		1								6	4			20
1923	1	1																								5				3											2	2			14
1924	1		1							1							1								7	6				1				1								1			20
1925													1												5	7				1											3	1			18
1926									1					3												2															1	1			8
1927	1	3				1																2			3	2	1			3														16
1928	1												1								1				2	1				1											2	4			13
1929				1	1								1	2								1				4				3											4	3			20
Total 10 yrs	6	6	2	1	1	1			1	1			3	6			3		1		1	4			21	38	1		3	17		1		2						26	16			162
1930		1																							3	6			2	3								1				2			18
1931	1	2				2								1												8			1	5								2			1	5			28
1932														3												6												1			5	3			18
1933	1				1	1								1				1								7				6											1				19
1934	1	1	1																							4			1	2								1			2	3		1	17
1935		1	1	1		2												1								1				1							1	4			1	1			15
1936		2	1																			1			1	4				2			1					1			1	4			18
1937		1																				1			1	1				1								2			1	1			9
1938	2	1		1																					1	4			1												4	3			17
1939	1								1					2								1				1			1														1		8
Total 10 yrs	6	9	3	2	1	5			1					7				2				3			6	42			6	20			1				1	12			16	22	1	1	167

M.—Male
F.—Female
C.—Commutation
E.—Execution

TABLE G—*Concluded*

ANALYSIS RE VICTIMS OF CONVICTED MURDERERS (1920-1952)

THIS TABLE IS THE COUNTERPART OF TABLE 4 IN APPENDIX 3 OF THE UNITED KINGDOM ROYAL COMMISSION REPORT, AT PAGES 304-306

—	For murder of wife		For murder of husband		For murder of parent				For murder of sweetheart				For murder of mistress				For murder of children				Sexual Assault				Robbery				Revenge or Jealousy				Escaping Custody or arrest				For murder of policeman				Miscellaneous				Total
	M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		
	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	
1940		1												1											4	3			1	1								1			1	2			15
1941	1	2							1				2									1			1	4							1								1				14
1942		1				1																2				1															1	1			7
1943									1																	7																			8
1944	1	1												1								1			1	5			1	1			1											13
1945					2	1			1												1	2			1	3				1												3			15
1946	1												1				1					2			1	2		1	1	1										2	6	1		21
1947													2									5			1	4				1														13
1948		1												1*								1			4	3			1	3				1							3			18
1949		1																								7			3	2											3	1			17
Total 10 yrs	3	7			2	2			3				5	3			1				1	14			13	39		1	7	10			2	1				2			8	16	1		141
Total 20 yrs	9	16	3	2	3	7			4				5	10			1	2			1	17			19	81		1	13	30			3	1			1	14			24	38	2	1	308
Total 30 yrs	15	22	5	3	4	8			5	1			8	16			4	2	1		2	21			40	119	1	1	16	47		1	3	3			1	14			50	54	2	1	470
1950		1												1								1			3	4																2			13
1951																		1	1		1	2				5															1	1		1	14
1952	2	3																							2	2			3	2								2			1	1			18

* This condemned person committed suicide.

TABLE H.

AGES OF PERSONS CONVICTED OF MURDER (1920-1952)

This table is the counterpart of Table 6 of Appendix 3 of the United Kingdom Royal Commission Report, at pages 308-9.

Year	20 yrs. and under				21-30 yrs.				31-40 yrs.				41-50 yrs.				51-60 yrs.				Over 60 yrs.				Total
	M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		M.		F.		
	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	C.	E.	
1920	...	1	...	...	4	1	1	...	4	1	1	...	1	...	...	...	1	...	...	...	...	...	...	...	15
1921	...	...	...	...	5	3	...	...	...	...	...	...	...	...	...	...	1	...	...	...	...	...	...	...	9
1922	2	1	...	...	...	1	...	1	1	1	...	...	...	2	...	...	...	1	...	...	1	...	...	1	12
1923	...	3	...	...	...	3	...	...	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	7
1924	...	...	...	...	...	3	...	...	...	2	...	...	1	...	...	...	1	...	...	...	...	...	...	...	7
1925	1	1	...	...	2	3	...	...	1	1	...	...	...	1	...	...	...	...	...	...	...	...	...	...	10
1926	...	...	...	...	...	1	...	...	1	1	...	...	...	4	...	...	1	...	...	...	...	...	...	...	8
1927	4	...	...	...	...	4	...	...	1	2	...	...	...	3	...	...	...	...	...	...	...	1	...	...	15
1928	1	...	...	...	2	1	...	...	3	2	...	...	...	2	...	...	1	...	...	...	...	...	...	...	12
1929	1	1	...	...	...	6	...	...	3	4	...	...	1	2	...	1	...	...	...	...	1	...	...	...	20
Total	9	7	...	...	13	26	1	1	15	14	1	...	3	14	...	1	5	1	...	...	2	1	...	1	115**
1930	1	...	...	...	2	7	...	...	1	2	...	...	...	3	...	...	1	1	...	...	...	...	...	...	18
1931	...	...	...	...	2	9	...	...	...	8	...	...	1	4	...	...	...	4	...	...	...	...	...	...	28
1932	...	1	...	...	3	5	...	...	1	3	...	...	...	2	...	...	1	2	...	...	...	...	...	...	18
1933	...	3	...	...	1	8	...	...	2	2	...	...	...	2	...	...	...	1	...	...	...	...	...	...	19
1934	1	1	...	...	2	5	...	...	...	2	1	...	...	2	...	1	1	1	...	...	...	...	...	...	17
1935	1	...	...	...	1	4	1	...	...	2	...	...	...	4	...	1	...	1	...	...	...	...	...	...	15
1936	2	1	...	...	...	6	...	...	...	4	1	...	...	2	...	...	1	1	...	...	...	...	...	...	18
1937	1	1	...	...	1	1	...	...	...	4	...	...	...	1	...	...	...	...	...	...	...	...	...	...	9
1938	1	...	...	...	3	2	...	...	1	4	...	1	2	2	...	...	1	...	...	...	...	...	...	...	17
1939	...	...	...	...	1	3	...	...	2	...	...	...	...	...	...	...	...	...	1	...	...	1	...	...	8
Total	7	7	0	0	16	50	1	0	7	31	2	1	3	22	0	2	5	11	1	0	0	1	0	0	167
1940	2	...	...	...	2	3	...	...	2	3	...	...	...	3	...	...	...	...	...	...	...	...	...	...	15
1941	...	1	...	...	2	4	...	...	1	1	...	...	3	1	...	...	1	...	...	...	...	...	...	...	14
1942	...	...	...	...	...	4	...	...	...	...	...	...	...	1	...	...	1	...	...	...	...	1	...	...	7
1943	1	1	...	...	...	6	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	8
1944	2	...	...	...	1	7	...	...	...	...	...	...	...	2	...	...	1	...	...	...	...	...	...	...	13
1945	3	2	...	...	...	3	...	...	1	...	...	...	...	4	...	...	1	1	...	...	...	...	...	...	15
1946	1	1	...	...	3	8	...	...	1	2	1	1	1	1	...	...	...	...	...	...	1	...	...	...	21
1947	1	2	...	...	1	4	...	...	...	3	...	...	...	1	...	...	1	...	...	...	...	...	...	...	13
1948	4	...	...	...	...	7	...	...	1	4*	...	...	...	1	...	...	...	1	...	...	...	...	...	...	18
1949	2	...	...	...	2	5	...	...	...	3	...	...	1	2	...	...	1	1	...	...	...	...	...	...	17
Total	16	7	0	0	11	51	0	0	6	16	1	1	5	16	0	0	6	3	0	0	1	1	0	0	141
Total 20 yrs...	23	14	0	0	27	101	1	0	13	47	3	2	8	38	0	2	11	14	1	0	1	2	0	0	308
Total 30 yrs...	32	21	0	0	40	127	2	1	28	61	4	2	11	52	0	3	16	15	1	0	3	3	0	1	423
1950	2	...	...	...	1	2	...	...	...	6	...	...	...	1	...	...	...	1	...	...	...	...	...	...	13
1951	1	...	...	...	...	5	1	...	...	2	...	...	...	3	...	1	...	...	...	...	1	...	...	...	14
1952	1	...	...	...	3	4	...	...	1	4	...	...	...	1	...	...	2	...	...	...	1	1	...	...	18

*Includes one condemned person who committed suicide.
**For period 1920-1929, ages of 47 persons are not known.

M.—Male.
F.—Female.
C.—Commutation.
E.—Execution.

TABLE I

CAPITAL CASES BY PROVINCES

(1920-1949)

Province		1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	Total 10 yrs.
Alberta	C.	1	2	.....	.....	2	1	1	.....	1	.....	8
	E.	1	.....	2	2	.....	.....	1	.....	.....	1	7
British Columbia	C.	2	1	.....	.....	1	3	1	3	.....	1	12
	E.	.....	1	1	.....	1	2	2	2	.....	1	10
Manitoba	C.	.....	.....	1	.....	1	.....	.....	.....	.....	1	3
	E.	.....	.....	.....	.....	.....	3	2	1	.....	.....	6
New Brunswick	C.	.....	.....	.....	.....	.....	1	.....	.....	1	.....	2
	E.	.....	.....	1	.....	.....	1	.....	.....	.....	.....	2
Nova Scotia	C.	.....	.....	1	.....	.....	.....	.....	.....	.....	.....	1
	E.	.....	1	1	.....	1	.....	.....	1	.....	.....	4
Ontario	C.	4	1	5	2	1	2	.....	.....	3	2	20
	E.	2	3	4	1	4	1	1	1	2	2	21
Prince Edward Island	C.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	E.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Quebec	C.	3	2	1	.....	4	2	.....	2	1	.....	15
	E.	2	1	3	3	4	2	.....	5	2	6	28
Saskatchewan	C.	3	.....	.....	1	1	.....	.....	.....	1	2	8
	E.	2	.....	.....	3	.....	.....	.....	1	2	4	12
Yukon Territories	C.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	E.	.....	1	.....	2	.....	.....	.....	.....	.....	.....	3
Total		20	13	20	14	20	18	8	16	13	20	162

C.—Commutation.
E.—Execution.

TABLE I—*Concluded*

Province		1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	Total 10 yrs.	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	Total 10 yrs.
Alberta	C.	1	1	.....	.....	1	.....	1	.....	1	.....	5	.....	.....	.....	.....	.....	.....	3	.....	1	1	5
	E.	1	4	.....	2	3	2	1	.....	.....	.....	13	.....	.....	2	1	3	.....	6	.....	2	2	16
British Columbia	C.	1	.....	.....	.....	.....	1	1	.....	.....	.....	3	1	1	.....	.....	.....	.....	.....	.....	.....	.....	2
	E.	.....	4	.....	.....	.....	2	2	.....	1	1	10	1	.....	.....	1	.....	3	.....	2	.....	2	9
Manitoba	C.	.....	.....	1	1	.....	.....	.....	.....	3	.....	5	.....	.....	.....	.....	.....	1	1	.....	.....	.....	2
	E.	.....	4	.....	2	3	.....	2	1	3	.....	15	.....	1	.....	.....	1	1	.....	2	1	.....	6
New Brunswick	C.	1	.....	.....	.....	1	.....	.....	.....	2	1	5	.....	.....	.....	.....	1	.....	1	.....	.....	.....	2
	E.	.....	.....	.....	1	.....	.....	2	.....	.....	.....	3	.....	.....	2	.....	.....	.....	1	.....	.....	2	5
Nova Scotia	C.	.....	.....	1	2	.....	.....	.....	.....	.....	.....	3	2	.....	.....	.....	.....	.....	1	.....	.....	.....	3
	E.	1	1	.....	2	1	.....	.....	1	.....	.....	6	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Ontario	C.	1	2	2	.....	1	2	.....	1	1	3	13	1	3	1	1	2	1	1	1	4	3	18
	E.	4	6	8	4	.....	4	4	2	1	2	35	5	.....	1	3	4	2	5	5	3	2	30
Prince Edward Island	C.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	E.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	2	.....	.....	.....	.....	.....	.....	.....	.....	2
Quebec	C.	1	.....	.....	.....	1	.....	1	1	1	.....	5	2	2	.....	.....	1	1	1	2	.....	1	10
	E.	5	6	3	3	4	4	3	3	4	.....	35	1	4	1	2	1	3	1	1	6	3	23
Saskatchewan	C.	.....	.....	1	.....	1	.....	1	.....	.....	.....	3	.....	1	.....	.....	.....	2	.....	.....	.....	1	4
	E.	2	.....	1	2	1	.....	.....	.....	.....	1	7	2	.....	.....	.....	.....	1	.....	.....	1*	.....	4
Yukon Territories	C.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....											
	E.	.....	.....	1	.....	.....	.....	.....	.....	.....	.....	1											
		18	28	18	19	17	15	18	9	17	8	167	15	14	7	8	13	15	21	13	18	17	141

* Committed suicide.

C.—Commutation.
E.—Execution.

TABLE J

LENGTH OF DETENTION WHERE DEATH SENTENCE COMMUTED (1920-1939)

| Year sentence commenced | Number of prisoners serving commuted sentences for life whose release was authorized on a Ticket of leave or for deportation | | Number of years served | | |

THE SENATE

Thursday, June 28, 1956

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

Prayers.

Routine proceedings.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill 415.

The report was read by the Clerk as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill 415 intituled: "An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1956, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company", have in obedience to the order of reference of June 20, 1956, examined the said bill and now report the same without any amendment.

The report was adopted.

THIRD READING

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

Hon. Mr. Hugessen: I move the third reading now.

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

BUSINESS OF THE SENATE

Hon. W. Ross Macdonald: Honourable senators will have observed that only one item stands for consideration on our Order Paper, namely, the report of the Standing Committee on Finance. It is altogether likely that the discussion on this report will be concluded today, thereby clearing our Order Paper of any business.

Hon. Mr. Reid: We had better leave it on the Order Paper.

Hon. Mr. Macdonald: I am unable to say when we may receive any legislation from the other house, and I do not know of any Government legislation to be introduced here during the remainder of this session. We are therefore in the position of having no business on our Order Paper and no prospects of receiving legislation shortly from the other house. In those circumstances I feel it is in order for the Senate to adjourn for a week, or perhaps two weeks.

We do not want to hold up the work of Parliament, and we are ready to consider any legislation as soon as we receive it. It will be recalled that in March we passed a motion authorizing His Honour the Speaker to summon honourable members back into session during any adjournment if an emergency should arise. In moving a two-weeks' adjournment today I am doing so on the distinct understanding that if legislation comes over from the House of Commons while the Senate is adjourned His Honour may deem it advisable to request honourable senators to return here before the date specified in the motion. Subject to that proviso, I now move that when this house adjourns today it stand adjourned until Tuesday evening, July 17, at 8 o'clock.

The motion was agreed to.

THE ESTIMATES

REPORT OF COMMITTEE ON FINANCE CONCURRED IN

The Senate resumed from Tuesday, June 26, the adjourned debate on the motion of Hon. Mr. Hawkins, seconded by Hon. Mr. Isnor, for concurrence in the report of the Standing Committee on Finance on the estimates laid before Parliament for the fiscal year ending March 31, 1957.

Hon. David A. Croll: Honourable senators, I rise at this time for the purpose of praising the report. I do not intend to criticize it, but I do intend to dissent from it in part. I think the over-all report is an excellent one; it is factual and enlightening; and I commend the chairman and the members of the committee for the work they have done on it. One of the things I like about it is that it is couched in understandable language. One paragraph particularly will remain with us for a very long time, and I concur in the remarks of the honourable senator for Inkerman (Hon. Mr. Hugessen) who called it to the attention of this house a few days ago. I think that that particular paragraph is cogent, lucid and potent, and it seems to me that it is a memorable contribution to the deliberations of the Senate.

I address myself to that portion of the report dealing with annuities, because this is a reflective body, and the recommendations made by the committee are serious ones and intended to be dealt with on a serious basis, not in a sort of greeting-card fashion.

I think something should be said with particular emphasis on the recommendation made

on annuities. It is not a new one. It reflects an annuity outlook which has emanated from the Senate almost annually. But the recommendation has not been reflected either in the country or in the House of Commons. The theme which is expressed in the commitee's report and which, as I have said, has been here supported on other occasions, was taken up in February last year by Mr. William M. Anderson, President of the North America Life Assurance Company and President of the Life Insurance Companies Association. He said that they take exception to handicaps and competition which are created by the incidence of taxation. At the same time, according to the newspaper reports, it was intimated that business for the life insurance companies had never been better.

I repeat that the recommendation in the committee's report has not been reflected in the House of Commons. Last year, in that house, a member presented all the arguments that appear on the record—as well as some that do not—of the hearings before the Senate Finance Committee, and moved that the estimate for annuities be reduced. I remember that very well, because I made sure that I was there to vote. It will interest this house to know that the vote was 213 against the motion, and one in favour. That indicates the attitude of the House of Commons with respect to government annuities.

The Government Annuities Act was introduced into Parliament by a Liberal Government, and passed in 1908. Its main purpose was to encourage thrift amongst people of modest means. In the field of annuities the Government was a pioneer, and had the field to itself for nearly 30 years. It was not until the forties that life insurance and other companies entered the field. The Government of 1908 agreed to assume administration costs and to make the interest rates attractive. Nothing has happened since to change that. It is my view that there is a greater need for annuities today than ever before. Time has proved that government annuities are attractive in price and beneficial in results. They offer the very best deal in annuities in Canada today, and my only regret is that more people have not taken advantage of this excellent social measure.

To suggest, as has been suggested, that the $40 a month old age pension justifies doing away with government annuities is the height of something or other. I am not prepared to cut the cost of government by starting on those annuitants who are saving and providing for their old age so that they may not become either a government or a family responsibility. People who provide security at their own expense are reducing the cost of government assistance.

Yet, honourable senators, I am not in agreement with the act as it is at the present time. In my opinion, the present limitation of $1,200 is totally inadequate. The decline in the purchasing power of the dollar demands that the original purpose of the act be widened. The present limit is out of line with real values which prevailed when the limit was set, which I believe was some time in the thirties. I think the maximum amount of annuity obtainable should be increased to $2,400.

It is not true that government annuities are being used as an investment. May I quote from the Department of Labour's Annual Report, for the fiscal year ended March 31, 1955, page 27:

> From September 1, 1908, the date of the inception of the Annuities Branch, up to and inclusive of March 31, 1955, the total number of new individual contracts and certificates issued was 393,232.

Farther down on the same page the report states:

> The number of contracts analyzed was 60,198—an increase of 3,461 or 6·1 per cent over the number for the previous year. From Table 4 (A), which shows the distribution of contracts by amount of annuity, it may be seen that 65·3 per cent of the annuities were for amounts under $600, 21·7 per cent for $600 but less than $1,200 and 13 per cent for $1,200 or over.

The cost of administration last year was $1,648,820. I think the house will agree with me that thrift is a social virtue. Ten cents *per capita*—for that is all it costs—is a small price to pay for encouraging Canadians to practise thrift—it is merely the price of a cup of coffee, a glass of milk, a chocolate bar, or an ice cream cone.

In short, I do not believe the Government is spending too much money for this purpose, as some members of this house have suggested. On the contrary, I think the Government is spending too little. In the long run, no matter how much is spent the taxpayer will save money by encouraging people to provide for their old age. "Safeguard your future with government annuities" is a fine slogan. I repeat that this is the best annuity deal on the market; it is cheaper and safer than other plans of thrift. This should be untouchable legislation. Improve it, if you like; ignore it, if you like; but don't destroy it.

The point has been made in the house that government annuities are subsidized. I do not deny that. I am not one of those who are opposed to subsidies, for I supported them all the time I was in the House of Commons; wherever subsidies are warranted they are entitled to support.

While talking about subsidies, let me remind this house that last week I voted in favour of the gold mining subsidy, which provides for the payment of about $9 million a year to assist a portion of Ontario, a portion of

Quebec, and a portion of British Columbia. I think that assistance is essential to the existence of certain mining communities. Well, the gold mining subsidy is four and a half times the amount of the annuities subsidy. Last week we had before us a supply bill which included a butter subsidy of $3 million for this year. I do not know what the egg subsidy is, but the feed grains subsidy is $16 million, and the wheat subsidy is $35 million for storage charges. I gladly support those subsidies, and I wonder why there should be objection to a small subsidy for annuities. In this house are men who have served here for a great many years, to the credit of the house—and I mean that—but I wonder if they know that for 25 years there has been a subsidy of hundreds of thousands of dollars on pails used for collecting sap for the maple sugar industry. Perhaps the Finance Committee should single out that subsidy for criticism rather than the subsidy on annuities.

Hon. Mr. Hackett: The item to which my friend refers was introduced by the late Honourable Mr. Fisher, Minister of Agriculture, for the benefit of the Eastern Townships.

Hon. Mr. Croll: I do not complain about it. All I am saying is that if we are trying to cut down on subsidies, I would have thought that maple sap buckets offered better opportunity for this purpose than annuities. I do not quarrel with the subsidy on the buckets; indeed, I voted for it year after year while a member of the other house. However, I am told that it will disappear from the estimates this year; but that is a matter for departmental judgment. To sum up: every department has subsidies, of one kind or another, and I cannot understand why we should single out this bit of social legislation for criticism. It seems to me particularly inappropriate in the circumstances.

Honourable senators may ask who needs these annuities. Let me try to answer that question. There are in this country 860,000 people receiving old age security benefits, of whom 200,000 are in need of additional income; and the recipients of old age assistance payments, disability allowances and blind persons' allowances number 130,000. Indications are that more than a quarter of a million Canadians now receiving allowances are in need of additional income and could very well use these cheap annuities. It might be argued that they have not bought annuities. That is true, but if we continue to make annuities available there is at least a possibility that the children of these people may take advantage of them. After all, what we are talking about is an annuity of only $100 per month, and that is not very much money these days. Certainly, it is not enough to retire on. But the question is, where can these people get the wherewithal to buy an annuity of any amount?

It may be of interest to point out that the joint committee which recommended the old age security legislation considered that the $40 a month was to match the government annuity program. That was discussed at the time. We felt that some people could buy an annuity with the $40 a month, and still be able to live fairly decently in their old age.

Honourable senators, business is good today, profits are lush and costs are passed on to the customer. But there may come a day when business will have to count its costs and be a little more efficient. If that happens, business will be looking for a cheap annuity for pension purposes; in fact, the availability of a cheap annuity may mean the difference between a pension plan and no pension plan.

The government annuity is good because it has no cash surrender value; it cannot be pledged and it cannot be seized; it will yield an income to the annuitant in good days and in bad days.

It should be made clear that we who support government annuities are trying not to repeal the laws of economics, but to provide built-in economic stabilizers. Our economy is in constant need of built-in minimums.

It is of interest to note that in 1954 the Income Tax Act was amended to allow an employer and an employee to deduct for income tax purposes, in order to provide a superannuation scheme or pension plan, not $900 but $1,500. Previously the deduction was calculated at 6 per cent on $15,000, which was $900; under the amendment it is 6 per cent on $25,000, which is $1,500. Also, whereas formerly it was not possible to buy a pension for more than $5,000, the limit is now $9,000. The reason given for the change was that salaries and wages had increased. The amendment provided a direct advantage to the person in the high-income bracket, who can now provide himself with a pension of $9,000 instead of $5,000, and deduct $1,500 instead of $900. But in spite of that change in the Income Tax Act, the maximum amount of government annuity remains at $1,200, and the committee's report suggests that we should do something about even that.

I believe this house has the right to come to the conclusion that government annuities are a good thing. I believe that the present annuity scheme, subsidized to the extent of the price of a cup of coffee *per capita,* is not too much to expect from the Government of Canada, particularly when the scheme gives people an opportunity to provide for themselves.

Honourable senators, I have said all that I wished to say about the committee's report just now. I only wish I had time to go through it more thoroughly, because it deserves closer attention than we are able to give it today. We could profitably discuss it at length. I hope there will be another opportunity to consider it and discuss the broad aspects of our economy, instead of concentrating on the small but important matter of annuities.

Hon. R. B. Horner: Honourable senators, I have only a few words to say. One feature of the annuities plan which troubles me is the large commission said to be paid for selling annuities which are losing money for the Government and are bargains for the purchaser.

The honourable senator from Toronto-Spadina (Hon. Mr. Croll) has mentioned subsidies, and in particular the storage bill on wheat.

Hon. Mr. Croll: I did not object to it.

Hon. Mr. Horner: I can go back to the days when the people of Canada were getting grain for almost a dollar a bushel—

Hon. Mr. Croll: May I interrupt my friend to say that my reference was to the amount of $35 million for storage purposes, voted earlier this year. I know about the other debt to which my friend refers.

Hon. Mr. Horner: To paraphrase a sentiment expressed by the late Dr. Motherwell, one time Minister of Agriculture from Saskatchewan, I would be satisfied if I could be sure that the people who need the annuities most are the ones who buy them and benefit by them. But it seems to me that most of the purchasers of these government annuities are persons of ample means, and that the people who really need them generally do not know they are available. I agree entirely with the report on the point that the Government should not continue to spend money on this losing operation.

Whether the present old age pension is sufficient for those who have no other means, is entirely another question. If it is inadequate, the whole question of pensions for the aged should be reviewed in Parliament. But as we have been selling annuities to potential millionaires, and paying fat commissions to the salesmen, and especially as the business has brought about a loss to the federal treasury, I think the committee is to be complimented on the finding it has made with respect to annuities.

I realize that the thorough study of a subject like this by a committee of the Senate involves a tremendous amount of work; and I must apologize for not having given the chairman the assistance that I should have given him.

If the Finance Committee were to bring in every year a report which in effect endorses every solitary thing the Government does, even when it disregards economics, what would be the object of appointing the committee? There would be no point in choosing a capable chairman if the committee intended to approve all government activities. Now I want to congratulate the chairman, the honourable senator from Milford-Hants (Hon. Mr. Hawkins), and the whole committee upon their excellent report. I was really amazed at the extent of it. I endorse it, particularly that part which deals with annuities.

I have indicated the kind of report that I think the Finance Committee should make if it is to perform a useful purpose. The Senate is composed of able and experienced men and women who are quite capable of examining the whole economy of the country. I think, however, that this report, without its reference to annuities, would have been rather lame and impotent. So, honourable senators, I say again that I endorse particularly the paragraph dealing with annuities.

Hon. W. Ross Macdonald: Honourable senators, before the debate closes I wish to say that I join with the honourable gentleman from Inkerman (Hon. Mr. Hugessen) in expressing to the chairman (Hon. Mr. Hawkins) and the other members of the Finance Committee deep appreciation of their very important work. I do not know whether all honourable senators realize the time and effort that the members of this committee devoted to their work, but a reading of the report gives some indication of the careful study that was made of the matters under consideration.

We all are aware, of course, of the splendid work done by the committee in past sessions, under its former chairman, the honourable senator from Churchill (Hon. Mr. Crerar). When he desired to be relieved of his duties as chairman it was indeed difficult to replace him, but I think all honourable senators will agree that we did find an excellent replacement.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: There has been considerable discussion of the report, and I do not wish to continue it at this time. This afternoon we discussed one feature only, government annuities. Now, the examination into annuities formed a very small part of the work of the committee. I glanced at the report again this afternoon and I find the part devoted to annuities covers only half a page in our *Hansard,* whereas the total report,

with the exhibits, extends to about 25 pages. So the part devoted to annuities is only one-fiftieth of the whole.

There are a great many other subjects in the report worthy of the consideration of members of this house and of the public generally. The report, as I read it, does not approve of many things that the Government has done, and it directs the attention of Parliament to certain matters in particular. For instance, it discusses in considerable detail, yet in readable language, the subject of the gross national product. Surely anybody who reads the report will be compelled to ponder on whether we should not give more consideration to the way in which the gross national product is increasing from year to year. The report gives certain information, and also certain warnings. It is not a political document in any way whatsoever: it received the approval of all members of the committee.

But, as I have said, my purpose at this time is not to discuss the report, but simply to express, as one of the members of this honourable house, appreciation to the chairman and members of the committee, and also our great satisfaction at the way they have continued the work which was so well begun and carried on by their predecessors.

Hon. Senators: Hear, hear.

Hon. Charles G. Hawkins: Honourable senators—

The Hon. the Speaker: If the honourable senator from Milford-Hants (Hon. Mr. Hawkins) speaks now, he will close the debate.

Hon. Mr. Hawkins: I wish to express my appreciation of the many generous things which have been said about the part I have taken in connection with this report. When I assumed the chairmanship of the committee I advised the members that I felt it was my responsibility to be, not the committee, but its chairman, and, in the discharge of that function, to facilitate inquiries and do all those things which are usually called "footwork" in connection with its activities; also, to assist in writing the report and take responsibility for it when it was presented to the house. I take full responsibility for this report and I do not think there could be more general endorsation of the work of the committee than it has received.

There is one remark I wish to make concerning a statement of the honourable senator from Blaine Lake (Hon. Mr. Horner). If I heard him correctly, he remarked that he would not be concerned about Government annuities if he were sure that the people who received them were the ones who needed them.

Hon. Mr. Horner: Who needed them most.

Hon. Mr. Hawkins: Who needed them most, or, who needed them. Our report is based on the evidence we received. It was adopted by the committee, and it states—I do not know whether I need read the exact words, but they are here—that evidence was given that the large bulk of the annuities was not being received, nor contracted for, by people of modest means, but that the system is being used by companies who seek to set up pension schemes for their staffs, and also by persons of rather more than moderate means. However, the phrase "moderate means" is one which can be bandied about with little regard to exactness. One person with an income of $2,000 may be regarded as a man of moderate means; someone else with an income of $10,000 may consider himself to be in the same category. In any case, as I have said, this report is based on the facts presented to the committee. Whether it is right or wrong I am not in a position to say; but we received the evidence, weighed it, and came to what we thought were the correct conclusions.

One other reference may be permitted. Before the honourable senator from Churchill (Hon. Mr. Crerar) left to fulfil an engagement of long standing he came to my office and expressed to me his general approval of the report. Although, he said, if he had written the report he would have varied it in some respects, in general he agreed with it; and he said he would like me to express to the house his regret that he could not be present and participate in the debate.

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

The Senate adjourned until Tuesday, July 17, at 8 p.m.

THE SENATE

Tuesday, July 10, 1956

The Senate, which was adjourned until 8 p.m. Tuesday, July 17, met at 8 p.m. today, having been summoned to meet at this time by the Hon. the Speaker, under the authority of a resolution adopted by the Senate on Wednesday, March 21.

Hon. Thomas Vien, P.C., Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

PRIVATE BILL

NIAGARA LOWER ARCH BRIDGE COMPANY LIMITED—COMMONS AMENDMENT

A message was received from the House of Commons returning Bill J-14, an Act respecting Niagara Lower Arch Bridge Company Limited, and acquainting the Senate that they have passed this bill with an amendment, to which they desire the concurrence of the Senate.

The amendment was read by the Clerk as follows:

Page 2, line 1. After the word "such" insert the word "sale,".

The Hon. the Acting Speaker: Honourable senators, when shall this amendment be taken into consideration?

Hon. Mr. Macdonald: The sponsor of this bill is not in the chamber at present.

An Hon. Senator: Next sitting.

UNEMPLOYMENT ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 436, an Act to authorize contributions by Canada in respect of unemployment assistance costs in the provinces.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: I would ask to have it called for second reading later this day.

COMMONWEALTH PRIME MINISTERS

STATEMENT ON MEETING

Hon. Mr. Macdonald: Honourable senators have noticed, no doubt, that the Prime Minister made a statement in the House of Commons on the meeting of the Commonwealth Prime Ministers in London. It occurred to me that honourable senators would like to have this statement appear in our records. I therefore move that it be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this date.

The motion was agreed to.

See appendix "A" to today's Hansard, *pp. 868-9.*

HON. MR. MARCOTTE

TWENTY-FIFTH YEAR AS MEMBER OF THE SENATE

Hon. Mr. Macdonald: Honourable senators, I do not think I should let this occasion go by without bringing to your attention the fact that one of our members was appointed to this house twenty-five years ago on Friday last. I refer to the honourable senator from Ponteix (Hon. Mr. Marcotte), to whom I express our very best wishes and the hope that he will be with us for years to come.

Hon. Senators: Hear, hear.

SENATE POSTMARK

INQUIRY

On the Orders of the Day:

Hon. Mr. Pouliot: May I ask the honourable Leader of the Government (Hon. Mr. Macdonald) when the Senate Post Office will have its new stamping machine?

Hon. Mr. Macdonald: The design for the new machine is receiving consideration by the Standing Committee on Internal Economy and Contingent Accounts. I expect the committee will meet shortly, after which it will make a report to the Senate on this matter.

Hon. Mr. Pouliot: So it has not been ordered yet?

Hon. Mr. Macdonald: The final order has not been given for the machine because the design has not yet been approved by the committee.

UNEMPLOYMENT ASSISTANCE BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 436, an Act to authorize contributions by Canada in respect of unemployment assistance costs in the provinces.

He said: Honourable senators, in introducing the Unemployment Assistance Bill at this time there is no thought on the part of the Government that the legislation is required because of any anticipated weakening in the overall employment situation in the coming months. Rather, the legislation is designed

to fill a gap in the existing federal and provincial contributions for taking care of unemployed persons, on the one hand, and those requiring welfare assistance, on the other.

The overall employment situation this year is improved over that of a year ago, as is indicated by the latest figures from both the monthly sample labour force survey and the National Employment Service offices across the country.

According to the latest joint release on employment by the Department of Labour and the Dominion Bureau of Statistics, there were some 175,000 more workers employed throughout Canada in May of this year than at the same time last year.

Both the number of persons without jobs and seeking work and the number registered for jobs at National Employment Service offices are down by about 50,000 from May, 1955. I might add that the percentage of those without jobs and seeking work for May, 1956, was 2·9 per cent of the total labour force. This percentage is lower than in any month of May since 1953, when the corresponding figure was 2·1 per cent.

Barring any prolonged reactions in Canada from the steel strike in the United States, the general economic outlook continues to be unusually good. This, in turn, means that employment is continuing to expand.

Honourable senators, this bill rounds out fairly well our social welfare program. By that I do not mean to say there will not be further social security measures introduced, nor do I say this is the last social welfare measure, but it does round out that program fairly well. I refer to such measures as unemployment insurance, supplementary benefits, the Disabled Persons Act, old age pensions, family allowances, pensions for the blind, and mothers' allowances.

This bill authorizes the federal Government to enter into agreement with the provinces to provide for contributions out of the federal treasury to the provinces for moneys paid by the provinces and the municipalities in respect of unemployed employables and unemployables. The form of the agreement is included in the bill and is a schedule to it. Six provinces have already entered into and signed an agreement, namely, Newfoundland, British Columbia, New Brunswick, Prince Edward Island,, Saskatchewan and Manitoba.

The bill does these things:

1. It gives authority to the federal Government to enter into the agreements.

2. It specifies certain types of costs which may or may not be included in the claims submitted for certain disbursements which will or will not be permitted.

3. It gives retroactive effect for a period of one year to any agreements entered into but, in any event, the retroactive effect cannot go behind July 1955.

4. It confirms any agreement already made, and provides that unemployment assistance costs covered by the bill will be paid out of the Consolidated Revenue Fund.

Honourable senators, these agreements and this bill have resulted from numerous conferences held over the years between the federal Government and the provinces. We can recall the difficult days between 1930 and 1934 when large numbers of people were out of work. The problem then was whether they were the responsibility of the federal, provincial or municipal governments. Then in 1941 the Rowell-Sirois Commission was set up, and it brought in certain recommendations. Certain further proposals were made by the federal Government in 1945 regarding the unemployment problem. However, nothing definite was done until quite recently. I must say that the proposals contained in the agreements and the bill are much wider than any which were recommended by or which came about as a result of the royal commission or the federal Government's declaration of 1945. The proposals of that time did not provide for assistance for unemployable persons, self-employed persons, fishermen, or farmers.

One strong feature of this bill is that it makes no distinction between employables and unemployables, as far as the federal Government assistance is concerned. Honourable senators will realize how difficult it is to determine when an unemployed person is unemployable. It will be recalled that during the war years many persons thought they were unemployable, but eventually they got jobs and became employable. This bill does away with the distinction between those two classes and provides assistance for both. Thus, it terminates a controversy which has been going on in this country for at least a decade as to the responsibility of the several jurisdictions involved in what we call the residual assistance. Upon the passage of this legislation organized assistance will be available to unemployed persons in all parts of Canada who do not qualify for assistance under existing social welfare legislation.

Honourable senators, may I now refer to the general proposal. It is that the federal Government shall pay half the cost of providing assistance for the persons I have mentioned when their numbers become ·45 per cent of the population of the province concerned. That provision is set forth in the agreements, and affects all provinces except Nova Scotia, with respect to which the federal Government will pay its share when the percentage of qualified persons reaches ·30 per

cent of the population. However, that percentage will increase over the years until it reaches ·45 per cent, which applies to the other provinces.

Honourable senators may ask me how much money is involved in the federal Government's share. My answer is that it depends on the amounts paid by the individual provinces. I have before me a statement which sets forth ·45 per cent of the total population of each province, and if it is the wish of the house I shall read it.

Some Hon. Senators: Agreed.

Hon. Mr. Macdonald: The information is as follows:

Newfoundland	1,854
Prince Edward Island	486
Nova Scotia	3,073
New Brunswick	2,511
Quebec	20,340
Ontario	23,323
Manitoba	3,820
Saskatchewan	4,000
Alberta	4,797
British Columbia	5,872

I mentioned a moment ago that the provinces of Newfoundland and British Columbia had already signed agreements with the federal authorities. I have a table which sets forth, by months, the federal share of the claims received to date from those provinces, which claims will be paid shortly after this bill is passed and receives Royal Assent. With the permission of the house, I shall place the table on *Hansard*.

Hon. Mr. Hugessen: What period do these claims cover?

Hon. Mr. Macdonald: They cover from July 1955 to February 1956.

1955	Newfoundland	British Columbia
July	$ 76,370.81	$ 200,991.84
August	78,422.24	181,175.04
September	80,664.02	175,338.94
October	92,241.53	172,132.63
November	110,799.83	175,139.02
December	128,306.47	206,917.91
1956		
January	133,450.81	201,885.11
February	101,574.95	-
	$801,830.66	$1,313,580.49

I have before me another table which gives the total number of unemployed persons assisted in the provinces of Newfoundland and British Columbia in the period July 1955 to February 1956. With the permission of the house, I shall place this table on *Hansard:*

1955	Newfoundland	British Columbia
July	16,721	20,372
August	16,672	18,960
September	16,919	18,485
October	19,293	18,227
November	24,309	18,645
December	29,128	20,271
1956		
January	30,686	20,626
February	20,958	-

Finally, I have a statement covering the average cost per person in these two provinces. I would remind honourable senators that the federal Government pays half of the cost of the assistance after the total of unemployed and unemployables has reached ·45 per cent of the population of the province concerned. This statement sets forth the amount paid in Newfoundland and in British Columbia.

Average cost per person

1955	Newfoundland	British Columbia
July	$11.01	$30.46
August	11.34	30.75
September	11.46	31.01
October	11.21	31.15
November	10.32	30.55
December	9.76	31.60
1956		
January	9.59	30.02
February	11.21	-

In general terms, this is an explanation of the bill, but I might run rather quickly through it and refer to various clauses. I realize that that is not the usual course on second reading, and I will not proceed if any honourable senator objects. I thought it might be helpful.

Hon. Mr. Hackett: Before the Leader of the Government (Hon. Mr. Macdonald) goes beyond the outline he has just given, I should like to ask him a question. He mentioned two provinces, British Columbia and Newfoundland. Previously he mentioned seven.

Hon. Mr. Macdonald: Six; or I intended to say six.

Hon. Mr. Hackett: I thought I heard them all but Alberta, Quebec and Manitoba. I may be wrong. Have all the provinces, except four, signed?

Hon. Mr. Macdonald: That is so. Does the honourable gentleman wish me to repeat the names of the provinces whose Governments have signed?

Hon. Mr. Hackett: If he mentions the names of the four that have not signed, that will do.

Hon. Mr. Macdonald: By a process of elimination, as I have a list of the six, it will not be difficult for me to do that. Nova Scotia, Quebec, Ontario and Alberta have not signed.

The bill empowers the federal Government to enter into agreements with the provinces. The forms of agreement are attached as schedules A and B to the bill. The only difference between the two schedules is that, in respect of all the provinces except Nova Scotia, the percentage of unemployed employables and unemployables starts with .45 per cent, whereas in the case of Nova Scotia it begins at .30 per cent.

Hon. Mr. Burchill: Why the difference?

Hon. Mr. Macdonald: Schedule B embodies the agreement which was worked out with Nova Scotia and the federal Government, and not too much exception was taken to it, I understand, by the other provinces. The employment and unemployment situation in the various provinces was considered, and in the light of the employment situation in Nova Scotia and the other provinces it was thought better that the deduction from the reimbursement claim, as provided in paragraph 11, should begin, in respect of Nova Scotia, at .30 per cent of the population.

Hon. Mr. Howden: Should not this bill be sent to committee? It looks as though it has been sent to us to be ratified without debate.

Hon. Mr. Macdonald: If the house wants the bill to go to committee I have no objection to that course. When I have completed my explanation, if there is any question which I have not answered satisfactorily, or if the honourable senator wants any more information, I am sure the house will not object to reference of the bill to committee. But would it not be better, before that question is decided, to wait until I have finished my remarks?

There is a provision that contributions by the federal Government shall not exceed one-half the amount paid by the provinces on the .45 per cent basis.

Clause 4 sets forth what is included in the agreement. I will not read all the provisions, but I may point out that by paragraph (e) of subsection (1) it is provided that the term of an agreement shall be fixed at not more than five years and thereafter until terminated by either party giving to the other party one year's notice in writing. Such provinces as have signed, have signed for five years, except Saskatchewan, which has signed for three years only. It was within its rights to do so, but why it fixed the term of agreement at three rather than five years I cannot say.

By paragraph (a) of clause 4 (2) the agreement excludes from unemployment assistance costs, payments made to or on behalf of persons who are inmates of any institution or class of institution maintained in whole or in part out of funds provided by Canada, a province, a municipality or a charitable organization.

By the same subsection there are exempted from the benefits of this bill persons in receipt of financial assistance under any provincial legislation the cost of which is shared by the Federal Government. A person who is receiving an old age pension is not included within the ·45 per cent.

Hon. Mr. Hackett: Would the right be denied if an individual was receiving benefits under legislation of a province?

Hon. Mr. Macdonald: If the province was not receiving any financial assistance toward that benefit, the person concerned could be included in the ·45 per cent.

Hon. Mr. Bouffard: Will those who receive a pension from a local pension tribunal—under, for instance, the Needy Mothers Assistance Act, or others who are in receipt of annuities from the province—be entitled to benefit under this bill?

Hon. Mr. Macdonald: Persons who receive a mother's allowance, as referred to by my honourable friend, will not be eligible for benefits under the bill. That is specifically spelled out in clause 4(2), which reads:

> Except as provided in subsection (3), an agreement shall, for the purposes of this act, exclude from unemployment assistance costs . . .
>
> (c) payments made to persons by way of mothers' allowance . . .

Hon. Mr. Bouffard: What about those who receive a pension from a provincial Government or from a corporation?

Hon. Mr. Macdonald: Such persons would qualify for benefits under the act but the assistance they would receive would undoubtedly be considerably less than that received by the average unemployed person, and the total payment to the province concerned would be reduced accordingly. If a province paid $50 to an unemployed person who received an additional $10 from another source, the $10 would be included in the total amount paid by the province, but the recipient would count as one person and the average amount paid would be reduced accordingly. I hope I have made myself clear.

The costs of administration of the legislation are provided for by the provinces and the municipalities. Here I would refer honourable members to clause 4(3):

> An agreement may include as unemployment assistance costs
>
> (a) payments made to or on behalf of persons who are inmates of homes for special care and who would not normally be cared for in general, acute, chronic or convalescent hospitals, tuberculosis sanatoria, mental institutions, institutions for incurables, orphanages or child welfare institutions . . .

Generally speaking, persons in hospitals or sanatoria are not included, but where there are unemployed persons who would not normally be confined to a hospital or sanatorium the assistance which is given to them can be included in the amount claimed by a province when its unemployment figure exceeds ·45 per cent of its population.

Travelling costs are allowed in certain cases. For instance, the travelling expenses incurred by somebody who is sent from City "A" to City "B" to get a job may be included in the amount claimed by the province.

The next clause of interest is clause 5:

An agreement may provide for contributions in respect of unemployment assistance costs that were incurred within a period of one year prior to the execution thereof but after the first day of July, 1955.

I would point out that when a province enters into an agreement it does not have to provide for contributions in respect of unemployment assistance costs incurred one year prior to the execution of the agreement. For instance, New Brunswick requested that its agreement be dated as of January 1, 1956, for it did not feel it advisable to go back beyond that time.

I trust I have made the provisions of the bill clear to honourable senators. When this legislation first came to my attention I thought it was terribly involved, but after studying it I found it to be otherwise. Representatives of federal and provincial Governments have attempted for a long time to settle the question of just who is responsible for our unemployment problem.

Hon. Mr. Baird: As I understand it, the federal Government is really providing a certain amount of unemployment insurance to the provinces.

Hon. Mr. Macdonald: Unemployment insurance comes under separate legislation. Persons who have paid into the unemployment insurance fund may, when they become unemployed, claim certain unemployment insurance benefits under the Unemployment Insurance Act. However, there have always been these questions. What happens to a person when his claim runs out? What happens in the case of a person who has never paid into the unemployment insurance fund and becomes unemployed? What happens in the case of a person who is unemployable? There has been a lot of controversy over the years as to who is responsible for these matters. Some say the municipalities are responsible, others say the provincial Government, and still others say the federal Government. The bill now before us represents an attempt to solve this problem. The arrangement that has been worked out is that where more than ·45 per cent of the population of a province becomes unemployed, either by reason of persons not being able to find work or being unemployable, the federal Government will step in and pay its share of assistance costs.

Hon. Mr. Burchill: Could the honourable Leader of the Government give a brief explanation as to the machinery that is set up within a province to administer unemployment insurance payments? Does a municipality make payments direct or is this done by the provincial Government? Is some board set up to determine who qualifies under various classes?

Hon. Mr. Macdonald: It is a matter entirely for the provinces. No doubt the federal Government takes an interest in how the payments are made, receiving an accounting from the provinces as to the number of persons given assistance, the total amount of that assistance, the average cost per person, and so on. The total assistance is calculated and the net reimbursement claim is then arrived at, of which the federal Government pays 50 per cent. The administration is entirely in the hands of the provinces, as is the actual payment of the assistance. When it is paid and the accounts are sent in, the dominion Government pays 50 per cent of the amount arrived at on the basis of the ·45 per cent calculation.

Hon. Mr. Hackett: The honourable gentleman has spoken of ·45 per cent. Does that mean a fraction of 1 per cent?

Hon. Mr. Macdonald: Yes, a fraction of 1 per cent. I happen to remember that ·45 per cent of the population of British Columbia, for example, is 5,000. There are now about 20,000 unemployed in that province, and therefore the federal Government's share would be 50 per cent of the amount paid to 15,000 people.

Hon. Mr. Hackett: Can the honourable gentleman say what is the normal proportion of unemployed employables? I had assumed, without knowledge, that a percentage of people who are able to work do not work, that there was no time when 100 per cent of those who could work had employment.

Hon. Mr. Macdonald: As the honourable senator has stated, a certain number of people are always unemployed, and probably it was felt by the different provinces that ·45 per cent of the population would represent the general unemployment situation in Canada even in good times. No one can arrive at a definite figure; at one time it might have been 50 per cent, at another time it might have been 30 per cent, but after discussions for years this proposal has generally been accepted by the provinces. As I have stated, six provinces have entered into the agreement, and it is expected that others will follow. Why the ·45 per cent was decided upon, rather than, say,

·46 per cent or ·44 per cent, I cannot say; I know only that it was the percentage which the various provinces agreed upon.

Hon. Mr. Hackett: The only exception is Nova Scotia?

Hon. Mr. Macdonald: The only exception is Nova Scotia, and that is a temporary condition.

Hon. Mr. Baird: Am I right in assuming that under this legislation no person will be considered unemployable?

Hon. Mr. Macdonald: Oh, no. There still will be people considered unemployable.

Hon. Mr. Hackett: Except those classes barred from the benefits of the legislation?

Hon. Mr. Macdonald: I should not have used the word "unemployable". Even if a person is unemployable he may still be able to get assistance within his province. If within a province the percentage of unemployed employables and unemployables reaches ·45 per cent, the federal Government will contribute.

Hon. Harold Connolly: In effect, then, so far as those people are concerned the federal Government will be taking up part of the load ordinarily carried by poor relief?

Hon. Mr. Macdonald: The federal government will take up the load which has previously been borne by the provinces and the municipalities.

Hon. Mr. Bouffard: Or, in many cases, by the Community Chests.

Hon. Mr. Macdonald: I do not think this should discourage the Community Chests, but the municipalities may take Community Chests assistance into consideration when helping persons who have received it. If a Community Chest paid an unemployed person $15 a week, and the municipality paid $10 a week, the provincial Government could not show that he had been paid $25 a week; it could show a payment of only $10 a week. This would not affect the number of persons receiving assistance, but it would bring down the average amount paid to each person under this legislation.

Hon. John J. Connolly: Honourable senators, when discussing this matter I think we should bear in mind that by and large the agencies which participate in what is generally understood to be the Community Chests do not provide direct relief. They are agencies which provide services—the Children's Aid Society, the Family Welfare Society, the Y.M.C.A. and the Y.W.C.A., and so on. I would be very much concerned if word were to go out that the Senate understood that such agencies provided direct relief, or that anything done under this legislation might adversely affect the appeals of the various Community Chests throughout the country.

Hon. Senators: Hear, hear.

Hon. John J. Connolly: I am sure no member of the Senate would want that misunderstanding to be broadcast. I am not absolutely certain that no agency participating in the Community Chests provides direct relief, but I think I am right.

If I may, I should like to mention another point. Incidentally, I think perhaps we are operating as if we were in Committee of the Whole. I rather dislike subjecting the honourable leader to further questioning.

Hon. Mr. Macdonald: I do not mind.

Hon. John J. Connolly: Before the leader closes would he mind saying what provision there is to ensure that the contributions which the federal Government makes under this legislation are proper and not excessive?

Hon. A. K. Hugessen: Honourable senators, I am very glad that the honourable senator from Ottawa West (Hon. Mr. Connolly) said what he did about the Community Chests, and I want to support his remarks in that connection. As he said, the work of the Community Chests is largely connected with services to unfortunate members of the community, and the participating agencies do not, as a general rule, attempt to provide direct relief. That came very forcibly to my attention several years ago in Montreal when the first unemployment insurance legislation was passed by Parliament. I had the impression at that time that once the legislation was put on the statute books it would be of considerable help to the charitable agencies in Montreal. I was surprised to find that that was not so in any way, shape or form, and that the charitable agencies did not, and in fact could not, attempt to deal with relief on a general scale in such a way as unemployment insurance deals with it. So, I agree with the honourable senator from Ottawa West that we should not expect this legislation to cause any decline in the appeals for the various Community Chests across the country.

I was interested in the question asked by the honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill) as to the actual operation of this legislation after it is passed. While Parliament passes it, the people whom we are really concerned with are the individuals in the local towns and villages who are going to benefit by it. The honourable senator particularly asked how the legislation would work out as between the

dominion, the provinces and the municipalities. I would suggest that the answer is found in the form of agreement which appears as Schedule A to the bill. It will be observed by section 3 of the agreement that the province undertakes to "make all the necessary arrangements for (a) the receipt, by itself or by municipalities, of applicants for assistance . . . and (b) the verification of the representations made by applicants . . ." in the province. The section contains this important additional undertaking: ". . . the province shall assume responsibility for the correctness of such representations". After all, it must be remembered that the province is paying 50 per cent of the claims, and naturally it has a very direct interest in seeing that they are genuine.

By section 4 of the agreement the province undertakes to ". . . make available to officials of Canada particulars of (a) conditions prescribed by" the province "or by municipalities under which assistance may be given . . ."

By section 6 the province undertakes to "deliver to the Minister of National Health and Welfare, at Ottawa, a monthly statement . . ." showing the way in which the reimbursement claim by the province is made up.

The only other section of the agreement which occurred to me as being significant in that connection is section 14, which requires that the claim for reimbursement must contain a certificate signed by the provincial auditor, certifying that the claim has been prepared in accordance with the terms and conditions of the agreement made with the dominion; and upon receipt of a reimbursement claim so certified, Canada shall make payment of 50 per cent of the total claim.

I suppose it is conceivable that a dispute might arise between Canada and a province as to whether the province had complied strictly with the provisions of the agreement. I observe that section 16 provides that in the event of any controversy arising with respect to this agreement, either party may submit such controversy to the Exchequer Court of Canada for determination.

Honourable senators, that seems to be a pretty clear picture of the manner in which this legislation will operate, starting with the unfortunate individual who makes his claim to his municipality, and following it through to the time when that application, and others from the same province, are processed here in Ottawa.

Hon. Paul H. Bouffard: Honourable senators, I would not want anybody to think that this legislation was intended to harm or interfere in any way with the good work being done by the Community Chests and other charitable organizations in the various communities. As the senator from Ottawa West (Hon. Mr. Connolly) has said, the Community Chests render a fine service. I have in mind the charitable organization in my own province known as the St. Vincent de Paul Society, and the other provinces have similar organizations which do good work. These societies are operated by volunteer workers who go about among poor families and discover many people who are in need of fuel, food or clothing, some of whom are too proud to ask for assistance. It is only by the good work of these energetic volunteers that some people receive help in most serious difficulties. I strongly hope that this legislation, which will render public support to people in difficulty, will not in any way discourage support of such charitable organizations as the St. Vincent de Paul Society and the Community Chests.

I am satisfied that this is good legislation. It has been discussed by the various provinces, and accepted by six of them. While it will be of great assistance to people over long periods of unemployment, I trust it will not replace the work being done, without hope of reward, by the charitable organizations to which I have referred. Let us hope that the legislation will not tend to replace good and necessary charitable organizations.

Hon. John T. Hackett: Honourable senators, I have a word to say about the principle of this bill. It smacks very much of legislation that is already enacted and in force, such as old age pensions and family allowances, and I submit that it is another offering to the individual which makes him dependent upon the federal Government. In my view it is in conflict with the spirit of Confederation, and to an extent submits the requirements, the needs and, above all, the wants, of the individual to a central organism. I think this is contrary to the very genesis of our federal system, and in the long run it may result in conflict between the different elements of the country, depending upon the proportion which they deem they have received or will receive, and influenced, no doubt, by considerations other than their needs.

Hon. Mr. Macdonald: Honourable senators—

The Hon. the Acting Speaker: I would like to point out that if the honourable Leader of the Government (Hon. Mr. Macdonald) speaks now, he will conclude the debate.

Hon. Mr. Macdonald: Honourable senators, I was asked by the honourable senator from Ottawa West (Hon. Mr. Connolly) a question with respect to the correctness of the statements which are submitted by the provinces.

I think it was answered fully by the honourable senator from Inkerman (Hon. Mr. Hugessen), but I might add that the amount payable by the federal Government will be limited only by the willingness of the provincial and municipal governments to pay their share. So I am sure that the federal Government is protected with respect to any payments which are to be made by it. As the honourable senator from Inkerman has said, the bill spells out how statements will be prepared, how they are to be sent in, and how payments will be made.

The honourable senator from Victoria (Hon. Mr. Hackett) said that this legislation "smacked" of other legislation which Parliament has passed. I do not know what he intends to convey by the word "smacked". I believe our social welfare legislation is excellent, and I do not believe that the honourable senator himself would want to repeal any of it; on the contrary, I believe that he would join with us in insisting that it remain on the statute books. One class, however, which was omitted from previous legislation is that of the unemployed, some of whom are able to work and some unable. What has been their position hitherto? They have been provided for largely by municipal and provincial governments, and these authorities have felt that, at times when there is more unemployment than usual, the dominion Government should bear a share of the costs. This legislation does not relieve the municipalities or provincial governments of their obligation under our constitution to provide in normal times for the unemployed, whether unemployable or employable. The agreements to be made under this bill will come into effect only when the percentage of the population which is unemployed exceeds ·45 per cent. It is felt that a lesser number than this figure represents would be a normal number of unemployed; and in those circumstances the responsibility will remain with the provinces.

In my opinion the greatest value that attaches to this legislation is that it does away with the controversy which has been going on for some time as to who should look after these people. It is now settled, and, I feel, very satisfactorily. I trust the bill will receive the unanimous support of the house.

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

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

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APPENDIX "A"

(See p. 860)

STATEMENT ON MEETING OF COMMONWEALTH PRIME MINISTERS

During the past ten days Commonwealth Prime Ministers have together reviewed the current state of international affairs. Their discussions have again revealed a sense of common purpose in their approach to the major problems of the day. The peoples of the Commonwealth all share the common heritage of parliamentary democracy. They respect aspirations for freedom and self-government, and they take pride in what they themselves have done in helping to fulfil those aspirations.

This meeting has been held at a significant stage in the development of international relations. A new element has been introduced by the growing recognition of the devastating power of thermonuclear weapons. Other developments of importance have taken place in the world, including changes in the Soviet Union. The common understanding which the Prime Ministers have reached in their review will form a valuable background which will assist each Government in the formulation and pursuit of its national policies.

Despite the high hopes with which the world emerged from the last war, new international tensions developed. These have given rise to increasing fears and suspicion. They have resulted in vast expenditures on armaments and economic distortions which have delayed the full development of the world's natural resources for the common good.

The Governments and peoples of the Commonwealth are united in their desire for peace. They seek friendly relations with all the peoples of the world and have no aggressive intent or design. War would bring disaster for many; world war could mean destruction for all. The policies of all Commonwealth countries will at all times be devoted to preserving and consolidating world peace. The Prime Ministers emphasized the importance they attach to the search for a comprehensive disarmament agreement.

The Commonwealth Governments will strive for a progressive improvement in the standards of life of their own peoples and will assist in similar efforts in other parts of the world. Since the end of the war, in addition to furthering their own economic development, they have done much to assist the development of other countries, through the United Nations and such organizations as the Colombo Plan, the Commission for Technical Co-operation in Africa South of the Sahara and by other means. They will continue in their efforts to secure prosperity as well as peace for all the peoples of the world.

In the course of the meeting the Prime Ministers reviewed the significant developments in the Soviet Union in the context of international relations and world affairs. In this assessment they were helped by the reports made by those ministers who have recently visited the Soviet Union or have held elsewhere personal discussions with the new Soviet leaders. The Prime Ministers considered the recent decisions of the Soviet Government to reduce the numbers of their armed forces, their willingness to facilitate increased contacts between the Soviet Union and other countries, and their expressed desire for improved relations with other Governments. They welcomed these developments. A progressive improvement in the relations between the Soviet Union and the other great powers would help to remove the fear of war and serve the interests of world peace. They believe, however, that the removal of the causes of tension and the creation of mutual confidence and good will are essential if peace is to rest on secure foundations. The Governments of the Commonwealth countries will persevere in the search for just and lasting settlements of outstanding international problems. Unless such settlements can be reached, resources which might otherwise be used to improve the lot of man will continue to be devoted to armaments; and the fears which impel the peoples of the world to accept the burdens of defence will continue to distract and weaken mankind.

The Prime Ministers noted with regret that, since their last meeting, no progress had been made towards German unity. They were informed of current proposals regarding the political and economic activities of the North Atlantic Alliance and the development of closer economic co-operation in Europe.

The Prime Ministers considered the situation in the Middle East. They reaffirmed their interest in the peace and stability of this area. They welcomed the efforts of the Secretary General of the United Nations to ensure observance of the terms of the armistice agreements between Israel and the neighbouring Arab States. They agreed that all practicable steps should be urgently taken to consolidate the progress thus made and to seek a lasting settlement of this dispute.

The Prime Ministers were informed of the situation in Cyprus, and welcomed the

unceasing efforts of the United Kingdom Government to find a solution acceptable to all concerned.

The Prime Ministers reviewed the situation in the Far East and South East Asia. They noted the part which was being played by certain Commonwealth Governments in seeking to maintain peace in Indo-China. They looked forward to a continuing relaxation of tension in the Formosa area, and expressed the hope that unremitting efforts would be made to this end. Peaceful settlements of the problems in this area are imperative for stability in the Far East and for removing the dangers of conflict which would frustrate the hopes of peace. The Prime Ministers heard with interest a report from the Prime Minister of New Zealand on his recent visit to Japan. They were informed of the progress of constitutional advance in Malaya and of the negotiations on constitutional development in Singapore.

The Prime Ministers noted with satisfaction that Ceylon and certain other countries had recently been admitted to the United Nations. They recognized the important part which members of the Commonwealth had played in securing this extension of the Organization. They expressed the hope that its membership could be broadened still further so that it might command a wider allegiance throughout the world.

The Prime Ministers agreed that it was of first importance for their countries to maintain and increase their economic strength. Each country, through sound internal economic policies and steady development of its resources and earning power, could help to strengthen the Commonwealth and the sterling area, and move steadily towards the agreed objective of the widest practicable system of trade and payments. The Prime Ministers noted with satisfaction the United Kingdom's determination to maintain and improve its capacity to serve as a source of capital for development in Commonwealth countries. They received reports on the development programmes of certain members of the Commonwealth.

The Prime Ministers exchanged views on the development of nuclear energy for peaceful purposes. They agreed that the civil use of nuclear energy constituted a valuable new sphere of co-operation within the Commonwealth, as well as with other countries, and they noted with satisfaction the progress already made in this field. The Commonwealth countries are already a major source of world supplies of uranium and thorium, and their resources in these materials are increasing. In most of these countries research organizations have been established to develop the use of nuclear energy as a source of power.

During the course of the meeting, the Prime Minister of Ceylon stated that, in accordance with their declared policy, the Ceylon Government proposed to introduce in due course a republican constitution for Ceylon. He also stated that it was their intention that Ceylon should continue to be a member of the Commonwealth. The other Prime Ministers took note of this statement, and expressed their agreement to Ceylon's remaining a member of the Commonwealth.

The Prime Ministers considered the particular position of the Federation of Rhodesia and Nyasaland in relation to meetings of Commonwealth Prime Ministers. Taking into account the 20 years' attendance first by the Prime Minister of Southern Rhodesia and now by the Prime Minister of the Federation of Rhodesia and Nyasaland, they agreed that they would welcome the continued participation of the Prime Minister of the Federation of Rhodesia and Nyasaland in meetings of Commonwealth Prime Ministers.

Apart from the consideration of matters which are of common concern to all Commonwealth countries, these meetings also afford opportunities for discussions outside the formal sessions. Advantage has been taken of these opportunities on this occasion. The continuing exchange of views on matters of common concern is an important element in the relationship between the member countries of the Commonwealth. It is of the utmost value that this should be supplemented at intervals by personal contacts between the political leaders of the Commonwealth countries, and in a rapidly changing world the need for these direct consultations has assumed a new importance.

London,
6th July, 1956.

THE SENATE

Wednesday, July 11, 1956

The Senate met at 3 p.m., Hon. Thomas Vien, P.C., Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

THE ROYAL ASSENT

NOTICE

The Hon. the Acting Speaker informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Honourable C. H. Locke, Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 5.45 p.m., for the purpose of giving the Royal Assent to certain bills.

CRIMINAL LAW

CORPORAL PUNISHMENT—REPORT OF JOINT COMMITTEE TABLED

Hon. John A. McDonald, for Hon. Salter A. Hayden, Joint Chairman of the Joint Committee of the Senate and House of Commons on capital and corporal punishment and lotteries, presented the third report of the committee.

He said: Honourable senators, this report constitutes the committee's final report on the question of corporal punishment only. I move, seconded by the Honourable Senator Fergusson, that the report do lie on the table, and that it be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this date.

The motion was agreed to.

See appendix to today's Hansard, *pp. 872-85.*

The Hon. the Acting Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. W. Ross Macdonald: I understood that the report was to lie on the table until some future date. Is it intended that it be considered during this session?

Hon. Mr. McDonald: I doubt very much that it will be considered in detail this session.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. Macdonald: Honourable senators will observe that there are only two items on the Order Paper for today. The first item is the third reading of Bill 436, an Act to authorize contributions by Canada in respect of unemployment assistance costs in the provinces. Doubtless that bill will be disposed of today, and if so it will be given the Royal Assent by the Deputy of His Excellency the Governor General at a quarter to six.

The remaining item on the Order Paper is consideration of an amendment made by the House of Commons to Bill J-14, an Act respecting Niagara Lower Arch Bridge Company Limited. My information from the deputy of the sponsor of that bill is that this item will also be disposed of today.

The honourable member from King's (Hon. Mr. McDonald) stated that the joint committee's report on corporal punishment, which was tabled today, is not likely to be considered this session.

Accordingly, there will be no further business left on the Order Paper for the Senate to consider until other legislation is received from the House of Commons.

I am informed that the House of Commons will be dealing with the estimates today and will probably continue to do so for the remainder of this week. Of course, I do not know when other legislation will be passed by that house, but it is doubtful if any bills will come over to the Senate during the early part of next week, in any event.

Honourable senators, I now move that when this house rises today it stand adjourned until Tuesday evening, July 24, at 8 o'clock. I would remind the house that during this adjournment period honourable senators are subject to recall at any time, should His Honour the Speaker deem this advisable.

Hon. Mr. Pouliot: Before the motion is agreed to, may I ask the honourable leader why we were called back under the powers of the War Measures Act before the expiration of the last adjournment? The wording of the telegram which was sent to honourable senators was to the effect that the Clerk had been instructed by His Honour the Speaker, in virtue of the War Measures Act, to summon us back to Ottawa on Tuesday, July 10, a week earlier than the date that had been fixed for our return here. I am at a loss to know what the War Measures Act has to do with sittings of the Senate, which are peaceful gatherings.

Hon. Mr. Macdonald: Regardless of the wording of the telegram, I am pleased that my honourable friend did respond to it.

The Hon. the Acting Speaker: Honourable senators, may I say that the telegram I received was sent in virtue of the powers vested in His Honour the Speaker, pursuant to a motion passed by this house, authorizing him to recall the Senate at any time during

an adjournment if there arose an emergency which in his opinion made this course advisable.

Hon. Mr. Pouliot: Thank you.

Hon. Mr. Hackett: Honourable senators, I have here the telegram which I received, and I assume the same message was sent to all senators. It reads:

I am directed by the Honourable the Speaker to inform you that under the emergency powers vested in him he has called the Senate to meet at eight o'clock p.m. July tenth to consider the Unemployment Assistance Act and such other matters as may come before the Senate.

J. F. MacNeill,
Clerk of the Senate.

I merely read the telegram so that its form may be before the Senate.

The motion was agreed to.

UNEMPLOYMENT ASSISTANCE BILL

THIRD READING

Hon. Mr. Macdonald moved the third reading of Bill 436, an act to authorize contributions by Canada in respect of unemployment assistance costs in the provinces.

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

PRIVATE BILL

NIAGARA LOWER ARCH BRIDGE COMPANY LIMITED—COMMONS AMENDMENT CONCURRED IN

The Senate proceeded to consideration of the amendment made by the House of Commons to Bill J-14, an Act respecting the Niagara Lower Arch Bridge Company Limited.

Hon. John J. Connolly moved that the amendment be concurred in.

The motion was agreed to.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Honourable C. H. Locke, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Acting Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable Charles Holland Locke, a Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Industrial Development Bank Act.

An Act to amend the Canada Lands Surveys Act.

An Act to amend the Farm Improvement Loans Act.

An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1956, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act respecting Niagara Lower Arch Bridge Company Limited.

An Act to authorize contributions by Canada in respect of unemployment assistance costs in the provinces.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, July 24, at 8 p.m.

APPENDIX

(See p. 870)

CORPORAL PUNISHMENT

The Special Joint Committee of the Senate and the House of Commons on Capital and Corporal Punishment and Lotteries begs leave to present its

THIRD REPORT*

of the current session, being the Committee's final report upon the question whether the criminal law of Canada relating to corporal punishment should be amended in any respect and, if so, in what manner and to what extent.

The Minutes of Proceedings and Evidence tabled on June 29, 1955, by the preceding Committee were referred to this Committee; and, at this time, the Committee is returning only that portion applicable to the question of corporal punishment. At the current session, no further evidence was printed and all proceedings were conducted *in camera*.

The sources of evidence taken and witnesses heard on corporal punishment during the first two sessions are listed alphabetically in Number 21 of the Committee's 1955 printed Minutes of Proceedings and Evidence, and a chronological schedule of the sittings of the Committee for the same period appears in the same Number.

The Committee proposes to report later on the question of lotteries, as well as to report generally on its activities, procedure and matters relating thereto.

Respectfully submitted,

SALTER A. HAYDEN
Joint Chairman representing the Senate.

DON. F. BROWN
Joint Chairman representing the House of Commons.

**The First Report of the Committee was a recommendation concerning its quorum presented on March 21, 1956. The Second Report was the Final Report on Capital Punishment presented on June 27, 1956.*

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FINAL REPORT ON CORPORAL PUNISHMENT

CHAPTER I

SCOPE OF INQUIRY

1. The Committee considered that it was authorized to inquire into corporal punishment both as a sentence imposed by the courts and as a penalty for breaches of disciplinary rules in federal and provincial penal institutions. This report will deal in turn with these two aspects of corporal punishment.

CHAPTER II

CORPORAL PUNISHMENT AS A COURT SENTENCE

Section 1: Existing Law

2. The Canadian Criminal Code provides for punishment by whipping for the following offences:

1. rape and attempted rape (Sections 136 and 137)
2. sexual intercourse with female under fourteen (Section 138)
3. indecent assault on female (Section 141)
4. incest (Section 142)
5. indecent assault on male (Section 148)
6. overcoming resistance to commission of offence by choking, drugs, etc. (Section 218)
7. robbery (Section 289)
8. armed burglary (Section 292(3))

3. The revised Criminal Code, which was enacted in 1954 and came into force in 1955, abolished corporal punishment for the following offences:

1. assault on sovereign (Section 49)
2. acts of gross indecency (Section 149)
3. assaults on wife or other female.

The special section of the previous Criminal Code which dealt with assaults on wives or females was deleted and these offences are now governed by the general prohibitions against common or aggravated assaults for which corporal punishment is not a penalty.

4. Juvenile offenders under the age of 16 and females are not subject to corporal punishment.

Section 2: Procedure

(1) *Time*

5. The sentence may direct whipping on one, two, or three occasions during imprisonment, but the time of execution is left to the discretion of the prison authorities. The present practice in penitentiaries is to administer corporal punishment early in a sentence. It appeared that provincial prison authorities are less inclined to disregard court sentences ordering part of the whipping late in the sentence, although this practice was almost universally condemned as being destructive of the success achieved in reform and rehabilitation during imprisonment.

(2) *Method*

6. A whipping is administered by the "cat-o'-nine-tails", commonly called the lash, unless otherwise specified. In practice, most courts order strapping or paddling which is administered by a leather strap across the buttocks. No specifications for the size or use of either instrument are provided in the Criminal Code. It appeared, however, that there is substantial similarity in the instruments, methods, and routine employed in the different federal penitentiaries and provincial institutions. Although no evidence of cutting or any other type of disfiguration or injury from corporal punishment was presented to the Committee, conflicting views were offered on the best method of avoiding a break in the skin. A perforated strap is employed in the penitentiaries because it is considered the perforations will prevent the strap from turning and cutting. A contrary view is held by the provincial institutions, where a plain strap is used, because it is feared the perforations might cause injury.

7. The whipping or strapping is always preceded by a medical examination and, in the penitentiaries and many provincial institutions, a doctor is in attendance during execution of the sentence. Where the medical examination reveals physical or mental incapacity, the sentence is not administered, and in most cases an application is made for remission of the sentence of corporal punishment.

8. Some witnesses considered there might be more fear of the lash than the strap and it was agreed that most courts regarded the strap as a lesser punishment. The evidence suggested, however, that, in fact, a strapping is a more severe punishment than whipping and is so regarded by experienced criminals.

Section 3: Use of Corporal Punishment

9. There has been a substantial decrease in the use of corporal punishment as a court sentence in the past generation. As the following table shows, in the peak year, 1931, corporal punishment was imposed in 165 cases or 12·1 per cent of the 1,360 sentences for offences for which it might have been awarded; and in 1932, 1933, and 1934 the number and rate of sentences of corporal

punishment were respectively 116 (9·7%), 118 (9·6%), and 84 (8·2%). By 1954, the number of sentences of corporal punishment had declined to 14, representing only 0·6 percent of the 2,344 sentences for which it might have been imposed. The decline in the use of corporal punishment has been persistent over the past twenty years, subject to some variation in particular years, and, since 1950, it has been applied in only 1·5 percent of the sentences where its use might have been authorized.

*TABLE OF CONVICTIONS UNDER CANADIAN CRIMINAL CODE SECTIONS FOR WHICH CORPORAL PUNISHMENT MIGHT HAVE BEEN AWARDED AS COMPARED WITH CONVICTIONS WHERE CORPORAL PUNISHMENT WAS ACTUALLY AWARDED, 1930–1954.

Year	(a) No. of Convictions where corporal punishment might have been awarded	(b) No. of Convictions where corporal punishment was actually awarded	(c) Percentage of Convictions in which corporal punishment awarded (b as % of a)
1930	1,143	95	8·3
1931	1,360	165	12·1
1932	1,200	116	9·7
1933	1,226	118	9·6
1934	1,022	84	8·2
1930–34 (5-year average)	1,190	115·6	9·7
1935	1,183	71	6·0
1936	1,146	77	6·7
1937	1,193	73	6·1
1938	1,307	78	6·0
1939	1,401	40	2·9
1935–39 (5-year average)	1,246	67·8	5·4
1940	1,501	43	2·9
1941	1,390	23	1·7
1942	1,228	21	1·7
1943	1,445	7	0·5
1944	1,399	25	1·8
1940–44 (5-year average)	1,393	23·8	1·7
1945	1,378	29	2·1
1946	1,884	41	2·2
1947	1,741	46	2·6
1948	1,756	39	2·2
1949	1,773	63	3·6
1945–49 (5-year average)	1,706	43·6	2·6
1950	1,814	39	2·1
1951	1,883	35	1·9
1952	1,939	35	1·8
1953	1,999	27	1·4
1954	2,344	14	0·6
1950–54 (5-year average)	1,996	30·0	1·5

*This table is based on the statistics appearing in the Appendix to this Report prepared by the Dominion Bureau of Statistics.

10. Corporal punishment is used as part of a court sentence in relatively few other jurisdictions. Since abolition in the United Kingdom in 1948, its use has been restricted to the State of Delaware, Canada, The Union of South Africa, Egypt, and certain colonial territories. In other jurisdictions it appears to have been abolished after an extended period of decreasing use.

Section 4: Summary of Arguments Advanced by Witnesses for Retention of Corporal Punishment

11. The attorneys general of most provinces, the police, and other law-enforcement agencies favoured the retention of corporal punishment. Their experience indicated that it operates as a deterrent to serious crime by imposing a lesson on the particular offenders

subjected to it and by the fear it creates in the criminal class. Apart from its deterrent effect, there appeared to be some support for corporal punishment as a just punishment for serious crime. It was regarded by some as a proper retribution, a mark of the community's revulsion against vicious offences; and a grave punishment, the justice of which would be recognized alike by the community and the offender.

12. Those favouring retention of corporal punishment stated discrimination and care should be used in its administration. There was general agreement with the view expressed by representatives of the police that it was not effective against the recidivist, the hardened criminal, or the sexual criminal. It is not, for example, uncommon for an experienced criminal to request a sentence with corporal punishment instead of a long term of imprisonment. The present Criminal Code provisions for indefinite detention of habitual criminals and criminal sexual psychopaths appeared to be a more realistic method of dealing with these offenders because experience indicated they are not likely to be influenced by corporal punishment.

13. It was considered that corporal punishment could be used to best advantage against young offenders. There was little support for its use against first-offenders but it was suggested that it might be used against young offenders who had not been influenced by reasonable efforts at rehabilitation by means of probation and other methods but who could not be considered to be hardened criminals. Particular concern was expressed about offenders showing a persistent disregard for the safety and property of others: members of street gangs, whether called "zoot-suiters" or "leather jackets", whose conduct was described by one witness as "hooliganism". Several witnesses suggested corporal punishment might be particularly effective against this type of offender because it would humiliate him in the eyes of his companions and take away the false glamour attached to a person who had been unaffected by lesser punishments.

14. The danger of doing more harm than good to particular offenders was recognized by those who favoured retention, particularly for young offenders. Some form of presentence investigation and report was suggested which would take into account physical, mental, emotional, environmental, and other relevant factors in the background of the offender. This was considered to be necessary, particularly in the case of young offenders who had not proven amenable to other methods of correction and who might be so constituted as to suffer grave harm from the infliction of corporal punishment.

Section 5: Summary of Arguments Advanced by Witnesses for Abolition of Corporal Punishment

15. Those opposing corporal punishment contended that it had no unique deterrent influence. In view of the importance of this consideration, it is discussed in the next section of this report. It was contended that corporal punishment was not reformative and the Committee was impressed by the evidence of the Commissioner of Penitentiaries and others who stated that it counteracted the attempts made at reform and rehabilitation during imprisonment. Because of this, it was suggested that some penal officials were reluctant to carry out sentences of corporal punishment awarded by the courts and, in the words of one witness, "only went through the motions" in administering this punishment. The opinion was also expressed that, in addition to impeding reform, it did positive harm by embittering some offenders. Some, who considered corporal punishment might be helpful if administered immediately after the offence, contended that the delay, imposed by the necessity of allowing time for trial and appeal, destroyed the value which the punishment might otherwise have achieved. Those favouring abolition, in general, considered that corporal punishment could only be justified as a punitive, retributive measure which was considered to be out of step with modern penal theory. Considerable emphasis was placed by some on the fact that Canada was one of very few countries in the democratic world still using corporal punishment.

16. The special considerations affecting young offenders are discussed in a subsequent section. Generally, in relation to all types of offenders, those favouring abolition argued that corporal punishment could produce no quick cure and was apt to do positive harm. The rarity of the sentence in Canada meant that its imposition was inconsistent and inequitable, a factor recognized by representatives of the police. Its imposition, under present conditions, depended upon the views of particular judges and, perphaps, also the swings of public opinion; and sometimes bore little relation to the nature of offences or offenders. It was considered a degrading punishment; and, since it was more likely to arouse feelings of resentment and revenge, it was urged that public humiliation of offenders could not be a proper foundation for their reform. To bring out the best in young offenders, better methods of treatment could be employed and, to protect society from recidivists and sexual offenders, isolation and segregation could be used to greater effect. Although no specific evidence was

produced, the opinion was expressed that corporal punishment might adversely affect prison officials either by bringing out sadistic impulses or discouraging the application of positive reformative measures.

Section 6: Considerations Relating to Deterrence

17. There are two aspects of deterrence: First, the prevention of the repetition of a similar or other offence by the person punished; and, secondly, its effect on the conduct of the public in general. All punishments are designed to deter and the proper approach, therefore, is to determine, if possible, whether there is any unique deterrent quality in corporal punishment which is not possessed by imprisonment, probation, or other methods of punishment and treatment.

18. Conflicting opinions were offered to the Committee by those experienced in dealing with offenders. The police and prosecuting authorities were of the opinion that corporal punishment was an important deterrent. Some prison authorities, prison psychiatrists, prisoners-aid officials and others in close contact with offenders were firmly convinced that it had no special deterrent effect. The ordinary citizen might expect that criminals would carefully consider the painful effect of corporal punishment before committing a crime for which it can be imposed. The evidence indicated, however, that, in general, the concern of offenders is to avoid arrest and imprisonment, and that they do not delicately balance their intended crimes against the prospect of corporal punishment.

19. Apart from these expressions of opinion based on contact with offenders and knowledge of the behaviour sciences, there is some factual evidence available for consideration. The deterrent quality of corporal punishment in relation to the subsequent conduct of an individual offender can only be measured by relating his conduct to that of similarly-placed persons who have not experienced corporal punishment. In considering the deterrent effect of corporal punishment on individual offenders, it is not possible to form any judgment based solely on the subsequent careers of persons who have experienced it. The Committee was aware of the existence of two studies based on statistics from the United Kingdom and the State of Delaware comparing the subsequent conduct of persons sentenced to corporal punishment for robbery with those not sentenced to corporal punishment for the same offence. No comparable studies have been made in Canada and the available Canadian statistical material, in the opinion of the Committee, is not sufficient to provide a basis for similar surveys in this country. The results of these studies, which are included in the evidence[1], indicated that there is an appreciably higher proportion of recidivism among those who have been sentenced to corporal punishment. When allowance is made for the fact that those sentenced to corporal punishment may have included some of the worst offenders (as well as a surprising proportion of first-offenders), it appeared from this evidence that no unique deterrent effect was exercised by corporal punishment.

20. The second aspect of deterrence, that of restraining the commission of particular offences by the general public, likewise has received little objective investigation. The Committee was impressed with the results of a study of the incidence of robbery with violence in the United Kingdom for the period 1864 to 1936[2]. This study was offered as an indication that the incidence of robbery with violence was little influenced by the proportion of cases in which corporal punishment was awarded as a penalty. Evidence was given also about the recent experience of the United Kingdom where, prior to the abolition of corporal punishment in 1948[3], there had been a substantial increase in robberies with violence during the war and immediate post-war years notwithstanding the greatly increased use of corporal punishment by the courts. Since 1948, there has been a substantial decrease in the number of robberies with violence. The Committee considered that the evidence referred to in this paragraph and in the preceding paragraph must be interpreted carefully because statistics cannot describe all the factors shaping individual conduct or the developments in society at large which affect the incidence of particular crimes. Nevertheless, the Committee was of the opinion this evidence suggests that the incidence of robbery with violence in the United Kingdom was not appreciably influenced by the presence or absence of corporal punishment.

21. The evidence also suggested that the crime rate in other democratic countries of the Western World, as in the United Kingdom, has not been affected by the presence or absence of corporal punishment.

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[1] Prof. S. K. Jaffary at pp 279-288 of Committee's 1955 Evidence, No. 9, quoting from U.K. Departmental *(Cadogan)* Committee Report on Corporal Punishment, 1938 (H.M.S.O. Cmd. 5684); Prof. T. Sellin at p. 709 of Committee's 1954 Evidence, No. 17, quoting from R. G. Caldwell's "Red Hannah—Delaware's Whipping Post" (University of Pennsylvania Press, 1947).

[2] Prof. T. Sellin at pp 711-713 of Committee's 1954 Evidence, No. 17, quoting from E. Lewis-Faning, "Statistics relating to the deterrent element in flogging". (Jour. Royal Statistical Society 102, (1939); p. 565-78).

[3] Mr. J. A. Edmison at page 201 of Committee's 1955 Evidence, No. 7.

22. The Committee concluded, after consideration of evidence and opinion on deterrence, that corporal punishment does not exercise any unique deterrent effect in addition to that provided by other methods of punishment.

Section 7: Corporal Punishment of Young Offenders

23. The Committee gave special consideration to the problem of young offenders. Some of the arguments for extending the use of corporal punishment to young offenders as an effective deterrent against subsequent offences are reviewed in paragraph 13. The only suggestions made for increased use of corporal punishment were made by those who favoured its use for particular types of young offenders. The view was expressed that youths who had persisted, despite reasonable efforts at reform by probation and other methods, in offences against the person, property or public order, most commonly associated with street-corner gangs, might be brought to their senses by the administration of corporal punishment. In this way, it was contended, they might be saved from a prison sentence which would probably lead to a confirmed criminal career.

24. The Committee cannot accept these views. The evidence presented to the Committee indicated that the special provisions formerly made in the United Kingdom for the caning or birching of young offenders were not effective and were gradually abandoned, in practice, in favour of probation and other methods of treatment which were found to be much more effective. The United Kingdom Departmental Committee on Corporal Punishment (1938) recommended abolition of caning young offenders. This recommendation was carried into effect in 1948, by which time caning had become virtually obsolete as a method of treatment or punishment.

25. Medical and psychiatric evidence presented to the Committee suggested that little, if any, advantage would come from increased use of corporal punishment against young offenders. It was stated that such punishment would create an attitude of aggressive hostility in many cases which would militate against reform; and the experience of the Juvenile and Family Court of Toronto with corporal punishment of juveniles supported this contention. The danger exists that any increased use of corporal punishment for young offenders might undermine and destroy the positive attempts made towards their reform and rehabilitation. It was also considered that the delay resulting from the necessity of allowing for a proper trial and appeal would destroy any good which an immediate application of corporal punishment might accomplish.

26. The Committee does not believe that any convincing case was made for extending the use of corporal punishment to young offenders.

Section 8: Conclusions and Recommendations

27. The Committee kept two considerations in mind throughout its inquiry into corporal punishment as a part of the sentence of the court. The first was whether it deters those subjected to it from further crime and, secondly, whether it deters the public generally to a greater extent than other methods of punishment. The evidence did not justify the view that it will exercise any special reformative or deterrent influence on individuals upon whom it is administered and, on the whole, it appears to have the contrary effect. The Committee concluded that the existence of corporal punishment affords no unique deterrence to crime. Accordingly, the Committee recommends that corporal punishment be abolished for any of the offences for which it is presently prescribed in the Criminal Code.

28. The Committee considered that a change can be more readily recommended because the courts in recent years have made little use of corporal punishment as part of a sentence. In this respect, Canada would appear to be in line with other democratic countries which abandoned corporal punishment after its use had steadily decreased over a considerable period of time.

Section 9: Alternative Recommendations

29. In the event that the recommendation of this Committee is not accepted, the Committee makes the following alternative recommendations. First, that the law be amended to provide that corporal punishment should be imposed only after courts receive and consider full reports on the background of offenders which would indicate its suitability as a punishment in each case. Secondly, the Committee considers that corporal punishment should be administered early in each sentence and that it is inappropriate to couple it with a long sentence. Thirdly, since the strap is the instrument most commonly used, that it should be used exclusively and that uniform specifications for the construction and use of the strap should be made and enforced.

CHAPTER III

CORPORAL PUNISHMENT FOR PENITENTIARY AND PRISON OFFENCES

Section 1: Law and Offences

(1) *General*

30. Offenders sentenced to less than two years' imprisonment for offences under the Criminal Code or other federal statutes serve their sentences in provincial prisons and those sentenced to two years or more serve their sentences in federal penitentiaries. The Penitentiaries Act confers power on the Commissioner of Penitentiaries to make rules for the administration, management, and discipline of the penitentiaries. The Prisons and Reformatories Act provides that any person sentenced to a provincial prison is subject to all lawful rules and regulations governing its operation. Under the authority of these statutes, offenders are liable to receive corporal punishment for violation of penitentiary or prison regulations.

(2) *Penitentiaries*

31. The penitentiary regulations prescribe flogging or strapping, in addition to any other punishment, for the following offences:

1. Personal violence to a fellow convict;
2. Grossly offensive or abusive language to any officer;
3. Wilfully or wantonly breaking or otherwise destroying any penitentiary property;
4. When undergoing punishment, wilfully making a disturbance tending to interrupt the good order and discipline of the penitentiary;
5. Any act of gross misconduct or insubordination requiring to be suppressed by extraordinary means;
6. Escaping, or attempting or plotting to escape from the penitentiary;
7. Gross personal violence to any officer;
8. Revolt, insurrection, or mutiny, or incitement to the same;
9. Attempts to do any of the foregoing things.

(3) *Provincial Prisons*

32. Corporal punishment is not used as a disciplinary measure in provincial prisons in Alberta, Saskatchewan, New Brunswick and Newfoundland. No particulars were available concerning its use in Quebec, Nova Scotia or Prince Edward Island.

33. In Manitoba its use is confined to an assault on an officer, mutiny or incitement to mutiny. In British Columbia it may be awarded for any of the offences specified in the regulations, namely:

1. Disobedience of the rules and regulations of the gaol;
2. Common assault by one prisoner upon another;
3. Cursing or using profane language;
4. Indecent behaviour or language toward another prisoner, toward any officer of the gaol, or toward a visitor;
5. Idleness or negligence at work;
6. Wilfully destroying or defacing gaol property;
7. Insubordination of any sort.

In Ontario it may be awarded for the following offences:

1. Assault with violence on officers;
2. Assault with violence on other inmates;
3. Continued course of bad conduct;
4. Escape or attempted escape;
5. Malicious destruction of or injury to machinery or other property;
6. Malingering to evade work;
7. Mutinous conduct;
8. Repeated fighting after warning;
9. Refusal to work after warning;
10. Repeated insolence to officers;
11. Riotous conduct in dormitories, cells, working gang or elsewhere;
12. Attempting to commit sodomy and other unmentionable crimes of like character.

Section 2: Procedure

(1) *Penitentiaries*

34. In penitentiaries, an inmate charged with an offence is tried in the Warden's Court. Evidence is taken on oath from the officers, and the inmate is given a fair opportunity to present his own side of the case. A summary of evidence is taken and is forwarded to the Commissioner of Penitentiaries with the warden's recommendation. It is not uncommon for the commissioner to direct the withholding of all or part of the sentence during good behaviour.

35. Before administration of the sentence, the inmate is examined by the institution's physician and psychiatrist. The sentence is carried out with a physician in attendance.

(2) *Provincial Prisons*

36. In none of the provinces using corporal punishment for prison offences is it necessary for the head of the institution to obtain approval of higher authority before the sentence is administered. Before administration in British Columbia, Manitoba and

Ontario, the medical officer must certify the fitness of the prisoner to endure punishment, and in Manitoba and Ontario the regulations require the medical officer to be present during execution of the punishment.

(3) *General*

37. Basically, the same procedure is employed in the administration of corporal punishment for prison offences and court sentences. The standard practice is to use the strap. As indicated in paragraph 15, some witnesses testified that, in their opinion, the administration of corporal punishment as a court sentence was less severe than when it was administered for a prison offence.

Section 3: Extent of Use

(1) *Penitentiaries*

38. In the federal penitentiaries, the use of corporal punishment has varied considerably. It declined from a rate in excess of 50 per year in the early 1930's to under 30 per year in the late 1930's and war years. After the war it rose to 63 in 1949 and then it declined in 1951 and 1952 to 8 and 7 respectively, rising again in 1953 and 1954 to 23 and 26 respectively. The decline in the post-war years was attributed to the new penal policies introduced after the delayed implementation of the Archambault Report[1] of 1938, which brought about a more relaxed feeling in the institutions. The rise in the last two years is attributed to the general unrest prevalent in the United States prisons which communicated itself to Canadian institutions.

39. In practice, corporal punishment is not awarded for all the offences listed in penitentiary regulation 165 quoted in paragraph 31. Corporal punishment is limited and is used as a penalty of last resort in cases of mutiny, incitement to mutiny, and gross personal violence to a penitentiary officer or servant or to another inmate.

(2) *Provincial Prisons*

40. In Manitoba, corporal punishment is restricted to the serious offences outlined in the Archambault Report and has only been imposed once in the last eight years. In British Columbia, it was until recently used to a considerable extent as a method of control at Oakalla Prison. No statistics were available but it is understood that because of improved conditions in the prison it has been virtually eliminated. According to information supplied by Ontario, approximately 250 prisoners received corporal punishment in each of the years 1949 and 1950; the number dropped to 200 in 1951 and 105 in 1952 but rose to 250 in 1953. In this period, those punished represented from 0·2 per cent to 0·5 per cent of all prisoners in custody.

Section 4: Conclusions and Recommendations

(1) *Retention in Penitentiaries*

41. The Committee considered that different considerations apply to corporal punishment for prison offences than to corporal punishment as a court sentence. Several witnesses, including the Commissioner of Penitentiaries and other experienced prison administrators who advocated the abolition of corporal punishment as a penalty under the Criminal Code, insisted that it was a necessary disciplinary measure in penal institutions.

42. The Committee considered, as the previous paragraphs of this report indicate, that the greatest deterrent to crime is the fear of apprehension and imprisonment. These deterrents are not effective against a person undergoing sentence and must be replaced by others. The Committee also considered that, because of the knowledge which prison authorities should possess about each prisoner, there is much less danger of corporal punishment for prison offences being applied in circumstances where it is either unsuitable or even dangerous to the offender. While the Committee did not think that corporal punishment is likely to be reformative, it considered that a prisoner rendering himself liable to such punishment has failed to take advantage of the reformative influences afforded by the prison. Accordingly, the punishment will not run entirely counter to the reformative policies of the institution.

43. The Committee does not favour indiscriminate use of corporal punishment. Too frequent use of this drastic punishment is likely to reduce its significance and render it less effective than it is if reserved for only the most serious offences. It should be regarded, as it is now in most Canadian penal institutions, as a punishment to be applied only as a last resort when all other penalties are judged to be ineffective.

44. The Committee was impressed by the evidence of the effects of the post-war changes in penal policy. The emphasis on the positive elements of reform and education and the elimination of some of the stricter features of the former discipline appear to have produced a much more relaxed attitude in the penitentiaries. In this atmosphere, it appears effective in many cases to use punishment in the positive sense of encouraging good behaviour by withdrawing various privileges, such as smoking, reading, hobbies, and other amenities, as the penalty for disciplinary offences. Other

[1] Report of the Royal Commission to investigate the Penal System of Canada (1938), Queen's Printer, Ottawa.

types of punishment are available in more serious cases. The loss of earned remission, although not particularly effective at the start of a long sentence, becomes a grave punishment towards the end of sentence. Deprivation of diet and various types of detention and restriction of movement in the institution, including segregation and isolation in serious cases, are traditional punishments which are extremely effective. There was evidence that some offenders are more likely to be restrained and deterred by solitary confinement than by corporal punishment, and its use is to be preferred in all proper cases because it does not arouse the same degree of resentment and anger as corporal punishment which might provoke further outbursts against the regulations.

45. Effective as these other punishments are, the Committee was impressed by the argument that the ultimate threat of corporal punishment must be held in reserve as a deterrent to serious outbursts in the institution. It is also necessary that prison officers be assured that any attack on their person will be met by stern and appropriate punishment extending even to corporal punishment. In this sense it is an important part of prison administration.

46. Opinions differed as to the deterrent effect of the punishment on the offender and this Committee noted the conclusion of the United Kingdom Committee on Corporal Punishment (1938) that it does not prevent further rule-breaking. There was evidence that a prisoner, after corporal punishment, is more discreet and prison-wise in his non-conformity, if any, and less prone to open acts of defiance. Moreover, the evidence established that the present penitentiary system of withholding all or part of a disciplinary sentence of corporal punishment during good behaviour has considerable deterrent value.

47. As indicated above, the significance of this punishment is lost, if it is applied too frequently and without proper deliberation. The Committee agrees that sentences of corporal punishment should continue to be reviewed by higher authority in Canadian penitentiaries as in the United Kingdom. This not only eliminates some of the danger of impulsive action or rashness, but also emphasizes to the offender and the prison population the importance of the punishment.

48. Subject to the exception hereinafter stated, the Committee considers that the recommendations of the Archambault Report prescribe reasonable limits in the application of corporal punishment in penitentiaries and that its use should be limited to mutiny, incitement to mutiny, and to serious assaults on penitentiary officers and servants. Further, however, the Committee considers that corporal punishment should be available for punishment of those persons who are guilty of acts of violence against fellow prisoners or causing or attempting serious damage to penitentiary property.

(2) *Provincial Prisons*

49. The Committee recognized that the administration of provincial prisons and the punishment for breaches of their regulations remain a provincial responsibilty. Nevertheless, it considers that the considerations affecting the application of corporal punishment for penitentiary offences apply with equal force to provincial institutions. Particularly, the Committee commends to the consideration of provincial governments its report and recommendations on the subject of the use of corporal punishment for prison offences.

50. The Appendix to this Report is annexed hereto.

Respectfully submitted,

SALTER A. HAYDEN
Joint Chairman representing the Senate

DON F. BROWN
Joint Chairman representing the House of Commons

*APPENDIX

TO

FINAL REPORT ON CORPORAL PUNISHMENT

(Prepared by the Dominion Bureau of Statistics)

The data included in the tables show, for each year from 1930 to 1954, the total number of convictions under certain sections of the Canadian Criminal Code (Table 1) and, separately, the number of these convictions where there was an extra sentence of corporal punishment (Table 2). In Table 3, the number of convictions with extra sentence of corporal punishment, for each year, is expressed as a percentage of the total number of convictions. For example, in 1930 there were 45 convictions under Section 204 of the Criminal Code; of these, 6, or 13·3 per cent, were convictions with extra sentence of corporal punishment. In 1952, under the same section, there were 31 convictions; and, of these, 1, or 3·2 per cent, was a conviction with extra sentence. In Tables 4, 5 and 6, the data of the preceding tables have been grouped into five-year intervals, thus permitting the calculation of an annual average for each of the

* This Appendix revises and brings up to date the statistical data contained in the Committee's 1954 Evidence, No. 18, pp. 793-799.

five groups shown. Tables 7 and 8 show the number of remissions of corporal punishment by years and five-year groups respectively.

Data were requested under specified sections of the Canadian Criminal Code. For statistical purposes, certain of these sections are classified as distinct and separate categories; others are included in broad groups embracing several sections of the Code. Sections 80, 204 and 300 are shown separately; the remainder are included in groups which are indicated in the footnotes to Table 1.

No offences have been reported under section 80 for the years shown. As pointed out in Table 1, section 276 is included in the general category "wounding and shooting", together with sections 273, 274 and 275. No conviction with extra sentence of corporal punishment has been recorded under this heading from 1930 to 1954. The data on the total number of convictions under this heading have, therefore, been omitted from Table 1.

TABLE 1.—TOTAL* NUMBER OF CONVICTIONS UNDER CERTAIN SECTIONS OF THE CANADIAN CRIMINAL CODE, BY YEAR, 1930-1954

SECTION OF THE CRIMINAL CODE OF CANADA

	Assault on Sovereign	Incest	Gross indecency	Strangling, etc.	Assault on wife and other female	Rape	Attempted rape	Carnal knowledge	Robbery	Total
Old Code:	80[1]	204	206[2]	276[3]	292[4]	299[5]	300	301[6]	447[7]	
New Code:	49**	142	149**	218	141(1) and 231(2)**	136	137	138	289	
1930	—	45	100	—	458	16	14	99	411	1,143
1931	—	39	81	—	433	30	6	124	647	1,360
1932	—	51	101	—	507	23	13	85	420	1,200
1933	—	31	146	—	528	16	6	101	398	1,226
1934	—	41	75	—	400	24	10	92	380	1,022
1935	—	51	85	—	496	14	8	108	421	1,183
1936	—	69	136	—	442	9	12	128	350	1,146
1937	—	40	134	—	474	14	7	141	383	1,193
1938	—	64	137	—	540	27	10	108	421	1,307
1939	—	59	92	—	546	16	12	116	560	1,401
1940	—	52	168	—	606	23	17	118	517	1,501
1941	—	37	138	—	645	26	9	91	444	1,390
1942	—	42	161	—	581	25	6	83	330	1,228
1943	—	42	178	—	623	18	16	119	449	1,445
1944	—	37	192	—	579	22	8	82	479	1,399
1945	—	44	189	—	607	12	11	83	432	1,378
1946	—	40	228	—	754	38	5	84	734	1,884
1947	—	49	229	—	717	22	17	100	607	1,741
1948	—	47	238	—	667	24	12	86	682	1,756
1949	—	58	193	—	677	38	24	68	715	1,773
1950	—	28	267	—	639	37	17	77	749	1,814
1951	—	48	245	—	602	42	14	90	842	1,883
1952	—	31	292	—	712	42	15	81	766	1,939
1953	—	38	322	—	764	44	10	100	721	1,999
1954	—	56	545	—	745	27	21	89	861	2,344

* All convictions under the Sections specified, including those with extra sentence of corporal punishment.

** Corporal Punishment deleted.

[1] No offences reported under Section 80.

[2] Includes convictions under Sections 206, 202, 203 and 293, but from 1950 to 1952 inclusive, convictions under Section 293 are excluded.

[3] Section 276 is coded under the general heading "wounding and shooting", which also includes Sections 273, 274 and 275. No conviction with extra sentence of corporal punishment has been recorded under this heading from 1930 to 1954 and therefore the total number of convictions have not been shown.

[4] Includes convictions under Sections 292 *(a)*, *(b)* and *(c)*, 294 and 773 *(d)*, and from 1950 to 1952 inclusive, Section 293. (See footnote (2)).

[5] Includes convictions under Section 299.

[6] Includes convictions under Sections 301 and 302.

[7] Includes convictions under Sections 447, 445, 446 *(a)*, *(b)* and *(c)*, 448 and 449.

TABLE 2.—Number of Convictions With Extra Sentence of Corporal Punishment Under Certain Sections[1] of the Canadian Criminal Code, by Year, 1930-1954

Section of the Criminal Code of Canada

	Assault on Sovereign	Incest	Gross indecency	Strangling, etc.	Assault on wife and other female	Rape	Attempted rape	Carnal knowledge	Robbery	Total
Old Code:	80[1]	204	206[1]	276[1]	292[1]	299[1]	300	301[1]	447[1]	
New Code:	49*	142	149*	218	141(1) and 231(2)*	136	137	138	289	
1930	—	6	4	—	30	7	2	10	36	95
1931	—	11	4	—	26	6	—	11	107	165
1932	—	7	2	—	35	3	—	8	61	116
1933	—	2	6	—	38	4	2	4	62	118
1934	—	11	5	—	19	12	—	3	34	84
1935	—	6	—	—	16	1	1	14	33	71
1936	—	7	4	—	21	1	2	23	19	77
1937	—	4	6	—	18	3	2	10	30	73
1938	—	7	3	—	23	5	2	6	32	78
1939	—	6	2	—	7	2	—	7	16	40
1940	—	4	6	—	8	6	1	4	14	43
1941	—	—	1	—	8	3	—	4	7	23
1942	—	—	1	—	7	3	1	3	6	21
1943	—	1	1	—	—	1	—	1	3	7
1944	—	1	4	—	6	—	—	—	14	25
1945	—	2	1	—	8	1	—	2	15	29
1946	—	2	1	—	7	8	—	1	22	41
1947	—	1	4	—	13	1	—	4	23	46
1948	—	4	3	—	4	3	1	—	24	39
1949	—	1	3	—	9	12	1	2	35	63
1950	—	—	1	—	6	7	2	1	22	39
1951	—	3	1	—	8	2	—	7	14	35
1952	—	1	2	—	12	4	1	2	13	35
1953	—	1	1	—	8	7	2	—	8	27
1954	—	2	1	—	6	2	—	—	3	14

[1] *See* footnotes, Table 1.
* Corporal punishment deleted.

TABLE 3.—Convictions With Extra Sentence of Corporal Punishment Expressed as a Percentage of Total Convictions for Certain Sections[1] of the Canadian Criminal Code, by Year, 1930-1954

Section of the Criminal Code of Canada

	Assault on Sovereign	Incest	Gross indecency	Strangling, etc.	Assault on wife and other female	Rape	Attempted rape	Carnal knowledge	Robbery	Total
Old Code:	80[1]	204	206[1]	276[1]	292[1]	299[1]	300	301[1]	447[1]	
New Code:	49*	142	149*	218	141(1) and 231(2)*	136	137	138	289	
	%	%	%	%	%	%	%	%	%	%
1930	—	13·3	3·8	—	6·6	43·8	14·3	10·1	8·8	8·3
1931	—	28·2	4·9	—	6·0	20·0	—	8·9	16·5	12·1
1932	—	13·7	2·0	—	6·9	13·0	—	9·4	14·5	9·7
1933	—	6·5	4·1	—	7·2	25·0	33·3	4·0	15·6	9·6
1934	—	26·8	6·7	—	4·8	50·0	—	3·3	8·9	8·2
1935	—	11·8	—	—	3·2	7·1	12·5	13·0	7·8	6·0
1936	—	10·1	2·9	—	4·6	11·1	16·7	18·0	5·4	6·7
1937	—	10·0	4·5	—	3·8	21·4	28·6	7·1	7·8	6·1
1938	—	10·9	2·2	—	4·3	18·5	20·0	5·6	7·6	6·0
1939	—	10·2	3·2	—	1·3	12·5	—	6·0	2·9	2·9
1940	—	7·7	3·6	—	1·3	26·1	5·9	3·4	2·7	2·9
1941	—	—	0·8	—	1·2	11·5	—	4·4	1·6	1·7
1942	—	—	0·6	—	1·2	12·0	16·7	3·6	1·8	1·7
1943	—	2·4	0·6	—	—	5·5	—	1·0	0·7	0·5
1944	—	2·7	2·1	—	1·0	—	—	—	2·9	1·8
1945	—	4·5	0·5	—	1·3	8·3	—	2·4	3·5	2·1
1946	—	5·0	0·4	—	0·9	31·1	—	1·2	3·0	2·2
1947	—	2·0	1·7	—	1·8	4·5	—	4·0	3·8	2·6
1948	—	8·5	1·3	—	0·6	12·5	8·3	—	3·5	2·2
1949	—	1·7	0·5	—	1·3	31·6	4·2	2·9	4·9	3·6
1950	—	—	0·4	—	0·9	18·9	11·8	1·3	2·9	2·1
1951	—	6·3	0·4	—	1·3	4·8	—	7·8	1·7	1·9
1952	—	3·2	0·3	—	1·7	9·5	6·7	2·5	1·7	1·8
1953	—	2·6	0·3	—	1·0	15·9	20·0	—	1·1	1·4
1954	—	3·6	0·2	—	0·8	7·4	—	—	0·3	0·6

[1] *See* footnotes, Table 1.
* Corporal punishment deleted.

TABLE 4: Total* Number of Convictions under Certain Sections[1] of the Canadian Criminal Code, Showing Annual Averages for Five-Year Groups, 1930-1954

Section of Criminal Code of Canada		Annual Average				
		1930-1934	1935-1939	1940-1944	1945-1949	1950-1954
	Total:	1,190	1,246	1,393	1,706	1,996
Old	*New*					
80[1]	49**					
204	142	41	57	42	48	40
206[1]	149**	101	117	167	215	334
276[1]	218					
292[1]	141(1) and 231(2)**	465	500	607	684	692
299[1]	136	22	16	23	27	38
300	137	10	10	11	14	15
301[1]	138	100	120	99	84	87
447[1]	289	451	427	444	634	788

TABLE 5: Convictions with Extra Sentence of Corporal Punishment under Certain Sections[1] of the Canadian Criminal Code, Showing Annual Averages for Five-Year Groups, 1930-1954

Section of Criminal Code of Canada		Annual Average				
		1930-1934	1935-1939	1940-1944	1945-1949	1950-1954
	Total:	115·6	67·8	23·8	43·6	30·0
Old	*New*					
80[1]	49**					
204	142	7·4	6·0	1·2	2·0	1·4
206[1]	149**	4·2	3·0	2·6	2·4	1·2
276[1]	218					
292[1]	141(1) and 231(2)**	29·6	17·0	5·8	8·2	8·0
299[1]	136	6·4	2·4	2·6	5·0	4·4
300	137	0·8	1·4	0·4	0·4	1·0
301[1]	138	7·2	12·0	2·4	1·8	2·0
447[1]	289	60·0	26·0	8·8	23·8	12·0

[1] See footnotes, Table 1.
* All convictions under the sentences specified, including those with extra sentence of corporal punishment.
** Corporal Punishment deleted.

TABLE 6: Convictions with Extra Sentence of Corporal Punishment Expressed as a Percentage of Total Convictions for Certain Sections[1] of the Canadian Criminal Code based on Annual Averages for Five-Year Groups, 1930-1954

Section of Criminal Code of Canada		Annual Average				
		1930-1934	1935-1939	1940-1944	1945-1949	1950-1954
	Total:	9·7	5·4	1·7	2·6	1·5
Old	*New*					
80[1]	49*					
204	142	18·0	10·5	2·9	4·2	3·5
206[1]	149*	4·2	2·6	1·6	1·1	0·4
276[1]	218					
292[1]	141(1) and 231(2)*	6·4	3·4	1·0	1·2	1·2
299[1]	136	29·1	15·0	11·3	18·5	11·6
300	137	8·0	14·0	3·6	2·9	6·7
301[1]	138	7·2	10·0	2·4	2·1	2·3
447[1]	289	13·3	6·1	2·0	3·8	1·5

[1] See footnotes, Table 1.
* Corporal Punishment deleted.

TABLE 7: REMISSION OF CORPORAL PUNISHMENT AWARDED UNDER CERTAIN SECTIONS[1] OF THE CANADIAN CRIMINAL CODE, BY YEAR, 1930–1954

Year	Convictions under these sections (1) with extra sentence of corporal punishment			Remissions of corporal punishment	
	Total	Number	Percent of total convictions (b as % of a)	Number	Percent of the number with extra sentence of corporal punishment (d as % of b)
	(a)	(b)	(c)	(d)	(e)
1930	1,143	95	8·3	3	3·2
1931	1,360	165	12·1	7	4·2
1932	1,200	116	9·7	6	5·2
1933	1,226	118	9·6	9	7·6
1934	1,022	84	8·2	5	6·0
1935	1,183	71	6·0	2	2·8
1936	1,146	77	6·7	7	9·1
1937	1,193	73	6·1	2	2·7
1938	1,307	78	6·0	1	1·3
1939	1,401	40	2·9	5	12·5
1940	1,501	43	2·9	3	7·0
1941	1,390	23	1·7	1	4·3
1942	1,228	21	1·7	2	9·5
1943	1,445	7	0·5	—	—
1944	1,399	25	1·8	2	8·0
1945	1,378	29	2·1	—	—
1946	1,884	41	2·2	3	7·3
1947	1,741	46	2·6	1	2·2
1948	1,756	39	2·2	2	5·1
1949	1,773	63	3·6	2	3·2
1950	1,814	39	2·1	—	—
1951	1,883	35	1·9	1	2·9
1952	1,939	35	1·8	1	2·9
1953	1,999	27	1·4	1	3·7
1954	2,344	14	0·6	2	14·3

[1] Sections 80, 202, 203, 204, 206, 273, 274, 275, 276, 292 *(a)*, *(b)* and *(c)*, 293, 294, 298, 299, 300, 301, 302, 445, 446 *(a)*, *(b)* and *(c)*, 447, 448, 449 and 773 *(d)*.

TABLE 8: REMISSIONS OF CORPORAL PUNISHMENT AWARDED UNDER CERTAIN SECTIONS[1] OF THE CANADIAN CRIMINAL CODE BY FIVE-YEAR GROUPS, 1930–1954

Years	Convictions under these sections[1]			Remissions of corporal punishment	
	Annual average	with extra sentence of corporal punishment			
		Annual average	Percent of annual average (b as % of a)	Annual average	Percent of the annual average with extra sentence of corporal punishment (d as % of b)
	(a)	(b)	(c)	(d)	(e)
1930–1934	1,190	115·6	9·7	6·0	5·2
1935–1939	1,246	67·8	5·4	3·4	5·0
1940–1944	1,393	23·8	1·7	1·6	6·7
1945–1949	1,706	43·6	2·6	1·6	3·7
1950–1954	1,996	30·0	1·5	1·0	3·3

[1] Sections 80, 202, 203, 204, 206, 273, 274, 275, 276, 292 *(a)*, *(b)* and *(c)*, 293, 294, 298, 299, 300, 301, 302, 445, 446 *(a)*, *(b)* and *(c)*, 447, 448, 449, and 773 *(d)*.

THE SENATE

Tuesday, July 24, 1956

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

Prayers.

Routine proceedings.

CRIMINAL LAW

JOINT COMMITTEE ON CERTAIN QUESTIONS—SUBSTITUTION OF COMMONS MEMBER

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

That this house has substituted the name of Miss Aitken for that of Miss Bennett on the special Joint Committee of both houses of Parliament on capital punishment, corporal punishment and lotteries.

BUSINESS OF THE SENATE

Hon. W. Ross Macdonald: Honourable senators, there are no items on the order paper and consequently there is no business for us to consider this evening. I have just returned from visiting the chamber of the House of Commons. At the present time that house is in committee, considering the bill with respect to federal-provincial taxation arrangements, and there is practically no possibility of the bill being passed this evening. I read in the Commons *Hansard* a statement by the leader of the house that tomorrow, after consideration of the interim supply bill, the house will go into committee on the estimates. It will probably continue on them for the next few days. We have completed all the business which initiated in this house, and there will be nothing for us to deal with until further legislation is received from the Commons. After giving the matter careful consideration, I am of the opinion that no legislation is likely to come over to us this week.

Honourable senators, I therefore move that when the Senate rises this evening it stand adjourned until Monday evening next at 8 o'clock.

The motion was agreed to.

DISARMAMENT

CORRESPONDENCE WITH RUSSIA

Hon. Mr. Macdonald: Honourable senators, recently the Prime Minister received a letter from His Excellency Nikolai Bulganin, Chairman of the Council of Ministers, at the Kremlin, Moscow. I am sure honourable senators would be interested in reading the Prime Minister's reply to it. Accordingly, I will now table a copy of his letter, and I would move, seconded by the senator from Blaine Lake (Hon. Mr. Horner), that it appear as an appendix to today's *Hansard*.

Hon. Mr. Bouffard: May we also see a copy of the letter written by Mr. Bulganin?

Hon. Mr. Dupuis: Will the letter from the Soviet, to which the Prime Minister has replied, also be printed?

Hon. Mr. Macdonald: As I have not a copy of that letter available, perhaps with the permission of the house I could withdraw my motion and table both Mr. Bulganin's letter and the Prime Minister's reply next week.

Hon. Senators: Agreed.

REMISSION SERVICE

REPORT TABLED

Hon. Mr. Macdonald: Honourable senators, I have a number of documents to lay on the table, among which is a copy of the report, in English and in French, of the Fauteux Committee which was appointed to investigate and report upon the principles and procedures followed in the Remission Service of the Department of Justice. I requested the Department of Justice to send to the Senate enough copies of the report for distribution to all honourable members. I understand that every senator has received a copy, but if anyone has been overlooked he should apply to the Clerk.

INTERNAL ECONOMY COMMITTEE

Hon. Mr. Pouliot: May I ask the leader if it would be possible to call a meeting of the Standing Committee on Internal Economy for next Tuesday, if the Senate is to sit that day?

Hon. Mr. Macdonald: It might be possible to call a meeting of that committee for next Tuesday or for another day next week. I will consult with the Clerk of the Senate as to that possibility.

INTERNATIONAL WHEAT AGREEMENT

NOTICE OF RESOLUTION OF APPROVAL

Hon. Mr. Macdonald: Honourable senators will recall that some time ago I laid on the table of the house a copy of the International Wheat Agreement. I now give notice that I propose to move on Monday, July 30:

That it is expedient that the Houses of Parliament do approve the International Wheat Agreement opened for signature at Washington on May 14, 1956 and that this house do approve the same.

THE LATE SENATOR CALDER

TRIBUTES TO HIS MEMORY

Hon. W. Ross Macdonald: Honourable senators, I am sure we were all saddened when we learned, the latter part of last week, that one of our colleagues, the Honourable Senator James A. Calder, had passed away. He had been a member of the Sente for many years. In fact, he was the dean of this house. He had a most interesting career. Although born in eastern Canada, he was essentially a westerner, and his name will always be associated with the history of western Canada. He was one of the early settlers of the old Northwest Territories, which at the time he moved to the west included not only the area now known by that name but also the present provinces of Alberta and Saskatchewan.

Senator Calder, while not a great orator, was an excellent speaker. He was always clear and incisive in his remarks, and when he had finished speaking no one was left in any doubt as to what he meant to say. He was outspoken over a long period of years, and he contributed in large measure to the debates of this house. He had not taken much part in the debates since I came to this chamber, but I have read with interest in our *Hansard* his speeches during previous years.

Our late colleague saw during his lifetime what are probably the greatest changes that have taken place in the development of our country. His activities led him from an older-settled part of this country to newer areas, and, through pioneering hardships, to a high place in government—all of which testified to a stout heart and a strong purpose. He is without a doubt to be numbered prominently among the legion of men and women who have helped to build this nation into the great force it is today. In the days of his youth he saw the possibilities of the Canadian West, and he was bold enough to go out and face the vicissitudes connected with western development. Indeed, many of the western enterprises in which he was interested are only now coming to fruition.

He was born in Ingersoll, Ontario, about 87 years ago. At an early age he moved with his family to the city of Winnipeg, then merely a frontier town. Having been educated in the high schools of that city, he graduated in science from the University of Manitoba, and then embarked on a teaching career. For a number of years he was Principal of the High School at Moose Jaw; afterwards he became Inspector of Schools in the Northwest Territories, and from 1901 to 1905 he was also Deputy Commissioner of Education for the Territories. Having decided to give up teaching and enter the legal profession, he was called to the bar in the year 1906. This launched him on a new career which led to high public office. In fact, even before he was called to the bar he had been elected to the first Legislature of Saskatchewan, in 1905, and upon the formation of the Scott ministry in that year he was appointed Provincial Treasurer and Commissioner of Education. He continued to serve in the provincial Government until 1917, becoming Minister of Railways, Telephones and Highways in 1912. When the Union Government was formed in Ottawa, in 1917, he was brought here by Sir Robert Borden as Minister of Immigration and Colonization. Subsequent to the Union Government's period of office he remained in the Meighen administration, during which time he was Minister of Immigration, President of the Privy Council and Minister in charge of the Department of Health. He was summoned to the Senate of Canada on September 21, 1921. It was not my privilege to be here during the time he was an active member of this house, but the records show the interest which he continued to take in the public affairs of Canada and the great contribution which he made as a senator to the work of Parliament.

I think honourable senators will agree that it is given to few Canadians to have the opportunity of serving so long and so well their country and their fellow citizens. Senator Calder enjoyed the highest esteem and honour which could be bestowed upon him by his contemporaries. He served Canada long and well, and we extend to his widow and his son our deepest sympathy in their sad bereavement.

Hon. R. B. Horner: Honourable senators, I would like to add a few fords of tribute to the memory of Senator Calder. I always knew him to be a very capable man, but on one occasion he absolutely amazed me. That was in one of the early years of the last war, when he took part in a debate on the mobilization of man-power. After speaking for an hour without notes he requested that he be permittted to continue the next day, and when he resumed his speech he continued from exactly where he had left off, again speaking for an hour without notes. He certainly had exceptional ability.

He often told me that the time of his life he enjoyed most was when he was an inspector of schools. There were no motor cars in those days and he carried his tent with him on his democrat, pulled by a rugged pair of ponies. He was a rugged man himself. The democrat served as his temporary home, and he travelled in it over vast distances of that country.

I am sure the older inhabitants of Saskatchewan still feel that there was no finer person who could have occupied the position of inspector of schools than our late colleague. He and I were on opposite political sides in the early days, but I always admired his many talents. Although he had a long life we cannot help regretting that men of his great ability must pass on. I would like to take this opportunity to extend to his wife and son my sincere sympathy.

The Senate adjourned until Monday, July 30, at 8 p.m.

THE SENATE

Monday, July 30, 1956

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

Prayers.

Routine proceedings.

NATIONAL CAPITAL

JOINT COMMITTEE ON FEDERAL DISTRICT COMMISSION—SUBSTITUTION OF COMMONS MEMBER

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

That a message be sent to the Senate to acquaint Their Honours that this house has substituted the name of Mr. Low for that of Mr. Hansell on the Joint Committee of both houses of Parliament on the Federal District Commission.

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION

The Hon. the Speaker: Honourable senators, I have the honour to present a report of the Civil Service Commission recommending that certain new classes be established for the staff of the Library of Parliament; that certain salary ranges be revised; and that the establishment for the Library of Parliament be amended by deleting the present classified positions and substituting therefor a new classification.

The Clerk (reading):

To the Honourable the Members of both Houses of Parliament:

The Civil Service Commission, at the request of the Library of Parliament, and in accordance with the provisions of sections 9 and 62 of the Civil Service Act, submits the following for approval:

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Lambert: Next sitting.

APPROPRIATION BILL No. 5

FIRST READING

A message was received from the House of Commons with Bill 444, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

The bill was read the first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. W. Ross Macdonald: Honourable senators, we have already passed three interim supply bills for the current fiscal year, and this is the fourth such bill. It provides for one-twelfth of all the items to be voted in the main estimates for the fiscal year 1956-57, together with one-twelfth of all the items in the supplementary estimates for the same period.

The bill provides for all necessary ordinary requirements during the month of August. There are no additional proportions being asked for at this time. I should add that in no instance is the total amount of any item being requested. And of course I give the undertaking which it is usual to give when we are passing interim supply bills.

Honourable senators will probably be interested in a statement which sets forth the total amount requested in the main estimates and the supplementary estimates, and also the amounts which have been voted under the previous three interim supply bills for this year. With leave of the house I would have this statement appear in *Hansard*.

Hon. Mr. Isnor: Is it very lengthy?

Hon. Mr. Macdonald: No, but there are a lot of figures in it. It sets forth the amount of the main estimates for the year, totalling $5,042,893,969. From that sum is deducted the statutory payments, $1,869,978,290, which makes the net amount of main estimates to be voted this year $3,172,915,679. There are also supplementary estimates of $146,025,513. The total of these two figures is $3,318,941,192.

With the approval of the house I will place the statement on *Hansard*.

ESTIMATES, 1956-57

—	Total	Of which:	
		Statutory	To be Voted
	$	$	$
Main estimates	5,042,893,969	1,869,978,290	3,172,915,679
Supplementary estimates	146,025,513	—	146,025,513
	5,188,919,482	1,869,978,290	3,318,941,192

SUPPLY

	$	$
Appropriation Act No. 1—		
One-sixth generally (Main estimates)	528,819,279.84	
7 Special items	1,194,760.42	
		530,014,040.26
Appropriation Act No. 3—		
One-twelfth generally (Main estimates)	264,409,639.92	
6 Special items	652,148.34	
One-fourth generally (Supplementary estimates)	36,506,378.25	301,568,166.51
Total granted to date		831,582,206.77
Appropriation Act No. 4—		
One-twelfth generally (Main estimates)	264,409,639.92	
One-twelfth generally (Supplementary estimates)	12,168,792.75	
		276,578,432.67
This Bill—		
One-twelfth generally (Main estimates)	264,409,639.92	
One-twelfth generally (Supplementary estimates)	12,168,792.75	
		276,578,432.67
Total supply, including this bill		1,384,793,072.11

NOTE: Appropriation Act No. 2 covered the further (final) supplementary estimates (2) for 1955–56.

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

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Macdonald: I move the third reading now.

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

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS BILL

FIRST READING

A message was received from the House of Commons with Bill 442, an Act to authorize the Minister of Finance to make payments to the Governments of the provinces and to authorize the Government of Canada to enter into fiscal agreements with the Governments of the provinces. The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Later this day.

DISARMAMENT

CORRESPONDENCE WITH RUSSIA

Hon. W. Ross Macdonald: Honourable senators will recall that at our last sitting I proposed, and the proposal was accepted by the house, that a copy of the reply by the Prime Minister to a letter from His Excellency Nikolai Bulganin should appear as an Appendix to *Hansard*. It was then suggested that a copy of the letter written by Mr. Bulganin should be included, so I recommended that publication of the reply should be withheld until I had obtained a copy of Mr. Bulganin's letter. I have now received it, and I move, seconded by the Honourable the Leader of the Opposition (Hon. Mr. Haig):

That the letter, dated June 6, 1956, and accompanying statement dated May 14, 1956, on the subject of disarmament addressed to the Right Honourable Louis S. St. Laurent, Prime Minister of Canada, by His Excellency Nikolai Bulganin, Chairman of the Council of Ministers, at The Kremlin, Moscow, and the reply thereto, dated July 16, 1956, of the Right Honourable the Prime Minister of Canada, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date.

The motion was agreed to.

See Appendix to today's Hansard, *p.p. 903-8.*

FEDERAL—PROVINCIAL TAX-SHARING ARRANGEMENTS BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 442, an Act to authorize the Minister of Finance to make payments to the Governments of the provinces and to authorize the Government of Canada to enter into fiscal agreements with the Governments of the provinces.

He said: Honourable senators, when this type of legislation was conceived its one objective which was paramount above all others was to pay the provinces on a basis of relative equality in respect to the revenue derived from personal and corporation income taxes and succession duties. The

method followed in this legislation is to bring the income of the rest of the provinces up to the average of the combined income of Ontario and British Columbia in these three tax fields. This should result in all the provinces deriving in one way or another as much revenue as they would get if they had a taxable capacity comparable to the taxable capacity of the two wealthiest provines combined.

Hon. Mr. Hackett: What two are those?

Hon. Mr. Macdonald: Ontario and British Columbia. The purpose of this legislation, then, is to make it financially possible for all provinces, whatever their tax base, to perform their constitutional functions themselves and to provide a reasonable Canadian level of provincial services without an abnormal burden of taxation. In other words, we are maintaining the federal system of government rather than a unitary system. We avoid centralization, but at the same time the provinces receive an equal sum on a *per capita* basis from the revenue which comes from the three tax fields which I have just mentioned. That amount *per capita,* as I have just said, is substantially the same no matter whether a province is richly endowed by nature or not.

The administration of a federal state is never an easy one. The facts of history prove to us that the federal state is always a complex problem in government. In Canada this has been due not so much to its structure as to the basic facts that led to the adoption of this form of government in the first place. The Fathers of Confederation were drawn together by like interests of economics and security, but were kept from becoming more closely aligned in a unitary state by differences of geography, race, and religion and by a desire to preserve a well-developed sense of identity. In view of the economic and political differences which existed in the governments that came together in Confederation in 1867, it is perhaps surprising that an agreement was possible in the first place and that the structure has been strengthened during these past ninety years.

The difficulty in financing the various provincial governments was realized at the time of the formation of Confederation. Honourable senators will recall that section 118 of the British North America Act provides for the payment of subsidies to the provinces. These statutory subsidies have been revised from time to time and are still in existence, but I should point out here that the amounts which the provinces receive as subsidies under the British North America Act are not affected by any amounts they will receive under this legislation. I have a statement showing the amount of the statutory subsidies to the provinces for the years 1954-55. With the approval of the house this statement could appear on *Hansard.*

Hon. Mr. McDonald: Perhaps the honourable leader would read the statement?

Hon. Mr. Macdonald: I shall be very glad to do so. It is as follows:

Newfoundland	$1,569,133
Prince Edward Island	656,932
Nova Scotia	2,056,838
New Brunswick	1,679,022
Quebec	3,300,869
Ontario	3,640,940
Manitoba	1,852,468
Saskatchewan	2,087,844
Alberta	2,228,374
British Columbia	1,281,319

As I have already stated, those amounts are not included in the amounts which are paid to any province under the provisions of this bill.

Hon. Mr. Horner: They are not affected by it?

Hon. Mr. Macdonald: They are not affected by it one way or another. I will put it this way: Since Confederation this problem of payments to the provinces has been a continuous one. I will not go over the years since 1867, but I would remind honourable senators of the Duncan and White Commission awards. The awards provided for payments to the three Maritime provinces. Actually, they were subsidy adjustments, and therefore it was necessary to amend the British North America Act in order to bring them into effect. Then in 1937 the Rowell-Sirois Commission was set up to investigate and report on the economic and financial basis of Confederation and on the distribution of legislative powers. The commission went into the whole question of Canadian economics very carefully; it sat for over two years, and brought down its report in 1940. Among its recommendations were that personal and corporation income taxes and the succession duties should be levied by the federal Government only, and that the federal Government should assume unemployment and relief costs, and also that "national adjustment grants" should be made to the provinces. The report was considered by the provinces, but not accepted by them. It was definitely refused by Alberta, British Columbia and Ontario.

Then the war came along, and the very fact of war made it obvious that even if the long-term view could not be taken the financial needs of war would soon force taxes to levels beyond previous experience, and this would not fail to have a real effect upon provincial finances. Mr. Ilsley, who was Minister of Finance at that time, made it quite

clear that the inequity of overall tax levels between provinces caused him much concern, and to avoid this he proposed that the dominion pay to each province a rental payment for the personal income and corporation income tax fields in each year. This proposal was accepted by the provinces and put into effect through agreements with the provinces and by legislation passed by Parliament and by the various legislatures throughout the country. The annual payments made in respect of the agreements total about $100 million a year. The provinces were also reimbursed for the loss of revenue due to gasoline shortage to the extent of about $33 million during the period of these agreements. That arrangement was acceptable to the provinces because they felt that every effort should be put forth to win the war, and the question of provincial and dominion rights was not as important in those days when we were faced with an enemy at times almost at our door.

Hon. Mr. Haig: May I ask the honourable gentleman a question? Did all the provinces accept that?

Hon. Mr. Macdonald: Yes, all the provinces accepted that agreement. That arrangement lasted during the period of the war. Toward the end of the war there was a conference on reconstruction, held in 1945, the purpose of which was to devise something that would meet more adequately the needs of the country in the post-war world. There were months of discussion, but now that the war was over the provinces were unable to reach an agreement. The dominion Government made certain proposals which appear in a document generally referred to as "The Green Book". Among the proposals was one that the federal Government should assume the unemployment burden, and should have absolute control of personal and corporation income taxes and succession duties. However, that was not acceptable to some provinces, and the conference broke up. The federal Government then offered the provinces what are known as tax rental agreements. In return for the payments to the provinces, the provinces were to retire temporarily from the fields of personal and corporation income tax and succession duty. The provinces, with the exception of Ontario and Quebec, accepted the proposals made by the Government known as the tax rental agreements. Under those agreements subsidy payments on a scale substantially higher than the amount which could be received by the provinces in those three fields were offered to the provinces. At that time—namely, 1947—certain basic payments were guaranteed to the provinces, and the income to the provinces was to be increased in relation to the gross national product and population. Honourable senators will recall that at that time the federal Government retired from the fields of taxation on gasoline, electricity, gas and amusements. Those agreements remained in force over the five-year period from 1947 to 1952.

A conference was called in 1950 with a view to working out agreements which would be acceptable to all provinces. As a result of numerous meetings held between the representatives of the provinces and the federal authority, in 1952 the federal Government assumed the full cost of the pensions paid to citizens who had reached the age of 70 years. If my memory serves me rightly, prior to that time the federal Government's share was 75 per cent and the provinces bore 25 per cent of the cost; and I think when the old age legislation first came into being the cost was shared equally between the provinces and the dominion.

In 1952 provision was also made whereby the federal Government would pay 50 per cent of the cost of pensions paid to persons between the ages of 65 and 70 years, on a means test basis.

Also the basic guaranteed minimum payments to the provinces were increased from those of the 1947 agreements.

In 1952 all the provinces except Quebec entered into agreements. The agreement with Ontario differed from that with the other provinces in that it did not rent its succession duties.

I come now to the present agreements. As I have said, the last mentioned tax rental agreements came into effect in 1952 and will expire in 1957.

Hon. Mr. McDonald: May I ask the honourable leader if he can give us the amounts that went to the provinces under the 1952 agreements, and those under the proposed agreements?

Hon. Mr. Macdonald: Honourable senators, I do not have a statement of the amounts which have been paid to the provinces over those years. However, the information I have is that the amounts proposed under the new agreements are larger than under the former agreements. As this debate will not likely conclude this evening, I shall endeavour to get some statistics which would assist me in answering the question asked by my honourable friend.

Hon. Mr. McDonald: Perhaps honourable senators would be interested in having the amounts covered by the former agreements and those proposed by the new agreements so that they could look at them together.

Hon. Mr. Hackett: Would the honourable leader permit me to ask two questions to be answered later on, if not now? First, did the honourable gentleman say that the two most wealthy provinces of the ten are Ontario and British Columbia? And if he did say that, how is that rating arrived at?

Hon. Mr. Macdonald: What I intended to say was that the amounts received in those provinces *per capita* by way of personal income taxes, corporation income taxes and succession duties were greater than in the other eight provinces.

Hon. Mr. Horner: Greater *per capita*?

Hon. Mr. Macdonald: Yes, *per capita*. That is to say, the amount *per capita* from those three sources is greater in those two provinces than in the other eight provinces.

Perhaps I should clear up the point that the proportion which the federal Government repays to the provinces is not the total amount that would be received from those fields. As honourable senators will observe from the bill, it is 10 per cent of the personal income tax, 9 percentage points of corporate income tax and 50 per cent of succession duty tax. It is in that respect that those two provinces are wealthier, in that they get more money from those three taxation fields than do the other provinces.

Hon. Mr. Hackett: If the honourable gentleman will permit me a further question, may I ask if that is accurate as a bald statement, or does it mean those two provinces have greater incomes *per capita*? Is the gross amount received in each of those two provinces greater than the gross amount received in each of the other eight provinces?

Hon. Mr. Macdonald: No. It is the *per capita* amount and not the gross amount.

The present bill contains a provision with respect to tax equalization payments in the three fields which I have mentioned. That means that a payment is made to each of the provinces in which the *per capita* yield is not as high as in those two provinces with the greater yield. The purpose of making those payments is to equalize the amount of taxation in those fields for each province. It is not a very technical point, but is somewhat difficult to explain. If any honourable senator does not understand the effect of the provision, I hope he will question me on it, and I shall try to clear up any point that is not understood. That provision brings the amount *per capita* in all provinces to approximately the same figure from those three sources, and is the first important feature of this bill.

The bill provides further for provincial revenue stabilization payments with respect to such taxation. I will explain that section further when we come to the details of the bill. Its purpose is to place a floor under the amounts of money the provinces will receive covering the five-year period of this legislation.

The bill also provides that a province can continue to deal with the federal Government under a tax rental agreement as has been done in the past. One interesting feature of the bill is that no province is required to enter into an agreement with the federal Government in order to benefit from the provisions of this legislation. Whether a provincial Government enters into an agreement with the dominion Government or not, the province will receive an equalization payment and will also have the benefit of the stabilization provisions in the bill. However, if the province wants to, it can enter into an agreement or can carry on under a tax rental agreement.

Honourable senators might be interested in a statement that I have here. The figures are estimates, because we do not know exactly how much money will be received from the three fields during the coming year, that is during the year 1957-58. This act will not come into effect until the commencement of that fiscal year, and the statement is an estimate of the operation of financial arrangements under the act for the fiscal year 1957-58, under certain assumed economic conditions. Honourable senators, I am sure, will understand why it has to be under assumed economic conditions. The statement is quite a long one, so I do not intend to read it, but I can explain briefly what it is. It sets forth the estimated population, in 1957, of each of the provinces. It then shows the estimated amount that each province would receive from these three fields which we call standard taxes. Then the *per capita* yield is worked out, and the amount that is necessary to bring that *per capita* yield up to the average *per capita* yield of the two top provinces. Then there is set out the equalization payment which each province will receive during the year 1957-58.

I will not endeavour to explain the statement any further, but from what I have said honourable senators will realize that it is very interesting and contains some useful information. With the consent of the house I would place the statement on *Hansard*.

Hon. Senators: Agreed.

ESTIMATE OF THE OPERATION OF FINANCIAL ARRANGEMENTS UNDER PROPOSED 'FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT' FOR THE FIRST FISCAL YEAR 1957-58 UNDER CERTAIN ASSUMED ECONOMIC CONDITIONS (see footnote)

(all figures in thousands except per capitas and percentages)

—	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1. Estimated Population 1957	432	108	703	578	4,700	5,509	867	929	1,172	1,377	16,375
2 Yield of Standard Taxes	4,355	840	9,725	7,375	129,965	213,500	18,765	13,255	26,100	49,525	473,405
3. Per capita yield of Standard Taxes	10.08	7.78	13.83	12.76	27.65	38.75	21.64	14.27	22.27	35.97	—
4. Equalization per capita to top 2 ($38.20)	28.12	30.42	24.37	25.44	10.55	—	16.56	23.93	15.93	2.23	—
5. Equalization payment for 1957-58	12,150	3,285	17,130	14,705	49,585	—	14,360	22,230	18,670	3,070	155,185
6. Standard Taxes plus Equalization payment	16,505	4,125	26,855	22,080	179,550	213,500	33,125	35,485	44,770	52,595	628,590
7. —per capita	38.20	38.20	38.20	38.20	38.20	38.75	38.20	38.20	38.20	38.20	38.39
8. Stabilization payment for 1957-58 [1]	—	145	—	—	—	—	—	—	—	735	880
9. Revenue available from 2% Provincial Insurance Premium Tax	235	70	780	565	6,325	10,170	1,110	660	1,580	2,100	23,595
10. Total Revenue available 1957-58	16,740	4,340	27,635	22,645	185,875	223,670	34,235	36,145	46,350	55,430	653,065
11. —per capita	38.75	40.19	39.31	39.18	39.55	40.60	39.49	38.91	39.55	40.25	39.88
12. Tax Rental Payment available in 1956-57[2]	14,155	4,165	21,975	18,505	140,515	169,875	28,620	28,625	35,265	50,715	512,415
13. —per capita (1956 pop.)	33.54	38.56	31.71	32.58	30.48	31.78	33.36	31.49	31.51	37.82	32.08
14. Increase in Proposed Formula in 1957-58 over 1952 Agreement Formula in 1956-57.	2,585	175	5,660	4,140	45,360	53,795	5,615	7,520	11,085	4,715	140,650
15. Per cent Increase	18·3	4·2	25·8	22·4	32·3	31·7	19·6	26·3	31·4	9·3	27·4
16. —per capita Increase	5.21	1.63	7.60	6.60	9.07	8.82	6.13	7.42	8.04	2.43	7.80
17. Tax Rental available in 1957-58 if the 1952 Agreement Formula were continued [3]	14,890	4,270	22,865	19,320	146,620	179,290	29,620	30,010	37,990	53,330	538,205
18. —per capita	34.47	39.54	32.52	33.43	31.20	32.54	34.16	32.30	32.41	38.73	32.87
19. Increase in Proposed Formula in 1957-58 over the 1952 Agreement Formula in 1957-58	1,850	70	4,770	3,325	39,255	44,380	4,615	6,135	8,360	2,100	114,860
20. Per cent Increase over 1952 Formula	12·4	1·6	20·9	17·2	26·8	24·8	15·6	20·4	22·0	3·9	21·3
21. Per capita Increase over 1952 Formula	4.28	0.65	6.79	5.75	8.35	8.06	5.32	6.60	7.13	1.53	7.01

The yield of standard taxes and the insurance premium tax have been increased by 6% per annum over the basic 1955 data. The distribution of taxable incomes, profits and successions between provinces is on the basis of data presently available. 1956 Federal rates for individual income tax and succession duty have been used.

[1] To bring up to tax rental payment available in 1957/58 if the 1952 Agreements were to be extended.

[2] Estimated on Gross National Product at factor cost of $23.56 billion (Corresponds to GNP of $26.77 billion at market prices).

[3] Estimated on Gross National Product at factor cost of $24.70 billion (Corresponds to GNP of $28.00 billion at market prices).

This statement is for illustrative purposes only

Hon. Mr. Macdonald: Now, honourable senators, may I briefly run over the provisions of the bill? I shall not go into them in too great detail.

Hon. Mr. Hackett: Would the honourable leader permit me one more question? Does the statement which he has just put on *Hansard* mean that the provinces which have the largest percentage of juveniles, of non-earning children, have the lowest *per capita* income?

Hon. Mr. Macdonald: It would not necessarily follow.

Hon. Mr. Hackett: But that factor would naturally be an ingredient?

Hon. Mr. Macdonald: Oh yes, it would be an ingredient.

Hon. Mr. Pouliot: A new-born babe is a Canadian citizen?

Hon. Mr. Macdonald: It depends on where the new-born babe is born. If he is born under the provisions of the Canadian Citizenship Act he is a Canadian citizen.

Hon. Mr. Pouliot: My honourable friend was naturally not speaking of new-born babes in Africa or Asia.

Hon. Mr. Macdonald: No, just in the provinces of Canada.

I will endeavour to explain this bill clause by clause without delaying too long or going into too many technicalities.

The first clause is the short title. The second is the interpretation clause.

I should refer to clause 2 (d), in which the marginal note reads "Standard corporation income tax". The standard corporation income tax is 9 per cent of a corporation's taxable income earned, but that is actually 20 per cent of the federal effective rate, because the income taxation rate is about 45 per cent on a corporation's income, and 9 percentage points of that is one-fifth of 45, which is 20 per cent.

In clause 2 (f), the marginal note is "Standard individual income tax". The standard individual income tax is equal to 10 per cent of the total amount of tax payable under the Income Tax Act.

The standard succession duty rate referred to in clause 2(i) means 50 per cent of the total amount of the federal succession duty payable.

As honourable senators will recall, those are the three fields in which there was a rental to the dominion by the provinces.

The provision with respect to income taxes, both corporation and personal, is for the calendar year, but in so far as succession duty is concerned it is on a three-year average fiscal year basis.

In clause 2 (3) there is a provision that the dollar amount that is paid under these acts is static. That is to say, if a person pays a tax of 10 per cent on his income and there is a change in the rate of income tax—let us say it is reduced—that would not affect the payments to the provinces under this measure. They are calculated on the rates in effect at the time the province enters into the agreement.

As stated in clause 3, payments will be made in respect of any fiscal year from 1957 to 1962.

The next clause of interest has to do with the basis on which the equalization payment is made. Under clause 5 the floor or minimum payments are described. Various options are available to the provinces. This matter is rather technical. A province is guaranteed as much in the first fiscal year as it would have received if the tax rental agreement had been in effect.

Hon. Mr. Isnor: Which tax agreement does the honourable leader refer to?

Hon. Mr. Macdonald: The tax rental agreement of 1952 to 1957. If a province under this new arrangement does not receive as much as it would have received under the tax rental agreement it gets an additional sum to bring it up to that amount. Later, the province has an option to accept either what it would have received on the average of the two years immediately preceding, or as though the tax rental agreements had been continued. In other words, a province will not get a smaller amount in the first year than it would have had under a tax rental agreement, and on and after the third year it will be entitled to not less than 95 per cent of the average of the total of the two previous years. That is spelled out in the bill.

Hon. Mr. Power: I quite understand there are definitions of "standard taxes", "standard individual income tax" and "standard corporation income tax", but where in the bill is authority to be found to permit an ordinary citizen to deduct 10 per cent, and a corporation to deduct 9 per cent?

Hon. Mr. Macdonald: If there is a tax rental agreement between the province and the dominion, there would not be a deduction.

Hon. John J. Connolly: I wonder whether I may interject a remark. Perhaps the answer to the question of the honourable senator from Gulf (Hon. Mr. Power) is this. It will be remembered that a year ago the Prime Minister, after negotiations with the Premier of Quebec, announced in the other

place that legislation would be introduced—and later it was introduced—permiting taxpayers in any province which levied income tax to deduct from their federal income tax the amount of provincial tax up to 10 per cent of the federal tax. I believe, though I speak subject to correction, that this provision was inserted in the Income Tax Act last year.

Hon. Mr. Gouin: That is so.

Hon. Mr. Power: I do not recall that there is in the Income Tax Act any such definition of "standard corporation income tax" or "standard individual income tax", and if I understand the purpose of this bill it is to deal with the particular things which the bill defines.

Hon. Mr. Macdonald: The honourable senator is right. I do not believe there is a clause in the Income Tax Act defining "standard corporation income tax", but it is set forth in the interpretation clause of this bill.

Hon. Mr. Power: But where do we find what we are to do about the standard individual income tax, now that it is defined?

Hon. Mr. Macdonald: As the honourable senator for Ottawa West (Hon. Mr. Connolly) has said, that information is contained in the Income Tax Act.

Hon. Mr. Power: I do not think the Income Tax Act contains any definition relating either to standard individual income tax or standard corporation income tax. At least, that is my recollection. These are new terms. How are they being made to apply to the individual or the corporation that pays income tax? I want to see what there is in this bill which makes them applicable.

Hon. Mr. Macdonald: Tomorrow I shall have a copy of the Income Tax Act, and I shall then be glad to furnish an explanation. It is difficult to explain the matter when the act is not before me. I am glad the question has been raised, and if there are any other matters on which honourable senators desire information, perhaps they could be mentioned at this time.

Hon. Mr. Horner: I take it that a province will only be entitled to this allowance after an agreement in that respect has been made by it.

Hon. Mr. Macdonald: No.

Hon. Mr. Power: That has nothing to do with it.

Hon. Mr. Macdonald: As the honourable senator from Gulf has said, that has nothing to do with the agreement. A province, without entering into an agreement, can collect 10 per cent, of personal income tax, 9 percentage points on corporate profits, and 50 per cent of succession duty. If a tax rental agreement is entered into, it has not the right to collect these amounts directly.

Hon. Mr. Bouffard: In all the agreements that have been signed it was included to the extent of 5 per cent.

Hon. Mr. Macdonald: That has now been changed from 5 per cent to 10 per cent.

Hon. John J. Connolly: May I ask a question for the purpose of getting information at a later time? I understand that most of the provinces do not disagree with the principle of this legislation. Perhaps it is fair to say that none of them disagree with it. Some of them are not in accord on the question of quantum, of how much money they should get. The formula proposed in one branch of the legislation is 10, 9 and 50 per cent of the tax takes in the three fields in question; but I understand that some of the provincial premiers have been holding out for tax takes of 15, 15 and 50 per cent to be assigned to them. Might it be possible at a later time for the leader to supply figures indicating how much it would amount to in terms of dollars if the provinces had their payments in this respect made on the basis of 10, 9 and 50 per cent in one case and 15, 15 and 50 per cent in the other case?

Hon. Mr. Power: It is not a case of payments made. This has nothing to do with payments. It is that the province may collect and its citizens may deduct from federal tax either 10, 9 and 50 per cent or 15, 15 and 50 per cent.

Hon. Mr. Bouffard: A deduction may be made from federal income tax on account of income tax paid to a province.

Hon. Mr. Macdonald: If the amounts were increased to 15, 15 and 50 per cent I could get a statement as to how much money would be involved, but I think I should make the following explanation. The equalization payments are made with respect to the total amount received by the provinces on 10 per cent of the income tax, 9 percentage points of the corporation tax and 50 per cent of the succession duties. It is the total yield of that percentage of the tax of the two wealthiest provinces, Ontario and British Columbia, that is determined. It is not the amount which the provinces receive from all income tax; it is just 10 per cent of the income tax, 9 percentage points of the corporation profits, and 50 per cent of the succession duties. The average comes to somewhere around $38 or $40 per head in those two provinces. The

amount which any province would collect less than $38 or $40 a head would be given to that province to bring it up to the amount *per capita* which the two wealthiest provinces would have collected. So what this comes down to is that the two wealthiest provinces get that amount back from the income tax and succession duties which were collected, and the other provinces get their amount plus the difference between their amount and the amount *per capita* of the wealthiest provinces.

Hon. Mr. Haig: May I ask the honourable Leader of the Government a question on this point? Let us say that the people of British Columbia contribute $100 million per annum in the fields of income tax, corporation tax and succession duty tax. Is this calculated on the basis of the number of people who pay in or on the whole population *per capita*?

Hon. Mr. Macdonald: It is on the whole population.

Hon. Mr. Haig: Then if there are many large families in British Columbia the *per capita* tax would be small. If there are a lot of young and elderly people the tax would be large. Am I right? The provinces of Manitoba and Quebec, which have large young populations, would never be considered on this basis as rich provinces. Is that not what it means? The point I am trying to make is that the standard for British Columbia is a false one. A great many people from Manitoba, Saskatchewan and Alberta move to British Columbia when they retire.

Hon. Mr. Horner: And they take their wealth with them.

Hon. Mr. Haig: They are elderly people and they move to British Columbia, taking with them not great wealth but a certain amount of money that goes into income tax and succession duties, and so on. I do not want to argue the point at this time. I just want to make sure of the facts. As I understand it, the calculation is based on the total amount given, divided amongst the population.

Hon. Mr. Macdonald: That is correct. It is not a division on the basis of the number of people who pay individual income tax. I do not see how that would very well be feasible in connection with corporations.

Hon. Mr. Power: It is "the sum of the standard taxes".

Hon. Mr. Macdonald: Yes, it is the total of the amounts received from the personal income tax, the corporation income tax and the succession duties on a *per capita* basis. It is on a *per capita* basis, and in no case is it on a basis of individual payments. I should also point out that the amount arrived at is not calculated on British Columbia alone; it is on British Columbia and Ontario.

Hon. Mr. Haig: Yes, I know that. It applies equally to both.

Hon. Mr. Macdonald: It is on those two provinces because they have the highest payments.

Honourable senators, I have endeavoured to give a clear explanation of this bill, which though not too complicated is very difficult to explain. I can only hope that honourable members have a better grasp of it now than when I started. I trust I have not confused the issue. I shall endeavour to get further information, and I shall reconsider the questions that have been asked. If any of my answers have not been correct or not clear enough I shall endeavour to rectify matters when closing the debate.

I feel this is a great step forward in our relations with the provinces. I do not think anyone in Canada wants to have a great centralized state. There are some democratic countries where the federal state says to the provincial or junior states: "You get so much money and we will tell you how you can spend it. You cannot tax in certain places." In this legislation the federal Government takes no such stand. If the provincial governments do not like this way of doing business they can still go on and tax; and if they want to avoid double taxation then we feel we are leaving the way open for them to do so by providing the abatements of 10 per cent, 9 percentage points and 50 per cent. No province is being forced into an agreement, and every province, whether or not it enters into an agreement, will receive an equalization payment.

Hon. Mr. Horner: Why are the agreements for five years? Why are they not for three years? Is it a five-year plan?

Hon. Mr. Macdonald: The previous agreements have been for a period of five years. Of course, this legislation could be amended during the five year period if it were discovered that it was not working equitably. Some period of time has to be agreed upon, and it was felt that five years was better than ten years, and perhaps better than three years. Whether we are right or not I cannot say, but I think it is a fair period of time in which to put this proposal into operation and see the effects of it.

Hon. Mr. Horner: I just do not like the sound of five years.

Hon. Mr. Macdonald: We could have changed the period to six, four, or some

other number of years. At least the five-year period was acceptable to nine provinces as the term of the last preceding agreements.

Hon. Mr. Bouffard: You might say 60 months!

Hon. Jean-François Pouliot: Honourable senators, I extend my congratulations to the honourable leader (Hon. Mr. Macdonald) for having explained this legislation just as clearly as it could be done. It is a difficult piece of legislation, which has been inspired by good will.

I hope I will be permitted by the honourable leader and other honourable senators to revert to fundamentals in this age of public bargaining and auctioneering.

It is strange to think that Canada can deal with outside powers, in what we call "external affairs", but is legally powerless to deal with the provinces in internal affairs. However, the statute which is called The Statute of Westminster—there are tens of thousands of statutes of Westminster, but I mean the one of 1931—gives certain powers to the countries in the Commonwealth with regard to external affairs, but none concerning the various states or provinces that exist within any one country of the Commonwealth; and if Canada can deal with foreign countries it is because the matter has not been foreseen in the British North America Act, which is our Constitution. On the other hand, the B. N. A. Act ties Canada and ties the provinces in a way that cannot be overlooked. Our Constitution is a pact wrapped up in an Imperial statute, and every time that a change to the Constitution has been legally made it has been made by another statute of the British Parliament.

Before addressing you, honourable senators, I wanted to make sure of the meaning of the word "exclusive" that is repeated so often in the vital part of the Constitution, which concerns the powers of the Government of Canada and of the provinces. According to the Oxford Dictionary the word "exclusive" means "debarring from participation." If we take section 91 of the B. N. A. Act, entitled, "Powers of the Parliament", we find that it says:

> It shall be lawful for the Queen, by and with the Advice and Consent of the Senate and House of Commons, to make Laws for the Peace, Order, and good Government of Canada, in relation to all Matters not coming within the Classes of Subjects by this Act assigned exclusively to the Legislature of the Provinces, and for greater Certainty, but not so as to restrict the Generality of the foregoing Terms in this Section, it is hereby declared that (notwithstanding anything in this Act) the exclusive Legislative Authority of the Parliament of Canada extends to all Matters coming within the Classes of Subjects next hereinafter enumerated; . . .

I will not read all the remainder of the section because every honourable senator is perfectly familiar with the wording of it, but I would draw attention to subsection 29, which reads thus:

> Such Classes of subjects as are expressly excepted in the Enumeration of the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces.

And the last paragraph of section 91 is as follows:

> And any Matter coming within any of the Classes of Subjects enumerated in this Section shall not be deemed to come within the Class of Matters of a local or private Nature comprised in the Enumeration of the Classes of the Subjects by this Act assigned exclusively to the Legislatures of the Provinces.

Honourable senators will see that the words "exclusive" and "exclusively" are used several times in section 91, which decides what are the powers of the Parliament of Canada. The British Parliament has said that the Canadian Parliament can have exclusive powers that shall not infringe upon the powers expressly conferred upon the provinces. Following section 91 is section 92, entitled, "Exclusive Powers of Provincial Legislatures." There is the word "exclusive" again. "Exclusive" means that the Government at Ottawa, in virtue of the Constitution, has exclusive powers in certain jurisdictions and the provinces are debarred from participation in them; and on the other hand, the provinces are given exclusive powers in certain jurisdictions from participation in which the Government of Canada is debarred.

Hon. Mr. Dupuis: May I ask the honourable senator a question?

Hon. Mr. Pouliot: Yes.

Hon. Mr. Dupuis: I am sure my honourable friend knows that in many instances the Privy Council has interpreted these sections of the British North America Act. Would he be good enough, if he has them, to cite from some of those judgments the meaning placed by the Privy Council on the word "exclusive"?

Hon. Mr. Pouliot: I have not brought with me my collection of judgments of the Privy Council. However, I would remind my honourable friend of the numerous cases won by Sir Oliver Mowat, when he was Premier of Ontario, on the question of the sovereignty of the provinces and the sovereignty of the Government at Ottawa. To put the meaning of the word "exclusive" in simple language—it might not be the language used by the highest courts—it is that each body shall not mind the other body's business. I think it cannot be expressed more clearly.

May I point out that the British North America Act has never been amended, except

at times for particular cases such as to cover the question of unemployment insurance. But the basic sections of the act have not been amended, and Canada today, with respect to the various jurisdictions as between the federal Government and the provincial legislatures, stands in the same position as it did in the day of Sir John Macdonald and Sir George Cartier. The Constitution is the same, although the interpretation of it has at times been different. Those different interpretations have not been due to judgments of the courts of this land or of the Privy Council, but to the fact that the governments have decided to deal together in spite of the clear wording of the Constitution.

Let us see what are the exclusive powers of the provinces under section 92:

> In each Province the Legislature may exclusively make Laws in relation to Matters coming within the Classes of Subjects next hereinafter enumerated; that is to say—

The section lists the various jurisdictions of the legislatures.

Section 93 gives the same exclusive jurisdiction to the provincial legislatures with respect to education. It reads:

> In and for each Province the Legislature may exclusively make Laws in relation to Education, subject and according to the following Provisions—

That means that the Parliament of Canada has nothing to do with the matter of education.

In about 1938, at the time of the sitting of the Rowell-Sirois Commission, a new fashion was established with respect to dealings between the provinces and the federal Government. Indeed, it started in 1935, under the Conservative Government, for the purpose of helping to relieve unemployment. My contention is that all those dealings with the provinces were illegal because they were against the principles set down in the Constitution itself. What was the basis for the so-called agreements with the provinces? Was it a question of law? Was it a question of fact? No, not at all. It was a question of auctioneering or bargaining. The provinces, with the exception of Quebec, came one after the other and said they wanted more. They were not satisfied; they were gluttons. Such dealing was a question of expediency and not of principle.

I understand it is a fine idea to share the wealth by tax rentals, but what legal basis is there for it? Is that the right way of doing it? Why is it that the B.N.A. Act has been amended with respect to the census, redistribution, unemployment, and the creation of a new province, but has not been amended with respect to the dealings of the Parliament of Canada with the provinces?

The last understanding or agreement between the federal authorities and the provinces that was legal was the one having to do with the transfer of natural resources by Canada to the provinces in 1930, under a Liberal government.

Hon. Mr. Horner: No, it was under a Conservative government.

Hon. Mr. Pouliot: But it was already arranged by the Liberal government. The Conservative Government did not do too much in that way, and for that I give them credit. But I am not talking politically now.

The amendments that have been made to the act do not change the relationship between Canada and the provinces. I wonder why we do not amend the act for the purpose of dealing with provinces as we amended it to deal with these other matters. That is my point.

On October 7, 1954, a very bright newspaper, the *Ottawa Journal*, printed an editorial under the heading "Mr. Frost's Move Next". It reads:

> When Ontario's Premier Leslie Frost signed a tax rental agreement with the Dominion, he said—he has emphasized it since—that it was only a "stop-gap".

In French we say *bouche-trou*.

> Now that Mr. St. Laurent and Mr. Duplessis sensibly have broken the too-prolonged fiscal deadlock between Quebec and Ottawa—deadlock over an issue that concerned Ontario and the other provinces as much as it concerned Quebec—Mr. Frost has an opportunity of helping with something concrete to replace his "stop-gap".
>
> Mr. Frost, we think, should get going without delay on this concrete something. For if a dominion-provincial conference is held within the next few months (Mr. St. Laurent indicates it may come as early as January), it will not be enough for Mr. Frost to come to it with but pious platitudes and a plea that there was time for little else.
>
> A dominion-provincial conference requires preplanning. If therefore Mr. Duplessis gets the "working papers" of his new tax proposals into the hands of Mr. St. Laurent within a few weeks and they should prove acceptable as a basis for a meeting with all the provinces, Mr. Frost should move immediately for a revival of the Economic Committee which was set up at the 1945-46 conference but died with the conference itself, though it was supposed to be continuing machinery.

It is a very nice article, but I do not want to read all of it.

Hon. Mr. Burchill: What is the date?

Hon. Mr. Pouliot: October 7, 1954. It is a very fine article.

The Leader of the Opposition in the House of Commons lacks imagination. The Ottawa *Journal* of July 16 carried the following heading:

> Drew Asks New Tax Parley.
> Would Halt Tax-Sharing Proposals.
> Tells Commons Scheme is Just Another "Stop-Gap".

He repeated that two years after Mr. Frost had made his great discovery.

Then the Leader of the Opposition in the House of Commons condemned the proposal and called for new talks, complaining that there was not enough given to the provinces. I find it quite interesting that on July 17 the Montreal *Gazette* carried a front page headline reading:

Frost Pledges Active Campaign For PCs.
Federal Election Aid Promised In Ontario.

I will not say that it was blackmail but I find it strange diplomacy for Mr. Frost to threaten the Government of Canada with reprisals if the provinces did not receive more, and for him to say that he would fight for the Drew party, the PCs, if he did not get what he wanted. I could not believe that Mr. Frost, who is a pleasant gentleman, had used such language or had made such a promise. I thought it was beneath him to use such tactics in the last stages of his bargaining, and he did not go quite as far as that. After an interview that he gave to the press the *Gazette* carried a dispatch headlined as follows:

Frost Urges Tax-Sharing "Realism".
B.N.A. Terms Ignored in Offer.

He is the one who ignores the terms of the British North America Act. Would it be fair, honourable senators, for us to bear the odium and opprobrium of taxation to make gifts to Mr. Frost because he spends too much? He has a way out. He has only to use his power to impose his own income tax legislation, and then he may have as much money as he needs. Why should the Government of Canada pay for the broken jars of Mr. Frost in the province of Ontario?

Hon. Mr. Dupuis: Why doesn't he seize the Welland Canal?

Hon. Mr. Pouliot: Oh, yes, he has power to do all sorts of things. He can say, "I can be extravagant, the Government of Ontario can spend money like drunken sailors and Ottawa will pay for it". Why should we, honourable senators, suffer the odium of collecting taxes, not for legal expenditures in virtue of the provisions of the B.N.A. Act but for the benefit of Mr. Frost and in contravention of that act? He has the power to get all he wants, so why should he come to us for it? It is very strange. I know Mr. Frost personally; I think he is a fine gentleman. I feel he has been misquoted, but if he actually said what he is reported to have said he is entirely wrong. Why does he speak of the terms of the British North America Act? I wonder if he has read the act? I will send him a copy of my speech so that he will have an opportunity of reading the essential wording of that statute.

What does he need more money for? For one thing, he needs it for education. In an interview published in the *Gazette* of Thursday, July 19, Mr. Frost said that he needs it to pay for increased costs of primary and secondary schools. He said that primary and secondary schools now had a combined enrolment of 1 million, and that in 10 years the enrolment would reach 1,750,000. He needs it for universities, in which 20,000 students were enrolled, and in 20 years there would be 90,000. He needs it for water pollution control, partly caused by the growth of industry. He needs it for hospitals, highways and public buildings, and for welfare services.

I have no objection to Mr. Frost spending any amount of money that he decides to spend in the province of Ontario. On the other hand, I wonder why Ottawa should tax the Canadian people because Mr. Frost is afraid to tax them, because Mr. Frost is unwilling to tax them.

Hon. Mr. Horner: May I ask the honourable gentleman a question? Is he in favour of this legislation or is he opposed to it?

Hon. Mr. Pouliot: Wait and see. I thank my honourable colleague for listening to my speech; I am sure that he is greatly interested, and he will be the more so because, if I am not mistaken, he was born in the province of Quebec, and I will have something to say about his native province.

Mr. Frost should remember that the greatest and most illustrious Premier of Ontario was none other than the Honourable Sir Oliver Mowat. He was premier of that province from 1872 to 1896, and was the first Minister of Justice in the Laurier cabinet. The story of his life is most interesting, and I suggest that Premier Frost should read it. To quote from the *Encyclopaedia Britannica*:

In eight important cases which he argued before the Judicial Committee of Her Majesty's Privy Council, he established, as against the contention of Sir John A. Macdonald, the proposition that the provincial legislatures were co-ordinate with and not subordinate to the parliament of Canada. To weaken his influence the Conservatives at Ottawa attempted to extend the boundaries of Manitoba, thereby reducing the area of Ontario; but Mr. Mowat again appealed to the Judicial Committee and was again successful. According to Sir John A. Macdonald, Ontario contained under the "Quebec Act" only 116,782 sq. m.; but Mr. Mowat gave it an area of 260,862 sq. m. When he returned home after this great victory he received an ovation unparalleled in the history of any Canadian statesman.

Sir Oliver Mowat championed the sovereignty of the province of Ontario, contending that it was free to do, within the provisions of the imperial statute, whatever it liked.

What is the difference between the province of Ontario and the other provinces?

It is not a question of expediency; it is a question of principle. We have certain rights in virtue of the Constitution, but there are other rights which we do not have. We of the province of Quebec have rights which we cherish, and we do not want to lose them for the benefit of any other province or of the Government of Canada: they have existed since the time of Confederation, and the Province of Quebec will not sacrifice any of them unless they are changed by amendment of the British North America Act. It is in accordance with these principles that certain income tax legislation has been adopted by the Province of Quebec. The Ontario Government could follow the same course if it had the courage to do so. It would merely be acting within its rights; for although its revenue is bigger than ever, if it is insufficient Ontario also can have recourse to an income tax levy.

I could say much more along these lines, honourable senators, but I will conclude by pointing out that the Government of Canada has not imposed terms upon the provinces but has made offers to them in order to help them, which they can accept if they see fit. Although I have strong doubts about the legality of this legislation, I consider that its purpose is a good one. I hope no one will speak to me about "the poor provinces". It does not get into my head; it does not carry conviction when one thinks of the wealth of the Prairie provinces, and also of the Maritimes. Not long ago a man died leaving a fortune of $60 million, of which the province's share is probably around $20 million. One might say it comes from heaven; it is a very nice windfall. We know that there are wealthy Canadians in other parts of the country. So I hope that when the representatives of the provinces appear in Ottawa they will come as men and not as beggars; that they will bear in mind the workings of our Constitution, and take into account that taxation is very heavy. Some provincial premiers who complain that the grants they receive are insufficient, insist also that taxation should not be raised. It is not logical.

I wanted to refer to some of the fundamentals of this question. I have done so; and I thank my honourable colleagues for having done me the honour of listening.

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

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 890*)

Letter dated June 6, 1956, and accompanying statement dated May 14, 1956, on disarmament, addressed to the Prime Minister by His Excellency Nikolai Bulganin, Chairman of the Council of Ministers, the Kremlin, Moscow, and the Prime Minister's reply, dated July 16, 1956.

(*Translation*)

THE KREMLIN, MOSCOW

JUNE 6, 1956.

Dear Mr. Prime Minister,

I would like to exchange views with you on such an important international problem as that of disarmament in consideration of which both our countries are taking part in the Subcommittee of the United Nations Disarmament Commission.

It must be said now with regret that the discussions on this question which have been carried on in the United Nations for many years have failed to yield positive results. However, we cannot but recognize that the solution of this problem, especially with the appearance of such new weapons of mass destruction as the atomic and hydrogen bombs, is becoming more and more imperative.

I believe you will agree with me, Mr. Prime Minister, that in the present conditions of a definite relaxation of international tension there are favourable opportunities for the carrying out by States of concrete measures for the reduction of armaments and armed forces. The Soviet Government noted with satisfaction the statement of the Secretary of State for External Affairs of Canada made in the House of Commons on March 20, that Canada will do her utmost towards bringing about effective disarmament which would contribute to diminishing international tension and facilitate the settlement of other oustanding issues.

We are firmly convinced that the implementation by states of measures for reducing their armaments and armed forces, before an international agreement on this problem has been reached, would contribute to strengthening confidence between states and to consolidating peace throughout the world. Guided by these very considerations the Soviet Government has taken a decision about a new and considerable reduction of armed forces of the Soviet Union by 1,200,000 men accompanied by a corresponding reduction in armaments and military expenditures, over and above the previously effected reduction of the Soviet armed forces by 640,000 men.

Addressing this message to you, I express the hope that the Government of Canada, which is represented in the United Nations Subcommittee on disarmament and bears a special responsibility for an early solution of the disarmament problem, will examine with all attention the enclosed statement of the Soviet Government of May 14 on the question of disarmament and will find it possible to undertake such steps as would facilitate the solution of the problem of disarmament in the interests of consolidating peace and the universal security of peoples.

With sincere respect,

(Original signed by)

N. Bulganin.

His Excellency,
Right Hon. Louis Stephen St. Laurent,
Prime Minister of Canada,
Ottawa.

STATEMENT OF THE SOVIET GOVERNMENT ON DISARMAMENT

Today it is recognized by all that a relaxation in international tension has been achieved lately. The hotbeds of war which but recently threatened to flare up into another world conflagration have been stamped out. Definite results have been attained in settling certain outstanding political issues in Asia and Europe. This has been achieved through negotiations between the countries concerned.

Relations between states have been considerably extended of late, meetings and contacts between statesmen of the Great Powers have been resumed. At these meetings discussions have been initiated of important international problems, including outstanding questions, and ways for coordinating the views and positions of states with different social systems are being explored with greater vigour.

The positions of the supporters of international co-operation are growing stronger in all countries. A vast zone of peace has been formed including big and small states and embracing the majority of the world's population.

All this has promoted a lessening of international tension and strengthening of peace. This is the result not only of the activities of governments.

A great influence has been exerted by the growth of the forces of the peoples and their striving for peace, for peaceful coexistence of states. This is an important

result of the many efforts of the peoples to consolidate peace, to ensure the development of international co-operation in promoting peaceful construction and the advance of the peoples' living standards.

There must, however, be no contentment with what has been achieved. International tension has not been eliminated as yet, the necessary confidence in relations between states has not been built up while the aggressive forces of certain countries seek to continue their old line which is hostile to peace.

The main obstacle to the further easing of international tension is the continued arms race. Notwithstanding the indisputable improvement of the international situation achieved lately, states still maintain inflated armed forces. The stockpiling of atomic and hydrogen bombs continues. Millions of young men have been placed under arms and torn away from peaceful constructive labour.

Influential circles and, first and foremost, the big monopolies which produce arms and make huge profits on arms deliveries are interested in the continuation of the arms race and the spread of militarism. It is those aggressive circles which enjoy big influence in some countries that are trying now to prevent a further relaxation of international tension and to preserve the artificial war boom.

Associated with the activities of these circles is the continuation of such measures of the cold war as the building up and extension of aggressive military groupings, in a number of world areas, the organization of military bases on foreign territories and the inflation of military budgets.

Such a situation of course assures unprecedented profits to the big monopolies but it is incompatible with the vital interests of the masses. The present inordinately inflated military budgets of the capitalist countries mean high taxes on the earnings and incomes of the working people, a further rise in prices of consumer goods and a deterioration of the living conditions of the masses. The more money goes for piling up armaments, the less funds remain for peaceful construction, for economic development, for the needs of education and the public health services, for the assistance to the under-developed countries and areas.

The peoples of the world cannot tolerate such a situation caused by the growing burden imposed on them by the monstrously bloated militarism.

But if not peaceful requirements but the arms race becomes the foundation for economic development, if ever more material values are swallowed up by the inflated national armed forces, and many thousands of millions are spent annually only to replace the arms produced only yesterday and which today are already obsolete by new arms, such an economy rests on a shaky, unreliable foundation. It is fraught with dangerous instability and economic disaster.

It is a matter of record that in the past the arms race led ultimately to war. This is shown by the experience of both the first and second world wars. The peoples themselves suffered the full brunt of those wars. They took a toll of many million human lives, inflicted on the peoples colossal misfortunes, resulted in the devastation of thousands of cities and dozens of thousands of rural communities in Europe, Asia and Africa, and the destruction of the wealth created by the labour of a number of generations. The outbreak of a third world war in present-day conditions when there are such types of weapons as atomic and hydrogen bombs and such means of their delivery as long-range bombers, as ballistic rockets capable of bringing those weapons to any point on the globe, would lead to much greater loss of human lives, incomparably bigger material losses, the destruction of major cities and industrial centres, the devastation of entire districts and areas, particularly in industrially highly developed and densely populated countries.

The present situation demands that the peoples and governments responsible for the destinies of their countries take effective measures to end the arms race and to prevent the possibility of an outbreak of another war.

A further improvement of the international situation can and should be achieved first and foremost through reduction of armaments, through effective measures aimed at disarmament. As for the Soviet Union, it carried out, as soon as the second world war ended, a number of measures for a decided reduction of its war-time armed forces, demobilizing from the Soviet Army thirty-three age groups.

Moreover ever since the war the Soviet Union has been persistently working in the United Nations for international agreement on disarmament, submitting the corresponding proposals to this end.

At the proposal of the Soviet Union, the General Assembly passed as early as 1946 a resolution on a general reduction of armaments and prohibition of atomic weapons. But to this day this resolution has not been implemented. When the matter of working out concrete measures in the implementation of this resolution came up, the Western powers began putting forth all kinds of objections to it.

The Soviet Government has always maintained and continues to maintain that the solution of the disarmament problem would make for the prohibition of atomic and hydrogen weapons and a strong reduction in conventional armaments and armed forces. It has always striven for all these measures to be carried out by states under appropriate international control. The Soviet Government has proposed that international control be set up at all big air fields, in ports and railway junctions to make it possible to forestall a sudden attack by an aggressor.

Taking into account the fact that in the present conditions atomic war represents a particular danger to the peoples, the Soviet Government attaches the greatest importance to prohibiting atomic and hydrogen weapons. That is precisely why we proposed, and continue to propose to decide at once to fully ban atomic and hydrogen weapons, discontinue their manufacture and destroy the stocks of these weapons so that atomic energy, that great discovery of mankind, serves peaceful purposes alone. This Soviet proposal encountered objections on the part of the United States and other Western Powers. These objections are raised time and again under the pretext of its allegedly being impossible to reach agreement on the establishment of international control, although the Soviet Union far from objecting to such control has insisted upon the need for its institution. The Soviet Union's proposal to prohibit atomic and hydrogen weapon tests are also rejected.

As is known, the Soviet Union did not confine itself to proposals on the full and unqualified prohibition of atomic weapons and their removal from national armaments. Seeing no desire forthcoming on the part of the United States and other Western Powers to take to this road, the U.S.S.R. Government has proposed that at least the first step be made in this direction. The Soviet Government has proposed the Great Powers solemnly declare they will not employ atomic weapons and renounce their use. The adoption by the powers of such a commitment would imply the political and moral condemnation of atomic weapons. This commitment could be assumed without any delay and could, naturally, play an important part in banishing the threat of atomic war.

These proposals of the Soviet Union, which are fully supported by China, Poland, Czechoslovakia, and the other People's Democracies as well as by a number of other states, accorded with the well-known international agreement adopted after the first world war by many states not to use chemical and bacteriological weapons, which, as is known, played a positive role and deterred the use of these weapons. Without question, renunciation of the use of atomic weapons accords with the interests of all peoples; moreover, the assumption of such a commitment by the states, the Great Powers first and foremost, would result in an amelioration of the international climate. The Western Powers did not accept this proposal either, though in this case they could not refer to the difficulties of instituting international control since the point concerned solely a moral and political obligation and the idea of getting the Great Powers to reach, without further procrastination, the first agreement directed against atomic war.

All this shows that the Soviet Union has always sought, and continues to seek, an immediate solution of the question of banning atomic and hydrogen weapons and of taking already now the first steps in this direction.

So far no such agreements have been reached because of the negative stand taken by the United States and its Western partners.

Refusing to embark on the path of prohibiting atomic and hydrogen weapons, the Western Powers argue that the Soviet Union has an advantage over the Western Powers in conventional armaments and that they could agree to the prohibition of atomic weapons only after a substantial reduction of conventional armaments. To this end they introduced a proposal on the establishment of maximum levels of the armed forces for the five great powers; namely, from one million to 1·5 million men for the U.S.S.R., the U.S.A., and China, and 650,000 men for Britain and France. In order not to delay a solution of disarmament problems and to achieve certain important successes in ending the arms race, the Soviet Union expressed its agreement with this proposal of the Western Powers. It seemed as though now a definite agreement could be reached. But matters took a different turn. As soon as the Soviet Union expressed agreement with this proposal the Western Powers began to disown it, hunting up all kinds of pretexts to bury their own proposal.

Last autumn at the Four-Power Foreign Ministers' Conference in Geneva, the Western Powers made a proposal to begin settling the disarmament problem by reducing conventional armaments, without tying this up with the prohibition of atomic weapons. Such was the proposal of Britain. The British Foreign Secretary made this proposal in the House of Commons last February. The Soviet Union expressed agreement with this proposal as well.

When the United Nations Disarmament Subcommittee met in London two months

ago, the Soviet Union submitted for its consideration a plan for reduction of conventional armaments and armed forces, which could be carried out without waiting for agreement on atomic weapons since the divergencies in the positions of the Soviet Union and the Western Powers on banning atomic weapons had become the main obstacle to agreement. But this proposal of the Soviet Union too ran up against the resistance of the Western Powers. It turned out that the Western Powers spoke about giving priority to reduction of conventional armaments so long as they thought that the U.S.S.R. would reject such a proposal.

As soon as we submitted a concrete plan for reducing conventional armaments the Western Powers, including Britain which had formerly made this proposal, retreated and refused to accept the proposals designed to implement these measures. This time they began to say that the question of reducing conventional armaments cannot be examined without settling the question of atomic weapons. They contradicted what they themselves said but yesterday. Thereby, the disarmament problem has again entered a vicious circle where no headway is made either in settling the question of banning the atomic weapons or of reducing conventional armaments and armed forces.

After this, the futility of the entire work of the United Nations Disarmament Subcommittee is not surprising. The Subcommittee was set up under the high-sounding name of Disarmament Subcommittee. Actually, however, it has become merely a screen for covering up the arms race. It is also clear who is responsible for this situation.

Now ever new pretexts are being invented for the Disarmament Subcommittee to engage in anything but in ending the arms race, or reducing armaments. Much is being spoken, for example, about it being untimely to end the arms race since a number of political problems have not been settled. It is openly said that it is impossible to end the arms race without beforehand settling the German problem as well as Near and Middle Eastern and Far Eastern issues. It goes without saying that the Soviet Union is ready to continue to contribute actively to the adjustment of this and other political problems. And it is no fault of the Soviet Union that the German and some other international problems have not yet been settled. If, under these conditions, the Western Powers make the solution of the disarmament problem dependent upon the adjustment of the German question, and have, in doing so, already embarked upon the restoration of militarism in Western Germany, this shows that the question of Germany is being used as a bargaining pawn in order to clear the stage for the implementation of the plans of reviving German militarism and including a United Germany in the Western military alignments.

It is clear that such an approach cannot be conducive to either the solution of the German problem or the termination of the arms race.

Much is being said about the so-called aerial photography in which certain intelligence services are known to be interested. It is perfectly obvious, however, that all this aerial photography has nothing to do with the reduction of armaments or the establishment of control over the reduction of armaments. On the contrary, it can only increase the apprehensions of the peoples concerning the plans of the aggressive circles and lead to the further intensification of the arms race.

Not the least reason for the futility of the work of the United Nations Disarmament Subcommittee is that all its members, with the exception of the U.S.S.R., are active members of the Atlantic bloc. Judging by the sessions of the Atlantic Council held recently in Paris, the principal members of this bloc are colluding among themselves with a view to preventing the reduction of armaments, to including the atomic weapons in the armaments of the armies of this bloc and enacting measures for the further growth of armaments. In pursuing such a policy, the Atlantic bloc powers consider, obviously, that their task in the Disarmament Subcommittee is to camouflage this policy and, at the same time, prevent an international agreement on disarmament. That is why the Subcommittee is running idle and the questions of disarmament remain at a deadlock.

The Soviet Government holds that the time has come for the United Nations Disarmament Commission to consider the results of the work of the above Subcommittee, giving wide publicity to its findings, so that everyone could see who contributes to and who impedes the termination of the arms race, and indicate the ways to the practical implementation of the General Assembly's decisions on disarmament, adopted as long as ten years ago.

The present state of affairs in the sphere of disarmament does not correspond to either the present state of international relations or the demands of the peoples who are vitally interested in a further easing of international tension. It is evident likewise that the efforts of certain powers to impose on other states, including small and under-developed countries, a high level of military expenditures

are alien to the interests of the people and to the interests of consolidating world peace.

The Soviet Government will continue to press resolutely for a mutually acceptable international agreement on the reduction of the armed forces of the states and an agreement on the prohibition of atomic and hydrogen (thermonuclear) weapons. The Soviet Government holds at the same time that the present situation calls, first and foremost, for practical measures that could promote the solution of the task of a substantial reduction of armaments of the states and the termination of the arms race.

These practical measures—that would lift the question of the reduction of armaments from the plane of general and sterile talks to the plane of concrete deeds for the reduction of the armed forces—are, in the present conditions, the best means of further easing international tensions and of promoting reciprocal confidence between states.

The peoples of the Soviet Union are engrossed in peaceful creative labour. They want the maximum of their energy, efforts and material means to be directed to the construction of new factories, plants, electric stations, mines, housing, hospitals, schools and universities. Making an ever greater use of the tremendous riches of their vast country, the Soviet people strive to live in peace and friendship with all their neighbours, with all the peoples of the world. They are confident that the universal expansion of peaceful production will benefit all peoples.

Upholding the cause of peaceful international co-operation, the Soviet Union stands for the expansion of international economic and trade relations. It stands for the abolition of all manner of artificial obstacles which have been raised by certain powers and which retard the development of international trade. It is our belief that this is in the interest not only of the Soviet Union but of all other countries and peoples, since the termination of the arms race and expansion of international trade and economic ties among countries would open up greater opportunities for raising the well-being of the peoples and contribute to the establishment of friendly co-operation among all peoples, big and small.

For its part, the Soviet Union is ready to expand all-round trade with other countries on the basis of mutual advantage and of lifting the existing restrictions.

Seeking to make a new contribution to the cause of disarmament and maintenance of peace and seeking to create still more favourable conditions for peaceful economic and cultural construction in the Soviet Union, the Government of the U.S.S.R. has taken the following decision:

1. To carry out in the course of one year, by May 1, 1957, another and even greater reduction of the armed forces of the Soviet Union, namely by 1,200,000 men, in addition to the reduction of the armed forces of the U.S.S.R. by 640,000 men carried out in 1955.

2. To disband in this connection 63 divisions and separate brigades, including three air divisions and other military units with the strength of over 30,000 men now stationed in the German Democratic Republic.

To disband also a part of the military schools of the Soviet Army.

To put into reserve 373 naval vessels.

3. To reduce accordingly the armaments and military equipment of the U.S.S.R.'s armed forces and the military expenditures of the Soviet Union under the U.S.S.R. state budget.

4. To enable the servicemen discharged from the armed forces to find work in industry and agriculture.

Undertaking this new, highly substantial reduction of the Soviet armed forces and armaments, the Soviet Government seeks to contribute to the practical implementation of the disarmament programme which is now before the United Nations. The new reduction in the strength of the Soviet forces and armaments shows better than any words that the Soviet Union is a sincere and true champion of peace, a sincere and true champion of the relaxation of international tension.

In adopting this decision, the Soviet Government takes into account the fact that, as far as it concerns Europe, the French people, the British people, and the peoples of the Soviet Union and other peaceable European states do not want war, whose dire consequences they still feel, and that they are striving for an improvement in international relations for the all-round development of international co-operation.

The other governments, including the Governments of the United States, France and Britain cannot fail to follow this example if they sincerely wish to contribute to the strengthening of peace.

The Soviet Government is ready to consider the question of the further reduction of the armed forces of the U.S.S.R. if the Western Powers—the United States, Britain and France—carry out, on their part, appropriate reductions of their armed forces and armaments.

Implementation of these measures would be an important step towards the implementation of an all-embracing programme of disarmament and would create effective prerequisites for accelerating the solution of the question of prohibiting atomic and hydrogen weapons.

In adopting the above decision, the Soviet Government proceeds from the fact that the demobilization of 1,200,000 Soviet citizens and their return to peaceful, socially useful labour will be a new tremendous contribution to the further advancement of all branches of the U.S.S.R. national economy and will greatly step up the creation of material and cultural values for the good of our socialist society.

At the same time, further reduction of military expenditures under the U.S.S.R. state budget will make it possible to use the funds released for peaceful construction so as to carry out with even greater success the plans of the socialist development of our country, of raising the well-being of the Soviet people.

In carrying out a new major reduction of the Soviet armed forces and armaments, the Soviet Government proceeds from the fact that the forces of peace have grown much stronger now, that they are better organized and dispose of many means of giving a worthy rebuff to any attempts to violate peace. The Soviet Government expresses confidence at the same time that the armed forces of the Soviet Union will reliably guard the peaceful labour of our people and that the Soviet people and the peaceful peoples of other countries will not relax their vigilance and will be alert to the intrigues of the forces hostile to the cause of peace and peaceful international co-operation.

May 14, 1956.

(Text)

OFFICE OF THE PRIME MINISTER
CANADA

Ottawa,
July 16, 1956.

His Excellency
Nikolai Bulganin,
Chairman of the Council of Ministers,
The Kremlin,
Moscow,
U.S.S.R.

Dear Mr. Chairman:

Thank you for your letter of June 6 on the question of disarmament with which you forwarded the statement of May 14 of the Government of the Union of Soviet Socialist Republics. The Government of Canada has given earnest consideration to the contents of your letter and the accompanying document.

We have noted with interest the announcement of reductions in the armed forces of the Soviet Union to which you refer in your letter. However, our satisfaction over the announcement is somewhat tempered by the reflection that these reductions would have been more timely ten years ago, when the Western Powers demobilized the great armies they had brought together in the common interest of the United Nations, and that the Soviet Union will continue, even after the reductions, to dispose of a far greater number of divisions in Europe than those which the Western Powers have stationed there. We have also, of course, considered your letter and the related documents in the light of a number of recent statements on the part of Soviet authorities concerning the modernization and expanding might of the Soviet armed forces.

It is because of such considerations that Canadian representatives have consistently expressed our firmly held view that, if they are to contribute to international confidence, reductions in forces should be part of an agreement providing for machinery to reassure all signatories that the reduction measures are in fact carried out. We believe that the need for such controls together with an adequate system for warning of preparations for surprise attack has become more pressing during the past few years when, as you observe in your letter, new and increasingly destructive weapons have been developed.

As you are aware, Mr. Chairman, Canada has been directly associated with the search for an agreement ever since the United Nations General Assembly in its first resolution created the Atomic Energy Commission and laid upon Canada, as a permanent member of the Commission, a part of the continuing responsibility for finding a solution to the problem of disarmament. Our participation in the negotiations in that Commission and more recently in the Disarmament Commission and its Subcommittee has made us acutely aware of the difficulties which beset the problem; it has also enabled us to associate ourselves intimately with the repeated efforts and initiatives on the part of the Western Powers to bring about a general disarmament agreement. This is not the place to recapitulate these successive endeavours which stand in the records of the United Nations. However, you will understand, Mr. Chairman, that my colleagues and I are impelled to state that we cannot accept the charge of a negative stand, as alleged in your Government's statement of May 14, on the part either of Canada or of the other Western Powers.

The Government of Canada shares the regrets you have expressed that the discussions on disarmament have not been productive of agreement. However, it is our impression that the more recent negotiations, particularly in the Subcommittee of the Disarmament Commission, have given some cause for encouragement. We therefore differ with

the stated views of your Government that the discussions in the Subcommittee have been marked by futility. It would, in our opinion, be unfortunate if these negotiations were to be interrupted. We favour the continuation of efforts through the United Nations to reach an agreement covering limitation, reduction and control of armaments including nuclear weapons. We consider the discussions in the Subcommittee of the Disarmament Commission as well as in the Commission itself are more than ever necessary in order to reach an agreement which will ensure the security of all by means of an adequate system of international control.

It is the belief of the Government of Canada that the international situation which we hope ultimately to achieve can be created only through the establishment of greater mutual confidence progressively and by stages. In any comprehensive program directed to that end there should be arrangements designed not only to cover disarmament and control but also to solve urgent political questions, in particular the reunification of Germany and the problem of European security.

The Government of Canada is strongly of the opinion that if a mutually satisfactory agreement on disarmament can be negotiated an important contribution will have been made to the development of greater confidence between nations. I assure you, Mr. Chairman, that for our part, we will continue to exert every effort in negotiations within the framework of the United Nations to draw closer to an agreed solution. We are the more prepared to make these efforts to reach agreement because of our conviction that the disarmament problem is becoming even more intractable with the passage of time but that, if there is a corresponding willingness to co-operate in these negotiations on the part of the Soviet Government, significant and gratifying results can still be attained.

Yours sincerely,

(Original signed by)

Louis S. St. Laurent.

THE SENATE

Tuesday, July 31, 1956

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

Prayers.

Routine proceedings.

THE ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received a communication from the Private Secretary to the Chief Justice of Canada, acquainting him that the Honourable Mr. Justice C. H. Locke, Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 9.45 p.m. for the purpose of giving the Royal Assent to certain bills.

NORTHWEST TERRITORIES POWER COMMISSION BILL

FIRST READING

A message was received from the House of Commons with Bill 250, an Act to amend the Northwest Territories Power Commission Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

CRIMINAL LAW

LOTTERIES—REPORTS OF JOINT COMMITTEE TABLED

Hon. Charles L. Bishop: Honourable senators, on behalf of the Honourable Senator Hayden, I have the honour to present the fourth, and fifth—and final—reports of the Special Joint Committee on capital and corporal punishment and lotteries.

I move, seconded by the honourable senator from King's (Hon. Mr. McDonald), that the said reports do lie on the Table; and, with leave of the Senate, that they be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date.

The motion was agreed to.

See appendix to today's Hansard, *pp. 927-44.*

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION ADOPTED

The Senate proceeded to consideration of a report of the Civil Service Commission respecting the staff of the Library of Parliament.

Hon. Norman P. Lambert moved that the report be adopted.

He said: Honourable senators, a word of explanation of this report is due because it recommends not only a new scale of salaries for the Library staff but also a reorganization and reclassification of the staff itself. The Joint Committee on the Library of Parliament has unanimously approved this report of the Civil Service Commission, the details of which are set forth in the *Minutes of the Proceedings* of yesterday, and the report was passed unanimously by the House of Commons yesterday. Some time ago the two Librarians petitioned the Civil Service Commission to have changes made in the classification and pay of the Library staff. The Joint Committee of both houses met and recommended a schedule, which was later confirmed and approved by the Civil Service Commission. At the last meeting of the Joint Committee, when this report now before the Senate was submitted, there were present the representatives of the Civil Service Commission who had dealt with the petition of the two Librarians in the first place.

About six weeks ago I had the privilege of moving in the Senate adoption of a report that followed on a minute from the Treasury Board increasing the salaries of 15 employees of the Library staff who had not been included in the previously announced salary increase for all members of the junior service. Basically the purpose was to establish the Library staff on an equality with other branches of the service.

I think it might be worth while noting that the present establishment of the Library consists of 68 positions, of which 27 are classified as permanent, 19 as temporary, and 22 as casual. The Treasury Board has established a distinction between what are called temporary positions, being those of a continuing nature but temporary in status, and casual positions, being those which in the the opinion of the Librarians would be abolished eventually.

The present distribution of the staff in permanent, temporary and casual positions, as defined, is, in the opinion of the Librarians, inadequate and should be rearranged and reclassified. I shall not attempt to go into the details of the proposed new classes and salary ranges, because they are set forth in the

Minutes of the Proceedings. However, I think it should be stated that at the time of the fire in 1952 the staff consisted of 37 employees, of whom 22 were permanent and 15 temporary. After the fire the staff was increased, first to cope with the situation arising from the fire, such as the removal and repairing of books, and the restoration of the shelves in order to accommodate the books after they had been rehabilitated; secondly, to expedite the recataloguing of the collection according to more modern techniques than those which prevailed previously; and in the third place, there was the transfer of the staff of the Reading Room of the House of Commons to the Library of Parliament; and fourthly, the transfer of the char service from the staff of the Sergeant at Arms of the House of Commons to the Library.

Owing to those changes, the number of positions was increased to 68. It is estimated that the total strength which the Library requires in order to operate efficiently after the proposed changes have been made, and modern techniques adopted, would be approximately 58.

At present the Library has a staff of 68, of which number only ten or twelve of the 22 casual positions should be dispensed with immediately, and the rest later. With those changes the staff would consist of 58 members, made up of permanent positions, some 12 casual positions and the remainder temporary positions. Apparently because of pension contributions and other considerations, certain persons choose to remain on a temporary basis rather than take advantage of promotion to permanent positions.

Honourable senators, I think that is a sufficient explanation of the report. The present estimates for the Library for the current fiscal year, 1956-57, amount to $311,121, and the adoption of the report would increase that amount by some $10,000 or $12,000.

Hon. G. Percival Burchill: Honourable senators, I should like to take this opportunity as a member of the Senate to say a word about the advantages and privileges which the Library gives to members of Parliament in Ottawa, and to support the motion of the honourable senator from Ottawa (Hon. Mr. Lambert) for adoption of the report.

During my experience in Ottawa my association with the Library has been a most happy one. I should like to commend the chief Librarian, Mr. Hardy—most of my dealings are with him—and his associate chief and their staffs for the great courtesy, helpfulness and co-operation which I have at all times received from them. Certainly, the Library gives us the privilege of access to the great treasures which it houses.

The growing movement across Canada today of establishing libraries throughout communities, both rural and urban, is most commendable. The educational advantages which a library offers to a community cannot be over-estimated. To the town near where I live—Newcastle, New Brunswick—Lord Beaverbrook, the most famous and illustrious son of our province, has given—amongst his many generous gifts—a library, which he made possible by converting the manse where he lived as a boy into a modern institution. Of course, a library cannot be operated by gifts alone. There we have the great advantage of the services of a very talented lady, Miss Manny, who has undertaken, with the help of a voluntary staff of ladies, to direct, supervise and organize the library. The extent to which that library is patronized by the young people of Newcastle has made me realize the valuable acquisition it has been to that community. It has made a great contribution to the town.

The Library of Parliament has made its own great contribution to the efficiency and worthwhileness of our duties as parliamentarians here in Ottawa.

Hon. Senators: Hear, hear.

Hon. Jean-François Pouliot: Honourable senators, I never miss an opportunity to express my appreciation to the two Librarians of Parliament and their staff for the very valuable help they have given and are giving to all of us. The Library is now up to date. However, they have experienced some difficulties in the past.

Some years ago I suggested that the library should be made fireproof. The then Minister of Public Works told me that the floor was so beautiful it had to be kept as it was. Apparently he considered the floor more important than the books that were on the shelves. Since that time there have been two fires which have damaged the library, but not to such an extent that the books were lost.

I must say to honourable senators that if the staff of the Library had not so well provided me with books and information I would not have been able to make many of the speeches which I have made.

Hon. Mr. Hawkins: They would have been lost to posterity.

Hon. Mr. Pouliot: May I say that I was very indignant when I heard some unpleasant remarks about the staff of the Library. They are above reproach; they are all good servants of the country; they are the best staff in

the public service—next to the staff of the Senate, naturally. I wish them well.

With respect to the promotion and reclassification of the staff, as recommended in the report, honourable senators may be assured that it is well deserved.

The motion for adoption of the report was agreed to.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Macdonald for the second reading of Bill 442, an Act to authorize the Minister of Finance to make payments to the Governments of the provinces and to authorize the Government of Canada to enter into fiscal agreements with the Governments of the provinces.

Hon. W. Ross Macdonald: Honourable senators, before the honourable Leader of the Opposition (Hon. Mr. Haig) proceeds, may I be permitted to answer several questions which were asked yesterday? I can best do so by means of statistical tables which I have obtained.

The honourable senator from King's (Hon. Mr. McDonald) requested a statement of the amounts paid to the provinces under the 1952 tax rental agreements. I have that information in a document headed "Payments made or available to provinces under the 1952 tax rental agreements and the proposed tax-sharing arrangements for 1957-58". That gives the information for all the years covered by the 1952 agreements. My recollection is that the table I put on the record yesterday related only to the last year during which those agreements have been in effect.

Hon. Mr. Isnor: May I inquire whether this table gives not only the amount to which the various provinces are entitled, but the amounts that were paid them?

Hon. Mr. Macdonald: Generally speaking, it gives both. Of course the Province of Quebec did not enter into an agreement, but this table sets forth the amount to which that province would have been entitled if it had entered into an agreement; also it shows for most of the years the exact amounts paid. The method used is that an estimate is established as to the amount which is likely to be due to each province at the end of the fiscal year. At that time all the returns are not in, so in the last year the amount is not included. These figures will need to be checked with the actual figures when the amounts are reported to the dominion Government. With the consent of the house I will place this statement on *Hansard*.

Hon. Senators: Agreed.

(*See page 912 for table*)

Hon. Mr. Crerar: May I ask the honourable Leader of the Government (Hon. Mr. Macdonald) what the increase in the total payments to all provinces will be under the new arrangement as against, say, the final year of the last arrangement?

Hon. Mr. Macdonald: That appears in a table which I put on *Hansard* yesterday.

Hon. Mr. Crerar: Very good. I have not seen yesterday's *Hansard*.

Hon. Mr. Macdonald: I think the honourable senator's question can be answered more effectively by reference to the table than if were I to quote various figures.

I have here also a statement showing the components of the standard taxes for 1957-58, the three fields being subdivided to show the rates of 10, 9 and 50 per cent respectively. There is shown the total standard taxes which will be received from each province, and from all the provinces; also the amount in connection with each tax; that is the 1952 personal income tax, the corporation income tax, and the succession duties.

(*See page 912 for table*)

Another question was, what the amount would be if the rates, instead of being 10, 9 and 50 per cent, were 15, 15 and 50 per cent. I have here a comparison of the federal proposal for sharing income taxes and succession duties at rates of 10, 9 and 10 and the Ontario proposal for sharing at rates of 15, 15 and 50 per cent, for the fiscal year 1957-58.

(*See page 913 for table*)

I have an additional statement which shows the difference between the federal proposal for sharing income taxes and succession duties at the rates of 10, 9 and 50 per cent and the Ontario proposal for sharing them at the rates of 15, 15 and 50 per cent, for the fiscal year 1957-58.

(*See page 914 for table*)

PAYMENTS MADE OR AVAILABLE TO PROVINCES UNDER THE 1952 TAX RENTAL AGREEMENTS AND THE PROPOSED TAX-SHARING ARRANGEMENTS FOR 1957-58

——	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1952 Tax Rental Agreements											
Payment (1) in respect of—											
1952-53	10,805	3,285	18,229	15,058	104,700	124,251	23,172	23,702	27,439	40,374	391,015
1953-54	11,818	3,656	19,496	16,168	112,971	134,381	25,025	25,238	29,787	43,494	422,034
1954-55	12,540	3,911	20,463	17,037	120,546	142,669	26,185	26,631	31,800	46,028	447,810
1955-56	12,578	3,709	20,000	16,751	119,486	139,697	25,838	26,171	31,818	45,704	441,752
1956-57	14,153	4,164	21,975	18,505	132,468	154,976	28,619	28,627	35,263	50,715	489,465
Total	61,894	18,725	100,163	83,519	590,171	695,974	128,839	130,369	156,107	226,315	2,192,076
Total estimated revenue available from rental of 3 tax fields, equalization payment, stabilization payment and 2% Provincial Insurance Premium Tax, 1957-58	16,740	4,340	27,635	22,645	185,875	223,670	34,235	36,145	46,350	55,430	653,065

(1) Tax rental payments in respect of 1952-53 to 1955-56 are as recalculated in the following year in the light of the latest estimates of gross national product per capita and provincial population. Tax rental payments in respect of 1956-57 are as estimated. All of the payments for these years are subject to a final recalculation at the end of the agreements.

COMPONENTS OF STANDARD TAXES FOR 1957-58 AT RATES OF 10-9-50

——	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1957 Personal income taxes	1,257	327	2,829	2,116	31,870	63,297	5,852	4,279	8,421	15,117	135,365
1957 Corporation income taxes	2,917	412	5,990	4,527	86,648	127,472	11,411	8,310	15,998	29,574	293,259
1957 Succession duties	181	100	907	734	11,446	22,732	1,505	665	1,682	4,834	44,786
Total 1957 standard taxes (rounded)	4,355	840	9,725	7,375	129,965	213,500	18,765	13,255	26,100	49,525	473,405

COMPARISON OF FEDERAL PROPOSAL FOR SHARING INCOME TAXES AND SUCCESSION DUTIES AT RATES OF 10-9-50 AND ONTARIO PROPOSAL FOR SHARING AT RATES OF 15-15-50 FOR THE FISCAL YEAR 1957-58

($'000)

—	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
Estimated population—1957..... ('000)	432	108	703	578	4,700	5,509	867	929	1,172	1,377	16,375
Proposal at 10-9-50—											
Yield of standard taxes.....	4,355	840	9,725	7,375	129,965	213,500	18,765	13,255	26,100	49,525	473,405
Equalization payment for 1957-58.....	12,150	3,285	17,130	14,705	49,585	.....	14,360	22,230	18,670	3,070	155,185
Standard taxes plus equalization payment.$	16,505	4,125	26,855	22,080	179,550	213,500	33,125	35,485	44,770	52,595	628,590
Stabilization payment for 1957-58(1).....	.....	145	.....	.....	.....	.....	.....	.....	.....	735	880
Total unconditional payments for 1957-58.$	16,505	4,270	26,855	22,080	179,550	213,500	33,125	35,485	44,770	52,595	629,470
per capita	38·20	39·54	38·20	38·20	38·20	38·75	38·20	38·20	38·20	38·73	38·44
Proposal at 15-15-50—											
Yield of standard taxes.....	6,930	1,280	15,135	11,455	203,665	330,130	29,300	20,935	40,975	76,800	736,605
Equalization payment for 1957-58.....	18,600	5,105	26,410	22,705	74,120	.....	21,945	33,975	28,290	4,585	235,735
Standard taxes plus equalization payment.$	25,530	6,385	41,545	34,160	277,785	330,130	51,245	54,910	69,265	81,385	972,340
(= Total unconditional payments for 1957-58)(1)											
per capita	59·10	59·10	59·10	59·10	59·10	59·93	59·10	59·10	59·10	59·10	59·38

(1) The stabilization payment would bring the total payments up to the tax rental payment available in 1957-58 if the 1952 agreements were extended. This payment would be made only under the 10-10-50 proposal and not under the 15-15-50 proposal since the latter brings the total payment up to a level far above that of the 1957-58 payment under the projected 1952 tax rental agreement.

NOTES. The yield of standard taxes has been increased by 6% per annum from the basic 1955 data. The distribution of taxable incomes, profits and successions between provinces is on the basis of data presently available. 1956 Federal rates for individual income tax and succession duty have been used. The revenue available from a 2% provincial insurance premium income tax has not been shown, since it is the same under both proposals.

DIFFERENCE BETWEEN FEDERAL PROPOSAL FOR SHARING INCOME TAXES AND SUCCESSION DUTIES AT RATES OF 10–9–50 AND ONTARIO PROPOSAL FOR SHARING AT RATES OF 15–15–50 FOR THE FISCAL YEAR 1957–58

($'000)

——	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
Proposal at 10–9–50—											
Total revenue available to provinces from standard taxes, equalization payment, and stabilization payment..... $	16,505	4,270	26,855	22,080	179,550	213,500	33,125	35,485	44,770	53,330	629,470
per capita	38·20	39·54	38·20	38·20	38·20	38·75	38·20	38·20	38·20	38·73	38·44
Proposal at 15–15–50—											
Total revenue available to provinces from standard taxes and equalization payment..... $	25,530	6,385	41,545	34,160	277,785	330,130	51,245	54,910	69,265	81,385	972,340
per capita	59·10	59·10	59·10	59·10	59·10	59·93	59·10	59·10	59·10	59·10	59·38
Increased cost of proposal at 15–15–50.... $	9,025	2,115	14,690	12,080	98,235	116,630	18,120	19,425	24,495	28,055	342,870
per capita	20·90	19·56	20·90	20·90	20·90	21·18	20·90	20·90	20·90	20·37	20·94
per cent	54·7	49·5	54·7	54·7	54·7	54·6	54·7	54·7	54·7	52·6	54·5

One other question was raised, I believe by the honourable senator from Gulf (Hon. Mr. Power), with respect to the authority for claiming credit for income taxes paid. As the honourable member from Ottawa West (Hon. Mr. Connolly) said, the requisite provision is in the Income Tax Act; it is, in fact, in several acts, but with respect to personal income tax it first appears in section 33, subparagraphs (b) and (c) of the Income Tax Act. Actually the provision as regards corporation tax is not yet in effect, but it is contained in section 9, at page 7, of Bill No. 418, an Act to amend the Income Tax Act, which is now being considered by the House of Commons. The provision with respect to succession duties is to be found in the Dominion Succession Duties Act, section 11(a).

I believe, honourable senators, I have now answered all the questions which were asked of me yesterday.

Hon. Mr. Hackett: Would the honourable leader state the difference in the aggregate between the amount payable to the provinces now and the amount payable in 1957, as outlined in the document to which he has made reference; that is, the 15, 15 and 50 per cent as compared with the 10, 9 and 50 per cent?

Hon. Mr. Macdonald: That appears in the table which I put on *Hansard* yesterday. The total revenue available for 1957-58 is $653,065,000, and the rental payment available for 1956-57 is $512,415,000. The increase in the proposed formula in 1957-58 over the 1952 agreement formula in 1957-58 is $114,860,000, approximately 21 per cent.

Hon. John T. Haig: Honourable senators, I was a little doubtful whether I would have to adjourn the debate until tomorrow but I think I will be able to carry on now. I am not going to follow the usual procedure taken in a debate of this character. I want to go back into history for a few minutes and try to get our minds on the situation which existed at the time when the British North America Act went into effect. Last night the honourable senator from De la Durantaye (Hon. Mr. Pouliot) referred to the B.N.A. Act, but I do not intend to follow his line of thought. Neither do I intend to follow the line taken by the Leader of the Government (Hon. Mr. Macdonald).

At the outset let me say quite candidly that I have never been in favour of one government levying taxes and another government spending the tax revenues. No experienced parliamentarian could ever really favour such a policy, but that is the underlying principle of this legislation. It must be remembered that the B.N.A. Act was drawn up by men who were chiefly pro-federal in their outlook. It is true that Macdonald and Brown came from Ontario, and Cartier and Galt came from Quebec, and others came from the Maritime provinces, but they all knew that if Confederation became a reality they were the men who would form the dominion Government. That becomes quite evident if you read the Confederation debates and the debates which followed. No matter what relative positions those men held in their own provinces it was evident that they would form the federal Government. And it is apparent from the British North America Act that the Fathers of Confederation intended that the authority for raising money was to be vested in the dominion, and the provinces were looked upon in much the same way as municipal councils are looked upon today by the provinces.

Who started this idea of paying money to the provinces anyway? I suggest that the idea originated with the late John W. Dafoe, who for many years was the distinguished editor of the Winnipeg *Free Press*. The three Prairie provinces had always bought a lot of farm implements, and owing to a protective tariff most of them were purchased from Ontario and some from Quebec. Now, the profit made on the sale of those implements in Manitoba, Saskatchewan and Alberta was not reported to the provinces in which it was earned but to Ontario and Quebec, where it became part of the provincial wealth. As the editor of a great newspaper Mr. Dafoe agitated for an investigation into the question of what relief the federal Government could give the provinces in respect to income. It was the same idea that is embodied in this legislation wherein the federal treasury gives money to the poorer provinces to put their standard of living on the same basis as that enjoyed by the wealthier provinces. Last night the honourable Leader of the Government told us that Ontario and British Columbia are the two richest provinces, and the income of the other provinces is to be raised, so that all Canadians may enjoy the same amenities of life. That was the fundamental idea in the beginning; there was no thought of there being a vast rental agreement or anything else.

During World War II the Minister of Finance found that the Government required more money than it was getting, and he conceived the idea—which I say without hesitation was a very clever one—of getting the provinces to accept a certain rental agreement with respect to income and corporation taxes and succession duties. The provinces were to be given a certain recompense in exchange for the exclusive use of these taxation fields by the federal Government. The

minister would be in a position to raise the taxes as he saw fit, and this he proceeded to do. That is how this came about.

I am not going to find fault with the Rowell-Sirois Report, which I like to think of as the Dafoe Report. I cannot see anything seriously wrong with it. The province of Ontario does not pay any more money because it is one of the richer provinces; it pays more because a greater proportion of its people pay income tax under the general law of Canada. The same is true of British Columbia. The people of the other provinces do not pay a cent less in taxes than the people of Ontario and British Columbia. For instance, if personal income tax is based on 10 per cent of taxable income, then a person will pay 10 per cent, no matter where he lives in Canada, provided his income puts him in that class. If his income puts him in a class that makes him liable to a 50 per cent tax, even if he lives in the lowest earning province—let us say it is Manitoba—he has to pay 50 per cent just the same. Ontario, Quebec and British Columbia get their just share of corporation taxes, and I realize there should be some levelling up of taxation in relation to the other provinces. That was the Dafoe idea. I can follow the logic of it, although not entirely. If I lived in Ontario, and not in Manitoba, I probably would not agree with it. However, I can see no justification for taking away the powers of Manitoba to levy income and corporation taxes and succession duties.

Honourable senators, at every federal election after this deal the Opposition parties in Parliament will promise that if elected to office they will increase the amount of money that is now being given to the poorer provinces. Human nature is what it is, and it will never change. The men and women who run for the Opposition parties in the various provinces will come forward and say' "The Government gave the provinces $652 million this year, but if you put us in office we will raise it to $1 billion". That is bound to be the issue. Do you think that Liberal members will get up on the platform and say it cannot be done? When Mr. Jones, Mr. Smith, and Mr. Haig of Manitoba are being convassed at election time they will be told that if that province is now getting $34 million, it will get $54 million, or an even larger amount. The candidates will say: "Why shouldn't you have it? We are going to elect ten members of the party; that party will control, and then we can deliver the goods." That is bound to happen. It amounts to buying people with their own money. It is a challenge that you cannot answer. That is different from promising to build railroads, highways, bridges and canals. There might be some argument about that, but there can be no argument against these government grants, because large amounts of money have already been given. If I were running in, say, Selkirk, Winnipeg, Brandon, Le Pas, or Marquette, I would say to the people: "The Liberals claim they cannot raise the amount. Of course they can, but they are just pikers. We will give you double and make those big fellows in Quebec and Ontario pay the shot."

Honourable senators, that is the situation that we have to face when considering this bill. I congratulate the Leader of the Government upon having delivered an able speech. He explained the matter as clearly as it could be explained. However, it is really not complicated when it is realized that no principle is involved. It is true that the Government set out what it thought to be a principle in arriving at the amounts it felt should be paid. I venture to say that not one-third of the provinces are satisfied with what they have received under these agreements. They took the money more or less under compulsion—they could not help it, but they are not satisfied. You will not find Nova Scotia, Newfoundland, Prince Edward Island, Manitoba, Saskatchewan, Alberta, or British Columbia saying it is satisfied with what it got out of the deal.

Honourable senators, I am opposed to the bill. I think the fundamental principle is wrong.

I wish to raise another point. What possible control have we over Manitoba giving help to the municipalities out of the $34 million given to her by the federal Government? Which are suffering more in Canada today, the provincial governments or the municipalities? I say without fear of contradiction that it is the muncipalities which are suffering more. My memory runs back to the year 1908, when we built a twelve-room school in Winnipeg at a cost of $60,000. To build a twelve-room school there today would cost $150,000. And who pays the shot, the provincial Government? Oh, no; the property owners of the city of Winnipeg—nobody else. Who helps the rural municipalities when they are in financial trouble? The Government does a little, but the municipalities get nothing like the fancy sums that are being paid to the provinces. If you want to give $34 million to the province of Manitoba, or any other province, a proportion of that must be given to the municipalities for certain purposes.

I am going to say something now which is not good politics, but to me it is great common sense. Canada is a country of two languages. The Fathers of Confederation

recognized that principle and made it part of our Constitution. They said that certain things should be left to the provinces, and one of them was education. Education in Canada today is being starved. Is that the fault of the municipalities? No, for they have not got the money. They are doing the very best they can in spite of that. In the past we were paying our teachers abominable salaries. When I left the school board in 1921 I hoped that I had done a little bit for my boys and girls by getting teachers of good moral character, good education, good training and ability appointed in the schools of Winnipeg. I think I did a little toward that, and I am prouder of that than of anything else I have done in my life, because our children can now be educated by capable teachers. The people in the province of Quebec have their own system of schooling, and I agree with them. Their fundamental rights are part of our Constitution which were recognized by Confederation. However, the universities are being starved today. Men are leaving the universities and going out into industry, working for private corporations and other people. I have the honour to be Chairman of the Board of Regents of the United College, which is an affiliate of the University of Manitoba. My friend from Churchill (Hon. Mr. Crerar) knows that college very well. It has the largest attendance of any affiliated college in the province of Manitoba, and is one of the largest in the dominion. There we have a very fine teaching staff of young men and women who would be a credit to any university in Canada. As chairman of the board, I know that they are receiving from $1,000 to $2,000 a year less than they should get, but we do not have the money to increase their salaries. We are taking every dollar we can get our hands on to try to retain this fine staff. They are loyal to the church of which the college is a part, and to the University of Manitoba with which it is affiliated, and we want to keep them in the classrooms of our college.

I can point today to many young men and women throughout Canada who have graduated from that institution, and they are a credit to us. But I hesitate to think what our predicament would be if we did not get a grant from the dominion Government. I thank the Government for that; it is one of the finest things it has ever done. As honourable senators know, the Government gives a grant based on 50 cents per person of the population of each province to be divided among the provinces proportionately. That is to say, Canada having a population of about 16 million, some $8 million is distributed by way of university grants. If Manitoba has a population of 800,000, it gets $400,000, and that amount is divided among the university and the colleges associated with it on the basis of the number of students registered.

I say most emphatically, that if it were not for the grant our college would have to close its doors. Now, honourable senators, that should not be so. I am not accusing the Government of exerting any influence upon us. As chairman of the board I know that we have not been interfered with. The Government grant is much appreciated by our college, as I am sure it is by all institutions that receive it. My point is that the grant should not be necessary. The province has jurisdiction over matters of education, and it should have sufficient funds to take care of the cost. If it were not for the fact that the dominion Government wants to control all the taxing powers in the province we would not need the grant. Therefore, I am opposed to the spirit of the legislation.

It may be that in opposing the bill I am taking an unpopular stand, but as a senator I do not think I should vote for legislation which I believe will ultimately not be good for the country. It seems to me that if the men who framed the British North America Act—and they were all pro-dominion—had wanted to give the dominion absolute power to control the taxing powers they would have done so. But rather, they chose to give the provinces the right of taxation in certain fields. I admit it is limited to direct taxation; it does not extend to hidden taxes such as excise duties and that kind of thing. Now, the dominion has the right to impose not only indirect taxes, but direct taxes as well. Therefore I think the principle underlying this legislation is wrong, and I must oppose it. I am sure that after the next federal election it will be seen that a good many more people in Canada agree with the stand I have taken. As soon as there is an election campaign—whenever that happens—the clamouring by the municipalities for more income will be intensified. The people in my city have trouble paying their taxes; the farmer and everybody else is in difficulty; all these people are going to demand legislation which will give them more general taxation in wider fields to cover such matters as education. In that way only can the municipalities take care of their expanded needs, and that will bring us back to a consideration of this whole question.

Honourable senators, my statement explains my position. I speak for nobody but myself, but I speak from long experience in municipal and provincial life, and now in the dominion sphere. I believe it is wrong in principle for one body to collect money and place it in the hands of another to spend. That is what we

are doing here. The dominion Government is taking control of taxation from the people who need it most, the people who are closer to unemployment and to education and who know best what the needs are. I repeat, I am opposed to this bill.

Hon. Mr. Burchill: May I ask the honourable Leader of the Opposition a question? He has said that certain things must not be: that municipalities must not be made poor and universities impoverished. If this legislation which aims at distributing the national income does not help to solve the problem, will he be good enough to tell us what would?

Hon. Mr. Haig: Give the provinces the right to collect more money by way of taxation.

Hon. Mr. Burchill: But they are now taxing everything they can.

Hon. Mr. Haig: No; they cannot collect taxes from the fields which this legislation covers.

Hon. Mr. Burchill: I know the province of New Brunswick is taxing everything it can.

Hon. Mr. Haig: The Province of Quebec can take part of the money from these fields, but it cannot take it all. Certainly the collection of income tax is a provincial matter, and the province has a legal right to it, since the income was made in the province. That is not so true of corporate tax, because the money in many cases comes from outside the province. But it is true of succession duties. When a man or woman dies in Manitoba, for instance, the estate consists of assets created in that province, and the province should be entitled to the succession duties. I am not suggesting that we should increase taxes. The time may come when Canada will be in the position of Great Britain: that is, when there will be not so much for the central government and a little more for the municipal and provincial governments.

Hon. Mr. Isnor: I should like to ask the honourable Leader of the Opposition a question. He said he was not in favour of one body collecting taxes and another spending them.

Hon. Mr. Haig: That is right.

Hon. Mr. Isnor: I would like to ask him who collects the money for the university grants, which he favours so much.

Hon. Mr. Haig: In my province?

Hon. Mr. Isnor: In your province or in any other province.

Hon. Mr. Haig: The dominion Government collects it.

Hon. Mr. Isnor: And you accept them.

Hon. Mr. Haig: We certainly do.

Hon. Mr. Isnor: Then that is against your suggested policy.

Hon. Mr. Haig: I am not going to look a gift horse in the mouth. I say, give Manitoba the right to collect income tax and we won't need a cent of your dirty money; we will raise the money in our own province.

Hon. T. A. Crerar: Honourable senators, my remarks on this bill will not be extensive. It is a rather complicated measure, almost beyond my capacity of comprehension.

Hon. Mr. Macdonald: No, no.

Hon. Mr. Crerar: The general purpose of the bill is most laudable, but it does seem to me that in this legislation we are not finding any permanent solution to the problem of the financial relationships of the provinces with the federal Government. It is on that aspect of the question that I wish to address a few remarks to this honourable house.

At the time of Confederation undoubtedly our forefathers were living in an age that was much more sedate—much more leisurely, if you like—than the days in which their descendants now have the responsibility of administration. In the framing of our Constitution arrangements were made whereby certain responsibilities were assigned to the provinces, and the federal Government occupied the rest of the field. The activities of the federal Government had to do mainly with external relations—or the relations with, as they were at that time, the British Government—and with matters of the trade and commerce and the levying of customs duties. Customs duties as between the colonies which preceded Confederation had existed in some instances. These were ruled out. Federal responsibilities had also to do in the main with transportation in the large field, and successive judgments of the Privy Council—to illustrate, in the matter of air transportation—confirmed what was the original intention of the Fathers of Confederation. We continued in rather leisurely fashion until the outbreak of the First World War. It is interesting to think back and recall that as late as forty years ago there were in this country no personal income taxes, no corporation taxes, no sales taxes and, I believe I am correct in saying, no succession duty taxes.

Hon. Mr. Haig: The provinces had them.

Hon. Mr. Crerar: Yes, but I am surveying the federal picture. Two wars have changed all that. The first war brought about the personal income tax. I recall that when that tax was proposed there were suggestions that

this was a field for the provinces, because under the Constitution the provinces could not levy indirect taxes but they could levy direct taxes. The needs of the federal authorities continued to expand. Then came the period between the two wars, and, finally, preparations for the last war. We emerged from the Second World War with an immense debt. Also, during the period between the wars, there occurred what is commonly called "the great depression"; and those of us who are old enough still have vivid recollections of that period in our history.

Reference was made by the honourable Leader of the Government (Hon. Mr. Macdonald) in his explanatory remarks yesterday to the Rowell-Sirois commission. I happened to be a member of the Government at the time that commission was put on its way; and I venture to say that if the depression had not been so severe the Rowell-Sirois commission would probably not have been appointed. But what happened in those years? Ottawa was very adversely affected, but its avenues for taxation were wider than those of the provinces. Many of the provinces were in dire financial straits. Alberta repudiated the interest on its bonds. Manitoba, as my honourable friend the Leader of the Opposition (Hon. Mr. Haig) knows, was in a very severe financial condition, and was only enabled to carry on by means of drastic taxation and the most rigid economy, which included, if my memory serves me—and the honourable Leader of the Opposition will correct me if I am wrong—voluntary reductions in salaries on the part of ministers of the provincial Government and in the indemnities of members of the Legislature.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Crerar: I say quite frankly that that was an attack on the problem from the right angle. The Rowell-Sirois commission was set up in 1937 because of these conditions. Its purpose was to examine the whole economic structure of Canada and to make suggestions as to how there could be a better division of the total revenues collected by all governments, so that each of the provinces, and the large municipalities too, would be enabled to carry on with a reasonable degree of satisfaction and contentment.

Since then conditions have changed enormously. Repudiation by the province of Alberta was one of the main factors in promoting the Rowell-Sirois commission. Does anyone imagine for a moment that if the picture as it has unfolded in Alberta since that date had been apparent then, it would not have affected he judgment of the commission? That province, which only twenty years ago was in default on its bonds, its credit for the time being gone, its bonds selling at somewhere around less than two-thirds of their face value, is today in a position to pay off its entire debt if it wishes to do so. Why? Because of the enormous wealth which has been generated through the discovery of oil and gas and the revenues which, under a very sensible basis of development, have accrued to the Government. Saskatchewan also has benefited greatly from oil revenues; even the province of Manitoba will probably produce this year within its own borders two-thirds of its oil requirements. These are facts which of course were unknown to the commission which inquired into the position of the provinces and, on the facts then available to it, brought in a report. That report, nevertheless, was a great state document, and provided an excellent review of all the economic relationships with and between the provinces.

We hear a great deal today in various quarters about the so-called niggardliness of the federal Government in its dealings with the provinces. From time to time—in the path of duty, as I have regarded it—I have found occasion to be critical of some of the things the Government has done. But I say now that the charge of niggardliness against Ottawa in its financial dealings with the provinces has no real foundation. Let me justify that statement. Under our Constitution such matters as unemployment, family allowances, old age pensions, and matters affecting health are the responsibilities of the provinces. At least they were the direct responsibilities of the provinces; but when we adopted the welfare state philosophy—and, believe me, this country has yet to see the full effects this will ultimately produce—the provinces found themselves wholly unable to carry these charges. What happened? The federal Government first took over the whole field of family allowances, which is now costing the federal treasury somewhere in the neighbourhood of $400 million per annum. Then in 1949 we obligingly took over old age pensions and we pay them to everyone over 70 years of age, to millionaires and paupers alike. This item costs the dominion about $380 million or $390 million a year and will steadily increase. We also took over a large share of the responsibility for unemployment.

And now in the generosity of Ottawa we are talking about a national health insurance scheme that will again impose hundreds of millions of dollars of additional taxes on this country. It is true that Ottawa proposes to pay only 50 per cent. Certain provinces that want Ottawa to come into the picture of health insurance schemes went off the deep end, if I may use that slang expression in this house, in elaborate plans of their own and now want Ottawa to bail them out.

But most of the provinces are afraid of this. I put this simple question to the house. Suppose we go into a national health insurance scheme which costs the provinces scores of millions of dollars. I have seen an estimate, for instance, that such a scheme would cost the province of Manitoba some $5 million or $6 million a year. Where are the provinces going to get this kind of money, without asking where Ottawa is going to get it? In the end it will force these provinces to come to Ottawa for more financial assistance. Let me say that I doubt whether there is anything more important than the health of our people; but worthy as health insurance schemes may be, let us carry them out through means which are already well on their way. It is estimated that nearly two-thirds of the population of Manitoba are already covered by voluntary insurance schemes. That seems to me like the sensible way to develop this important matter.

The total amount by which the federal Government has relieved the provinces in the last ten or twelve years in matters which were their constitutional responsibility is probably in the order of over $1 billion a year. Surely no one can complain that Ottawa has been niggardly under those circumstances. Criticism does not lie in that direction. I was glad to hear the Leader of the Opposition bring forward a point of very considerable importance. When the next federal election is held—I do not know when it will be—one of the things discussed will be the alleged parsimony of the federal Government, in face of the facts I have just mentioned. Why? I am afraid it is because in our political discussions today, rather than centring them around great questions of principle on which policies can be based, we have come to believe that the only way to win elections is to hold out promises of cash benefits to people and to tell them what already has been done for them. If there is any more certain way of undermining freedom and democratic government I would like to hear about it.

There is one other thing we should know. These arrangements provide that a certain percentage of personal income tax, corporate income tax and succession duties will go to the provinces. Suppose an individual dies and leaves an estate of $500,000 that is taxable. The federal Government, under existing law, will collect 50 per cent of the tax. Say the succession duties on the estate are $100,000. The province will get 50 per cent and the federal Government will get 50 per cent. Is that stating it correctly?

Hon. Mr. Macdonald: That might be correct. It would depend on the figure.

Hon. Mr. Crerar: I am using it as an illustration.

Hon. Mr. Macdonald: If the amount of the provincial tax is only 50 per cent of the federal tax, the province can retain that 50 per cent; at least, it gets credit for that 50 per cent. On the other hand, if the provincial tax is more than 50 per cent of the federal tax, the province can get credit for only an amount equal to 50 per cent of the federal amount.

Hon. Mr. Crerar: Very good. My honourable friend the Leader of the Government has enlightened me. That is precisely what I wanted to say. The point is this. If the province increased its succession duties rates, that would put a heavier burden on the estate, because the federal Government would not relinquish its share.

Hon. Mr. Macdonald: That is right.

Hon. Mr. Crerar: The same may be true with respect to corporation taxes. As I understand it, the federal Government taxes corporations and says to a province, "You can tax the corporation up to 9 per cent of what the corporation owes annually to the federal Government". But suppose a province says, "All right, you can take off 9 per cent for us, but we are going to put on another 20 per cent". It could do that if it needed the revenue. I see nothing in this legislation to prevent that.

Hon. Mr. Macdonald: No, there is nothing to prevent it.

Hon. Mr. Crerar: That is something worth considering.

Now, an astonishing thing in our economy, notwithstanding all our expenditures, is the increase in the total volume of savings of Canadians. Recently I saw a statement made by Mr. Gilbert Jackson, a very prominent economist in Canada, who has appeared before our Finance Committee on several occasions, to the effect that of the total investment made in Canada today, 90 per cent of it will be financed by Canadians and 10 per cent from the outside. We hear a great deal more about the 10 per cent that comes from the outside than about the 90 per cent which Canadians themselves provide. What I am trying to do, in a rather maladroit fashion, perhaps, is to impress on the house the importance of taxation in the development of our economy. We have a sort of free and easy attitude to taxation today, and it appears to me, at any rate, that that has largely grown out of the welfare state philosophy. When I say that, do not imagine at the moment I am arguing against the welfare state idea. I have very definite views

on it, and I have no hesitation in saying so, but I am not at the moment arguing against it. What I am saying is that the welfare state breeds a sort of psychological state of mind in the public generally that leads people more and more to look to governments for benefits. In history that has been true everywhere it has been tried, and it will be true in this country. To my way of thinking it constitutes a danger that we should guard against as far as it is possible to do so.

Honourable senators, there are other objections to this scheme. For instance, the federal Government collects revenue and pays it over to the provinces. Next year I believe it will do so to the extent of some $650 million or thereabouts, under the new agreements. That is a very substantial increase over what has been paid to the provinces under the existing agreement. My observation, reading and experience have convinced me of this fact, that it is a dangerous thing to have one authority raising money and another spending it. If you are going to get the best results the people who do the spending should have the responsibility for finding the funds they spend. This method violates that sound principle. No doubt someone will reply to me by saying, "These provinces must have the funds necessary to carry on a reasonable way of living, and we do not want double taxation, so what are we going to do?" Well, I have a suggestion to make, and I think that sooner or later we shall have to come to it. I have never ceased in my admiration for the Fathers of Confederation—those old pioneers in nationhood—for the work they did, which stands as a magnificent example and as a tribute to their foresight and ability; but they could not possibly have foreseen the conditions of today, for new conditions have arisen. My suggestion is this, that through a conference we should surely be able to find a way to amend our Constitution in respect of these matters, to define the responsibility that should rest with the provinces and the responsibility that should rest with the federal Government. Once we have done that, then in a sensible manner we should try to give to the provinces the revenues to enable them to discharge these responsibilities, and to the federal Government the revenues to enable it to discharge its responsibilities. That would be a sensible way to go about it. We would then get away from this continual bickering between Ottawa and the provinces.

Someone has said, and rightly said, that Canada is an extraordinarily difficult country to govern. One of the reasons for the difficulty is that the country stretches from the Atlantic Ocean to the Pacific Ocean, a distance of some 4,000 miles. What do the people of British Columbia know about the people of Nova Scotia, or Newfoundland, or even of New Brunswick or Quebec?

Hon. Mr. Turgeon: Not enough.

Hon. Mr. Crerar: What do we in the east know about the far west? They have their problems; they are remote from us; yet we are all part of one confederation. I say here with all the force that I can, that there is no greater task of statesmanship in this country than to try to find and shape policies to draw this country closer together, and not push it further asunder. These taxation agreements are not the answer to the financial problem. You cannot have a province urging and arguing that it has been unfairly treated by Ottawa, appealing to its provincial electors in the fashion outlined by the Leader of the Opposition (Hon. Mr. Haig) for a mandate against the parsimony of Ottawa. Honourable senators, that is not the way to build up national unity, and national unity is one of the most essential things that we must try to maintain in this country. Policies sometimes have a great effect on national unity. That great nation builder Sir John A. Macdonald had the vision to see that if we were to hold this country together, even in the earliest stages, we must have a transportation system across Canada. His sponsoring of such a system was a great act of statesmanship. Sir Wilfrid Laurier, coming after Macdonald, realized the full force of this when he said, "If we are to build this country into a united nation we must fill up the western prairies". He adopted policies to that effect, with the result that a tremendous expansion in Canada's history followed, which has continued to this day.

It is policies like these that our statesmen must seek and find; they must get away as far as possible from the small things that divide us, and try to find the things that unite us. I have great faith in the Canadian people; I have said that more than once. I am confident that among our public men in all levels of government are patriotic citizens who want to do well by their country. I do think that these agreements, useful as they may be for the time being, are not the answer, and that they constitute a real danger in the long run to the unity of this country.

(Translation):

Hon. Cyrille Vaillancourt: Honourable senators, I will not say, as the Leader of the Opposition did, that I disapprove of the bill; on the contrary, I approve of it without reservation, for I feel that it is an improvement over former agreements.

The provinces are not satisfied with the arrangements offered them by the federal Government. Naturally, each one of them

looks after its own interests, but the federal Government must speak and act for the whole country. Had the provincial authorities, when they met here in Ottawa, been willing for instance to take over all social security measures, the federal Government might have presented a different act from the one it is submitting today. But in my opinion social security legislation should be controlled and administered by one central authority.

I would like to commend the Government of Canada, and especially our Prime Minister, for having presented this bill on tax-sharing. Although it is not perfect—what human law is ever perfect?—it is an improvement over present agreements. In five years' time, when the act expires, it will be possible to remedy its shortcomings.

When the provincial premiers of Canada met, each province was bent on obtaining the most advantages possible from the federal Government, but was unwilling to accept any responsibility. For instance, the provinces refuse to assume the cost of social services which, strictly speaking, come under their jurisdiction. It seems fair and reasonable that the federal Government should retain the responsibility for social services, because that is the proper way to ensure that all Canadian citizens are treated fairly. It would be unfair to condemn the resident of an industrially underdeveloped province to live more meagerly than his fellow-citizen of some more prosperous province. If the three provinces of Canada where most of our industries are concentrated gain much more revenue than the others, it seems only fair and equitable that they should help the less fortunate provinces. That is only justice. Although the Maritime provinces are less industrialized than the provinces of Ontario, Quebec and British Columbia, they must nevertheless buy manufactured goods from those three larger provinces; the prosperity of the three great provinces therefore depends upon the smaller provinces.

The provinces have rights but, like every citizen, they also have duties. The right to prosper and to amass riches implies the duty to help those who have contributed to such prosperity. Is that not what Christ himself taught when He said: "Love thy neighbour as thyself"?

There are those who wonder whether the federal Government has not overstepped its rights in imposing direct taxation. But section 91 of the British North America Act is quite explicit. It reads:

> It shall be lawful for the Queen, by and with the Advice and Consent of the Senate and House of Commons, to make Laws for the Peace, Order and good Government of Canada, in relation to all Matters not coming within the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces, and for greater Certainty, but not so as to restrict the Generality of the foregoing Terms in this Section, it is hereby declared that (notwithstanding anything in this Act) the exclusive Legislative Authority of the Parliament of Canada extends to all Matters coming within the Classes of Subjects next hereinafter enumerated; that is to say, . . . paragraph 3: The raising of Money by any Mode or System of Taxation.

Section 92 of the Act is no less clear. The second paragraph provides:

> 1. The Amendment from Time to Time, notwithstanding anything in this Act, of the Constitution of the Province, except as regards the Office of Lieutenant-Governor.
> 2. Direct Taxation within the Province in order to the Raising of a Revenue for Provincial Purposes . . .

I am no legal expert, but those terms seem clear and precise to me. The provinces have the right to levy direct taxes and the federal Government has the right to levy taxes in all fields for the welfare and prosperity of the country as a whole.

It was only after the war that the provinces availed themselves of this right of direct taxation. Before the first Great War there were no old age pensions, while family allowances were only inaugurated after the second Great War. Formerly, there was no direct taxation whatever, because there was no need for it. The federal Government now has to collect direct taxes in order to pay the cost of social security.

Today, who would dare, in order to reduce taxes, do away with family allowance, old age pensions, unemployment insurance and the other benefits enjoyed by the Canadian people?

So that this double taxation will not be too hard on Canadian citizens, the federal government returns part of these taxes to the provinces, under bill 442, and thus makes it possible for the less fortunate provinces to benefit from the revenues of the whole nation.

Such a gesture denotes in our Prime Minister the sense of honesty and justice which has characterized his whole career.

(Text):

Hon. G. Percival Burchill: Honourable senators, I have very few remarks to make on this measure. Coming as I do from one of the poorer provinces, I feel something should be said, and I say it with some trepidation, because I see before me a former Minister of Health of the province of New Brunswick (Hon. Mr. McGrand), a former

Premier of the province of Nova Scotia (Hon. Harold Connolly), and a former Minister of Agriculture of that province (Hon. Mr. McDonald). I am quite sure that these honourable gentlemen could testify very aptly this afternoon to the difficulties of financing either Nova Scotia or New Brunswick without some help from the federal treasury. I am quite sure they could tell a story that would make us all realize that under the present administration in Ottawa these provinces are absolutely dependent upon receiving revenue from the federal treasury.

I agree with what the honourable senator from Churchill (Hon. Mr. Crerar) has said, and I am fully in accord with the proposal that a conference should be called to see if some method could be worked out whereby forces would be generated which would tie Canada together in greater unity, rather than divide us, as the present method tends to do. Above all else, Canada today needs national unity. International developments call for a united Canada. But we cannot be united if we have prosperous conditions in one part of Canada while in another part there are distressed areas; we cannot have one standard of living for Ontario and British Columbia and a lower standard for New Brunswick. As long as a person has the right to call himself a Canadian, I claim he should have the right and privilege of enjoying what Canadian citizenship means, namely, one standard of living which should be the same from Newfoundland to British Columbia. The people in the Maritime provinces are just as entitled to the advantages of education and other privileges that come with Canadian citizenship as are the people in other parts of Canada. We resented very much an implication which appeared in the press some time ago to the effect that there might now be two classes of Canadians, a first class and a second class. It is quite true, as my honourable colleague from De la Durantaye (Hon. Mr. Pouliot) said last night, we have wandered a long way from the plan that our forefathers had when they brought about Confederation. In our present mode of living we have departed in a great many ways from the habits of those days.

It might be well to remind this honourable chamber that there always have been economic problems in the provinces of New Brunswick and Nova Scotia. From 1854 to 1856 we in the Maritimes enjoyed trade reciprocity with the United States, and for long afterwards those twelve years were referred to in my province as "the good days". In 1866 the United States abrogated the reciprocity agreement. This led to the calling of a conference in Charlottetown by the legislators of New Brunswick, Nova Scotia and Prince Edward Island for the purpose of forming a union of the Maritimes. This action was taken before Confederation; and it was only after plans had been made for a conference in Charlottetown to unite the three Maritime provinces, as a protective measure against what looked like dire economic distress—because things were then in a bad way—that the emissaries of the Fathers of Confederation came down from Upper Canada, outlined the larger scheme of a confederation of the whole Dominion, and induced the Maritimers to drop the idea of a union of their provinces and join hands with Sir John A. Macdonald and his associates to form the Dominion of Canada.

I will not take time this afternoon to trace what has happened since the days of Confederation, but I might mention that there are yet people in the Maritime provinces who think that the worst thing that ever happened to the provinces of Nova Scotia and New Brunswick was their entry into Confederation, and that had the original scheme of union of the three provinces been adopted the course of their history would have been very different.

The honourable Leader of the Opposition suggested that the proposals we are discussing have come about because of the dissatisfaction of the farmers of the west with the prices they have had to pay implement manufacturers in Toronto and Montreal. The honourable gentleman must have forgotten the Sir Andrew Rae Duncan commission, which was appointed because of a series of grave complaints in the Maritime provinces that almost bubbled over into a revoluton. Delegations from Prince Edward Island, Nova Scotia and New Brunswick travelled by special train to Ottawa to present those complaints. The most representative men who could be selected from every community in those three provinces came here to protest against the conditions which then obtained in the Maritimes, and as a result the Duncan commission was set up.

The honourable Leader of the Opposition reminded us this afternoon that practically all manufactured goods come from industrial concerns located in the rich provinces of central Canada. The profits are accumulated at the head offices of the companies and taxed by the provinces in which those headquarters are located. The Atlantic provinces do not enjoy any returns by way of taxes on the incomes of these corporations. The position is much the same as the honourable Leader of the Opposition described as prevailing in the middle west.

The bill before us represents an attempt to remedy that situation. I am quite ready to support the suggestion of the honourable senator from Churchill (Hon. Mr. Crerar) and to say "Let us have a conference, by all means, to see if some more equitable method can be worked out". But until we have a more equitable method, honourable senators, something must be done to redistribute the national income, in order to keep Canada united. I say that this legislation is cement, the very cement that binds Canada in unity, and that without something of this kind there might be serious trouble in holding this nation together.

The honourable Leader of the Opposition says, "Let the provinces tax their people". Honourable senators, New Brunswick is taking every dollar in taxation it can collect from the people of that province. I could quote figures which show what our taxable capacity is. I assure you that in New Brunswick the problem of financing has been a headache with our authorities for decades, and that the problem will continue indefinitely until some means of solving it can be found. As a citizen of New Brunswick I welcome this legislation, and I regard it not only as a necessity but as a "must".

Hon. R. B. Horner: Honourable senators, although I had not intended to take part in this discussion, I feel after listening to some of the remarks which have been made, particularly by the honourable senator who has just taken his seat, that there is something I should say.

In the first place, no one can foresee what will be necessary five years from now. Vast changes are taking place in our country and in the world today. We have agreements which do not expire until next spring; so why, instead of legislating at the present time, could there not have been further conferences and further studies as to the necessity for these provisions? A further effort might have been made to bring the provinces to full agreement. No doubt, if necessary, there could have been presented when the house meets this fall a bill which would be more in line with the wishes of the provinces.

I come from Saskatchewan, which has problems that are peculiar to itself. For one thing we have, *per capita*, a much larger mileage of roads to maintain than any other province has. The reason is, of course, that so large a part of our area is wholly agricultural, and every farmer requires a road. The province also contains a great many small villages, most of which are trying to build modern schools: our municipal taxation is heavy, and some of the cities are in desperate straits. Also our people have difficulty in providing and maintaining their university buildings and other public facilities.

I rose at this time to ask this question: Since we have adopted the theory of the welfare state, where has it led us? Perhaps honourable senators will permit a personal reference. I went out to western Canada fifty years ago and I sometimes have wondered what would have become of me had we had a so-called welfare state at that time. People nowadays think it is the duty of the Government to find them employment, and it must be suitable employment at that. Farmers find it difficult to get help because of unemployment insurance regulations. People would rather get work where they can collect unemployment insurance stamps, which will enable them to draw unemployment insurance benefits in the winter months. This particular social legislation is certainly being abused. I hesitate to think what might have happened to me had this sort of thing been going on when I was a young man out west. I remember working in the woods one winter when the temperature sometimes dropped to 70 below zero. I doubt whether I considered that suitable employment, but it never entered my head that it was the duty of any government to see that I survived at all. I thought that was entirely up to myself.

I would point out to the honourable gentleman from Northumberland-Miramichi (Hon. Mr. Burchill) that thousands of men from his province have gone west. You would not call them poor relations today, but had there been a welfare state at that time those same people might still be dabbling in the ocean, fishing away until this day. But they felt that western Canada was a great country and they believed they could get a better living out there. They persevered and today many of them are wealthy and leading citizens from Manitoba to British Columbia. I have always felt that social welfare legislation performs little service for the people of our country, and it creates many disadvantages for them. I know that I might never have got where I did had I not believed in free enterprise.

As my honourable leader (Hon. Mr. Haig) pointed out, it is the federal Government that desires this legislation. I am not going to accuse the Government of being niggardly; indeed, I accuse it of being extravagant with the taxpayers' money. I hesitate to mention various projects it has undertaken which have proven absolutely worthless. I hesitate, too, to mention the many so-called defence schemes, costing hundreds of millions of dollars, that are not worth a nickel now. I like to be satisfied that money being taken

from our taxpayers is being wisely spent. Some of the money spent on our national defence schemes could have been more wisely spent on the construction of President Nasser's Aswan dam in Egypt. I am sure it would have done more for world peace.

This legislation is untimely and I am opposed to it. I think a greater effort should have been made to secure the good will of the provinces. Rather than acting as a cement that will bind Canada in unity, the legislation is more likely to make unity in this country more difficult.

Hon. W. Ross Macdonald: Honourable senators—

The Hon. the Speaker: Honourable senators, if the honourable Leader of the Government (Hon. Mr. Macdonald) speaks he will close the debate.

Hon. Mr. Macdonald: I have very few remarks to make. I think the debate has been a useful one. We have had the benefit of views that differ in many respects. I am inclined to agree with the Leader of the Opposition (Hon. Mr. Haig) and others who stated that the best policy is for the collector of taxes to make expenditures. Generally speaking, I do not think it is a good plan for one Government to collect and another to spend. I also agree with the Leader of the Opposition that municipalities should have more money; I think everyone would agree with that view. But how are they to get it? This legislation provides one way in which the municipalities in certain provinces will get more money. Although we agree that municipalities should have more money, and that the Government which collects should also spend, we must be practical about this. It would be absolutely impossible for certain provinces to provide those things to which their citizens are entitled if there were not legislation of this kind. The honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill) has shown very clearly that certain provinces must have additional revenue if their people are to enjoy a standard of living comparable at all to that enjoyed by the citizens of other provinces.

It has been said by several speakers this afternoon that what is proposed by this legislation is all right but that it should be carried out in a different way. Well, what is that different way? It has also been suggested that we should hold a conference and settle this matter. But we have been holding conferences since 1923 and have not arrived at a permanent solution. I am not suggesting this legislation is a permanent solution, but it is the nearest we could come to a solution which would be reasonably satisfactory to the dominion and the provinces. Of course, the provinces are not entirely satisfied. I suppose all the provinces want more money. One has said "We should have $200 million more". Where are we going to get that money from? The only way we can get it, as the Leader of the Opposition pointed out, is by raising taxes. It should be noted that two or three of the provinces would have to pay a larger share of the extra $200 million raised by taxes, so the burden on those provinces would be greater than on others.

It has been suggested that we should have another conference. We had the Duncan and White Royal Commissions, the Rowell-Sirois Royal Commission; we had a conference in 1945, another in 1950, and one in 1955, which extended into 1956. Is it suggested that we should not proceed with this legislation now until we have had another conference? Honourable senators, I am afraid that if we did we would not get anywhere. May I point out, however, that it is not the view of the Government that the conference of 1955-56 will be the last conference.

We realize that this is not a permanent solution, but, as I have said, it is the best solution we can find at the present time. I can assure honourable senators that meetings at the official level between representatives of the federal and provincial Governments will continue throughout the life of these agreements, and when the day comes for renewal—and we do not necessarily have to wait five years—we hope we shall be able to arrive at a solution that will be more acceptable to all the people of Canada.

Honourable senators, I agree with those who have said that this legislation helps in the unification of Canada, and I am hoping that this house will be united in giving the second reading to this bill.

The Hon. the Speaker: Honourable senators, it has been moved by the honourable Senator Macdonald, seconded by the honourable Senator Godbout, that this bill be now read the second time. Is it your pleasure to adopt the motion?

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the second time, on division.

THIRD READING

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

Hon. Mr. Macdonald: I move the third reading now.

Hon. Mr. Haig: On division again.

The motion was agreed to, and the bill was read the third time, and passed, on division.

Hon. Mr. Macdonald: Honourable senators, I suggest that this house rise now, and return at the call of the bell at approximately 9:35 this evening.

The Senate adjourned during pleasure.

At 9:35 p.m. the sitting was resumed.

TELEGRAPHS BILL

FIRST READING

A message was received from the House of Commons with Bill 212, an Act to amend the Telegraphs Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Godbout: Next sitting.

ST. LAWRENCE SEAWAY AUTHORITY BILL

FIRST READING

A message was received from the House of Commons with Bill 447, an Act to amend the St. Lawrence Seaway Authority Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Godbout: Next sitting.

THE ROYAL ASSENT

The Honourable Mr. Justice C. H. Locke, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Foreign Insurance Companies Act.

An Act to amend the Canadian and British Insurance Companies Act.

An Act to amend the National Parks Act respecting the boundaries of Cape Breton Highlands National Park.

An Act to authorize the Minister of Finance to make payments to the Governments of the provinces and to authorize the Government of Canada to enter into fiscal agreements with the Governments of the provinces.

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 909)

LOTTERIES

Tuesday, July 31, 1956

The Special Joint Committee of the Senate and the House of Commons on Capital and Corporal Punishment and Lotteries begs leave to present its

FOURTH REPORT

of the current session, being the Committee's final report upon the question whether the criminal law of Canada relating to lotteries should be amended in any respect and, if so, in what manner and to what extent. The first report of the Committee was a recommendation concerning its quorum, presented on March 21, 1956. The second and third reports were, in that order, the final reports on capital and corporal punishment and were presented on June 27, 1956, and July 11, 1956, respectively.

The Minutes of Proceedings and Evidence tabled in both houses on June 29, 1955, by the preceding Committee were referred to this Committee; and, at this time, the Committee is returning the remaining portion which is applicable to the question of lotteries. At the current session, no further evidence was printed and all proceedings were conducted *in camera*.

The sources of evidence taken and witnesses heard on the lotteries question during the first two sessions are listed alphabetically in Number 21 of the Committee's 1955 printed Minutes of Proceedings and Evidence, and a chronological schedule of the sittings of the Committee for the same period appears in the same number.

Respectfully submitted,

SALTER A. HAYDEN,
Joint Chairman representing the Senate.

DON F. BROWN,
Joint Chairman representing the House of Commons.

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FINAL REPORT ON LOTTERIES

CHAPTER I

SCOPE OF INQUIRY

1. The Committee confined itself to a study of the operation of the laws governing lotteries in Canada and other jurisdictions. Other aspects of gambling were beyond its terms of reference. It considered, however, that the game of "Bingo" and similar games were within its terms of reference even though, legally, such games are regarded as games of chance and not as lotteries. They were included because they are not dissimilar to lotteries in operation and, moreover, they are games usually arranged and played by organizations having similar purposes to those organizing lotteries for benevolent purposes, which have been the main concern of the Committee's inquiry.

CHAPTER II

PRESENT LAW

2. The English Statutes prohibiting lotteries, enacted in the early part of the nineteenth century, were extended to Canada and these prohibitions were codified in 1886 in a general act relating to lotteries. This statute was substantially re-enacted in the first Criminal Code of 1892. The section of the present Criminal Code dealing with lotteries is section 179. It prohibits lotteries in general and exempts certain types of lotteries from this general prohibition. The section is basically the same as the corresponding section in the 1892 Code, but contains many additions and changes made in the intervening years. The section has always been dealt with piecemeal and has never had a thorough overall revision.

3. It is clear that the federal Parliament has power to enact laws prohibiting and regulating lotteries by virtue of its jurisdiction over criminal law. The courts have held that provincial Legislatures have no jurisdiction to permit the operation of lotteries forbidden by the Criminal Code.

4. The governing provisions of the Criminal Code are set forth as an appendix. The effect of the main section dealing with lotteries, namely section 179, may be summarized as follows:

(1) *Offences Relating to Lotteries:*

(*a*) Publishing, advertising or printing lottery scheme; source, 1892 Code; Criminal Code, s. 179(1)(a).

(*b*) Selling or otherwise disposing of lottery tickets; source, 1892 Code; Criminal Code, s. 179(1)(b).

(*c*) Sending, transmitting or otherwise delivering or knowingly accepting for conveyance any tickets or articles connected with a lottery; source, 1932, c. 8, s. 1, to supplement the prohibitions contained in the Post Office Act by covering other modes of transmission such as express; Criminal Code, s. 179(1)(c).

(*d*) Conducting or managing a lottery; source, 1895, c. 40, s. 1; revised 1943-44, c. 23, s. 8; Criminal Code, s. 179(1)(d).

(*e*) Conducting any scheme for disposing of property under which one contributor may receive a larger amount than paid in because others have contributed to the scheme even though the outcome depends on skill; source, 1935, c. 56, s. 3; Criminal Code, s. 179(1)(e).

(*f*) Disposing of goods, wares or merchandise by any mode of chance or mixed chance and skill, where the competitor pays valuable consideration; source, 1922, c. 16, s. 11; Criminal Code, s. 179(1)(f).

(*g*) Inducing the staking of money on gambling devices such as punch boards, shell games or wheels of fortune, and playing three-card monte; source, 1922, c. 16, s. 11; Criminal Code, s. 179(1)(g-j).

(*h*) Buying lottery tickets; source, 1892 Code; Criminal Code, s. 179(4).

(*i*) Foreign lotteries prohibited; source, 1892 Code; Criminal Code, s. 179(7).

(2) *Exemptions:*

(*a*) Games and contests prohibited by s. 179(1)(f) and (g) are permitted at agricultural fairs, (except dice and other specified games); proviso enacted 1925, c. 38, s. 4; Criminal Code, s. 179(3).

(*b*) Small raffles at bazaars, held for religious or charitable objects, where permission to hold the same has been granted by the municipality and the prize is first offered for sale and does not exceed $50.00; source, 1892 Code; Criminal Code, s. 179(8)(b).

(*c*) The division of property by lot by joint tenants; recalling securities by lot and other lesser exemptions; source, 1892 Code; Criminal Code, s. 179(8).

(3) *Other Penalties:*

(*a*) Apart from fine and imprisonment, property (including money) connected with a lottery is subject to forfeiture; Criminal Code, s. 179(5).

(*b*) Search warrants may be obtained when an offence is suspected and persons and property may be detained thereunder. If not claimed, the property is subject

to forfeiture. Telephone and Telegraph equipment may not be interfered with; Criminal Code, s. 171.

5. The game of bingo, which the courts have declared to be a game of chance, falls under the prohibition of section 176 of the Criminal Code which makes the keeping of a common gaming house an offence. A common gaming house is defined in section 168. This definition is subject to an important proviso which specifies that a place is not a common gaming house while used "occasionally" by charitable or religious organizations for the purpose of playing games for which a direct fee is charged if the proceeds are used for charitable or religious objects. The interpretation of the word "occasional" has been a source of continual difficulty and it appears to have justified, in some areas, the holding of bingos with a remarkable degree of regularity. While, ordinarily, bingo games, for which a fee is paid and for which prizes are offered, would fall within the prohibition of the Gaming Section of the Criminal Code, they are usually held in circumstances which bring them within the indefinite scope of the exemption covering games played "occasionally" for charitable or religious purposes.

CHAPTER III

OPERATION AND ENFORCEMENT OF LOTTERY LAWS

Section 1: Lotteries in Canada

6. There appeared to be widespread support for lotteries organized for charitable and benevolent purposes. These lotteries, although usually of doubtful legality, take many forms in Canada and are relatively common in their occurrence. The purpose may be to support some community project, such as the building of a rink or a hall or some charity of general benefit to the community. Not infrequently a lottery of this type is based upon the award of an automobile as the first prize and sometimes lesser prizes consisting of television sets, refrigerators, and other valuable durable goods. Many of these lotteries are run by churches, service clubs, and other reputable voluntary organizations and receive widespread support from the community in general. Fund-raising schemes based on lotteries of this kind are frequently parallelled by large bingo games operated by charitable or religious organizations for worthy purposes. In some parts of Canada the prizes awarded at bingo games are very substantial. Particulars were obtained from organizations regularly sponsoring bingo games in one larger Canadian city indicating that it was not uncommon for two or more automobiles to be awarded during the night's play together with a wide range of valuable and less expensive prizes. The widespread occurrence of lotteries and bingos of this type poses the most acute problem of control. There was evidence that sales-promotion contests, in the nature of lotteries, carried on by press, radio and other means were increasing in volume and created an equally difficult problem of control under the present law.

Section 2: Results of Inconsistencies and Anomalies in Present Law

7. There was general agreement that the lack of clarity in the present lotteries provisions made efficient enforcement impossible. This defect arises from the lack of integration of the present provisions referred to in paragraph 2 and from the contradictions and uncertainties resulting from judicial interpretation. The Committee is of the opinion that the present law ought to be carefully redrafted to eliminate the ambiguities and inconsistencies which have militated against proper enforcement. The main problems created by the unsatisfactory wording of the present law are set forth in Chapter VI which contains the Committee's proposals for amendment.

Section 3: Lack of Public Support for Lottery Laws

8. The Committee is of the opinion that the enforcement of the present provisions is a matter of concern in all parts of Canada. It appears that the standards of enforcement vary from province to province and that considerable variations occur within provinces reflecting to some extent the differing opinions of various communities on lotteries. Whatever the variations in standards of enforcement, the Committee notes that there is widespread difficulty in enforcement and it is disposed to accept the statement of the Commissioner of the Royal Canadian Mounted Police that there is lack of support for the present prohibitory laws and that they cannot be enforced in the face of adverse public opinion.

9. The effect of this lack of public support for the present lotteries law is observable in many parts of Canada. There is a fairly widespread violation, not only of the spirit but the letter of the lotteries law, frequently by organizations representative of the community in general and motivated by worthy purposes of community improvement or charity. The committee has little doubt that the results of this evasion of the lotteries law are serious in that the law and law enforcement in general are thus brought into contempt.

Section 4: Fraudulent Lotteries

10. An unsatisfactory by-product of the present situation is the existence of fraudulent lotteries which law-enforcement agencies are unable or unwilling to control. This being so, it is difficult to protect the public from fraudulent lottery schemes where all or the major portions of the proceeds are taken by promoters operating under the guise of charity. Several types of fraud were brought to the Committee's attention. There was evidence of widespread sales of counterfeit Irish Sweepstakes tickets. Lotteries had been promoted by professional operators, hidden by some spurious charitable organization or purpose, all the proceeds of which were taken by the promoters. Some lotteries, organized by reputable organizations for worthy purposes, had been entrusted to the management of professional promoters who had retained most of the proceeds. There was evidence that professional operators had conspired to manipulate and cheat at bingo games and thereby gain valuable prizes. It is difficult to control these frauds under the existing laws.

Section 5: Conclusions

11. The Committee recognized that there are many differences of opinion on lotteries in Canada. Nevertheless, the Committee received sufficiently clear indications of opinion from most law-enforcement agencies to indicate their dissatisfaction with the present situation and their view that some substantial changes in the law are required in order to correct it. In particular, the Committee is under the impression that most law-enforcement agencies consider that clarification of the existing lotteries provisions will not, of itself, solve the difficulty and that some new departure in policy is required to bring order into the administration of the lotteries law.

CHAPTER IV

GENERAL CONSIDERATIONS AFFECTING LOTTERY LAWS

Section 1: Introduction

12. The Committee received expressions of opinion from law-enforcement agencies and organizations representative of all sections of Canada, and, in addition, heard evidence on the history and effect of lottery laws in the United States and other countries from Virgil W. Peterson of the Chicago Crime Commission. Through the co-operation of the Department of External Affairs, it obtained particulars of the lottery laws of seventeen foreign countries and a special presentation on Australian lottery laws was made by Miss Isobel Atkinson and was later commented on by the Australian government. The presentations covered all aspects of the lottery problem and it is only possible to summarize their effect in general terms.

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Section 2: Submissions and Arguments favouring Relaxation of Existing Prohibitions

13. The Attorneys General of most provinces, the Canadian Association of Chiefs of Police and the Commissioner of the Royal Canadian Mounted Police, all representing the preponderant view of law-enforcement agencies, favoured clarification and some relaxation of the present prohibitions against lotteries. They were supported by the Canadian Legion, the Trades and Labour Congress, and to a lesser extent by the Canadian Association of Exhibitions and allied organizations who sought an extension and clarification of the existing exemptions in favour of agricultural fairs.

14. The considerations mentioned in Chapter III were urged as the principal reasons for relaxing existing prohibitions against lotteries. It was contended that lack of public support for existing prohibitions had resulted in inability to enforce the law and this in turn had tended to bring the law into disrepute. Relaxation, which would bring the law into step with public opinion, was urged as the solution for the present difficulty. Those favouring this course drew a parallel with the attempted prohibition of the sale of alcoholic beverages. Prohibition had failed and had been replaced by licensing and control laws which were said to be relatively more enforceable. A new system of control based on these premises would enable the authorities to control promoters of lotteries and prevent individuals from profiteering from charitable lotteries. It was also contended that charitable and worthy causes would benefit from amendments which would legalize the holding of lotteries for these purposes.

Section 3: Submissions and Arguments favouring Maintenance or Extension of Existing Prohibitions

15. Relaxation of the existing prohibitions was opposed by the Canadian Council of Churches, representing the principal Protestant churches in Canada and also, in separate submissions by the United Church of Canada and the Anglican Church. The Canadian Welfare Council, which was supported in its representation by the Assistant Director of Police for the City of Montreal and the Police Chief of Hull, opposed relaxation and proposed further restrictions, as did the Retail Merchants' Association of Canada. The

presentation of Virgil W. Peterson favoured maintenance of strict prohibitory laws because, in his view, history indicated that attempts to control the problem by regulating legalized lotteries or other forms of gambling would fail.

16. Those opposed to lotteries raised both moral and practical arguments against relaxing existing prohibitions. From the standpoint of moral principle it was urged that lotteries were inherently wrong because they were based on chance. They had adverse effects on both the individual and the nation because they fostered a desire "to obtain something for nothing" and were disruptive in their social and economic consequences. They set a poor example for young people. It was alleged that lotteries had been abolished in the United States and the United Kingdom in the nineteenth century for practical and not moral or religious reasons because experience had shown that they produced disastrous economic and social consequences.

17. It was also contended that experience in other jurisdictions had demonstrated that any attempt to achieve better control through licensing or other similar devices was not likely to succeed and that the only effective way of dealing with lotteries was by strict enforcement of prohibitory provisions. Organized gambling in any form was a focus of criminal activity in the community and the extension of lotteries would create new opportunities for exploitation by the criminal element. The door would be opened to profiteering and professional promoters. Further, it was maintained that the creation of new opportunities for legalized gambling through lotteries would not stop illegal sales of foreign sweepstakes tickets or fraudulent lotteries.

18. Lotteries were also condemned as an unsatisfactory and inefficient method of raising money for charity. Under the best of circumstances, an unduly high proportion of the money raised was devoted to prizes and expenses. Experience indicated that, where competition existed between lotteries, expenditures for prizes to attract patronage were increased and the balance available for charity tended to decrease. There was also the danger that charitable lotteries would undermine charitable giving generally because purchasers of lottery tickets would refrain from making substantial donations to worthy causes. It was claimed that lotteries preyed on the poor, that they were patronized by persons least able to afford them; and that some families had suffered because of overindulgence in lotteries and bingo.

19. Contests, in the nature of lotteries designed to promote sales of merchandise, were condemned because they diverted attention from normal values, led to higher prices, and placed small independent merchants, who were in no position to offer elaborate prizes, at a disadvantage. The widespread occurrence of this type of contest fostered a gambling spirit and made enforcement of the ordinary lottery laws more difficult.

Section 4: Conclusions

20. The Committee is impressed, above all else, by the unsatisfactory condition which now exists and which tended to worsen during the time the Committee had the subject under study. It is the Committee's belief that the principal aim of new legislation should be to provide workable laws which will receive public support and which can be effectively enforced.

21. The Committee does not wish in any way to give countenance to or encourage widespread organized gambling through lotteries or other means. It recognizes that unrestrained gambling would produce grave moral, social and economic effects in the community and it is of the opinion that the duty of the state is to ensure that lotteries and other forms of gambling are kept within limited bounds. This desirable result has not been achieved and, in the Committee's opinion, cannot be achieved within the framework of the present law.

22. The Committee, therefore, considers that the law should be amended with three purposes in view. First, the prohibitions against lotteries must be clearly stated; second, the inconsistencies in the present law must be eliminated; and third, the types of lotteries to be permitted must be clearly defined and subjected to effective supervision and control. The implementation of this policy will result in the effective prohibition and restriction of several types of lotteries now carried on in spite of their dubious legality. It will also result in some relaxation of existing prohibitions to permit adequate and workable control. It is precisely because the Committee has concluded that the present prohibitory laws do not protect the public that it is disposed to recommend some relaxation in line with the same reforms introduced with respect to the control, sale, and consumption of alcoholic beverages. Prohibition proved unworkable and led to many serious abuses; but the present system of licensing and control, which is supported by the main body of public opinion, has worked satisfactorily and on the whole appears to have contributed to efficient law enforcement.

CHAPTER V

STATE LOTTERIES

23. Only one representation was received by the Committee favouring state lotteries. The Committee considers that there is no widespread support or demand for state-operated lotteries in Canada. It, accordingly, does not recommend any state lotteries.

24. The Committee noted that state lotteries are operated in many countries of radically different racial origins and traditions. Where state lotteries occur, they are usually acknowledged to be a facility created by the state for the purpose of directing the gambling instincts of the public into a controlled channel. It should be noted that the common impression, that state lotteries provide substantial revenues and significantly relieve the burden of taxation in countries where they are held, is not supported by the evidence received by the Committee. In countries holding state lotteries, the revenue derived from such lotteries is generally very small in comparison with total government expenditure. Only a few nations attempt to justify the existence of state lotteries on the ground of their relatively insignificant contribution either to the total national revenue or to specific purposes such as health, education or charity. The organization which advocated a state lottery in Canada frankly intended that it should be set up for the purpose of providing facilities for gambling and not as a means of raising revenue for any purpose.

25. The Committee has concluded that no useful purpose could be achieved by the institution of a state lottery in Canada. It considers that the proper role of the state is to control and regulate such gambling activity as is permitted to private citizens by the general law, and that it is not appropriate for the state to provide facilities for gambling to the public. The Committee includes, in the prohibition of state lotteries in Canada, those which might be operated by provincial and municipal Governments as well as the federal Government.

CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

Section 1: Lotteries Prohibited Subject to Clearly-defined Exceptions

26. The Committee considers that all lotteries should be prohibited except to the extent that their operation is authorized by clearly limited and defined exceptions contained in the Criminal Code. The exceptions which the Committee recommends are described in Section 3 of this Chapter.

Section 2: Specific Proposals to make Prohibition Effective

(a) Repeal and Re-enactment of all Lottery Provisions

27. In order to carry into effect the proposal contained in paragraph 25, the Committee considers that the anomalies, ambiguities and inconsistencies in the present law will have to be eliminated. No further patching of the numerous paragraphs enumerated in paragraph 4 can accomplish any useful purpose and the Committee recommends that the present lottery provisions be repealed in their entirety and replaced by completely new provisions carrying into effect the policies recommended in this Chapter. In particular, to avoid some of the major causes of uncertainty and confusion arising from the present provisions, the Committee recommends that the detailed changes discussed in the following paragraphs be incorporated in the new lotteries law.

(b) "Consideration" not an Element in Lottery

28. Doubt exists whether the paying of consideration by a participant in a lottery is an essential element of the offence. Because of this uncertainty, various types of contests in the nature of lotteries, where consideration is not specifically paid by the participant, have been upheld; while, in other cases, courts have either stated that consideration is not an element or have held that consideration of an intangible kind has in fact been given. The Committee considers that the hallmark of a lottery is the disposal of prizes of goods or money by any mode of chance and that the presence or absence of consideration is an irrelevant consideration. Accordingly, it recommends that the law be clarified by clearly specifying that consideration is not an essential element of a lottery.

(c) Prohibition of Pools and Sweepstakes

29. The law at present prohibits pools, sweepstakes and similar schemes where the award of prizes is dependent upon the result of a horse race, sports contest or other uncertain event. The Committee considers that the law prohibiting lotteries should continue to apply to such schemes regardless of whether the award of the prize is dependent upon chance, skill or a mixture of chance and skill. The Committee further considers that such pools, sweepstakes and similar schemes should not be included within the category of permitted lotteries described in Section 3.

(d) Lotteries to include Bingo

30. The Committee has already noted that at least one important judicial decision has held that bingo is a game of chance and falls

under the Gaming Section of the Criminal Code. Other decisions have held that bingo is a lottery. The Committee considers that in its essence bingo is more accurately described as a lottery in which prizes are distributed by means of chance rather than as a game in which players pit their skill and luck against each other. In addition, it appeared to the Committee that in practice voluntary organizations regarded bingos and lotteries as alternative methods of raising funds for worthy purposes. The Committee recommends that the law be clarified to insure that bingo and similar games be subjected to the same prohibitions and controls as apply to lotteries.

(e) Advertising Contests

31. The Committee noted the prevalence of a great variety of advertising and promotion contests in the nature of lotteries. These contests are conducted on business premises and by means of press, radio and television. Because the present provisions are so uncertain in their effect, difficulty has been experienced in controlling such contests. Several problems may be mentioned. The present section prohibits the disposal of goods by any game of mixed chance and skill, but does not prohibit the award of money prizes. In most commercial contests, doubt exists as to whether consideration is given by the contestant and, for the reasons outlined in paragraph 28, it is difficult to secure a conviction in such circumstances. In other cases doubt exists where the final award of the prize is made dependent upon some alleged exercise of skill although in fact the winner is selected by chance; an obvious example being where a name is drawn and the person is required to answer an extremely simple question to obtain the prize. There are other contests in which skill ostensibly plays a part but which in fact are conducted like lotteries with the award depending almost solely on chance. An example is the completion of an advertising slogan where the winner is chosen by casual selection from among thousands of contestants. Still other contests depend for their apparent legality on the completion of some fictitious or nominal purchase or sale when in fact a winner is selected by lot. An example is afforded by the "photo-nite contests" in vogue in some motion-picture theatres.

32. The Committee considers that the prevalence of this type of advertising contest is not beneficial to the community. These contests are purely commercial in their inspiration and confer no social benefit. They appeal to the gambling instinct and, because they are so widespread, undoubtedly stimulate it. While commercial lotteries of this type are operated, it is and will continue to be extremely difficult to enforce prohibitions and restrictions against lotteries organized by reputable groups for charitable and community purposes. Moreover, the Committee is impressed by the evidence that the operation of such commercial contests distorts the community's sense of values, diverts attention from prices and quality of merchandise, and may enhance the cost of goods. In addition, the Committee considers that such contests place the small, independent merchant at a disadvantage in relation to large stores which can absorb more easily the cost of prizes and the extra overhead expense which such promotions inevitably create.

33. The Committee recommends that the laws prohibiting lotteries should apply equally to advertising and promotion contests which involve any element of chance.

(f) Games Played "occasionally" for Charitable Purposes

34. One of the most confusing provisions in the existing law is the proviso excepting, from the definition of a common gaming house in section 168(2)(b), a place used "occasionally" by charitable or religious organizations for games for which a direct fee is charged when the proceeds are used for charitable or religious objects. The Committee noted that the uncertainty of the meaning of the word "occasionally" made it difficult for law-enforcement authorities or the courts to establish any standards by which the propriety of bingo games conducted for charitable purposes could be judged. It was the general conclusion that the unsatisfactory nature of this exempting provision made effective enforcement difficult. In view of the recommendations contained in Section 3 of this Chapter, which clearly specify the conditions under which lotteries, including bingo games, can be lawfully held, the Committee recommends that this proviso be deleted and be replaced by one which states that the holding of such authorized lotteries would not bring premises within the definition of a common gaming house.

Section 3: Proposals in Aid of Enforcement

(a) Prosecution of Winners and Confiscation of Prizes

35. Some witnesses drew the Committee's attention to the fact that winners of large lotteries and sweepstakes receive considerable publicity and are apparently never prosecuted for particiaption in illegal activities. The present law prohibits the possession of illegal lottery tickets and also provides for the confiscation and forfeiture of property, including

prize, connected with a lottery. The Committee is of the opinion that the apparent immunity from prosecution enjoyed by winners of large illegal lotteries and sweepstakes militates against effective enforcement. Accordingly, it recommends that the provisions prohibiting the acquisition and possession of lottery tickets and authorizing the confiscation of prizes and other property connected with lotteries be more consistently enforced by the responsible law-enforcement authorities, and that the provisions be clarified to the extent necessary to facilitate effective enforcement.

(*b*) *Importation of Foreign Lottery Tickets*

36. Although foreign lotteries, including sweepstakes, are prohibited in Canada, the Committee noted that no specific prohibition existed against the importation of foreign lottery tickets. The Committee recommends that appropriate amendments be made to the customs laws to prohibit the importation of foreign lottery tickets and any advertising and other material connected with such lotteries.

Section 4: Exemptions

(*a*) *Lotteries in Aid of Charitable, Religious, and Community Purposes*

37. The Committee considers that the present exemption which authorizes the holding of raffles at bazaars with the consent of municipal authorities is no longer workable. Prizes, although not limited in number, cannot exceed $50.00 in value and must first be offered for sale. The limitation on the value of prizes is unrealistic in terms of today's values and the restriction of permitted lotteries to bazaars where the prizes are first offered for sale does not reflect the present habits of the Canadian people.

38. The Committee considers that some adequate provision should be made for the holding of lotteries in support of charitable, religious, and other community purposes. Such lotteries appear to command widespread support among the Canadian public and the present law, to a considerable extent, has been rendered unenforceable because of this public sentiment.

39. Certain general observations apply to such lotteries. Experience shows that any attempt to draft unduly severe laws restraining lotteries and other indulgencies tends to create disrespect for the law in general. It is equally true that failure to impose proper restraints on such lotteries will make them attractive to professional promoters. Prizes, although sufficient to attract patronage, should not be permitted to become so valuable as to create large lotteries because large lotteries inevitably attract professional operators. Essential expenses for printing and other necessities must be met but expenses for advertising should be curtailed and no payment by way of wages, commission or otherwise should be permitted for services of individuals in the promotion or conduct of the lottery. It is essential to provide for some type of supervision and auditing. This involves licensing and inspection, two functions not traditionally associated with criminal law but which appear essential to effective enforcement.

40. The Committee, with the above principles in view, recommends that the law be amended to provide that lotteries organized and conducted under the conditions set forth in the following paragraphs be exempted from the general prohibition against lotteries.

(i) *Licence*

41. Each lottery must be licensed by competent provincial authority or by such municipal authority as the province may designate. The licence must be conditional on the observance of the conditions recommended in the following paragraphs and the licensing authority, after proper investigation, having satisfied itself of the qualifications of the applicant. In the preparation of legislation, some consideration should be given to provision for an appeal from or review of decisions of licensing authorities.

(ii) *Eligible Organizations and Purposes*

42. Only organizations having charitable, religious or other purposes beneficial to the community at large should be eligible for licences. Such organizations need not be incorporated. Specifically, it should be a condition of each licence that the net proceeds of the lottery should be devoted to charity, religion or community welfare.

(iii) *Restrictions on Licence*

43. No organization should be permitted to conduct concurrent lotteries. No subsequent licence should be issued to any organization unless and until all reports and requirements connected with its previous lottery are completed to the satisfaction of the licensing authority. Any organization which violated the terms of its licence would be ineligible for a subsequent licence for a period of five years.

(iv) *Prize Limits*

44. The Committee gave careful consideration to the best method of limiting lotteries. It recognized that in some areas regular lotteries or bingos for small prizes were held for worthy purposes while in other parts of Canada large lotteries were held at less

frequent intervals. The Committee reached the conclusion that it would not be realistic to attempt to limit the number of lotteries which any organization might hold in a year because such an arbitrary limitation would invite evasion by small groups which would be no easier to prevent than the present violation of the lottery laws. The Committee considered that it would be more realistic to limit the total value of prizes which any organization could dispose of by lotteries in any calendar year to $5,000. This limit would permit the award of an automobile, a most popular type of prize for the larger type of raffle, or, alternatively, the holding of a considerable number of lotteries for more modest prizes. Prizes, whether purchased or donated, would be valued at their retail list price at the time the lottery was conducted.

45. It is necessary to prohibit the holding of joint lotteries by two or more organizations or any similar practice designed to pyramid the value of prizes awarded on one occasion above the maximum of $5,000 prescribed for a single organization.

46. For the purpose of computing prize limits, the value of prizes awarded by a group of organizations connected with or part of the same institution would have to be added together so that no institution could evade the prize limit by the conduct of numerous yearly lotteries by subsidiary or affiliated organizations.

(v) *Expenses Limited*

47. Limitation of expense is necessary to prevent the incursion of professional operators by making permitted lotteries unprofitable and unattractive to them. Likewise, limitation of expense is essential to ensure that a reasonable proportion of the proceeds is devoted to the purposes for which it is organized. For example, the evidence presented with reference to large bingo games operated by service clubs in one larger Canadian city indicated that an increasing proportion of the proceeds was devoted to prizes and other expenses as a result of competition to attract patronage. The result was that less than one-fifth of the gross proceeds on the average was ultimately available for charitable and other worthy purposes.

48. The Committee gave careful consideration to the possibility of limiting expenses, apart from prizes, by specifying a fixed dollar-limit or a ceiling based on a percentage of prizes or gross receipts. The Committee recognized that the percentage or absolute levels of expense appropriated for a small lottery would not be suitable for a larger lottery. Moreover, it considered that any percentage limitation based on gross proceeds could not be met if patronage were limited by circumstances beyond the control of the organization. Because of this, fixed expense limits did not appear realistic and the Committee considered they would not be enforceable.

49. The Committee concluded that the most realistic method of controlling expense was by the prohibition or limitation of certain types of disbursement. In reaching this conclusion, the Committee also was influenced by the consideration that the ceiling on prizes would effectively limit the gross proceeds and provide a practical limit to indiscriminate expense.

50. The Committee recommends that no fee, commission, salary or any other type of remuneration be paid to any individual in cash or in kind or in free lottery tickets or in any other manner for any services performed in promoting, organizing, or conducting the lottery. This prohibition would not extend to *bona fide* tradesmen's accounts for the supply of essential services and supplies, janitor service, or auditing service. The prohibition is intended to eliminate the professional promoter. It is also intended to ensure that lotteries promoted by organizations for the benefit of the community are in fact operated by the voluntary effort of members of those organizations and are not turned over to the management of outside parties.

51. Special restrictions are necessary to ensure that the proceeds are not appropriated under the guise of rent either for equipment or premises. The experience of other jurisdictions indicates that rental of lottery equipment should be prohibited because the operation of such rental services attracts an undesirable element who would acquire a vested interest in the continuance of lotteries. Likewise, it is essential to limit the payment of rent for premises to a fixed sum and to prohibit any rent based on a percentage of the proceeds. The rent should be the fair economic rent ordinarily charged for such premises. Consideration should be given in framing any legislation to the prevention of holding lotteries in premises which may have been acquired, as has happened in other jurisdictions, by professional operators with the intent of obtaining an undue percentage of lottery proceeds.

52. The Committee considers that the size of a lottery can be effectively limited if advertising is restricted. Restriction on advertising will also avoid the dissipation of proceeds in costly competition for patronage.

The Committee recommends that advertising be restricted to posters attached to the premises occupied by the organization conducting the lottery, the place where the lottery is to be held, and the place where the prizes are displayed. The display of prizes outside the area covered by the licence should be prohibited. Advertising through the mails, or by the distribution of handbills, or by sound truck should be prohibited. Advertising by radio, television, or newspaper should be restricted to three newspaper advertisements of not more than one-eighth page each and three spot advertisements by radio or television prior to the holding of the lottery.

(vi) *Area of Operation*

53. The licensing authority must specify the area within which lottery tickets may be offered for sale by the licensee. The restrictions on prizes and expense recommended above will assist in confining lotteries to their prescribed areas.

(vii) *Report*

54. Within a specified period after the holding of the lottery, the licensee must submit to the licensing authority a report, verified to the satisfaction of the authority, indicating, in detail, gross receipts, disbursements for prizes and other expenses, net proceeds available for charitable, religious or community purposes. Such reports must be kept available for inspection and publication. An annual summary of the results of such lotteries should be submitted by each licensing authority to the Minister of Justice to facilitate the compilation of statistics.

(viii) *Enforcement*

55. The violation of any of the conditions outlined above, as well as any conditions attaching to small lotteries and agricultural fairs, would be an offence for which the chief officers of the organization would be held responsible.

(b) *Small Lotteries*

56. The Committee noted that it was not uncommon for organizations holding meetings, bazaars, or social gatherings to have incidental raffles. Frequently, a small door prize is raffled and sometimes food and other small articles are raffled as a means of disposing of them at the end of the gathering. The Committee considered that it is not practicable to subject raffles of this type to the licensing provisions outlined in the preceding paragraphs. Accordingly, it recommends that small raffles be exempted from such licensing provisions and be authorized as exceptions to the general prohibition against lotteries if they meet the following conditions:

(i) The raffle is not the main purpose of the meeting or gathering and is merely incidental thereto.

(ii) Only goods may be raffled and the total value of such goods should not exceed $50.00; cash may not be given in place of goods.

(iii) The meeting or gathering must be held for non-commercial purposes.

(c) *Agricultural Fairs*

57. At present, agricultural fairs are dealt with under the Lotteries Section and are exempted from the provisions of both the Lotteries and Gaming Sections. With the exception of certain notorious games, all the usual games of chance found on the midway of an exhibition are legalized. In recent years, doubt has arisen as to whether the pre-sale of admission tickets off the exhibition premises, upon which draws for valuable prizes are based, is authorized by the exemption. It has been strongly represented to the Committee that such pre-sale is essential to some exhibitions as a form of rain insurance and as a means of guaranteeing a satisfactory crowd at such exhibitions.

58. The Committee has concluded that it is desirable to clarify the law by specifying that the pre-sale of exhibition tickets to which a lottery is attached is lawful. Such pre-sale can only be undertaken by an agricultural exhibition association recognized as such by the federal or a provincial Government. The association must obtain a licence from the licensing authority vested with responsibility for licensing the lotteries referred to it Section 1 of this Chapter. The restrictions and conditions governing such lotteries would apply to any lottery scheme attached to the pre-sale of exhibition admission tickets with the exception that the licensing authority may permit expenditures to cover the cost of ticket sales on such scale as it may deem appropriate and also may authorize expenditures for prizes of a value not exceeding $10,000.

CHAPTER VII

SUMMARY OF RECOMMENDATIONS

59. The Committee's recommendations may be summarized as follows:

(1) All lotteries should be prohibited except those which are clearly and definitely exempted. The recommended exemptions are set forth in item (5) below.—(*See paragraph 26*)

(2) To give effect to the above principal recommendation of the Committee, the following specific proposals are made:

(a) The existing lottery provisions in the Criminal Code should be repealed in their entirety and re-enacted to eliminate ambiguities and inconsistencies.—(*See paragraph 27*)

(b) It should be made clear that "consideration" is not to be an essential element of lotteries.—(*See paragraph 28*)

(c) The existing prohibition against sweepstakes, pools, and similar schemes should be continued, strengthened, and enforced.—(*See paragraph 29*)

(d) Bingo and similar games should be dealt with on the same basis as lotteries.—(*See paragraph 30*)

(e) All types of advertising contests in which chance plays any part should be clearly prohibited.—(*See paragraph 33*)

(f) The existing exemption of games of chance played "occasionally" for charitable purposes should be replaced by the exemption set forth in item (5) below.—(*See paragraph 34*)

(3) The importation of foreign lottery tickets should be prohibited.—(*See paragraph 36*)

(4) State lotteries should be prohibited as at present.—(*See paragraphs 23-25*)

(5) Exemption of three types of lotteries is recommended, as follows:

(a) Lotteries licensed by provincial or delegated authority in aid of charitable, religious, and community purposes if they meet the following conditions:

(i) Retail value of prizes offered by any one organization not to exceed $5,000 in any year.—(*See paragraphs 37-55*)

(ii) Expense to be limited by prohibition against payments to promoters or any other persons for services performed in connection with the lottery; by the limitation of rent and similar charges; and the restriction of advertising.—(*See paragraphs 47-52*)

(iii) Properly audited reports on the operation of each such lottery to be submitted to the licensing authority prior to the issue of a subsequent licence.—(*See paragraph 54*)

(b) Small raffles of goods only may be held without licence in connection with non-commercial gatherings provided that the raffle is merely incidental to the gathering and the prizes do not exceed $50.00 in total value.—(*See paragraph 56*)

(c) The present exemption permitting the operation of midways at agricultural fairs to be continued, and agricultural fair associations to be permitted, if licensed, to hold lotteries for prizes not exceeding a total of $10,000 yearly in connection with the pre-sale of admission tickets.—(*See paragraphs 57-58*)

60. The Appendix to this Report is annexed hereto.

Respectfully submitted,

SALTER A. HAYDEN,
Joint Chairman representing
the Senate.

DON. F. BROWN,
Joint Chairman representing
the House of Commons.

APPENDIX

CRIMINAL CODE PROVISIONS GOVERNING LOTTERIES

(2-3 Eliz. II, Chapter 51, 1953-54)

INTERPRETATION

168. (1) In this Part,

(*a*) "bet" means a bet that is placed on any contingency or event that is to take place in or out of Canada, and without restricting the generality of the foregoing, includes a bet that is placed on any contingency relating to a horse-race, fight, match or sporting event that is to take place in or out of Canada; Bet.

(*b*) "common bawdy-house" means a place that is
(i) kept or occupied, or
(ii) resorted to by one or more persons for the purpose of prostitution or the practice of acts of indecency; Common bawdy-house.

Common betting house.

(c) "common betting house" means a place that is opened, kept or used for the purpose of

(i) enabling, encouraging or assisting persons who resort thereto to bet between themselves or with the keeper, or

(ii) enabling any person to receive, record, register, transmit or pay bets or to announce the results of betting;

Common gaming house.

(d) "common gaming house" means a place that is

(i) kept for gain to which persons resort for the purpose of playing games; or

(ii) kept or used for the purpose of playing games

(A) in which a bank is kept by one or more but not all of the players,

(B) in which all or any portion of the bets on or proceeds from a game is paid, directly or indirectly, to the keeper of the place,

(C) in which, directly or indirectly, a fee is charged to or paid by the players for the privilege of playing or participating in a game or using gaming equipment, or

(D) in which the chances of winning are not equally favourable to all persons who play the game, including the person, if any, who conducts the game;

Disorderly house.

(e) "disorderly house" means a common bawdy-house, a common betting house or a common gaming house;

Game.

(f) "game" means a game of chance or mixed chance and skill;

Gaming equipment.

(g) "gaming equipment" means anything that is or may be used for the purpose of playing games or for betting;

Keeper.

(h) "keeper" includes a person who

(i) is an owner or occupier of a place,

(ii) assists or acts on behalf of an owner or occupier of a place,

(iii) appears to be, or to assist or act on behalf of an owner or occupier of a place,

(iv) has the care or management of a place, or

(v) uses a place permanently or temporarily, with or without the consent of the owner or occupier; and

Place.

(i) "place" includes any place, whether or not

(i) it is covered or enclosed,

(ii) it is used permanently or temporarily, or

(iii) any person has an exclusive right of user with respect to it.

Exception.

(2) A place is not a common gaming house within the meaning of subparagraph (i) or clause (B) or (C) of subparagraph (ii) of paragraph (d) of subsection (1)

(a) while it is occupied and used by an incorporated *bona fide* social club or branch thereof if

(i) the whole or any portion of the bets on or proceeds from games played therein is not directly or indirectly paid to the keeper thereof, and

(ii) no fee in excess of ten cents an hour or fifty cents a day is charged to persons for the right or privilege of participating in the games played therein; or

Charitable organizations.

(b) while occasionally it is used by charitable or religious organizations for the purpose of playing games for which a direct fee is charged to persons for the right or privilege of playing, if the

proceeds from the games are to be used for a charitable or religious object.

Onus.

(3) The onus of proving that, by virtue of subsection (2), a place is not a common gaming house is on the accused.

Effect when game partly played on premises.

(4) A place may be a common gaming house notwithstanding that

(a) it is used for the purpose of playing part of a game and another part of the game is played elsewhere; or

(b) the stake that is played for is in some other place.

SEARCH

Warrant to search.

171. (1) A justice who receives from a peace officer a report in writing that he has reasonable ground to believe and does believe that an offence under section 176, 177, 179 or 182 is being committed at any place within the jurisdiction of the justice, may issue a warrant under his hand authorizing a peace officer to enter and search the place by day or night and seize anything found therein that may be evidence that an offence under section 176, 177, 179 or 182, as the case may be, is being committed at that place, and to take into custody all persons who are found in or at that place and requiring those persons and things to be brought before him or before another justice having jurisdiction, to be dealt with according to law.

Search without warrant, seizure and arrest.

(2) A peace officer may, whether or not he is acting under a warrant issued pursuant to this section, take into custody any person whom he finds keeping a common gaming house and any person whom he finds therein, and may seize anything that may be evidence that such an offence is being committed and shall bring those persons and things before a justice having jurisdiction, to be dealt with according to law.

Disposal of property seized.

(3) Except where otherwise expressly provided by law, a court, judge, justice or magistrate before whom anything that is seized under this section is brought may

(a) declare that any money or security for money so seized is forfeited, and

(b) direct that anything so seized, other than money or security for money, shall be destroyed,

if no person shows sufficient cause why it should not be forfeited or destroyed, as the case may be.

When declaration or direction may be made.

(4) No declaration or direction shall be made pursuant to subsection (3) in respect of anything seized under this section until

(a) it is no longer required as evidence in any proceedings that are instituted pursuant to the seizure, or

(b) the expiration of thirty days from the time of seizure where it is not required as evidence in any proceedings.

Converting security into money.

(5) Where any security for money is forfeited under this section, the Attorney General may, for the purpose of converting the security into money, deal with the security in all respects as if he were the person entitled to the proceeds thereof.

Telephones exempt from seizure.

(6) Nothing in this section or in section 431 authorizes the seizure, forfeiture or destruction of telephone, telegraph or other communication facilities or equipment that may be evidence of or that may have been used in the commission of an offence under section 176, 177, 179 or 182 and that is owned by a person engaged in providing telephone, telegraph or other communication service to the public or forming part of the telephone, telegraph or other communication service or system of such a person.

Lotteries.

179. (1) Every one is guilty of an indictable offence and is liable to imprisonment for two years who

Publishing lottery scheme.

(a) makes, prints, advertises or publishes, or causes or procures to be made, printed, advertised or published, any proposal, scheme or plan for advancing, lending, giving, selling or in any way disposing of any property, by lots, cards, tickets, or any mode of chance whatsoever;

Disposing of lottery tickets.

(b) sells, barters, exchanges or otherwise disposes of, or causes or procures, or aids or

assists in, the sale, barter, exchange or other disposal of, or offers for sale, barter or exchange, any lot, card, ticket or other means or device for advancing, lending, giving, selling or otherwise disposing of any property, by lots, tickets or any mode of chance whatsoever;

Conveyance of material for lottery.

(c) knowingly sends, transmits, mails, ships, delivers or allows to be sent, transmitted, mailed, shipped or delivered, or knowingly accepts for carriage or transport or conveys any article that is used or intended for use in carrying out any device, proposal, scheme or plan for advancing, lending, giving, selling or otherwise disposing of any property by any mode of chance whatsoever;

Conducting lottery scheme.

(d) conducts or manages any scheme, contrivance or operation of any kind for the purpose of determining who, or the holders of what lots, tickets, numbers or chances, are the winners of any property so proposed to be advanced, loaned, given, sold or disposed of;

Conducting scheme for disposal of property.

(e) conducts, manages or is a party to any scheme, contrivance or operation of any kind by which any person, upon payment of any sum of money, or the giving of any valuable security, or by obligating himself to pay any sum of money or give any valuable security, shall become entitled under the scheme, contrivance or operation, to receive from the person conducting or managing the scheme, contrivance or operation, or any other person, a larger sum of money or amount of valuable security than the sum or amount paid or given, or to be paid or given, by reason of the fact that other persons have paid or given, or obligated themselves to pay or give any sum of money or valuable security under the scheme, contrivance or operation;

Disposal of goods by game of chance.

(f) disposes of any goods, wares or merchandise by any game of chance or any game of mixed chance and skill in which the contestant or competitor pays money or other valuable consideration;

Inducing persons to stake money.

(g) induces any person to stake or hazard any money or other valuable property or thing on the result of any dice game, three-card monte, punch board, coin table or on the operation of a wheel of fortune;

Playing three-card monte.

(h) for valuable consideration carries on or plays or offers to carry on or to play, or employs any person to carry on or play in a public place or a place to which the public have access, the game of three-card monte;

Receiving bets on three-card monte.

(i) receives bets of any kind on the outcome of a game of three-card monte; or

Permitting three-card monte.

(j) being the owner of a place, permits any person to play the game of three-card monte therein.

"Three-card monte."

(2) In this section "three-card monte" means the game commonly known as three-card monte and includes any other game that is similar to it, whether or not the game is played with cards and notwithstanding the number of cards or other things that are used for the purpose of playing.

Exemption of agricultural fairs.

(3) Paragraphs (f) and (g) of subsection (1), in so far as they do not relate to a dice game, three-card monte, punch board or coin table, do not apply to an agricultural fair or exhibition, or to any operator of a concession leased by an agricultural fair or exhibition board within its own grounds and operated during the period of the annual fair on those grounds.

Offence.

(4) Every one who buys, takes or receives a lot, ticket or other device mentioned in subsection (1) is guilty of an offence punishable on summary conviction.

Lottery sale void.

(5) Every sale, loan, gift, barter or exchange of any property, by any lottery, ticket, card or other mode of chance depending

upon or to be determined by chance or lot, is void, and all property so sold, lent, given, bartered or exchanged, is forfeited to Her Majesty.

Bona fide purchase.

(6) Subsection (5) does not affect any right or title to property acquired by any *bona fide* purchaser for valuable consideration without notice.

Foreign lottery included.

(7) This section applies to the printing or publishing, or causing to be printed or published, of any advertisement, scheme, proposal or plan of any foreign lottery, and the sale or offer for sale of any ticket, chance or share, in any such lottery, or the advertisement for sale of such ticket, chance or share, and the conducting or managing of any such scheme, contrivance or operation for determining the winners in any such lottery.

Saving.

(8) This section does not apply to

Dividing property by lot.

(*a*) the division by lot or chance of any property by joint tenants or tenants in common, or persons having joint interests in any such property;

Raffles at church bazaars.

(*b*) raffles for prizes of small value at any bazaar held for any charitable or religious object, if permission to hold same has been obtained from the city or other municipal council, or from the mayor, reeve or other chief officer of the city, town or other municipality, wherein such bazaar is held, and the articles raffled for thereat have first been offered for sale and none of them has a value exceeding fifty dollars;

Rewards to promote thrift.

(*c*) the distribution by lot of premiums given as rewards to promote thrift by punctuality in making periodical deposits of weekly savings in any chartered savings bank; or

Recalling securities by lot.

(*d*) bonds, debentures, debenture stock or other securities recallable by drawing of lots and redeemable with interest and providing for payment of premiums upon redemption or otherwise.

Tuesday, July 31, 1956

The Special Joint Committee of the Senate and the House of Commons on Capital and Corporal Punishment and Lotteries begs leave to present the following as its

FINAL REPORT

being the Fifth Report of the current session. This report contains no further recommendations on the three questions referred to the Committee but is limited to an account of its organization, activities, procedure, and certain observations thereon. The First Report, presented on March 21, 1956, was a recommendation concerning the Committee's quorum. The Second, Third, and Fourth Reports, presented on June 27, July 11, and July 31, 1956, were, in that order, the Final Reports on Capital Punishment, Corporal Punishment, and Lotteries.

Establishment of Committee

1. The establishment of the Joint Committee on the three questions of capital punishment, corporal punishment, and lotteries stems from a recommendation of the Special Committee on the Criminal Law made to the House of Commons on May 4, 1953.

2. On January 12, 1954, during the First Session of the present Parliament, the House of Commons initiated the resolution to constitute the Committee, and in this proposal the Senate concurred on February 10, 1954. The Committee's report on its organization and activities during its first year was presented to both Houses on June 16, 1954.

3. At the Second Session of this Parliament, the Committee was reconstituted to resume these inquiries. This action was initiated by the House of Commons on January 14, 1955, with which the Senate united on January 25, 1955. The report of the Committee on its reorganization and second year of activity was presented to both Houses on June 29, 1955.

4. During the present session, the Committee was reconstituted for the purpose of completing its final reports to Parliament. The reconstitution of the Committee was initiated by the House of Commons on March 7, 1956, and this action was confirmed by the Senate on March 14, 1956.

Terms of Reference and Membership

5. The Orders of Reference from both Houses, here consolidated as of the present session, were as follows:

That a Joint Committee of both Houses of Parliament be appointed to inquire into and report upon the questions whether the criminal law of Canada

relating to (a) capital punishment, (b) corporal punishment or (c) lotteries should be amended in any respect and, if so, in what manner and to what extent;

That Miss Bennett, Messrs. Boisvert, Brown (Essex West), Brown (Brantford), Cameron (High Park), Castleden, Fairey, Garson, Leduc (Verdun), Lusby, Mitchell (London), Montgomery, Murphy (Westmorland), Mrs. Shipley, and Messrs. Thatcher, Thomas, Valois, and Winch be members of the Joint Committee on the part of the House of Commons; that the quorum of the said Committee be 9 members thereof; and that Standing Order 67 of the House of Commons be suspended in relation thereto;

That the following Senators be appointed to act on behalf of the Senate on the said Joint Committee, namely, the Honourable Senators Aseltine, Bouffard, Farris, Fergusson, Hayden, Hodges, McDonald, Roebuck, Veniot and Vien;

That the Committee have power to appoint, from among its members, such subcommittees as may be deemed advisable or necessary; to call for persons, papers and records; to sit while both Houses are sitting and during adjournments of the Senate, and to report from time to time;

That the minutes of proceedings and evidence of the Special Committees appointed at the last two sessions to inquire into and report upon the foregoing questions, together with all papers and records laid before them, be referred to the said Committee;

That the Committee have power to print such papers and evidence from day to day as may be ordered by the Committee for the use of the Committee and of Parliament and that Standing Order 66 of the House of Commons and Rule 100 of the Senate be suspended in relation thereto; and

That the Committee have power to engage the services of Counsel.

Other members who served temporarily on this Committee during the three-year period were: The Honourable Senators Beauregard, Bishop, Connolly (*Ottawa West*), Tremblay, Wilson, and the following Members of Parliament: Miss Aitken, Messrs. Decore, Dupuis, Fulton, Johnston (*Bow River*), and Shaw.

6. At the present session of Parliament, the Committee held its first sitting for preliminary reorganization on March 20, 1956, when the Honourable Senator Salter A. Hayden and Mr. Don. F. Brown, M.P., were re-elected Joint Chairmen for the third consecutive session. At that meeting, the Subcommittee on Agenda and Procedure was again re-appointed and the services of Mr. D. Gordon Blair, Barrister and Solicitor of Ottawa, were again retained as Counsel to the Committee.

7. The activities of the Committees during the first two sessions have been summarized in greater detail in Reports to both Houses on June 16, 1954, and on June 29, 1955. Excluding 14 sittings during the present session (which were devoted entirely to deliberations on the final reports), 59 meetings were held during the previous two sessions at which the question of capital punishment was considered on 45 occasions; the question of corporal punishment on 35 occasions; and the lotteries question on 27 occasions. During the first two sessions, the Subcommittee on Agenda and Procedure met on 31 occasions; and at the present session, in connection entirely with the procedure and preparation of the final reports, it met on 28 occasions.

8. A schedule of the meetings of the Committees of the first and second sessions of Parliament appears in Appendix D of Number 21 of the Committee's 1955 printed Minutes of Proceedings and Evidence.

9. The printed evidence, upon which the final reports were mainly based, was all taken during the first two sessions and consists of over 1,500 pages. The sources of the evidence taken at both sessions are listed alphabetically for each subject in Appendix E of Number 21 of the Committee's 1955 printed Minutes of Proceedings and Evidence.

10. In addition to the printed evidence, a large number of miscellaneous representations in the form of briefs, letters, resolutions and petitions were received relating to one or more of the three questions under study. These were examined and analyzed for further sources of information.

11. The Committee obtained reference lists and assistance from the Parliamentary Library and also ordered certain publications for the use of Committee members, such as United Kingdom *Hansard* and proposed legislation, Departmental and Royal Commission Reports, etc., relating to the three questions under review.

12. Prior to the current session, the External Affairs Department, on request of the Committee, gathered material on foreign lotteries through its missions abroad in respect of the following countries: Argentina, Austria, Belgium, Chile, Denmark, France, Ireland, Italy, Mexico, The Netherlands, New Zealand, Norway, South Africa, Spain, Sweden, Switzerland, Uruguay, and the U.S.S.R. This material has not been printed with the evidence.

13. The approach to and method of inquiry followed was reported to both Houses on June 29, 1955. At that time, reconstitution of the Committee was recommended for the current session, with substantially the same powers and membership, to complete the final reports on the three questions. At this session, the Committee at its first meeting instructed the Subcommittee on Agenda and Procedure to perform the preparatory work relating to the final reports

and submit recommendations to the Committee for consideration after the Easter recess of Parliament.

Appreciation of Assistance

14. The Committee records its gratitude to individuals, organizations, agencies and departments of federal and provincial Governments, including foreign contributors, for their oral or written representations, or assistance rendered in other ways, to the Committtee. The principal contributors are listed in the schedule of sittings and also alphabetically in Appendices D and E respectively of Number 21 of the Committee's 1955 printed Minutes of Proceedings and Evidence.

15. The Committee wishes to record its gratitude for the painstaking and efficient service rendered to it by its Counsel, Mr. D. Gordon Blair, during its three years of sittings. It also wishes to commend the faithful and untiring service rendered by the Committee's Clerk, Mr. Alexander Small, and other members of the staffs of both Houses.

16. The Committee noted the extensive and fair coverage given its proceedings by the press, radio, and television across Canada. The Committee recognized the importance of a well-informed public opinion on these questions and credits this objective to these agences.

Observations on Joint Committee's Procedure

17. The Committee observed, from time to time during the course of its three-year inquiry, that the Rules, Standing Orders, procedures and practices of both Houses relating to Special Joint Committees are in need of re-examination and revision to effect greater efficiency, uniformity and clarity. As this subject is beyond the scope of your Committee's powers, no recommendations are being submitted other than to draw these observations to the attention of both Houses.

Printing of Final Reports

18. The Final Reports on Capital Punishment, Corporal Punishment, and Lotteries presented on June 27, July 11 and 31, 1956, respectively, have been printed in both languages as an Appendix to the *Debates of the Senate,* the *Minutes of the Proceedings of the Senate,* and in the *Votes and Proceedings* of the House of Commons; and this final report will be available in the corresponding printed records of both Houses for this day. The Committee, as authorized by its Orders of Reference, has ordered that 2,000 copies of these final reports, after being re-edited against original transcripts for accuracy and elimination of printing errors, be re-published as a single bilingual publication in blue-book form for the use of Parliament.

Minutes of Proceedings and Evidence

19. The Minutes of Proceedings and Evidence for 1954 and 1955, tabled in both Houses on June 29, 1955, and referred to this Committee, were returned to both Houses at this session on presentation of the Final Reports on Capital Punishment, Corporal Punishment, and Lotteries; namely, the Second, Third, and Fourth Reports respectively. At the current session, no evidence was printed and, as all proceedings were held *in camera,* the minutes thereof have been filed with the Committee's papers and records.

Respectfully submitted,

SALTER A. HAYDEN,
Joint Chairman representing the Senate.

DON. F. BROWN,
Joint Chairman representing the House of Commons.

THE SENATE

Wednesday, August 1, 1956

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

Prayers.

Routine proceedings.

ORDER PAPER

Hon. John T. Haig: Honourable senators, a point of privilege. I do not find the Order Paper for today on my desk.

Hon. W. Ross Macdonald: I also have not received a copy, and upon making inquiry I found that there has been some delay at the Printing Bureau. I hope honourable senators will not be inconvenienced.

INTERNAL ECONOMY

REPORTS OF COMMITTEE

Hon. W. Ross Macdonald, Chairman of the Standing Committee on Internal Economy and Contingent Accounts, presented the ninth, tenth, eleventh, twelfth, thirteenth and fourteenth reports of the committee.

He said: Honourable senators, these reports will appear tomorrow in the *Minutes of Proceedings.*

The Hon. the Speaker: Honourable senators, when shall these reports be considered?

Hon. Mr. Macdonald: Tomorrow.

NATIONAL CAPITAL

REPORT OF JOINT COMMITTEE ON FEDERAL DISTRICT COMMISSION TABLED

Hon. Mr. Macdonald: Honourable senators, I beg leave to table the report of the Joint Committee of the Senate and House of Commons appointed to review and report upon the progress and programs of the Federal District Commission in developing and implementing the plan of the National Capital. I am tabling this report on behalf of Senator Gershaw, Joint Chairman of the committee.

I move, seconded by the honourable Leader of the Opposition (Hon. Mr. Haig) that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings* of this date.

Hon. Mr. Lambert: May I ask the honourable Leader of the Government (Hon. Mr. Macdonald) if it is proposed to concur in the report of this Joint Committee before the end of the session?

Hon. Mr. Macdonald: The chairman of the committee is not here: I cannot make a statement in that connection.

The motion was agreed to.

See appendix to today's Hansard, pp. 949-54.

Hon. Mr. Macdonald: I also lay on the table of the house the printed proceedings and evidence taken at the committee's hearings.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Honourable senators, the honourable gentleman from Churchill (Hon. Mr. Crerar) has kindly consented to explain the Northwest Territories Power Commission Bill, and he is ready to proceed this afternoon. I would therefore suggest that we go on with this bill today, and take up the St. Lawrence Seaway Authority Bill tomorrow.

NORTHWEST TERRITORIES POWER COMMISSION BILL

SECOND READING

Hon. T. A. Crerar moved the second reading of Bill 250, an Act to amend the Northwest Territories Power Commission Act.

He said: Honourable senators, the purpose of this bill is to amend the Northwest Territories Power Commission Act. The Northwest Territories Power Commission was created by legislation passed in 1948, for the purpose of establishing some power sites, especially in relation to the development of the gold mining industry on Yellowknife Bay, on the northern shores of Great Slave Lake. In 1952 the act was amended to include the Yukon, which is under a separate administration from that of the Northwest Territories. This bill carries the amendment of the act one step farther.

In the first place, it proposes that the name be changed from the Northwest Territories Power Commission Act to the Northern Canada Power Commission Act, a name which is more appropriate, since both the Yukon Territory and the Northwest Territories are under the commission's jurisdiction.

The bill then proceeds to make some further changes in the existing legislation. The present powers of the commission are limited to the building of plants for the generation of electrical energy and its distribution to the places where it is to be used. Under the amendments the commission's powers are considerably extended. The bill would authorize it to build not only power plants but also such facilities as those necessary for providing water and sanitation services in certain villages in the Northwest Territories. It

would also be given authority to develop power outside the Northwest Territories itself. That is necessary, I am informed, primarily because one of the bodies associated with the air service is located in the province of Alberta, three miles this side of the boundary between Alberta and the Northwest Territories, in the Fort Smith district on the Great Slave River.

At present the power commission has three power generating plants: one is on the Snare River, about 90 miles from the mining camps at present operating in the Yellowknife district; another is a diesel power unit in the village of Fort Smith which, by the way, is the headquarters for the administration of the Northwest Territories; and the third is a hydro plant in British Columbia, some 150 miles from Whitehorse, in a mining district where substantial lode mining is going on. To bring it to honourable senators' attention I might mention that the mine in question is the United Keno Hill Mine.

The commission finds it necessary to convey this power from the Fort Smith generating plant to this unit in Northern Alberta, and that involves making arrangements for a power line of three miles in the province of Alberta. I am informed that that is the primary reason at the moment for seeking this additional power, but the provision in this bill would enable the Commission to develop, for instance, a power plant on the Slave River between Fort Fitzgerald, in the province of Alberta, and Fort Smith. There are a series of rapids in that stretch of river, and it is estimated that several hundred thousand horsepower of electrical energy can be procured by developing them.

In the offing are new developments of a substantial character. North of Lake Athabaska the discovery of uranium deposits has led to the establishment of several very important mines which are being supplied at the moment by diesel generated power. There is also a definite possibility that on the south side of Great Slave Lake, at a place called Pine Point, located about 150 miles from the rapids on the Slave River, the Consolidated Mining and Smelting Company may ultimately come to develop what promises to be a very large base metal property. Before that can be done a railway would have to be built into it, which would be an extension of one of the existing northern railways in the province of Alberta.

I should have said that the uranium mining developments on the north shore of Lake Athabaska are about 100 miles from the Slave River rapids, which, as I said a moment ago, probably could develop several hundred thousand horsepower.

Now all this is looking into the future, but it is possible that with the discovery of other mining prospects in this particular area there will be justification for the building of a power plant of sufficient capacity to supply the needs of the district; and since this is an area where operations might be conducted by different mining companies it is scarcely likely that one company would carry out this large development. At any rate, whether wisely or unwisely, this bill gives authority to the Northern Canada Power Commission, as it will be designated, to examine the potentialities and, if found advisable, to develop power—with the approval of the Government and of Parliament, of course, for it would have to get the funds from Parliament before any development could be proceeded with.

There are some other amendments of a more or less minor character that will enable the commission to carry on investigations into possible power developments, and generally to do the things that are necessary in relation thereto.

There is also provision that, if thought advisable, diesel power generating units could be located at additional points. What is particularly in mind there is a development at Aklavik. Honourable senators are aware of the proposal that has been made to move to higher ground the hamlet or village of Aklavik, which is situated on low ground on the delta of the Mackenzie River. I remember passing a rather disagreeable day there quite a number of years ago. The project is to move the residents to higher ground, and to a location where it would be possible to build a permanent airfield. At the present time Aklavik is served in the summertime by a freighting service down the Athabaska River from waterways into Great Slave Lake and from Great Slave Lake down the Mackenzie to the delta.

Hon. Mr. MacKinnon: Up, not down.

Hon. Mr. Macdonald: The honourable senator from Edmonton (Hon. Mr. MacKinnon) says it is up.

Hon. Mr. Power: Does the river run up or down?

Hon. Mr. Crerar: That is a question that I would have to submit to my honourable colleague from Gulf (Hon. Mr. Power) or perhaps to the honourable senator from Blaine Lake (Hon. Mr. Horner). The general assumption is that rivers run down and not up, but this particular river may be different in that respect.

If the village of Aklavik is moved to a new location it may develop into a centre of some importance years from now. However, I am bound to say quite frankly to the

house that at the moment I remain quite unconvinced of the need of spending several million dollars to move 600 or 700 people from their present location in Aklavik to some point 40 or 50 miles distant. That is a proposal that should receive careful thought, and I hope it will be probed a bit when this bill goes before a committee.

That covers the main purposes of this bill. It might be interesting for honourable senators to have given to them in a general way the financial results of the operation of this Northwest Territories Power Commission as it has existed up to the present time. I was rather surprised when I examined its balance sheet. I have no hesitation in saying the impression I get is that it has been very well managed indeed. Reports as required by law have been submitted to both houses of Parliament, the last printed one being for the year ended March 31, 1955. I am assuming of course that all honourable senators have read and digested these reports, as no doubt they do with nearly all reports, so I shall deal only with the record for the year ended March 31, 1956. It is in *pro forma* outline, not having yet been printed, although I believe the document was tabled by the Leader of the Government in the Senate (Hon. Mr. Macdonald) and is somewhere in our records.

The total advances made by the Government to the Northwest Territories Power Commission appear to be about $8,900,000. This expenditure developed the various plants which I mentioned earlier. Deductible from this sum is depreciation amounting to $1,698,000 which has accumulated over the period of operations, and which amount has been paid to the treasury. In addition, the commission has paid the Government interest at the rate of, I believe, 3⅜ per cent on the advances made to it.

For the year ended March 31, 1956 the commission's total revenue was $980,000. What may be called the operating expenses amounted to $140,000. There is an item of $115,000 for maintenance; there were administrative expenses, that is, the allocation of charges against the department at Ottawa, of $36,000; and interest of $242,000 which was paid on the balance of advances owing to the Government. Also there is provision for depreciation, in other words repayment to the Government, for the year, of $385,000. I also find by reference to the balance sheet that the commission has not only paid interest on the Government loan, and $1,698,000 on the capital advanced, but has accumulated a contingency reserve of nearly $400,000, which it has invested in Government bonds. This reserve is a wise provision, for if any damage should happen to one of the plants the commission has the funds necessary to re-establish it.

If honourable senators will refer to their files and look up the commission's report for the year ended March 31, 1955 they will find its operations down to that date set out very clearly, with a certificate of the Auditor General that he has examined the records and that everything has been kept in order and in accordance with the law.

The impression I got from my examination of these reports is that the operations have been very well managed up to the present time, and that the commission is proceeding upon essentially sound lines.

Before closing, I would like to emphasize the importance of carrying on further development, where necessary, in the Northwest Territories. There has always been a question in my mind as to how far the generation of electric power, which of its nature is a monopoly, should be in private hands. I think that in certain circumstances public ownership and operation are well justified. In the far Northwest Territories it is difficult to find owners of private capital prepared to take the risk. They do not know the country; they think of it as a land of snow and ice and Eskimos and Indians—which in some respects it is. I believe Parliament was fully justified in establishing in 1948 this Northwest Territories Power Commission. Its activities have contributed very definitely to the development of that particular part of Canada; consequently it has added to our wealth, and to the volume of our employment. If it continues to be operated on the lines on which it has been conducted so far we can look to the future with confidence, and with a realization that it is likely ultimately to make an even greater contribution to the development to that part of this vast north country of ours.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Crerar, the bill was referred to the Standing Committee on Banking and Commerce.

BRITISH NORTH AMERICA ACT

POWERS OF PARLIAMENT

Hon. Thomas Vien: Honourable senators, I beg the unanimous consent of the house for leave to refer to a debate which took place the other day when a question was raised by the honourable senator from De la Durantaye (Hon. Mr. Pouliot) concerning the power of the Parliament of Canada to legislate and/or to grant funds with respect to

provincial matters. In the honourable senator's opinion, sections 91 and 92 of the British North America Act, properly construed, lead to a negative answer. I think honourable senators will be interested to note that the British North America Act was amended in that regard. The Unemployment Insurance Act had been declared *ultra vires* by the Supreme Court and by the Privy Council, on the ground that it affected contracts between employer and employee, certain deductions from wages being forcibly made. It was held that a contract of hiring of services fell under the provision of section 92, which gives exclusive jurisdiction to provincial legislatures in matters of property and civil rights.

A controversy arose as a result of these judgments and the British North America Act, with the consent of the provinces, was amended by adding clause 2A to section 91. This had the effect of giving Parliament the exclusive right to legislate on unemployment insurance.

In the matter which had come before the Supreme Court and the Privy Council by way of an Order of Reference the question raised by the honourable senator from De la Durantaye as regards the power of Parliament to grant funds for provincial purposes was also dealt with. The reference is: Supreme Court of Canada Reports, 1936, page 430, and following, especially at page 431, where it was held, in point of strict law, that Parliament has authority to make grants out of public moneys to individual inhabitants, corporations or other public bodies for any object deemed desirable by Parliament in its wisdom. This decision of the Supreme Court was maintained by the Privy Council. I refer to the White Paper published on that occasion, at page 79. Their Lordships held that, in that regard, the powers of Parliament could not as a general proposition be denied.

In view of the debate which took place the other day, I thought that it might be of interest to honourable senators if I placed on *Hansard* a reference to these decisions concerning the proper construction to be given to these sections of the British North America Act giving Parliament power to raise money by any mode or system of taxation, and to grant funds for any object deemed desirable, in its discretion, and now also exclusive jurisdiction on the subject of unemployment insurance.

THE ACTING SPEAKER

HON. THOMAS VIEN, P.C.

On the motion to adjourn:

Hon. Mr. Macdonald: Honourable senators, I would like to point out that His Honour the Speaker will be absent from the chamber until some time next week. With the unanimous consent of the house, I now move, seconded by the Honourable the Leader of the Opposition (Hon. Mr. Haig), that during the absence of His Honour the Speaker the Honourable Senator Vien, P.C., act as Speaker of this house.

Hon. Mr. Haig: Agreed.

Hon. Senators: Agreed.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 945*)

NATIONAL CAPITAL

The Joint Committee of the Senate and the House of Commons appointed to review and report upon the progress and programs of the Federal District Commission in developing and implementing the plan of the National Capital beg leave to present the following as their

SECOND AND FINAL REPORT

The first meeting was held on March 21, 1956. The last of thirty-two sessions for the hearing of evidence was on June 29, 1956. Attached hereto as appendix "A" is a list of the presentations which were made. Private sessions of the Committee have also been held to consider the evidence, make recommendations and discuss the drafting of a report to Parliament.

In addition, the Committee visited the offices of the Federal District Commission, the railway installation at Walkley Road, the parkways in Hull, the town of Aylmer, and it made a one-day tour of some of the important portions of Gatineau Park.

PART II

The last Parliamentary Committee to review the work of the Federal District Commission was appointed on May 29, 1944, and it reported to Parliament on August 1 of the same year. Its Order of Reference was the following:

> That a Joint Committee of the Senate and the House of Commons be appointed to review the special problems arising out of the location of the seat of government in the city of Ottawa and to report on the relations between the federal Government and municipal authorities of the said city and their relative responsibilities in respect of such problems with power to inquire into the matter and things referred to—

Since the time of the last report the most significant event in the history of the Federal District Commission was the completion of the National Capital Plan under the supervision of M. Jacques Greber. We have received no evidence to suggest that plan should be abandoned. Since ours is the first Committee to have it, we desire to say we believe that, from it, a National Capital worthy of this country and of its people can be fashioned. We believe that when it is implemented it will be a monument around which and within which the historical and cultural interests and activities of our people can be developed. In its preparation studies were made involving geography, topography, history, population, land uses, climate, traffic and transportation, location of parks and public buildings, architecture and other aspects of the problems involved in the creation of the capital of a country. It involves the location and architecture of buildings for Government and other requirements, including buildings devoted to the cultural side of our national life, such as the National Library, the Library of Parliament, the National Gallery and the like.

PART III

It is clear from the evidence supplied that the cost of the proposed development of the National Capital will be great. The expenditures contemplated must commend themselves to Parliament. They must be expenditures undertaken in the national interests. Here a series of jurisdictional problems arise. The proposed National Capital area includes portions of the provinces of Ontario and Quebec. It is superimposed upon certain municipal organization within each province. As the Plan is brought to fruition, works must be undertaken which affect the sphere of provincial or municipal responsibility. But because they are conceived as part of a scheme for the creation of a national rather than a provincial or municipal development, these works may be more elaborate than would be required for provincial or municipal purposes. Again, since they are to be installed within populous municipalities, they have a bearing upon the works required by these municipalities for their own development. Sometimes, as in the case of driveways and parks, they add improvement which the municipality would not instal, or if it were installed it would be installed upon a more modest scale. At other times the creation of the work of the National Capital imposes upon the municipality concerned the burden of additional services or the building of works of greater magnitude than the municipality alone might undertake.

For the resolution of these conflicts, co-operation between the three levels of jurisdiction is essential. Hitherto, the emphasis is upon co-operation between the Federal District Commission and the municipalities concerned. A greater measure of integration of planning with the provincial authorities should emerge.

PART IV

Since the last report of a Joint Committee of Parliament in 1944 there have been some noteworthy changes in the law bearing upon matters relating to the Federal District Commission.

(1) *The Municipal Grants Act, 1950, as amended.*

The 1944 report of the Joint Committee of Parliament recommended that the annual grant made to the City of Ottawa by the Federal Government be $300,000 for a period of five years and at the end of that period that it should be reviewed. In 1950 Parliament passed the Municipal Grants Act, whereunder the federal Government was authorized to make grants in lieu of taxes to all municipalities throughout Canada wherein a relatively high concentration of federal Government real estate was located. Under this legislation and under the amendment which was made in 1954, the City of Ottawa has received the following amounts in the years stated:

1950	$ 962,000
1951	$1,176,000
1952	$1,392,000
1953	$1,438,000
1954	$1,427,000
1955	$2,795,000

The City argued strongly for changes both in the legislation and in the administration thereof to permit increases in the amounts of these payments. We consider that it is not within the terms of reference of this Committee to consider changes in the Municipal Grants Act or its administration. Applications of this character should be directed to the Department of Finance under which the amendment and the administration of the Municipal Grants Act would fall. We must observe, however, that insofar as the City of Ottawa is concerned, the position now is vastly better than it was in 1944 when $300,000 was the amount of the federal payment to the municipal corporation and, indeed, it is better now than it was in 1954 when $1,427,000 was the payment authorized under the Municipal Grants Act. In 1955, the payment under the amended act was $2,795,000.

(2) *The Planning Act (Statutes of Ontario 1955, Ch. 61)*

This significant Ontario legislation was originally passed in 1946—two years after the last report of a Joint Committee of Parliament. It had been amended at various times and it was re-enacted in 1955. Under it a municipality or a group of municipalities may, within the framework of provincial law, adopt plans for a designated planning area and enforce such plans. This legislation is in addition to the power of a municipality to enact zoning by-laws under section 390 of the Municipal Act (R.S.O. 1950—Ch. 243). The Planning Act contemplates that Ontario municipalities might make broader and more long-range plans than those which could be made under a zoning by-law pursuant to the provisions of the Municipal Act.

The Planning Act has been invoked for use in the Ontario section of the National Capital area by the creation of the Ottawa Planning Area Board. It seems not too much to say that Ontario municipalities have an onus cast upon them to avail themselves of the provisions of this Act and to establish long-range and far-reaching plans for their future development thereunder. Even if Ottawa were not a Federal Capital it might still be expected that the municipal corporations in the area should invoke the provisions of the Act.

But for the Ottawa area more is available, namely the National Capital Plan. It is not imposed upon the area by any Statute which superimposes upon the City and its environs an additional plan for beautification over and above any municipal plan. As we see it, this National Capital Plan should be developed as far as possible without infringing upon either provincial or municipal prerogatives, without imposing burdens upon activities of either jurisdiction, but also without assuming obligations proper to the Province or the municipalities concerned. Sometimes it is difficult to draw the line.

In the province of Quebec the provisions of section 426 of The Cities and Towns Act (R.S.Q. 1941, C. 233) and the provisions of section 392a of the Municipal Code are available to municipalities for zoning purposes. Within the Quebec Department of Municipal Affairs there is also a Provincial Town Planning Branch which assists municipalities in an advisory capacity to carry out municipal planning.

We think, that the realization of the National Capital Plan must imply the co-operation of federal, provincial and municipal authorities. In many respects such co-operation is not wanting; in others there is much to be desired. We believe that a series of local demands by individual municipalities or groups of municipalities is no substitute for the reasoned provisions of the National Capital Plan.

The Committee is of the opinion that the overall plan of the National Capital should be submitted to both the Ontario Minister of Planning and Development and the Quebec Minister of Municipal Affairs. This, if agreement is possible, should be regarded as the background against which all individual cases should be dealt with as they arise. At the same time we think that an appropriate representative of the government of Canada should consult with the above provincial authorities in view of determining ways and means of implementing the plan,

and we feel that this could be achieved in such a way that it would be fair to all concerned.

PART V

Planning

We have already indicated that we consider the provisions of the National Capital Plan of 1950 to be the basis for the future development of the National Capital. We would hope that Parliament would continue to vote an annual amount to be used by the Federal District Commission for the construction of the capital works involved in the plan. Some portions of the plan, however, appear to your committee to be of more urgent importance than others. While we select six works for special consideration we think that as time progresses others may become of increasing importance.

1. We think that a project of basic importance to be undertaken and completed in the National Capital area should be the elimination of the causes of pollution in the Ottawa River. It seems to your committee that the purpose of the beautification of a capital district would be frustrated if the pollution of this great water resource were allowed to continue unabated. Raw sewage and industrial wastes are dumped into the stream without control and with alarming results.

The Committee had the benefit of the evidence of Dr. A. E. Berry, Director of Sanitary Engineering in the Ontario Department of Health. We desire to record our deep appreciation of the assistance given by Dr. Berry and our admiration for the work he and his department have done in dealing with the problem of pollution. The fact that this evidence before the Committee represented the result of an intensive investigation and research extending over five years, the first official presentation of which was made before us, is recognized as a public spirited service of first class importance.

While we do not have the benefit of evidence from the public health authorities of the Province of Quebec we have been led to believe that their appreciation of the problem and their anxiety to supply a remedy is equally great. At the last session of the Quebec Legislature, an Act known as "An Act respecting the pollution of water" was passed, which, when invoked, promises to supply much relief for the problem.

The solution will not come from action on the part of the municipalities, alone, on either side of the river both upstream and downstream from and including Ottawa and Hull nor will it come from the industries, alone, which are contributing to the pollution. We believe that leadership in the form of comprehensive and concrete programs must emanate from the two provincial authorities concerned. The Ontario Water Resources Commission Act which was passed by the Legislature of Ontario in 1956 seems to us to be a most encouraging step.

We would hope that in so far as the Federal District Commission could help accelerate the installation of the required facilities for Ottawa and Hull they would do so. As has been noted, such projects are primarily of concern to provincial and municipal authorities. However, because of the interest of the federal authorities in the creation of a National Capital in the area and, because of the federal ownership and interest in the shores of the Ottawa River in the district, we recommend that the good offices of the Federal District Commission and financial assistance that could be given to such projects would be made available.

2. Another project of importance for the development of the National Capital Plan, in our opinion, is the completion of the ten-mile section of the essential elements of the Queensway within the City of Ottawa. A substantial start should be made upon this project almost immediately. Here again the interest is not mainly federal. But it is hoped that in addition to the contribution already proposed by the Federal District Commission in the matter of right-of-way, some formula can be evolved to permit of a suitable contribution under the Trans-Canada Highway Act.

3. The Federal District Commission is to be commended for the action it has taken to establish rail-freight facilities in the Walkley Road area, thus completing the first stage of the railway relocation program. We strongly recommend that the Commission be authorized to proceed immediately with the second stage of the program as outlined in its brief. The completion of this part of the program will permit the removal of the railroad tracks from the Interprovincial Bridge, the abandonment of the Sussex Street branch of the C.P.R., the abandonment of the C.P.R. main line along the Ottawa River west of the Ottawa West Station and the elimination of many dangerous level crossings in the west end of the Capital. Included, also, in this stage is the renovation of the Union Station and the removal of local freight sheds and yards to a site immediately east of Hurdman's bridge thus permitting greatly-needed improvements to be made to the present congested and inconvenient passenger and express arrangements.

4. Bridge facilities across the Ottawa River are now inadequate in the downtown sections of Ottawa and Hull. The provision to this requirement again involves the co-operation of two provinces and of a municipality in each province. It is not a federal responsibility. But the need is great. Some help has arisen from the improvements made at the Chaudiere by the Federal District Commission in 1955 and 1956. The acute congestion at rush hours would be greatly relieved if the tracks were removed from the Interprovincial Bridge. Adequate approaches to the bridge on both Ottawa and Hull sides should be constructed at once. An entirely new bridge should be built as soon as possible to take the place of the old bridge.

5. The Green Belt which could be better described as the Intermediate Zone between the urban and rural areas is a strip of land approximately one and one-half miles wide extending from the outer limits of Ottawa and Hull. It was the subject of much discussion during our sittings.

The Green Belt area is a proposal contained in the National Capital Plan of 1950. We have seen no evidence to disprove its validity.

In the absence of any alternative to the National Capital Plan the Federal District Commission urge the establishment of the restrictions they propose in the Green Belt area at a very early date. Otherwise, one of the important features of the National Capital Plan will be frustrated. Zoning under section 390 of the Ontario Municipal Act, unless it were carried out pursuant to the recommendations of the National Capital Plan touching the Green Belt area would not be acceptable to the Federal District Commission. Such by-laws can be readily amended if they are to be passed at all. The Federal District Commission urge that it be authorized to expropriate the property in the area, hold it, and sell it subject to restrictive covenants as to land use which the Federal District Commission would prescribe.

Evidence given to the committee warrants our hope that some workable arrangement could be made with the municipalities concerned. The Federal District Commission is willing to try to work out a compromise. We urge that an attempt be made to resolve the differences. However, should these negotiations fail, resort might be had to the Minister of Planning and Development for Ontario. It might be possible to invoke the provisions of the Planning Act of Ontario either as drawn or under suitable amendments to provide for the special circumstances arising in the National Capital area and arising particularly out of the recommendations contained in the National Capital Plan of 1950. We would suggest that this avenue be explored before an expropriation program proceeds.

6. *Gatineau Park.* Considerable evidence was adduced with reference to this park area which lies in the province of Quebec to the north of the City of Hull. We observe that provision for Gatineau Park forms an important part of the National Capital Plan. Already a considerable tract of land has been acquired and some facilities have been installed. We note with satisfaction the plan of the Federal District Commission at an early date to complete the portion of the proposed parkway along the escarpment overlooking the Ottawa River. We believe this will be an attractive feature of the National Capital Plan and, in time, the remaining segment of the parkway can be completed. We think that the policy applied to Gatineau Park by the Federal District Commission has been wise and we say so bearing in mind the onerous financial implications involved in the development of the National Capital Plan within the urban sections of the National Capital area.

The Committee wishes to make certain other recommendations as follows:

(a) With a view of preserving the beauty and dignity of Parliament Hill, we believe that steps should be taken progressively to eliminate as much of the parking of automobiles on the Hill as can be eliminated. We recognize that this involves a study of the parking facilities provided on federal properties throughout Ottawa.

(b) In keeping with the character of Canada, we recommend that all literature, signs and advertising of the Federal District Commission be bilingual.

(c) The abandonment of the Sussex Drive branch of the C.P.R. will no doubt result in some vacant land which will be available for purchase between Botelier Street and Redpath Street. We are of the opinion that the triangle of land formed by Sussex Drive, King Edward Avenue and Botelier Street should be acquired by the federal Government for future government buildings. In fact, a somewhat larger triangle, extending up to Cathcart Street, and possibly to St. Patrick Street, might well be developed as a unit, having due regard of course for those uses of the land that ought properly be retained (e.g. the hospital and various properties used for religious purposes).

(d) We recommend that the Government give consideration to architectural harmony in each district in which new buildings will be located.

PART VI

We would recommend that the Federal District Commission Act be revised. Since the present Act was drafted the country and the National Capital have developed and it is now appropriate that the Act be revised to bring the definition of the powers, duties and responsibilities of the Commission in line with the development of the National Capital area.

We recommend that the name of the Act be changed to the National Capital Act; that the Commission be called the National Capital Commission.

In view of the magnitude of the plan for the National Capital, and the amount of money involved in developing it, we recommend that the Chairman of the Commission be employed full time at a salary and with a status commensurate with those of a Deputy Minister.

Since one of the main matters in the development of the National Capital area in a way worthy of the National Capital is the control of land use, this inevitably raises a basic issue not only of policy but also of jurisdiction. We feel that continuous efforts are required to solve these problems. We urge that the federal policy be exercised as far as possible through the ownership and use of property. The major objectives now required appear to be capable of a reasonable measure of fulfilment by these means, plus co-operation with the bodies having jurisdiction in the provincial and municipal field.

Acquisition of Land

The acquisition of land by the Commission involves the use of power of expropriation. When the Federal District Commission Act is being revised we would recommend that the expropriation legislation be also considered, and that the principles on which compensation to an owner whose property is expropriated be re-examined and revised to remove any existing injustices. We recommend that power of expropriation be used where necessary after other means of acquisition have been exhausted.

PART VII

Financial

(a) In the provision of monies to cover the current cost of operation and maintenance for Federal District Commission properties we believe that the practice providing for a fixed statutory grant should be discontinued. In its place we recommend that the Federal District Commission submit its budget annually to Parliament indicating the nature of the work to be undertaken, the cost thereof and the annual income to be derived from rentals and other sources.

(b) We would agree with the recommendation of the Federal District Commission that expenditures under the National Capital Fund be withdrawn from the jurisdiction of the Financial Administration Act.

(c) Much evidence was adduced by the Federal District Commission as to the adequacy of the annual payments into the National Capital Fund. Since 1948 these payments have amounted to 2½ million dollars per annum. Evidence supplied by the Commission indicates that if this annual amount were doubled the increase would do little more than compensate for increases in costs of the capital expenditures of the Federal District Commission over the level which prevailed therefor for 1948.

As noted previously, certain projects in our opinion should be brought to fruition at a date earlier than contemplated by the Federal District Commission in view of the monies available to it from the National Capital Fund. Accordingly it would appear to be reasonable to recommend that from 1957 onward the payments into the National Capital Fund should be commensurate with present conditions as to increased costs of materials and wages, and if the views of the Committee with reference to the acceleration of certain projects be accepted by the Government, then the payments into the fund should be increased accordingly, subject always to the approval of Parliament.

In view of the continuing development of the National Capital we recommend that a Joint Committee of the Senate and the House of Commons to deal with the matter be appointed more frequently.

A printed copy of the evidence adduced is appended hereto.

Respectfully submitted,

F. W. GERSHAW,
Joint Chairman representing
the Senate.

ARMAND DUMAS,
Joint Chairman representing
the House of Commons.

APPENDIX "A"

Briefs submitted by the following and supported by personal attendance before the Committee (in the order of their appearance).

Name	Spokesman
Federal District Commission	Major General Howard Kennedy, C.B.E., M.C., M.E.I.C., F.E., Chairman.
Metropolitan Council of Western Quebec	Mr. E. K. Quipp, Mayor of Hull West, Chairman.
Aylmer Chamber of Commerce	Mr. Thomas W. Van Dusen, President.
Town of Aylmer	Mr. J. Robert Proulx, Alderman of Aylmer.
City of Hull	His Worship Mayor Thomas Moncion
National Capital Region Branch of the Community Planning Association of Canada	Mr. R. S. Ferguson, Secretary.
La Chambre de Commerce de Hull	Mr. Alfred Laflamme, President.
The Council of the Corporation of the Township of Gloucester.	Reeve Earle Armstrong.
Ottawa Ski Club	Mr. Herbert Marshall, Director.
L'Union des Chambres de Commerce de l'ouest de la province de Quebec.	Mr. George Lessard, N.P., Treasurer.
The Council of the Corporation of the Township of Nepean.	Reeve D. Aubrey Moodie.
The City of Ottawa.	Her Worship Mayor (Dr.) Charlotte Whitton, C.B.E.
Home Builders Association of Ottawa	Mr. Robert Campeau.
Armstrong Construction and Equipment Limited.	Mr. Maurice W. Wright, LL.B., Counsel.
Canadian Owners and Pilots Association.	Mr. R. I. Thomas, Manager.
Mr. R. Percy Sparks, Ottawa.	Mr. James W. Younger.

The following were in attendance at the invitation of the Committee.

Mr. Stewart Bates, President and Mr. L. W. Mersey, of Central Mortgage and Housing Corporation.

Dr. A. E. Berry, Director, Division of Sanitary Engineering, Ontario Department of Health.

Mr. Jacques Greber, S.A.D.G., Academie d'Architecture, S.F.U. (Hon.) F.R.A.I.C., A.T.A., Consultant-in-Chief for the Federal District Commission.

Mr. Watson Sellar, C.M.G.

Note: Representations were also received from the Civil Service Association of Ottawa in respect to parking facilities for civil servants in Ottawa.

Three meetings, one of organization, and 2 to consider the report; 32 at which Evidence was adduced. 35 meetings in all.

THE SENATE

Thursday, August 2, 1956

The Senate met at 3 p.m., Hon. Thomas Vien, P.C., Acting Speaker, in the Chair.

Prayers.

Routine Proceedings.

NORTHWEST TERRITORIES POWER COMMISSION BILL

REPORT OF COMMITTEE

Hon. Charles G. Hawkins, Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 250.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (250) intituled: "An Act to amend the Northwest Territories Power Commission Act", have in obedience to the order of reference of August 1, 1956, examined the said bill, and now report the same without any amendment.

The report was adopted.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Crerar: I move the third reading now.

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

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, I move that when this house rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

The motion was agreed to.

ST. LAWRENCE SEAWAY AUTHORITY BILL

SECOND READING

Hon. J. Adelard Godbout moved the second reading of Bill 447, an Act to amend the St. Lawrence Seaway Authority Act.

He said: Honourable senators, the purpose of this bill is to amend subsection (1) of section 14A of the St. Lawrence Seaway Authority Act. A bill which we passed earlier this session authorized the building of a bridge over Pollys Gut in the St. Lawrence River, from Cornwall Island to the United States mainland. It was thought that a low-level bridge could be conveniently built in that location, because there is no navigation there. The proposed bridge was to replace the existing span of the Roosevelt Bridge over the south channel in the St. Lawrence River, which has to be removed so as to allow shipping to have access to the new Long Sault Canal. But the proposed bridge would have increased by about six miles the route used by the Indians from the St. Regis reserve to Cornwall, where they go for their daily supplies, to attend schools, get hospital care and so on. Also, the St. Lawrence Seaway Authority and the St. Lawrence Seaway Development Corporation reached the decision that such a bridge, having to support highway and railway traffic over a span of about one-third of a mile, would be very costly, if not impossible to construct.

Recently, the New York Central Railway has indicated that it proposes to abandon its line between Cornwall and Helena, New York, and to serve the territory in question by bringing in a spur from its main line.

The officials of both the St. Lawrence Seaway Authority and the St. Lawrence Seaway Development Corporation now feel that it would be more practical and economical to build a high-level highway suspension bridge for the passage of pedestrians and vehicles over the south channel, a short distance west of the site of the present bridge.

The present bill would authorize the Seaway Authority to build a bridge in that location, or alternatively to build one where proposed in the earlier bill. In other words, the Seaway Authority would simply be empowered to choose the better of two locations. It has been estimated that this alternative bridge will cost about a million dollars less than the one formerly planned. Also its location would shorten the distance between Cornwall and the United States mainland for general traffic, and would be especially convenient for the Indians. This bill was passed unanimously in the other house.

Hon. Mr. Hackett: Did the honourable gentleman say that the newly proposed bridge is to be exclusively for highway traffic and not to be used for both railway and highway traffic?

Hon. Mr. Godbout: It was at first thought that a bridge would have to be built to accommodate both highway and railway traffic, but as the railway now proposes to abandon its line it is planned to build a high-level suspension type bridge, which would cost less than a bridge built to accommodate both railway and highway traffic.

Hon. Mr. Hackett: Has authorization to abandon that line of railway been given by the authorities in both countries?

Hon. Mr. Godbout: I would say that that has been done, but not officially as yet. The understanding is that the line will be abandoned, but in any event the bill would make it possible to exercise a choice as to which bridge it is better to build.

Hon. John T. Haig: Honourable senators, I do not want to speak about this bill, but I wish to take the opportunity of thanking the Seaway Authority for having invited the members of the Senate and the House of Commons, some weeks ago, to visit the seaway works. We had a very pleasant visit indeed, although it was, I admit, a warm day. We saw enough of the enterprise to enable me, at any rate, to understand what is going on. I am not an expert on engineering, so that my impressions of the project are not those of an engineer, but I enjoyed the tour, I appreciated the hospitality which was extended to us, and I am sure that honourable senators who were fortunate enough to be present know much more about the seaway than they knew before. To those who missed the opportunity I say that they really missed something.

I suggest to the honourable Leader of the Government in this house (Hon. Mr. Macdonald) that early next session, whenever that may be—and I am not assuming we shall be called together again in November—that sometime in February or March we could revisit the seaway project and see what further improvements have been made. This is a tremendous undertaking. I do not know how the sight of it affected others, but it made me very proud, as a Canadian, to realize that our people are engaged in so great an enterprise—one which will rank, I believe, among the outstanding engineering feats on this continent.

Hon. Senators: Hear, hear.

Hon. W. Ross Macdonald: I assure the honourable Leader of the Opposition (Hon. Mr. Haig) that I shall bear his suggestion in mind. If we have a warm day, or at any rate if we avoid a hurricane, in February or March it may be that honourable senators will be able to visit as a group the great development to which he has referred. I am sure the Seaway Authority will be pleased to read his remarks, and I shall be very glad to forward to the President of the Authority a copy of today's *Hansard*.

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

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Godbout: I move the third reading now.

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

INTERNAL ECONOMY

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the ninth report of the Standing Committee on Internal Economy and Contingent Accounts.

Hon. Mr. Macdonald: Honourable senators will notice from the Order Paper that there are six reports of this committee for consideration. If it meets with the pleasure of the house I will move the adoption of them all.

Hon. Mr. Haig: Honourable senators, I want to say a word on one matter which was considered by the committee. I do so not to cause any dispute, but to bring to the attention of honourable senators who are not members of the committee the importance of this particular matter. I have reference to improvements in the lighting, the ventilation, the decorations and the acoustic properties of this chamber.

The subject has received much consideration during the session from the Committee on Public Buildings and Grounds. Several meetings were held and the committee reported its findings to the Committee on Internal Economy. A subcommittee composed of the honourable Leader of the Government, (Hon. Mr. Macdonald), the Chairman of the Public Buildings and Grounds Committee (Hon. Mr. Dessureault), and the honourable senator from Ottawa West (Hon. Mr. Connolly) was appointed with power to act. It will deal with lighting and ventilation, the provision of a new carpet for the Senate chamber, and, most important of all, the installation of an acoustic system which will enable us to hear what is said by honourable senators in every part of the chamber, The subcommittee will also have regard to the paintings and seats. The important thing, however, is to improve the acoustic properties.

I want to particularly stress the fact that this is a most beautiful chamber. People who visit Ottawa from abroad or from other parts of Canada are much impressed with it. I have seen the State Legislature building at Minneapolis; I was in the Reichstag at Berlin before it was burnt; I have seen the Parliament Buildings at Westminster and practically all the legislative buildings in Canada; but our chamber has always seemed to me to be excelled by none. Certainly it is a gem in our parliamentary setting; and nothing

should be done by way of acoustic developments in this chamber which will lessen its beauty, although to avoid some disfigurement is difficult.

We are fortunate in the membership of this subcommittee. Its chairman, the honourable Leader of the Government in this house, was, as honourable senators know, the Speaker of the other house at the time when the improvement of its acoustics was under consideration. As a fellow-member of the Committee on Public Buildings and Grounds I can testify that its distinguished chairman has devoted exceptional attention to the matters in question. The honourable senator from Ottawa West is a young man who expects—and he may be right—to be here when most of us have gone. My honourable friend from Victoria (Hon. Mr. Hackett) remarks that he is not so sure about that.

Let me say to all honourable senators—and I am not urging others to do what I would not do myself—that if the subcommittee finds that it cannot decide what should be done and that therefore it should invite honourable senators to come to Ottawa some time this fall to give their assistance, every member who can possibly come here should do so. The subcommittee has authority to act without such advice, but if it should get into any difficulty we will give all the assistance we can. We want good acoustics in this chamber without in any way spoiling its appearance. I hope that will be kept in mind. The subcommittee may decide that it should have the advice of all honourable members before taking action on a particular matter, and if so I for one would be in favour of coming here during the recess, even at some personal inconvenience. This is a very important matter for our house, and for the public who come to listen to the proceedings. Once the matter is settled it will not have to be dealt with again for a long time.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Honourable senators, I wish to thank the Leader of the Opposition (Hon. Mr. Haig) for the confidence he has expressed in me personally and the other two members of the subcommittee. I assure him that when this matter comes before us we shall not forget his remarks today, nor the remarks which were made in this connection at the recent meeting of the Internal Economy Committee.

There are problems to be dealt with here. I think we are all agreed that we must have a better system of voice-carrying. In certain parts of the chamber, I understand, it is impossible at times to hear an honourable senator distinctly. However, we want to retain the beauty of the chamber, and we must not allow it to be marred by any equipment. In committee we have already discussed what might be done, and the Leader of the Opposition was present at the time. I feel it is possible to have installed here a system which will be in keeping with the surroundings.

I join with the Leader of the Opposition and, I am sure, all members of this house, in expressing appreciation to the honourable senator from Stadacona (Hon. Mr. Dessureault) for his deep interest in this matter. He has been very active in connection with improvements to not only this chamber but to the exterior of the building and also the grounds. He has also given careful consideration to the difficult problem of parking. The honourable senator from Ottawa West (Hon. Mr. Connolly) has been associated with him. I hope the subcommittee will be able to come to an agreement on what should be done, but we would be delighted to have the advice of the other members of the house in deciding these very important questions.

May I add that the subcommittee has already considered the question of the equipment for a voice-carrying system. We have also considered the question of proper lighting in the chamber, and we have decided that the carpet must be replaced.

I assure honourable members that we shall try to bring about only such changes as will meet with their approval, so that when all the work is done this chamber will be just as beautiful as it is now.

Hon. Senators: Hear, hear.

The motion was agreed to, and the committee's ninth, tenth, eleventh, twelfth, thirteenth and fourteenth reports were adopted.

The Senate adjourned until Tuesday, August 7, at 8 p.m.

THE SENATE

Tuesday, August 7, 1956

The Senate met at 8 p.m., Hon. Thomas Vien, P.C., Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

SMALL LOANS BILL

FIRST READING

A message was received from the House of Commons with Bill 51, an Act to amend the Small Loans Act.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Later this day.

ROYAL CANADIAN MOUNTED POLICE BILL

FIRST READING

A message was received from the House of Commons with Bill 446, an Act to amend the Royal Canadian Mounted Police Act.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Later this day.

CANADA SHIPPING BILL

COMMONS AMENDMENTS CONCURRED IN

A message was received from the House of Commons returning Bill H-7, an Act to amend the Canada Shipping Act, and acquainting the Senate that they have passed the said bill with certain amendments, to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant as follows:

1. Page 4, lines 3 to 26. Delete section 119 and substitute the following therefor:

"119. (1) Every British subject who

(a) served as a master of a home-trade, inland waters or minor waters steamship of over ten tons, gross tonnage, for a full period of twelve months within the ten years immediately preceding the date of his application for a certificate of service,

(b) produces satisfactory evidence of his sobriety, experience, ability and general good conduct on board ship, and

(c) passes the prescribed examination

is entitled, on payment of the prescribed fee, to a certificate of service as master of a steamship not exceeding three hundred and fifty tons gross tonnage, not carrying passengers and not being a tug, within the limits prescribed by the Minister and specified in the certificate.

(2) The holder of a certificate of service as master of a steamship not exceeding one hundred and fifty tons gross tonnage in force at the date of the coming into force of this subsection retains all the rights and privileges he had under that certificate immediately before that date."

2. Page 8, lines 15 to 30. Delete section 495A and substitute the following therefor:

"495A. (1) The International Convention for the Prevention of Pollution of the Sea by Oil, 1954, set out in the Fourteenth Schedule, (hereinafter called the Convention), is approved.

(2) The Governor in Council may make regulations

(a) to carry out and give effect to the provisions of the convention;

(b) for regulating and preventing the pollution of oil from ships of any inland, minor or other waters of Canada; and

(c) prescribing a fine not exceeding five hundred dollars or imprisonment not exceeding six months or both fine and imprisonment to be imposed upon summary conviction as a penalty for violation of a regulation made under this section."

The Hon. the Acting Speaker: Honourable senators, when shall these amendments be considered?

Hon. John J. Kinley moved that the amendments be concurred in.

He said: Honourable senators, these two amendments made by the House of Commons are simple. The first has to do with the granting of certificates to masters on the basis of service and experience. It was felt by some members of the other house that there should be some definition of the area in which a master was certified, and that he should be familiar with the waters in that area. Some members from western Canada felt that certificates granted on this basis for service on the east coast should not apply to the west coast. For that reason the bill was amended to permit the minister to define the area in which a master is certified.

The second amendment has to do with part VIIA of the act, section 495A. It separates the two steps provided for in the opening paragraph. That is to say, the proposed new subsection 1 gives approval to the International Convention for the Prevention of Pollution of the Sea by Oil, 1954; and the proposed new subsection 2 gives the Governor in Council power to make regulations. I think that change is an improvement.

Honourable senators, that is the effect of the amendments.

The motion was agreed to, and the amendments were concurred in.

SUPREME COURT BILL

FIRST READING

A message was received from the House to be an enexcusable breach of faith with my the Supreme Court Act and the Criminal Code.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

NAVIGABLE WATERS PROTECTION BILL

COMMONS AMENDMENT

A message was received from the House of Commons returning Bill O-8, an Act to amend the Navigable Waters Protection Act, and acquainting the Senate that they have passed this bill with two amendments, to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant as follows:

1. Page 3, line 20. Delete the words "and in section 10".
2. Page 3, lines 23 to 31. Delete clause 6.

The Hon. the Acting Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Macdonald: Next sitting.

FEMALE EMPLOYEES EQUAL PAY BILL

FIRST READING

A message was received from the House of Commons with Bill 445, an Act to promote equal pay for female employees.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

CUSTOMS TARIFF BILL

FIRST READING

A message was received from the House of Commons with Bill 448, an Act to amend the Customs Tariff.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

PUBLIC SERVICE SUPERANNUATION BILL

FIRST READING

A message was received from the House of Commons with Bill 440, an Act to amend the Public Service Superannuation Act.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

EXCHEQUER COURT (DIVORCE JURISDICTION) BILL

PAIRING—PRIVILEGE

On the Orders of the Day:

Hon. W. D. Euler: Honourable senators, as a matter of privilege may I be permitted to make reference to an occurrence which took place some weeks ago, in connection with the Exchequer Court (Divorce Jurisdiction) Bill, which was sponsored by the honourable senator from Rosetown (Hon. Mr. Aseltine)?

Early in the debate on the second reading of that bill the honourable senator from Kennebec (Hon. Mr. Vaillancourt) asked me whether I would pair with him when the matter came to a vote, as he was leaving for Europe very shortly. As I have a very high regard for my good friend—although we do not always see eye to eye on such subjects as divorce and margarine—I readily agreed to his request. Some days ago I received a letter from him in which he reminded me of this agreement, and then added that when he returned from abroad he read the Senate *Hansard* and discovered that I had voted for the bill.

I am sure honourable senators will believe me when I say that I was greatly mortified, humiliated and distressed at what appeared to be an inexcusable breach of faith with my honourable friend. Perhaps, if I were in the mood, I might say by way of extenuation that even Homer is said to have nodded occasionally. Also I might point out that pairing is rare in this chamber, and that the debate was postponed because of the fact that the sponsor of the bill was absent in the west and it was felt that the debate should not proceed until he was present to close it. But these, after all, would only be excuses and not very good reasons. As a matter of fact, I have to make an admission, which I do more or less reluctantly. My memory is just not good as it ought to be, or even as good as it used to be, and frankly I entirely forgot the commitment that I had made to my honourable friend. I think he believes what I say. Fortunately, the practical result of breaking my pair had no serious effects, for the bill was defeated by a very substantial majority. In that respect it was not entirely like a similar incident that occurred in the House of Commons some thirty years ago, when the Government's fate rested upon a single vote. I well remember the occasion—and there may be senators present who recall it better than I do—when on a motion that involved a question of confidence in the Government a member forgot his pair and his vote defeated the Government.

I make this statement tonight in justice to my good friend from Kennebec, for I think

he is entitled to have a clear record of his position on *Hansard*. I offer to him and to the house my sincere apology for my inadvertent offence, and I give you the assurance with all the confidence in the world that I will never do it again.

Hon. Senators: Hear, hear.

TELEGRAPHS BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 212, an Act to amend the Telegraphs Act.

He said: Honourable senators, this is a short bill which provides for the control of submarine cables terminating in or passing through Canadian territory. An external submarine cable is a telecommunication service by submarine cable between any place in Canada and any place outside Canada or between places outside Canada through Canada. However, this does not apply to any service by submarine cable wholly under fresh water.

The Telegraphs Act which is being amended was passed in 1875, and since that time there has been no vital amendment to the act in so far as it relates to cables. In 1875 it was provided that anyone seeking permission to operate an external submarine cable should apply to the Governor in Council. The application would of necessity be accompanied by a plan or survey showing the point of exit in Canada and the terminal point. If the application were approved, certain conditions would sometimes be attached to the approval, and when the Governor in Council was satisfied that these conditions had been carried out the applicant could commence to carry on business. The point is that once the application was granted there was no further control over the cable as to increases or decreases in the number of messages carried.

As I have said, there have been very few changes in the act since 1875, although there have been great improvements in sending messages by telegraph and other means. In 1875 there were two simplex circuits which were capable of carrying 25 words each per minute, so that 50 words per minute could be carried over the cable in operation at that time. By 1925 the number of circuits in a cable had been greatly increased, as was the speed of transmission, and it was then possible to carry by cable about 400 words per minute. There had also been considerable development in radio and telephone communication systems, to say nothing of wireless telegraphy, and consequently a great increase in the number of messages which could be carried in one way or another across the Atlantic and the Pacific; but still there was no change in the Telegraphs Act.

In 1950 the first submerged repeater was developed and placed in operation, which made it possible to send even more messages over one cable. In fact, it doubled or tripled the speed by which messages could be sent. It will be seen that this was far beyond what was contemplated when the original Telegraphs Act was passed, in 1875. I would remind the house that a company which received a charter in 1875 could make use of all these developments without the consent and knowledge of the Government. Coaxial cables with submerged repeaters were put into effect within the last few years.

Hon. Mr. Hackett: Would the honourable leader be willing to explain what is meant by coaxial cables?

Hon. Mr. Macdonald: I do not pride myself on being a technician in any respect, but on making inquiries I was informed that a coaxial cable is a larger cable with better or different types of insulation, with built-in repeaters. On the other cable the repeaters are attached on the outside of the cable, usually at each end. The building of repeaters into the cable greatly increases its capacity, both as to number of messages and the speed at which they can be sent. We are just at the beginning of this great improvement and we cannot foresee what effect it will have in the future, but those who have studied this problem believe that in years to come there will be even much greater speed in the sending of messages than there is at present.

May I also remind honourable senators that at the present time there is being built a new transatlantic telephone cable between Newfoundland and Scotland with a capacity forty times that of all existing transatlantic cables. In the Toronto *Globe and Mail* of July 3, 1956, there was a Reuter's dispatch from London, dated July 2, under the heading "British ship sets out to lay Atlantic cable", and it is so interesting that I would like to read it to the house:

> Telephone calls between London and Montreal or Toronto as clear as local ones came a step nearer today when the British cable ship *Monarch* sailed from London to lay 1,300 miles of a second trans-Atlantic telephone cable.
>
> The *Monarch* will let out the cable across the Atlantic bottom in the deep sea portion of the link between Clarenville, Newfoundland and Oban, Scotland. The first cable between the two points, 2,250 miles apart, was laid last year. Each cable carries a voice only one way.

Honourable senators will realize that it is necessary to have two cables, as each carries the voice in one direction only.

When the linkup is completed this fall, for the first time trans-Atlantic calls can be made without the fading and squawking of present radio-telephone communications.

The $40 million project is being jointly financed by the American Telephone and Telegraph Company, Canadian Overseas Telecommunications Corporation and the British Post Office.

Present overseas telephone calls are carried on only 16 radio-telephone circuits, which are always subject to fading. The number of circuits cannot be increased because not enough wave lengths are available.

The new cable will have 35 high quality telephone circuits, 29 to New York and six to Montreal. One further circuit will be divided into at least 18 telegraph channels, for use mainly to Canada.

Although telegraph cables have spanned the Atlantic since 1866, it was not until scientists solved the problem of perfecting a repeater that would withstand the great pressures of the ocean bottom that the direct telephone link became feasible.

The repeater is a device that boosts sound on a long cable by amplifying it at regular intervals. It is needed to strengthen the wide modulation of the human voice.

Hon. Mr. Isnor: I understood the honourable leader to say that this line extended from Scotland to Newfoundland, but I was under the impression that it carried right through to Sydney, Nova Scotia, as provided in the Act of 1953.

Hon. Mr. Macdonald: This article refers to the Atlantic portion of the line. Of course, the cable will not end at Newfoundland, but will have to carry further along. Just what equipment is being used in that respect, I do not know.

Hon. Mr. Isnor: It was definitely stated in the 1953 bill that the cable would connect the mainland with Nova Scotia, and would extend from Newfoundland to Scotland.

Hon. Mr. Macdonald: I do not think there is any doubt of that, but this article refers only to the cable which is being placed at the bottom of the ocean, between Scotland and Newfoundland. However, as the honourable senator from Halifax-Dartmouth has said, there is provision for carrying the wires to the mainland via Cape Breton.

The last paragraph of the article says:

When the cable is finally in operation, it will be possible for someone in San Francisco to speak to someone in Bombay by direct telephone line.

Honourable senators, I merely mention this to impress upon you the great development that has taken place in the transmission of messages overseas since 1875.

This bill will provide a licensing system which will enable the Governor in Council to deal with applications, control the opening of circuits into Canada, and regulate the increases in the capacity of the cables once they are installed. It seems to me that we should pass this bill, because of the importance of telephone and cable communications in this day and generation between Canada and other parts of the world. If the bill receives second reading I shall propose that it be referred to the Standing Committee on Transport and Communications, for there are certain questions of a technical nature which no doubt some members will desire to discuss.

Hon. John T. Hackett: Honourable senators, I am delighted to know that this bill is going to a committee. It deals, I think, with a matter of utmost importance, that of a system of communication between parts of the world which frequently have important messages to send to one another.

I have read with interest, but without entire comprehension, some of the debates that have taken place in the other house and some of the evidence that was given before a committee of that house. The disputants represented private interests. I have no interests other than that of the business of Parliament, and of the Senate in particular. So, I am very glad that we shall be able to learn more about this important question before we are asked to express an opinion on the passage of the bill.

One of the cable companies which was prominent in the dispute was the Commercial Cable Company. That is a company which spread a cable from England to Canada in 1884. In all, six cables have been laid: two in 1884, one in 1894, one in 1900, one in 1905 and another in 1923.

Last year this company asked the Government for the right to lay another cable, and the Minister of Transport replied by letter, the substance of which will be found at page 6721 of the *Hansard* of the House of Commons for July 31. It reads:

I refer to your letter of January 28, 1955, and previous correspondence in connection with the application of Commercial Cable Company to land on the coast of Canada a new trans-Atlantic coaxial cable.

The Government is prepared, subject to compliance by the company with all statutory requirements, to grant authority for the landing of the proposed cable, subject to certain technical and related stipulations the details of which are now being worked out; and subject to the conditions that no circuits shall be terminated in Canada except for:

(1) Purposes of defence communication from Canada to points outside Canada, so far as other available circuits are insufficient.

(2) Commercial purposes in respect of circuits leased to Canadian Overseas Telecommunication Corporation.

Now, it would seem that the condition exacted by the Governor in Council was that there shall be no interference with defence, and that all messages which come over these cables shall be transmitted beyond the point of arrival through the Canadian Overseas Telecommunication Corporation.

Hon. M. Euler: Is the Commercial Cable Company a Canadian or an American company?

Hon. Mr. Hackett: That company, as the debate indicates, is owned almost entirely by Americans. It has the requisite representatives, a president and perhaps some officers who are domiciled in Montreal, and an office in that city; but I think the company is owned by American capital. I should have stated that it operates only a transatlantic cable, and when messages carried over it reach Canada they are made over to the Canadian Pacific Telegraph Company and carried on to their destinations in Canada by that company.

The bill now before us amends the Telegraphs Act, R.S.C., Chapter 262, which was divided into three parts. Part I dealt with secrecy; messages confided to the company had to be held secret and could not be divulged. That, I think, is the general rule with respect to all companies carrying on that type of business. Part II had to do with the electric telegraph companies, and defined how they could be built. As I have said, the company in question restricted its operations to a transatlantic telegraph line. It came under Part III, marine electric telegraph companies. Part IV is in the form of the bill now before us. It stipulates that there shall be control by the Governor in Council of external submarine cables. A licence must be obtained.

Now, if the Governor in Council is to exercise control, as he appears to have stipulated in the letter which was directed to this cable company by the Minister of Transport, it would mean that any messages which come through the cable, and which would have to be carried on a telegraph wire or by telephone to other destinations, would have to be carried through the Canadian Overseas Telecommunication Corporation, which is a crown company, set up in 1949 for the purpose of taking over a commercial company which was acquired at that time and which has since been operated by this crown company, the C.O.T.C.

I noticed that throughout the debate in the other place, in so far as the witnesses were concerned, they seemed to be pretty strictly aligned in one camp or the other. I submit that this is a most important matter and one which is worthy of very careful consideration by this house. I am delighted that the honourable leader has suggested that further information is to be made available to this house by referring the bill to a committee where some questions like the one I asked a few moments ago, as to the meaning of coaxial and other technical terms may be explained, as well as the purpose of restricting the messages that may come across on this cable to the C.O.T.C. I believe there is a royal commission engaged at the present time in examining whether one of our crown corporations should at the same time be judge and jury as well as a competitor. I refer to the Canadian Broadcasting Corporation, and the royal commission known by some as the Fowler Commission, which has been looking into the details of the operation of that crown company.

Communication is a matter of tremendous importance. This company has apparently felt that it needed to enlarge its means of communication on the sea bottom, but apparently it has been told that when its messages arrive here they must come into C.O.T.C. for telegraphic transmission over land or be stymied. It is true that when they come across the ocean now they go to the Canadian Pacific Telegraph Company, but that is a matter of contract. I have not any views to express at this moment, because of lack of information about the matter. I trust that within the next few days I, like others—if there be others who are not completely informed as to the matter at issue before this house—may be able to formulate and express an opinion.

I think it rather unfortunate that a matter of this importance should come to us in what some of us hope are the very last days of the session. The matter is a far-reaching one which goes far beyond the issues that may have caused the contending parties to lock horns. It is something in which we are all deeply interested.

Hon. Gordon B. Isnor: Honourable senators, like the honourable senator from Victoria (Hon. Mr. Hackett), I am interested in this bill, but from a different angle: the effect that it might have on my city, Halifax. We have cable ships operating out of that city, one a Commercial Cable ship and two other ships of the Western Union. I very well recall the passage in 1953 of a private bill to amend the Eastern Telephone and Telegraph Company Act, with its combination of interests at that time, which gave that company authority to lay submarine cables from Sydney, Nova Scotia, to Newfoundland, and from Newfoundland on to Scotland. That was an enterprising scheme to give faster cable service between Canada, the United States and Great Britain.

I am concerned about this particular bill and the powers it would grant. I realize there is criticism of the C.B.C.'s position in regard to monopoly—I hesitate to use that word in so far as controlling communication

is concerned, and this situation bears a very close resemblance to it. But I will come to that shortly.

I said I was interested, and perhaps it is from a selfish standpoint, because each one of these cable ships based on Halifax represents an annual expenditure in that city, for upkeep and ordinary expenses, of something like three-quarters of a million dollars. That aggregates for the three ships an outlay of over two million dollars a year. So this is a really important industry as far as the port of Halifax and the province at large are concerned: the effects are felt right down through to the Cape Breton area. I fully realize that there must be some control. But I hesitate to think that a government or any single body should control not only its own particular lines of communication but also those of its competitors to such an extent as may, instead of bringing about greater efficiency, curtail the activities of other companies. So I hold that we should carefully scrutinize the provision of this bill; and I was very pleased to hear the honourable Leader of the Government (Hon. Mr. Macdonald) state that if the bill is given second reading he will move to refer it to the Standing Committee on Transport and Communications.

One matter in which I am particularly interested, and which I think has something to do with the principle of the bill, although perhaps I should not deal with individual clauses, is the issuing of licences. I hope that the Leader of the Government will explain one or two points which rather trouble me. Section 41 states:

> No person shall in Canada
> (a) operate an external submarine cable; or
> (b) construct, alter, maintain or operate any works or facilities for the purpose of operating an external submarine cable.

I refer to the second word in paragraph (b), namely, "alter". I do not see how any existing company can improve its system—and I understand the Commercial Cable Company, to which the honourable senator from Victoria (Hon. Mr. Hackett) referred, has extensive plans to enlarge and improve its service—or operate satisfactorily if it must apply for a licence and if the Government or the crown company replies, "You shall not alter or improve your system". I do not see how under those circumstances we can pursue a free enterprise policy such as we enjoy in this country. I am just a little concerned about that, and I would invite the honourable Leader of the Government to give an explanation that would enable me to see whether my concern is justified.

As has already been stated by the honourable senator from Victoria, the Commercial Cable Company has been operating continuously since 1884. Another United States company, the American Telegraph and Telephone Company, is linked up with the Eastern Telephone and Telegraph Company, which has its head office in Halifax. The Eastern Telephone and Telegraph Company is joined or amalgamated with the British Post Office, the C.O.T.C., and the A.T.T. to make the more modern connections referred to by the Leader of the Government. If I am not mistaken, it is hoped that the 32 circuits on which building operations were commenced in 1954 will be completed by November of the present year. I do not know whether this work is in fact now completed, but the original plans called for the carrying out of this program, and it is my impression that something like $30 million to $40 million was to be expended in connection with these developments.

Another matter about which I am concerned is the proposed new section 45 of the act, dealing with existing services. I listened attentively to and followed as well as I could the debate in the other place. The section reads:

> For a period of four months after the day on which this Part comes into force this Part does not apply to any external submarine cable existing on that day.

As far as I am able to recall, this particular section was not referred to in the other place, nor was it mentioned this evening by my honourable friend from Victoria. I thought he would ask the Leader of the Government to explain just what it means. I take it, from a layman's point of view, that if the existing company has a certain number of cables in operation, and it begins to lay additional cables, and the work is not finished within four months, the project is not likely to be approved. If that is what is intended, it would place the company in a very, very unfair position. I have no brief for the company. I have not been asked to speak on this bill, but I am doing so because, as a representative from Halifax, I feel it is my duty to safeguard our interests in so far as two old companies are concerned. They are the Commercial Cable Company—which, let me mention, for the information of the honourable senator from Victoria, who spoke only of Montreal, has an office at Halifax—and the Western Union, whose cable ships operate out of the port of Halifax. I would appreciate it if the Leader of the Government, when he closes the debate, would explain just what is the meaning of the two clauses to which I have referred. If it is suggested that these are matters for consideration by the committee and that I should not be taking up the bill clause by clause, may I point out that to my mind the whole principle of the bill rests in

these particular paragraphs, relating to the manner in which companies will be permitted to carry on improvements of their systems, and the effect that interference of some competitor might have on their operations.

Hon. Arthur W. Roebuck: Honourable senators, I have no special interest in this bill, certainly no private interest. I do not hold stock in any of the companies which may be affected by it, nor do I expect to; nor have I been approached by any of the various parties who are interested in the bill. In that, I resemble my honourable friend from Victoria (Hon. Mr. Hackett); and I have nothing like as much knowledge of the industry as is possessed by my honourable friend from Halifax-Dartmouth (Hon. Mr. Isnor). But what I wish to do in connection with the bill is, as I so frequently do under similar circumstances, to question the form of it. This is an amendment to the Telegraphs Act; and the licence provision states:

> No person shall in Canada
> (a) operate an external submarine cable; or
> (b) construct, alter, maintain or operate any works or facilities for the purpose of operating an external submarine cable
> except and in accordance with a licence . . .

—which must be got from the Governor in Council.

Section 42 reads:

> The Governor in Council may make regulations
> (c) prescribing the duration, terms and conditions of licences and the fees for the issue thereof . . .

And the bill provides that any person who violates any of the provisions of the new part or of the regulations is guilty of an offence and is liable to penalties.

It does seem to me that this is taking from the rule of law, which operates in Canada in most matters, and from Parliament, the right of legislating and ruling and, in the form of this bill, transforming it into rule *in camera*. That is what I object to so frequently on the floor of this house. I wish the sponsor of the bill, the Government Leader (Hon. Mr. Macdonald) would explain to us, before we are asked to vote on even the second reading, why it is necessary to transfer absolute, arbitrary power of this kind to the executive, and why it is that submarine cables are different in this respect from any other kind of cables. If it is a telegraph company which proposes to construct a line in Canada it will be subject to the provisions of the Telegraphs Act. If it is a railway company it will be subject to the provisions of the Railway Act, and so on. These are public enactments and perhaps the parties will come to Parliament and ask for a charter giving them power to operate. Then, it may be they will go to a public body, such as the Board of Transport Commissioners, and there in public reveal what is required by them and what they propose to do. They can operate in accordance with the provisions laid down by that tribunal announced in public, and then they can act in accordance with the rule of law. That is the kind of rule that I like in Canada; and the kind of rule I do not like is one that is carried on behind closed doors, be it ever so good, so high-minded and disinterested and done with all the rectitude in the world. Why is it necessary to transfer all this power to be exercised behind closed doors? Why is it not possible in submarine cables as it is in other monopolistic enterprises of this kind—public services of this kind—to govern it by the rule of law that applies to everybody and which anybody who wishes to build a cable may read, so that one person is not given preference over another person; so that there are no special privileges so far as we can prevent them, and so that we all stand on the same level as citizens of Canada or businessmen operating in this country?

Why is this tendency growing in Canada of transferring the powers of Parliament to the executive? I do not think it is a party matter at all. It is perhaps the tendency of our times and of the world at large, but that does not excuse it.

Why are we so often asked to set Parliament aside and to transfer government in Canada behind closed doors to the executive? In my view, it is unnecessary and it is not good democracy. It will not lead to the happiness of the country if we continue this tendency. I apologize to the house for so often raising this same point. I suppose I have done it three or four times this session and I shall continue to do it as occasions of this kind present themselves to us.

I congratulate the people who are engaged in this industry on the advances in the technique that have been described by the Leader of the Government (Hon. Mr. Macdonald). I am glad to see progress of this kind, and it does appeal to me that perhaps this cable business will become more important as the years go by, and so my objection becomes more important too, and the necessity for conducting it in the blazing light of day becomes more essential.

I hope the Leader of the Government will please tell us why the bill is in this form instead of being in the usual form that we have followed in Canada in years gone by.

Hon. John J. Kinley: Honourable senators, I have no intimate knowledge of this legislation, but I did discuss on one occasion the

factors in connection with bringing opposition to this bill before Parliament. In discussing some features of this bill tonight the honourable senator from Victoria (Hon. Mr. Hackett) led us to believe, I think, that the bill is concerned with Canadian business. Then when the honourable senator from Waterloo (Hon. Mr. Euler) asked if it concerned an American company I think the honourable senator from Victoria, while he did not answer directly, left the impression that it is indeed an American company.

We know that the geography of the North Atlantic and this continent makes it almost necessary for submarine cables to serve the continent of America by way of Newfoundland and then Nova Scotia. This being the case, it is important that the people who have put their money into the cable business in the past should not be prejudiced to any extent. If they are looking for competition in Canadian business, that is one thing; but if it is just a passing of a line of communication through Canada and through the United States, then it seems to me it would be a splendid thing to co-operate with our American friends and enable them to take advantage of the fact that our land projects away out into the Atlantic. We should co-operate with them so that they can bring this cable service to America through eastern Canada.

I do not know the details as to the necessity of this legislation, but I can see some objections being raised by people who have been in the business a long time if it means restricting the progress—and I think it is progress—they wish to make in telegraph and telephone communications. For this reason I am glad that the bill is going to be referred to committee. I hope it will be given the consideration it deserves, for I understand that the legislation is of considerable interest to people both inside and outside Canada. It certainly concerns the interest of people on the Atlantic coast, for if the service is to be centralized in Halifax it will create business there. It will also have the effect of making the Canadian company, which I am told is a crown company, more alert; and perhaps the competition will result in our getting a better overall service. However, I think the rights of Canadians should be maintained, and I do not feel we should surrender anything to others at the expense of our own people. If there is a question of subsidies and the foreign company is highly subsidized, this factor might come out in committee. This is an important piece of legislation and I hope it will be given every consideration in committee.

Hon. Salter A. Hayden: Honourable senators, I want to add a word or two to what has been said. I always enjoy hearing from my friend, the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). In this particular case I am not so much concerned as he is with what is in the bill as I am bothered by what is not in the bill. I have had the oportunity to examine the statute in force at the present time, which this bill proposes to amend by adding another part. That statute was passed by the Parliament of Canada some years ago. Section 17 (a) of part III of the act reads in part as follows:

> This part applies to every company
> (a) authorized after the 8th day of April, 1875, by any special or general Act of the Parliament of Canada, or under the provisions of this part to construct or maintain telegraphic wires or cables, in, upon, under or across any gulf, bay or branch of any sea or any tidal water . . .

It is further provided in that statute that before construction can be undertaken certain permission must be obtained from the Governor in Council, and that he may impose conditions. In the proposed new part IV I find amendments dealing with the licensing of companies which wish to operate, and may at the present time be operating, or new companies which may seek to come into being, and I am concerned about what may happen to existing companies if these amendments become law. What will happen to existing companies if they must obtain a licence? I am not objecting, if that is the Government's policy; and I would not be too much concerned about the Government taking to itself the power of licensing, as it has under this statute, if I could be sure that the power is used in such a way that it does not amount to a prohibition of the use of facilities which at present are owned and operated under the law of Canada as it now exists. What bothers me is the power to license without any apparent recourse to a person who may be adversely affected and who is at present operating within the law of Canada. What recourse has he if he is refused a licence or if terms are imposed which are tantamount to refusal of a licence? It appears to me that if we are to subscribe to this principle of licensing there should be some provision for review, so as to present an arbitrary decision from resulting in refusal to grant a licence.

If some such recourse were provided in the bill, the thing that is bothering me would disappear, for I would not pretend to question at this time the policy of the Government if it is embarking on this business of submarine telecommunication and wishes ultimately to occupy the whole field. I am not so shocked by that as is the honourable senator who made a comparison with

the C.B.C., because I do not think the two are similar. It is like comparing elephants with rabbits to suggest any comparison between the C.B.C. method of operation, and what it entails, and a system which has to do with the dispatching and study of telecommunications.

Hon. Mr. Isnor: There is a principle involved.

Hon. Mr. Hayden: Well, the word "principle" in itself has no particular connotation. I have to take it in the context in which it appears.

So far as the C.B.C. is concerned—and I am not going to incorporate my views as to the C.B.C. into this debate—I would point out that that corporation is operating in a field where the formation of public opinion and the communication of various forms of entertainment may be done directly in competition with those companies that the corporation seeks to regulate. But the business with which this bill is concerned is the dispatch and receipt of messages. If the Government is in that business, and private individuals also are in it and find it is economic, there is no reason why they cannot operate side by side. If, however, as a matter of policy, the Government decides that it wants to take the whole field unto itself, then I think it should be made clear that a licensing section is intended to be only that, and not a section which would prohibit any economic operation by those now in the field. For that reason I should think that a suggestion such as I have made, that a person refused a licence should be able to have the refusal examined and decided by an independent body, would be aceptable. I would be perfectly satisfied then.

Hon. Mr. Roebuck: May I ask the honourable member if he does not mean that the granting or refusing of licences should be in accordance with the rule of law rather than done by arbitrary powers such as are granted in this bill? And if so, is he not in entire agreement with what I said a few moments ago?

Hon. Mr. Hayden: If by "in accordance with the rule of law" my friend means an applicant should have the right to test whether or not the decision in his case has been made in accordance with the rule of law, I would subscribe to that; but my main concern is that there should be some machinery for review of a decision not to grant a licence.

Hon. Mr. Roebuck: That is exactly what I said.

Hon. Mr. Hayden: It must be a matter of law, certainly.

Hon. Mr. Haig: I do not quite follow my friend from Toronto (Hon. Mr. Hayden). I understood the honourable member from Victoria (Hon. Mr. Hackett) to say that the proposal is not only for licensing, but that all cables that come over the ocean via the old company must be transferred to some company other than the one the old company is now dealing with. No question of improper dealing with the present company has been raised. What about that?

Hon. Mr. Hayden: I do not find anything in the bill which deals with that point. The licensing provision is simply that you cannot construct, alter, maintain or operate any works or facilities without a licence. What the honourable senator from Victoria was referring to was an application which, I take it, antedated the introduction of this bill, and certain terms and conditions were sought to be imposed upon an existing company. Presumably it had to do with some proposed alteration of the works.

Hon. Mr. Hackett: I do not think that is quite correct. The company asked the Governor in Council for a licence, and it was told that there was no reason for granting—

Hon. Mr. MacDonald: No, not under this bill.

Hon. Mr. Hackett: I am quite aware that it was not under this bill. My reason for attempting to speak to the subject was to get clarification. I merely gave an instance in which a company had asked for a licence and received a reply; and I quoted from the minister's letter.

Hon. Mr. Hayden: I did not think the company was asking for a licence.

Hon. Mr. Macdonald: No. It asked for the right to land on the coast of Canada a new transatlantic coaxial cable, in accordance with the act now in effect.

Hon. Mr. Haig: May I ask the honourable Leader of the Government if at the present time the Government can direct the cable company which is now delivering its messages through the Canadian Pacific Telegraph Company or the Canadian National Telegraph Company, to forward them through some other company? Under the present law can it be compelled to do that?

Hon. Mr. Macdonald: I have not the act before me.

Hon. Mr. Hayden: May I read section 22 of the act? It says:

> The company shall not exercise any of the powers by this part conferred until

(a) the company has submitted to the Governor in Council, a plan and survey of the proposed site . . .

That has been done. And until

(b) such plan, site and location have been approved by the Governor in Council, and

(c) such conditions as he—

That is the Governor in Council.

—thinks fit for the public good to impose touching the said telegraph and works, have been complied with.

Hon. Mr. Haig: That is what has been done in the past.

Hon. Mr. Hayden: These are the conditions. The Governor in Council has power to impose such conditions as he may think are necessary for the public good. Now he is imposing those conditions. His powers to impose conditions for the public good seem unlimited, and these conditions have been imposed.

Hon. Mr. Haig: But they are imposed before the company gets the licence.

Hon. Mr. Hayden: There is no licence involved.

Hon. Mr. Haig: Then call it a permit to do something.

Hon. Mr. Hugessen: It is a permit for the right to land a cable.

Hon. Mr. Haig: That is a licence.

Hon. Mr. Macdonald: No. The licence refers to the operation of the business after it has been established.

Hon. Mr. Roebuck: It is a distinction without a difference.

Hon. Mr. Hayden: I do not think so.

Hon. Mr. Hugessen: No.

Hon. John T. Haig: Honourable senators, may I say a word about this bill? Having listened to the discussion here and read what was said in the other house, I must come to the conclusion that the purpose of this measure is to take the business of carrying messages from the company now carrying them and give it to the crown company to which reference has been made. The contents of the letter referred to by my honourable friend from Victoria (Hon. Mr. Hackett) can only lead one to that conclusion. It is for that reason that I am pleased that this bill is going to a committee, for I want to have the opportunity of asking the minister to explain it. The information he put on *Hansard* of the other house was not approved at all. I have been very uneasy about the whole matter.

I am at a loss to know why the Government wants this legislation passed. There do not seem to have been any complaints about the delivery of telegrams in Canada by the Canadian Pacific Telegraph Company or the Canadian National Telegraph Company. Obviously, the intention is to compel this cable company to forward its telegrams, when they have landed in Canada, through the crown corporation. If that is the policy of the Government, let it say so, and we will know what we are being asked to vote on. Then, if the majority are in favour of such a policy, there is no question about it. I am generally in the minority, so it does not make much difference; however, I want to have a clear understanding of what I am being asked to vote on.

I was quite familiar with the Winnipeg representatives of the company which was taken over by the crown. They did a very large business in that city. If we believe in private enterprise, we should stand up in this house and vote against this kind of legislation which gives crown companies a monopoly. Let us not hide the true purpose of this legislation in a lot of verbiage. Let the Leader of the Government, when this bill is in committee, come out and say what its true purpose is. As I have said, I can only conclude that its intention is to give the distribution of telegrams from this cable in Canada solely to the crown company.

Hon. Mr. Macdonald: Of course, that is not its purpose at all.

Hon. Mr. Haig: That is what it looks like to me.

Hon. Mr. Hackett: What did the Minister of Transport say?

Hon. Mr. Haig: That is what the minister said.

Hon. Mr. Macdonald: He said just the opposite.

Hon. Mr. Haig: If that is the intention of this legislation, I want to know, and I shall vote against it. I do not want to see private enterprise in this country curtailed or controlled by the Government. If private business is not handling the work properly, that is a different matter. The question of Government monopoly in broadcasting was raised by my honourable friend from Halifax-Dartmouth (Hon. Mr. Isnor). Let us not bury our head in the sand about these things. A violent fight has been going on in Canada for some years over whether a governmental body should control the broadcasting rights of private companies. What the recommendation of the present royal commission on broadcasting will be, we do not know, but there is very strong feeling across the country against the present set-up.

The same objection is taken to government control of telegraphic communications in Canada. I agree wholeheartedly with what my friend from Victoria has said; and I repeat that I am glad this bill will go to committee, where some facts can be brought out.

I also concur in the remarks made by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). No matter whether we call it the rule of law or something else, a standard should be set so that when a person applies for something he should know what his rights are. They should not be based on the whims of a parliamentary committee as to what should or should not be done. It is not a question of whether or not its members are honest men; it is a question of establishing freedom by laying down a proper rule. That is why we have courts of law in this country, to lay down principles for the guidance of our people. I hope that in my lifetime I will see some progress made towards clarification of proper rules for guidance in a situation such as this.

Hon. T. A. Crerar: Honourable senators, I must confess at once that I have not had much opportunity to study this measure, nor have I read the debate that took place in the other house. But it does seem to me that there is something to be said for the point raised by the Leader of the Opposition (Hon. Mr. Haig), and for the criticism expressed by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). I do not entirely agree with my honourable friend, whom I should call the senior senator from Toronto (Hon. Mr. Hayden), that there is no similarity between what this legislation proposes and what is being done by the Canadian Broadcasting Corporation. The C.B.C. is a broadcasting agency, a Government broadcasting agency. It licenses its competitors and makes the regulations that control them. Under this bill the Governor in Council will make the regulations. It gets control by licensing, and that is a very effective method of control. Through the licence mechanism it can control and even harass its competitors. Is this desirable?

In the early days in western Canada when grain elevators were unregulated, grain elevators and the movement of grain were declared to be works for the general advantage of Canada, and the system of licensing for control was imposed, which produced nothing but the most beneficent results. But the Government was not then in the grain elevator business. We have another parallel here. For instance, the dominion Government later spent tens of millions of dollars in building terminal grain elevators. The dominion grain elevators have to be licensed, but their operation is not subject to the control of the Governor in Council. Under the Grain Act it is under the control and direction of the Board of Grain Commissioners of Canada, in the same way that the operation of every other elevator is.

It does appear to me that there is a principle involved here and that it is sound. I have no objection at all to the Government being in the telecommunications business on land and over the sea or under the sea, but it does not appeal to my sense of fairness and justice that private companies can be—and I think the possibility lies here—subjected to hardship if some Government in the future wishes to impose it. On that point I agree wholly with the senator from Toronto that there should be an appeal from the conditions that may be imposed under these regulations. There should be some appeal, for instance, to such a body as the Board of Transport Commissioners. That would be a perfectly logical thing to provide. If there were such a provision in this act, a private operating company which felt it had been subjected to hardship could appeal to the board, argue its case and have it dealt with in public.

That is the principle that applies today in the matter of freight rates. The Government did not say to the Canadian National Railway "We are going to determine what rates you must charge." That company files its rates with the independent Board of Transport Commissioners for approval, and interested parties can appear before the board and argue as to whether the proposed rates are fair and reasonable or not. An ultimate appeal does lie from the Board of Transport Commissioners to the Governor in Council.

Hon. Mr. Macdonald: Just the reverse of what you are suggesting.

Hon. Mr. Crerar: I would not object if there were provision for an appeal of that kind in this bill, giving the right of appeal to the Governor in Council from a decision of the Board of Transport Commissioners. The point that I am making is that there does seem to me to be an element of unfairness or the possibility of unfairness in applying regulations to a company which has no recourse of appeal to anyone. It is a principle that has crept into a good deal of our legislation in recent years and I think it is one greatly to be deplored.

Hon. Mr. Macdonald: Honourable senators—

The Hon. the Acting Speaker: I draw the attention of honourable senators to the fact

that if the honourable leader speaks now he will close the debate.

Hon. Mr. Macdonald: I think, honourable senators, that there is a misapprehension as to the purpose of this bill. The purpose of this bill is not to grant to the Government company a monopoly. I assure the Leader of the Opposition that the minister when speaking in the other house also emphasized the fact that no monopoly is being sought.

Hon. Mr. Crerar: May I ask my honourable friend a question at this point? I quite agree with what he states, but this Government may not last for ever and another Government may come into power and operate under this legislation. Would it give them the power to impose a monopoly? That is my question.

Hon. Mr. Macdonald: I doubt if this bill would give them the power to impose a monopoly. All this bill does is to permit the Governor in Council to have some control over cable companies, once the companies are established.

My friend from Toronto-Trinity (Hon. Mr. Roebuck) raised the question as to why there are so many regulations. All I can say to him is that the operation of a cable company is a technical matter and it would be impossible to spell out all the regulations in a bill. There is no secrecy about the regulations. My friend asked, "Why is all this done behind closed doors?" There is no intention of doing anything behind closed doors. Regulations will be published and the honourable senator from Toronto-Trinity, as well as all other senators, will be able to read what they are. I doubt if it would be possible for an application to be considered in accordance with the wording of an Act of Parliament.

Hon. Mr. Roebuck: If it is possible to spell out the regulations and publish them, why is it not possible to spell them out in the bill and pass it in that form?

Hon. Mr. Macdonald: As I said before, the operation of a telegraph or cable company is a technical one. I do not think it is practicable nor that it would be advisable to do it in the manner in which the honourable senator suggests.

Let me return to the question of monopoly. I take it that my honourable friend from Halifax-Dartmouth (Hon. Mr. Isnor) fears that the company which is operating there will be put out of business.

Hon. Mr. Isnor: I just have concern, that is all.

Hon. Mr. Macdonald: I can assure him that there is no intention to do so by means of this bill. He referred to the clause which states:

> No person shall in Canada
> (a) operate an external submarine cable . . . except under and in accordance with a licence issued under this Part.

That does not mean that if a company makes application for permission to alter its cable the application will be refused. Certainly an application will not necessarily be refused. But if this bill is passed, a company will not be able to increase the carrying powers of its cable or to make additions or alterations without anyone knowing anything about it. All this measure is intended to do is to regulate the operation of cables.

It was suggested that the C.O.T.C., which operates a company, will also issue licences; and the Canadian Broadcasting Corporation was mentioned. The C.O.T.C. will not issue licences. The licences will be issued by the Governor in Council; and I take it that if the C.O.T.C. wants to alter its cable in order to increase the number of messages which can be carried, or to effect a decrease, or lay a new cable, it will have to apply for a licence. It will not have power either to grant or refuse licences; it will act under the provisions of this bill.

I would also like to assure honourable senators that under the bill there will be supervision of any changes which are made in the present cable construction, and a scrutiny of changes which may be made in connection with any other cables which are laid from time to time. I cannot emphasize too strongly that there is no intention, by means of this measure, nor do I see any power in it, to grant a monopoly to the C.O.T.C. That company and all others, if this bill is passed, will be subject to licence.

No doubt honourable senators will want to ask a number of other questions of the experts when in committee; and as I have said, if this bill should receive second reading, I shall move that it be referred to the Standing Committee on Transport and Communications.

Hon. Mr. Isnor: Does the honourable leader intend to refer to the clause relating to the four-month period?

Hon. Mr. Macdonald: I propose to refer the whole bill to committee.

Hon. Mr. Isnor: But does the honourable leader propose to make any reference to it at the present time?

Hon. Mr. Macdonald: I assume that the clause is regarded as a fair one, in that it will enable any company which has commenced

to make any changes at the present time to complete them within the four-month period.

Let me point out to the honourable senator that the next and final clause, section 2, provides that—

This act shall come into force on a date to be fixed by proclamation of the Governor in Council.

Hon. Mr. Isnor: Yes, but what I want to know relates to the four-month period. It took the American Telephone and Telegraph Company two years to lay its cables.

Hon. Mr. Hugessen: I think I can explain the reason for the period of four months. The bill provides that no person shall in Canada do so and so; that is, operate or improve a submarine cable. Section 45 states that for a period of four months after the act comes into force this provision shall not apply to an existing cable. All that the section does is to prescribe a period of four months within which a licence will not be required.

Hon. Mr. Isnor: I may be out of order; but I fear that, the parent company having completed its cable, the other company, not having completed its and perhaps not being able to do so for a year, would not be granted a licence. It might be barred because of that provision.

Hon. Mr. Hugessen: That is perfectly right. I just wanted to point out that the period of four months is inserted to allow that time after the act comes into force for an existing cable company to get its permit.

Hon. Mr. Macdonald: It is four months from the date the act comes into force, and it will not come into effect until it receives the Royal Assent.

Hon. Mr. Isnor: That might be next week.

Hon. Mr. Macdonald: Well, it might be, but the act will come into force by proclamation of the Governor in Council, and for four months thereafter a company will not be subject to this provision of the act. To my mind that assures the companies that there is a desire to be fair to them. They will not be cut off immediately the bill receives the Royal Assent.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Macdonald, the bill was referred to the Standing Committee on Transport and Communications.

SMALL LOANS BILL

MOTION FOR SECOND READING—
DEBATE ADJOURNED

Hon. Charles G. Hawkins moved the second reading of Bill 51, an Act to amend the Small Loans Act.

He said: Honourable senators, because of the rush of bills that have been passed in the other house lately the Printing Bureau has been unable to supply the Senate with copies of this bill as passed by the House of Commons. If this bill is given second reading tonight I intend to refer it to the Standing Committee on Banking and Commerce for consideration tomorrow. I am sure that at that time there will be plenty of copies available for distribution.

The Small Loans Act, which this bill seeks to amend, came into effect on January 1, 1940. For some time the Association of Licensed Lenders have been asking for revision of this act; also many demands have been made by the public generally. The Small Loans Act does not apply to banks, pawn brokers or to money lenders whose charges do not exceed 12 per cent per annum. Neither does it apply to loans made beyond $500. The original act stipulates that lenders of between $1 and $500, who have in mind a charge in excess of 12 per cent per annum, must obtain a licence and report to the Department of Insurance with respect to their transactions. Interest and all other charges in connection with the accommodation to the borrower must not exceed 2 per cent per month.

During the first year of supervision, namely 1940, the total volume of business was about $20 million. The volume transacted in 1955 was probably in the order of $200 million. This will give honourable senators an idea of both the volume and the increase in the past fifteen years in this field. At the present time there is no regulation over lending when the amount loaned exceeds $500. Since there is no regulation for amounts exceeding $500, there is no compulsion on the part of lenders to report their activities in this field. However, many of the companies supply the Department of Insurance with information covering all their activities. The Licensed Lenders Association have themselves indicated that because of excessive charges sometimes made by unlicensed lenders the act should be amended so as to bring such lenders under Government regulations for amounts exceeding $500. In addition, there has been representation from time to time by members of Parliament and the public generally for an overhauling of the act.

Earlier I mentioned the Money Lenders Act, which was originally passed in 1906

and is still in existence. For all practical purposes it has been superseded by the Small Loans Act, and the present bill proposes to repeal it. As these amendments are of a somewhat technical nature, and there are available to committees of this house witnesses especially competent to deal with the details of the act, I propose when the bill receives second reading to move that it be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Haig: Honourable senators, on behalf of the honourable senator from Blaine Lake (Hon. Mr. Horner) I move the adjournment of the debate. He would speak when the order is called tomorrow, and the bill could go to committee immediately after the Senate rises.

Hon. Mr. Macdonald: It occurs to me there may be other senators who wish to speak.

Hon. Mr. Haig: They could speak now.

Hon. Mr. Macdonald: If no honourable senator wishes to speak on the bill now I would concur in the motion moved by the honourable Leader of the Opposition (Hon. Mr. Haig).

Hon. Mr. Kinley: Some honourable senator may wish to speak after hearing the honourable senator from Blaine Lake.

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

ROYAL CANADIAN MOUNTED POLICE BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 446, an Act to amend the Royal Canadian Mounted Police Act.

He said: Honourable senators, this is a short bill, and although the hour is late I thought we might dispose of it this evening. The purpose of the bill is set out quite clearly in the explanatory notes. At the present time there is a provision in the Public Service Superannuation Act and the Defence Services Pension Act with respect to the payment of succession duties out of the Consolidated Revenue Fund and then charging the amount in instalments against the pension or allowance which may be paid to the one entitled to it.

This bill eases the hardship on a widow who might be called upon to pay succession duties and has not got the full amount in cash. This measure would enable the Government to pay succession duties in such cases and recover the amount out of the pension or allowance.

Hon. Mr. Hackett: Can the honourable gentleman say if this applies to officers killed in service and to those who die from natural causes?

Hon. Mr. Macdonald: I am not sure. I do not think it goes back to the period of the war when men were killed in action.

Hon. Mr. Hackett: What I had in mind was men who were killed in the service of the R.C.M.P.

Hon. Mr. Macdonald: It will apply to the beneficiaries of men killed while serving with the R.C.M.P.

Clause 2 of the bill enables men who have come into the force from the British Columbia Provincial Police to include for pension purposes all the time that could be included for pension purposes under the law of the province. Certain members of the Provincial Police Force of British Columbia were taken into the R.C.M.P., and under the provisions of this bill the time they served with the provincial police will be included for pension purposes under the R.C.M.P. Act. I am told there are about fifteen men who will be affected by this clause.

There is a similar provision with respect to members of the police force of Newfoundland, who were taken under this act by the terms of union.

The fourth provision of the bill is to enable funds for additional liability to the R.C.M.P. pension account to be paid by the Government.

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

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. M. Macdonald: I move the third reading now.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, August 8, 1956

The Senate met at 3 p.m., the Hon. Thomas Vien, P.C., Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

INCOME TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 418, an Act to amend the Income Tax Act.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Honourable senators, I would ask that this bill be the order of business after consideration of the Small Loans Bill later this day.

INDIAN BILL

FIRST READING

A message was received from the House of Commons with Bill 439, an Act to amend the Indian Act.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

UNEMPLOYMENT INSURANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 449, an Act to amend the Unemployment Insurance Act.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

EXCISE TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 450, an act to amend the Excise Tax Act.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

TELEGRAPHS BILL

On Reports of Committees:

Hon. Mr. Hugessen: Honourable senators, I am expecting momentarily to receive the report of the Standing Committee on Transport and Communications in connection with the Telegraphs Bill. It is not in hand yet. Perhaps, with the consent of the house, it could be presented later this day?

Hon. Mr. Haig: Agreed.

The Hon. the Acting Speaker: We shall revert to reports of committees at a later hour.

POLITICAL RIGHTS OF WOMEN

NOTICE OF INQUIRY

Hon. Muriel McQ. Fergusson: Honourable senators, I realize it is late in the session for questions. However, in view of the interest shown by a large number of women's organizations in the United Nations Convention on the Political Rights of Women, I would like to have answers to the following questions:

1. Has the Government done anything to determine whether or not the provinces are in favour of ratification of the United Nations Convention on the Political Rights of Women?
2. (a) Has there been any approach made by the Government to any provincial Government regarding the United Nations Convention on the Political Rights of Women?
   (b) If so, what was the response?
3. (a) If no steps have been taken by the Government has there been any approach or inquiry regarding the United Nations Convention on the Political Rights of Women made to the Government by any of the provincial Governments?
   (b) If so, which provinces made such approach or inquiry?
4. If nothing has been done by either the Government or any provincial Governments toward securing the approval of ratification of this convention by the provinces, does the Government propose to pursue the matter?

Hon. Mr. Macdonald: Honourable senators, there are a number of points involved and of course I have not the information at hand. I can tell the honourable senator that the Government, as she so well knows, has taken quite an interest in women during the present year and has brought in a bill entitled "An Act to promote equal pay for female employees". I do not know if there is any relationship between the contents of that bill and the questions which the honourable lady has asked. However, I shall endeavour to get the information which she seeks and table it as soon as possible.

BRITISH NORTH AMERICA ACT

POWERS OF PARLIAMENT

On the Orders of the Day:

Hon. Jean-François Pouliot: Honourable senators, I rise on a matter of personal

explanation and correction, which is tantamount to a question of privilege. Last Wednesday I was unavoidably absent, owing to my attendance at the funeral of a very dear friend who had been my loyal supporter for more than 30 years, and on my return to Ottawa I read with interest the statement made by the honourable senator for De Lorimier (Hon. Mr. Vien) on the interpretation of the British North America Act, our Constitution. It appears on pages 947 and 948 of the Senate *Hansard*. In the first column on page 948 there is the following:

> The reference is: Supreme Court of Canada Reports, 1936, page 430, and following, especially at page 431, where it was held, in point of strict law, that Parliament has authority to make grants out of public moneys to individual inhabitants, corporations or other public bodies for any object deemed desirable by Parliament in its wisdom.

The words "it was held" may be misleading, because in order for an opinion to constitute *res judicata* it must be held by a majority of the judges of the court concerned. In this instance, to my great surprise, the quotation refers to a dissenting opinion of one of the two minority judges. Since I have been in the Senate I am always learning something; and this time I have discovered that learned gentlemen may take the opinions of a dissenting judge for a judgment.

The Hon. the Acting Speaker: I think we can consider the incident closed.

Hon. Mr. Pouliot: It would have been better if you had not risen about it. If everyone minded his own business, everything would be better.

SMALL LOANS BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hawkins, seconded by Hon. Mr. Isnor, for the second reading of Bill 51, an Act to amend the Small Loans Act.

Hon. R. B. Horner: Honourable senators, perhaps I should say at the outset that I do not rise to oppose the reduction of interest rate as proposed by this bill: I merely wish to make a few remarks which, though they may not be beneficial or useful to honourable members of this chamber, might be helpful to others, particularly young people, throughout the length and breadth of our land.

I am sure that if the figures were examined it would be found that there has been an immense increase in various types of the small-loans business, as a result of so much radio and other advertising, since the institution of the baby bonus and the old age pension. Wherever a young couple has a family of small children, there is a cheque arriving each month. In many instances the recipients of the cheques are sought out, and we have this plague of instalment buying, which, to my mind, is wholly injurious. People operating this kind of business are often called sharks and parasites. Well, even under this amended legislation the interest charged is 2 per cent per month on the first $300. That amounts to 24 per cent per annum. How can any young couple living on a tight budget make a loan and hope to get along if they have to pay out almost a quarter of their entire earnings in interest charges? It is an impossibility. Talk about loan sharks! I know that in western Canada, where we didn't blush at even 8 or 10 per cent interest rates in the early days, if a man in a community is known to charge above 7 per cent he is ostracized and condemned by the whole district.

The ability of the borrower to pay back must be taken into consideration. I have always advised people to do their financing through a bank, to get their affairs in such a position that they can go and present their proposition to a banker. As a young man I never participated in any small loans type of financing. When a young man goes to the bank to borrow money it is the duty of the banker to talk to him and probe into his background. He might even tell the prospective borrower that his proposition is not a sound one, just to find out how determined the young man is and how he plans to pay back the loan. If the banker is not satisfied with the young man's plans for repaying the loan, it is not granted.

In the August edition of *Reader's Digest* I read an interesting article about a school teacher living in Montana near the Alberta boundary. Before his students graduated he helped them to acquire livestock, taught them how to keep accounts, and so on. Then as a group they began to develop land that had been considered useless, and when the land became profitable the young men went to a banker and presented their case so well that they got a loan of $5,000 to buy farm equipment. They had figured everything out, right down to the last quart of oil their machinery would require. Well, things progressed until finally the loan reached the proportions of $200,000 and the fruits of their enterprise turned the whole countryside, which was a poor grain growing district, into a prosperous mixed-farming community.

As elder statesmen we talk a lot about everybody being given an equal opportunity in this country. Just how equal is it? A wealthy man can borrow money at 4 per cent interest, but the sorry part of all this nefarious small loans business is that the

poorer man often pays 24 per cent. I would not object too strenuously to cases where people borrowed a few hundred dollars for, say, two months, but a far greater number of borrowers probably hold the money for a longer period than it is loaned for. I do not know how other honourable senators feel about it, but to me it seems rather shocking that our poorer citizens, who can ill afford to pay such a high rate of interest, should have to do so. In the province of Quebec, for instance, there are credit unions, which are operating to some extent in Saskatchewan also, and I am sure that they would not contemplate any such charge as 2 per cent a month.

As far as our chartered banks are concerned, it used to be that they could not take the security that most small borrowers offered. Later the Bank Act was amended. I think that possibly the banks are somewhat to blame for the fact that these small loans companies are doing so much business. I feel that a considerable portion of the business that this bill deals with should be done by the banks. They should make a greater effort to accommodate the general public in this regard.

I want to do my part in warning young people starting out in life to buy less on credit, to defer buying when possible until they have the cash to pay. If they do that they can obtain discounts, instead of paying 24 per cent interest on loans. Honourable senators, if I have managed to say anything that might be of some assistance to someone, I am satisfied. I am certainly not opposing the reduction or regulation specified in the bill.

Hon. Charles B. Howard: Honourable senators, after the remarks that have just been made by the honourable senator from Blaine Lake I would like to say a few words. In the first place, I want to congratulate the small loans companies throughout this country upon the splendid work they are doing in supplying necessary funds to people who need money but cannot borrow from the chartered banks, either because of lack of security or for other reasons. And certainly I want to commend this Government for bringing in another bill to supplement the many pieces of legislation that have been placed on the statute books of this country in the interest of the common people throughout the length and breadth of this land.

It is unfortunate that the small borrower has to pay a rate of interest much higher than the large borrower pays, but that is true in all lines of enterprise. And although we may not like it, after all it is only fair and just, because, as everybody knows, it costs more proportionately to make and collect a loan of, say, $300 than one of $1,000 or $1,500.

It has been suggested that the reduction of the interest rate by this bill to one-half of one per cent per month on the portion of any loan in excess of $1,000 means that the small loans companies will not make any loans over that amount. I feel that they will not. In fact, I am one of those who believe that if the small loans companies in this country were restricted to the making of loans of up to $1,000, that limitation would be practically high enough, because the proper place for anyone to go to for a loan of over $1,000 is a chartered bank. I would have no objection, therefore, if the bill fixed the maximum amount that can be borrowed from a small loans company at $1,000. However, I am satisfied to vote for the bill as it is.

I think the small-loans companies should get their capital, as other corporations do, in the ordinary way. Some time ago the chartered banks loaned these finance companies $30 million in a group deal at 4½ per cent interest, and that rate has since been increased to 5 per cent. The finance companies re-loan the money to borrowers at 2 per cent per month, or 24 per cent per annum, and while that is absolutely legal I do not think it is in the best interests of this country; it is one of those unfortunate things which I personally deprecate very much.

I do not agree with the honourable senator from Blaine Lake when he says that he does not like family allowances.

Hon. Mr. Horner: I did not say that.

Hon. Mr. Howard: I think the Family Allowances Act is one of the greatest pieces of legislation on the statute books.

Hon. Mr. Horner: I did not say I disliked family allowances; I did not say any such thing. I said there had been a big increase in the small loans business since the start of family allowances and old age security.

Hon. Mr. Howard: The honourable gentleman said they were the cause of the increase in the small loans business. However, I am glad the honourable member has changed his mind on that subject.

Honourable senators, I am willing to support the bill as it is, because I believe that the small loans companies fulfil a very fine and necessary function in the economy of Canada, and their operations are hardly to be criticized. However, for loans above $1,000, as I have stated, I think borrowers should go to the chartered banks.

Hon. Cyrille Vaillancourt: Honourable senators, I think I should say a few words on this bill, because I have been connected

with the *Caisses Populaires* small loans organization for 50 years, and with other welfare organizations for 40 years. Before 1936 the interest rate charged by the small loans companies under this act was 3 per cent a month, I believe.

Hon. Mr. Howard: That is right.

Hon. Mr. Vaillancourt: In 1936 the law reduced it to 2 per cent per month. That is enough— and not only enough, but I think it is too much. As we say in French, *"C'est un mal nécessaire"*. But the statement that it is a necessary evil is not an explanation. The *Caisses Populaires* lend as much as $200 million and $300 million a year, one-quarter of it on short-term notes of from $1 to $300. We borrow our money at 5 per cent, and at the end of the year some *Caisses Populaires*—such as, for instance, the one at Lévis—will return a patronage dividend of three-quarters of one per cent.

The Board of Directors of this organization give their services entirely free. They labour for the benefit of the people without charge. I recall an occasion back in 1931 when the *Caisses Populaires* had a discussion with my honourable colleague Senator Euler, who was then Minister of National Revenue. We met him at his office and discussed the question of whether the profits of the *Caisses Populaires* were subject to income tax. We assured him, to his surprise, that the directors of the organization were working without remuneration in the interests of the common people, trying to teach them how to manage their incomes and thereby lead a more satisfactory life.

We are today facing the great threat of inflation. One has only to tune in the radio, watch the television or read a newspaper to learn of opportunities to buy goods without making a down payment. Many people in the lower middle class are attracted by advertising of this kind, and they do not always realize that when they buy something without paying any money at the time, they will be obliged to pay later. It is unfortunate that the federal Government cannot do something to control such credit arrangements, but this is a matter that comes within the jurisdiction of the provinces and must be settled by them. Regardless of whose responsibility it is to curtail credit, I believe very strongly that a customer should be required to pay at least 5 or 10 per cent of the value of an article upon purchase and to settle the balance within a reasonable time. I noticed just yesterday an advertisement by a small loans company headed "Vacation loans".

Hon. Mr. Howard: "Pay when you come back".

Hon. Mr. Vaillancourt: Yes. Now, if the people in low income brackets do not have money to pay for a vacation before they go away, how can they have it when they return home, after having incurred additional expenses while away?

After the committee of the House of Commons which considered this bill presented its report I received a visit from a veteran. This is his story: Last May he borrowed the sum of $567.42 from one of the larger small loans organizations. His arrangement was to repay the amount in 24 monthly instalments of $30 each. That would have meant a total payment of $720, or an additional $152.58 by way of interest for two years. However, in May his wife took ill, and his circumstances forced him to interview the company to see if it was possible to suspend his monthly payments for four months. The company said that could be done, but that he would be obliged to repay his loan commencing September 1 in the amount of $40 per month for twenty months. Under that arrangement he would be obliged to pay $232.58 by way of interest on the $567. That meant an even higher rate than 24 per cent—it was about one-third of the principal amount. Under such circumstances the company explains that it is put to some trouble in changing his papers and so on, and so attempts to justify the high charges.

I recently had a visit from a man who had moved to Ottawa from London. While in that city he had borrowed from a small loans organization, and was making repayment in instalments on the 15th of each month. He found when he arrived in Ottawa that it was not convenient for him to pay on that date, and he asked that the date be changed from the 15th to the 18th of the month. The company said it would permit him to do that, but that the change in date would necessitate an extra charge of $2 per month. That, I think, is unjustifiable.

It has been said that if Parliament passes this bill the large companies will be able to carry on but the small ones will have to go out of business. An investigation conducted by the Insurance Department has indicated that passage of this bill will cause not more than 10 per cent of the small organizations to disappear. After all, honourable senators, we are here to protect not 50 or 60 small loans companies, but the people of Canada. Let us do our best for them.

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

REFERRED TO COMMITTEE

Hon. Mr. Hawkins: Honourable senators, when I introduced this bill I indicated that upon its receiving second reading I would

move that it be referred to the Standing Committee on Banking and Commerce. Is it the wish of the house that it should be so referred?

Hon. Senators: Yes.

On motion of Hon. Mr. Hawkins, the bill was referred to the Standing Committee on Banking and Commerce.

INCOME TAX BILL

SECOND READING

Hon. John J. Connolly moved the second reading of Bill 418, an Act to amend the Income Tax Act.

He said: Honourable senators, this bill, which amends the Income Tax Act, reflects the budget resolutions which were brought down in April of this year. The bill contains some thirty sections, few of which have any relation one to the other. There is little in the way of principle running through the entire bill, and for that reason it presents somewhat of a problem to know how to explain it without entering into too much detail before second reading is given. However, if the bill receives second reading today I will move thereafter that it be referred to the Standing Committee on Banking and Commerce.

A great many of the changes that are proposed in the bill arise out of decisions which have been handed down by various courts, including the Income Tax Appeal Board, and because I know the Senate has a very deep interest in not only the functioning but the original set-up of the Income Tax Appeal Board, I thought it might be interesting at the outset to say something about that board. As honourable senators know, it was established in 1948. From 1949 to 1955 some 2,463 appeals were filed with the board. Of these, 873 were allowed in full or in part and 1,265 were dismissed. To put it another way, of the 2,138 appeals which were disposed of by the Income Tax Appeal Board a little over 40 per cent were allowed in whole or in part and a little more than 59 per cent were dismissed. I have here a table showing the number of appeals filed in each of the calendar years from 1949 to 1955, the numbers allowed in part or in full, and the number of dismissals; and I also have a table showing the number of appeals disposed of by the board, by provinces. It might be of interest to honourable senators if these two tables were placed upon record, by unanimous consent of the house.

Hon. Senators: Agreed.

Hon. Mr. Hackett: Will the honourable gentleman permit a question before he files the tables? Do they show the number of appeals lodged in each of the years referred to and still pending?

Hon. Mr. Connolly (Ottawa West): I think perhaps a simple operation in subtraction would produce that figure. The number of appeals filed was 2,463, the number disposed of was 2,138, and the difference would be the number of appeals that had not been dealt with by the board. Perhaps that answers the honourable senator's question.

Hon. Mr. Hayden: It does not mean that they are pending. They might have been settled.

Hon. Mr. Connolly (Ottawa West): It does not mean they are pending, nor does it always mean that they are settled, because I understand that the rule is—it is not observed in every case—that when there is a settlement the parties go to the board and get a consent order. Now, that is not always done but it is done in many cases.

The tables are as follows:

Calendar Year	Appeals Filed	Allowed in Part or in Full	Dismissed
1949	122	6	32
1950	423	62	196
1951	469	180	233
1952	293	164	164
1953	393	140	204
1954	404	189	224
1955	359	132	212
	2,463	873	1,265

Summary by Provinces for Years 1949 to 1955 inclusive

Province	No. of Appeals Disposed of
British Columbia	313
Alberta	211
Saskatchewan	120
Manitoba	139
Ontario	743
Quebec	521
New Brunswick	34
Nova Scotia	40
Prince Edward Island	14
Newfoundland	5
	2,140

With a view to simplifying the explanation of this bill I would propose to deal with it under a few headings, under which I would group sections which appear to be related. I will deal, first of all, with sections which provide some relief for the taxpayer; secondly, with sections having to do with

federal-provincial fiscal arrangements arising mainly if not exclusively out of the bill we passed here last week; thirdly, with changes in income tax law as it affects the petroleum industry; fourthly, with changes respecting pensions plans; fifthly, with changes respecting profit-sharing plans, and then with some miscellaneous provisions. that cannot be classified under one heading. And finally I will refer only to certain sections dealing with the handling of undistributed surpluses accumulated by companies.

Now dealing first with the amendments which provide relief, I would refer to section 6, which provides that the cost of oxygen shall be added to a list of the five medicines which are allowable as a medical expense under section 27 (1) (c) (vii) of the Income Tax Act. As honourable senators know, amounts expended for medical purposes in excess of 3 per cent of the taxpayer's income are deductible. The cost of oxygen will be now eligible for inclusion in this category.

Section 3 (4) of the bill allows the deduction of reasonable expenses incurred by a taxpayer in attending two business or professional conventions in any one year. He must, of course, provide vouchers. The conventions need not be held in Canada; they may be held here or in other countries.

Section 25 (1) of the bill allows a farmer's son who acquires his father's farm to depreciate the depreciable property of that farm by starting with the lesser of either the purchase price or the fair market value of that depreciable property. In other words, the sale between the farmer and his son is assimilated to an arm's length transaction, and the purpose of it is to promote the practice, which is quite common in the agricultural community, of allowing a father to dispose of such property to his son and to do so without imposing any burden upon the son.

Section 5 of the bill deals with allowances paid to the children of immigrants in the first year of their residence or sojourn in Canada. Under a vote of the Department of Citizenship and Immigration, in the first year of the residence of an immigrant family in Canada the children under 16 receive an allowance of $5 per month. Now, for the purpose of the tax return of the parent, these immigrant children's allowances are assimilated to the position of allowances paid under the Family Allowances Act. As honourable senators know, if a child is not qualified to receive a family allowance, the parent or the guardian upon whom that child is dependent is allowed for income tax purposes a deduction of $400 for such child. If a family allowance is paid in respect of such child, the allowance is $150 per annum, and that $150 will be the allowance in the case of an immigrant father for whose child the payment of $5 a month is to be made.

Section 11 is also a relieving section. It reduces from six to four years the period within which the minister may reassess any return.

Hon. Mr. Bouffard: What section is that?

Hon. Mr. Connolly (Ottawa West): Section 11.

Section 13 of the bill, also, is a relieving section. It extends from one year to two years the period within which a taxpayer may apply for a refund.

I come to the second heading under which I propose to discuss this measure. It deals with sections consequent upon legislation touching the fiscal arrangements between the federal authority and the provincial authorities.

As honourable senators know, in 1955 an amendment was placed in the Income Tax Act with reference to personal income tax exemptions allowed under federal legislation when a province levied a personal income tax. The present amendment provides for an abatement of 10 per cent of the federal income tax payable by a taxpayer who is resident in any province which levies personal income tax. Now, for a taxpayer who is employed or who carries on business in a province which levies personal income tax, the abatement is 10 per cent of the tax on the income derived by such taxpayer from such province.

Let me give an example of that. Say the income of a taxpayer from a province levying provincial income tax is a quarter of his entire income. The federal tax is levied on the entire income first of all: 10 per cent of the federal tax is then computed. A quarter of this 10 per cent is deductible under the section.

I come to perhaps the most complicated of all the sections in the amending bill;—those which deal with corporation income taxes.

Hon. Mr. Howard: What are the numbers?

Hon. Mr. Connolly (Ottawa West): Sections 4 and 9 deal with corporation income taxes and other special corporation taxes. As honourable senators know, the provinces have power to levy corporation income tax and other special corporation taxes, such as a place of business tax or a capital stock tax, because they are direct taxes competent for a province to levy. All the provinces which have had agreements with the federal authorities have given up, for the period of these agreements, the right

to levy these taxes; but these agreements are about to expire, and by January 1, 1957 all will have expired. By this amendment the federal Government has increased the tax credit of 5 per cent and 7 per cent in the case of different types of corporations, as it now exists, to 9 per cent of a corporation's taxable income earned in any province.

Let me give an example of that situation.

If a corporation's income from a given province is $100,000, the federal rate now is 47 per cent. Under the amendment, instead of 47 per cent, it will be 38 per cent, or a reduction of nine percentage points. This credit of nine percentage points is given whether the province levies a corporation tax of 9 per cent or less. Say a given province levies a 6 per cent corporation income tax, and also imposes other special corporation taxes amounting to say 3 per cent of the taxable income of the corporation. In that event the corporation would pay 38 per cent to the federal Government and 9 per cent to the provincial Government. So in effect what the federal Government is doing by this rule is vacating these two portions of the corporation tax field, to the extent of nine percentage points.

There is a further factor to consider. If a province levies a special corporation tax plus a corporation income tax in excess of 9 per cent of the corporation's taxable income earned in the province, obviously there will be some double taxation. To reduce the amount of that double taxation, the excess of the tax paid to the provinces over and above the 9 per cent is allowed as a deduction in computing the income for federal tax purposes of that corporation.

Hon. Mr. Hackett: Is that a distinction between the individual who is personally taxed and the corporation?

Hon. Mr. Connolly (Ottawa West): Yes; it is quite obvious that is the main distinction.

Let us take by way of example a situation where a corporation must pay to a province a 6 per cent corporation income tax and special corporation taxes of the character I have just described, such as a tax on a place of business, amounting to, say, 5 per cent of the income which it earns in the province. The total therefore paid to the province is 11 per cent of the income which it earns there. This is 2 per cent more than the 9 per cent tax credit allowable by the federal authorities. Now, say that that 2 per cent amounts to the sum of $1,500: under this amendment the federal authority will allow the company to deduct that $1,500 when it computes its income for federal tax purposes.

Hon. Mr. Euler: It allows that deduction from the income, not from the tax itself?

Hon. Mr. Connolly (Ottawa West): Not from the tax, from the income. It is a deductible expense allowed to the corporation.

Hon. Mr. Euler: It gets you coming and going.

Hon. Mr. Connolly (Ottawa West): Yes.

Hon. Mr. Howard: We shall need another Senate committee.

Hon. Mr. Connolly (Ottawa West): I am glad the honourable senator from Waterloo (Hon. Mr. Euler) asked that question. It was a problem which gave me trouble. Originally, I had thought it was a deduction from the tax, and I believe there is a general opinion abroad that that is so; but it is allowed as an expense to the company paying the tax.

Hon. Mr. Euler: I do not think anyone can understand why it is done, except that the Government will get more money.

Hon. Mr. Connolly (Ottawa West): I suppose that is the reason.

So much for the amendments dealing with federal-provincial fiscal arrangements.

The next heading under which I would discuss the amendments proposed in this legislation affects the petroleum industry. The first of these is to be found in section 3, subsection 6. It arises out of a case decided by the Supreme Court of Canada in the fall of 1955 called the Home Oil Company *versus* the Minister of National Revenue. By way of preface I might say that the income tax law has always allowed the oil companies and the mining companies, first of all, to deduct exploration and drilling expenses incurred by them as a cost of doing their business, and, secondly, to claim a depletion allowance of 33⅓ per cent of the net profits from either oil or mining production. The depletion of 33⅓ per cent is given in view of the fact that in both industries the asset is considered to be a wasting asset. It was always believed that the law provided for these deductions to be taken in this order. It was also always believed, and it was the intention of the legislation, that the operations of an oil company or of a mining company should be looked at as a unit.

To shorten the explanation, may I say that the Supreme Court of Canada in the Home Oil case said: "Although that may be the understanding, that is not what the law says." The understanding of the department may have been that way, but the legislation did not say it that way and therefore this company and indeed any company for the years 1949 and 1950—because there were special

regulations for those two years—is entitled to deduct its exploration and drilling expenses and its depletion allowances on the basis of its well-by-well operations. However, the Department resisted the argument through to the Supreme Court of Canada, and finally, having found that the decision was against it, the department now proposes to clarify the law by having it say precisely what it believed it stated before the litigation was undertaken.

I may say that the proposed amendments are to apply from the year 1956 on, and it is believed that the regulations in effect between 1951 and 1955 are in accordance with the understanding that has always prevailed in the Department of National Revenue.

Hon. Mr. Isnor: Before the honourable senator leaves this clause will he deal with subclause (c) relating to coal? I understand that is a new provision; that the word "coal" is included.

Hon. Mr. Connolly (Ottawa West): I would ask the honourable senator to raise that question in committee. The section has to do with the allocation of depletion as between lessors and lessees in coal mines. It is a detail upon which the officials of the Department will give a much better explanation than I can here, if the honourable senator does not mind.

I come now to section 23 of the bill. Previously an oil company or a mining company which took over the business of another oil or mining company could get no benefit from the accumulation of pre-production expenses incurred for drilling and exploration by the company which was taken over. Under this amendment, it is proposed that this be changed and that in any one year, if the pre-production expenses are less than the income derived from the properties acquired, the company acquiring the business of the other company may take advantage of the amount of such accumulated pre-production expenses. Those expenses must be related to the properties which have been acquired by the purchasing company. In other words, it is now permissible to use the pre-production expenses of the acquired company up to the limit of the profits which are to be derived or are derived from the properties of the company which has been acquired.

This new rule is restricted to certain types of mergers which are described in the section and with which I will not further weary the house.

The next heading under which I would discuss the further amendments proposed by this legislation has to do with pension plans. As honourable senators know, under the regulations any money that is paid into a legitimate or recognized pension fund, either by an employer or by an employee, is exempt from taxation in the year in which it is paid into the fund. When it is paid out to the pensioners, the amount so paid is taxable in the hands of the pensioners. They are then receiving the pension benefits.

There are a number of sections in which honourable senators will find a change underlined, changing the word "approved" to the word "registered". These are sections 1, 3, 14, 29 and 30. Heretofore these legitimate pension plans have been described in the act as "approved" pension plans. I think the department is a little concerned that the word "approved" might carry the implication they are not only Government approved but perhaps Government guaranteed. So to avoid any possibility of that interpretation it proposes that the name be changed from "approved" superannuation or pension fund or plan to "registered" superannuation or pension fund or plan.

Hon. Mr. Isnor: May I inquire as to who will register? Will it be the insurance company or the employer?

Hon. Mr. Connolly (Ottawa West): Usually it is the employer company that takes the initiative in having a plan approved. Sometimes the plan is one that is worked out with an insurance company. Sometimes it is done simply by the employer and the employees establishing a trustee and paying the money into a fund. I think the important thing about these pension plans is the fact there must be a devesting by both the employer and employee of the moneys paid in to the pension fund, and a vesting in the trustee of the fund, so that the employer and employee lose all control of the money. The employee's benefits develop either when he reaches the pensionable age or when, for example, the plan is dissolved or when he discontinues his membership in the plan, and so on.

Hon. Mr. Isnor: How about a plan that is supported entirely by an employer? The income tax would not affect the employees in such a case.

Hon. Mr. Connolly (Ottawa West): There are rules contained in a little blue booklet that deal exhaustively with the conditions under which plans can be approved for the purposes of the Income Tax Act. As I have already said, the plans are approved or registered by the department, and once a plan is approved and registered by the department, the payments that are made into it are deductible, whether made by an employer or by an employee or by an employer and an employee. The important thing, of course, is the deductibility from the point of view of the employer.

It was provided, I think last year or possibly two years ago, that the maximum amount which might be paid into a pension plan on behalf of an individual employee was $1,500 in any one year. However, some of the group plans make it impossible to determine on whose particular personal account some or all of these moneys may be paid in. So it is felt advisable to set an aggregate maximum beyond which payments cannot be made or cannot be recognized for deduction purposes under the act. The new rule is this, that the aggregate in any year can never be more than $1,500 multiplied by the number of employees under a plan.

Sections 12 and 21 deal with a new concept in the Income Tax Act, described as supplementary unemployment benefit plans. These are usually plans which result from negotiated arrangements between employers and employees, and, perhaps I may say, are related to the idea of the guaranteed annual wage. Under it, employers pay into a fund managed by a trustee an amount of money to protect themselves against the time when people who are covered by the collective agreement and by the supplementary unemployment benefit plan will be able to receive payments in the event of unemployment. If the money is paid into a trust fund of this kind the trustee is not to be taxed with any income which is received by the fund; the amount paid in by the employer is deductible from his income as a cost of doing business, but when it is paid out to the employees under the plan it is taxable in their hands, and if a tax deduction at the source is required, then that also must be made.

Hon. Mr. Isnor: Who collects the tax from the employer who makes the return to the income tax authorities?

Hon. Mr. Connolly (Ottawa West): If there is a tax deduction on the amount that is paid out by the trustee in the event of unemployment, that deduction would be made by the trustee and remitted to the Department of National Revenue, in the same way that any employer would make the tax deduction at the source from his employee and remit it to the department.

Hon. Mr. Isnor: May I point out that if you already have the moneys in trust the employer has no further control.

Hon. Mr. Connolly (Ottawa West): That is right, the employer has no further control over the money. The employer is divested of the money; it is to be used in accordance with the plan itself and will only be disbursed by the trustee at the time the unemployment arises, and at the rate provided in the plan.

Now I deal with changes touching legislation affecting profit-sharing plans, and these are mentioned in sections 2, 3 and 20. As honourable senators know, a profit-sharing plan is different from a pension plan. The amount paid into a profit-sharing plan by an employer is a deductible expense of the employer, but it is taxed against the employees in the years in which it is paid into the fund.

The amendments provided this year are briefly as follows: Any recoveries from profit-sharing plans that are made by an employer are taxable in the year in which he might receive any of those benefits back. In the second place, it is possible for subsidiary companies to join the profit-sharing plans established by parent companies, and in this way I think the value of the plan, the solidity of the plan, might very well be strengthened considerably. In the third place, it is provided that gains, including capital gains and losses arising from the investment of funds held by a trustee under a profit sharing plan, are not to affect the employee's income or the tax thereon. In other words, if my employer paid $50 this year into a profit-sharing plan on my behalf I would be assessed with the tax on that $50 for the year in which it is paid in. If the trustee takes that $50, and perhaps thousands of other dollars, and invests the money in such a way that he makes a capital gain, the capital gain is not going to affect my tax position. My tax position is determined once the money has been paid in and I have paid my tax on that benefit, except for income earned thereon.

Under the new rules the employer can pay into a profit-sharing plan in 120 days from the end of a taxation year. Heretofore he has had to do it within 60 days.

Hon. Mr. Hackett: Is that amount payable to the family of a deceased, in the event of his death, and if so is any succession duty payable?

Hon. Mr. Connolly (Ottawa West): I think it would be an asset of the estate in the event of death. As to whether it is payable to the estate or the heirs would largely depend, I think, upon the provisions of the plan, because there is another amendment, to which I was not going to refer, but I will mention it now. Apparently there are plans under which an employee can get benefits and then may decide that he wants to drop out of the plan. Sometimes the benefits that have been built up for him in the plan cannot be withdrawn, but he has paid the tax on it. The department now proposes by a further amending section in the bill to allow him a tax credit of 15 per cent of the amount that is left in the plan which he cannot recover.

Section 24 of the bill deals with depreciation for railway tracks, railway grading and

railway crossings. Heretofore, the replacement cost of these items was charged to expense. Now it is proposed that it be done under rules respecting depreciation. For the information of lawyers and accountants in the chamber, the class within which this will fall will be class 4 and the rate will be 6 per cent.

I come now to section 1 of the bill, upon which there has been a good deal of discussion. It provides that board, lodging and other benefits "of any kind whatsoever" received in the course of employment shall be taxable. This amendment arises in a curious way. A decision handed down by the Income Tax Appeal Board in the case called the Windsor Hospital case, held that board and lodging and "other benefits" means "any other kind of benefit". Subsequent to that, there was an off-the-record remark made in another decision of the Income Tax Appeal Board, by another one of its members, in which he expressed the opinion that what the lawyer calls the *ejusdem generis* rule should apply. In other words, he thought that "board, lodging and other benefits" might mean "board and lodging and other benefits like board and lodging". The department felt that if there was that doubt, it might result in some litigation, and that that expense should if possible be avoided. So it is being made abundantly clear by the words "board, lodging and other benefits of any kind whatsoever." That would take it out of the realm of doubt.

Hon. Mr. Bouffard: May I ask the honourable gentleman if he can tell me what has been the practice of the department up to the present time in its interpretation of "board and lodging" from the standpoint of taxation?

Hon. Mr. Connolly (Ottawa West): I do not believe I can give an adequate answer to that question. I have read the explanation given by the minister in the other place. He said it was not proposed to change the existing practice. But, to my mind, there has never been any doubt about it: this legislation gives the department plenary power to decide what benefits an employee is taking in any given instance. That would include, I suppose, a casual Christmas present such as a turkey or small radio, or any other gift received by the employee, including money. Certainly, this is a basket into which everything can fall.

Hon. Mr. Hayden: It could include the purchase of products by an employee at the employer's price as against the retail price?

Hon. Mr. Connolly (Ottawa West): Yes, that could be included within this basket provision. It is far reaching, but in practice I understand it is not proposed that it should be so used.

Hon. Mr. Bouffard: Is it not also true that the department would have no discretion in the matter? That is to say, it would have to impose the tax in such circumstances as have been described, and the minister is given no discretion in the matter.

Hon. Mr. Connolly (Ottawa West): I think most of the discretionary powers that were enjoyed by the Minister were long since taken from him; and perhaps I might add, largely at the instance of this honourable chamber.

Subsection 5 of section 3 also deals with board and lodging benefits, particularly as they relate to clergymen. This is the one exception proposed in the legislation. However I may say that clergymen, *qua* clergymen, do not acquire the benefit automatically; if, for example, they are teachers or professors they are not entitled to the benefit.

Section 28 contains a provision with reference to the solicitor and client privilege which might obtain in the event of documents being in the possession of a lawyer, or communications of any kind from a taxpayer client whose activity the department might be interested in investigating, and in the course of which the department might want to seize the records of the lawyer. Now the lawyer, knowing of the privilege—and it is the privilege of the client, not of the lawyer—can take advantage of a procedure and apply to a court and be relieved of the responsibility which he might otherwise have under provincial law by reason of the existence of the privilege. So far as the legal profession is concerned, I understand that the proposals carry the approval of a special committee of the Canadian Bar Association which has been dealing with the matter for a number of years, and finally this is the solution which has been adopted.

Honourable senators, I do not propose to discuss the details of the amendments dealing with undistributed surplus, contained in sections 22 and 26. I think those are sections which might properly and more helpfully be discussed in a committee when the officials are present. I am sorry to have taken so much time to deal with this bill, but I hope that by making the groupings that I have made, I have shortened the explanation to some extent.

Hon. Mr. Hackett: Will the honourable gentleman permit a question? He has said there is a distinction between the amounts paid to a province by a corporation and those paid to a province under personal income tax

levy. In the latter case I understand that an amount of 10 per cent of the federal tax may alone be deducted even though the taxpayer would have to pay twice that amount under provincial tax legislation. Is that the fact?

Hon. Mr. Connolly (Ottawa West): That is right.

Hon. Mr. Bouffard: May I ask a further question? Is there anything in the bill relating to pensions that may be purchased by self-employed people such as lawyers, doctors and other professional men, the cost of which may be deducted from income for tax purposes?

Hon. Mr. Connolly (Ottawa West): No, there is nothing in the bill with reference to pension payments made by self-employed persons such as professional people or small businessmen. That is a matter of the financial policy of the Government. I think there is great need for such a provision. That question was discussed at great length in the other place, and I understand the Minister said he was giving the matter consideration.

Hon. Mr. Hugessen: Honourable senators, arising out of the question asked by the senator from Grandville (Hon. Mr. Bouffard), it is interesting to note that I think for the first time action has been taken by the British Government in this respect. The Chancellor of the Exchequer, in his recent budget, introduced proposals for allowances for pensions purchased by self-employed people. I think it would be well if the Government would take note of what has been done and see whether next year the provisions brought in in the British budget could not be made applicable under similar circumstances in this country.

Hon. Mr. Bouffard: I quite agree with that suggestion.

Hon. W. D. Euler: Honourable senators, when explaining this bill the senator from Ottawa West (Hon. Mr. Connolly) said he found it difficult to discern some principle in the bill upon which he could reasonably discuss its overall significance. I have some sympathy with him when I discover there does not seem to be any particular principle running through the various clauses.

The bill contains some provisions of which I do not approve. I am not going into detail, because ordinarily the clauses should come under discussion more particularly in committee, and I presume this bill will be referred to committee. But I wish to make reference to one or two clauses. One of them makes a very fine gesture by providing that a farmer who has both a farm and a son may sell the farm to his son at a depreciated value. Is that correct?

Hon. Mr. Connolly (Ottawa West): That is not right.

Hon. Mr. Euler: Well, it seems to me that is the most extreme sort of class legislation. I can see why a man might want to sell his property to his son at less than its real value; he might even want to give it to him as a gift. I can quite understand that fatherly feeling, but why in the world should the right to exercise it be allowed to farmers only? If I happen to have a son and a business—be it a grocery store, a bookstore or any other business—and I want to sell it to my son at a depreciated figure, why should I not have the same privilege as the farmer and his son are given under this amendment? This clause seems to me to be truly lacking in the right principle.

Then the honourable senator from Ottawa West described the consideration to be given to people who attend conventions: they will be allowed to deduct from their taxable income the expense of attending conventions, if they have vouchers, which they can get very easily. Does that arrangement also apply to an investor, to a person who happens to own stock in a company and who attends the company's annual meeting?

Hon. Mr. Hayden: That is not a convention.

Hon. Mr. Euler: But the amendment that seems to be the most inexcusable is this one: that if the income tax paid to a province by a corporation exceeds 9 per cent of taxable income—I think I am right—the excess may be deducted from the taxable income but not from the tax. But that excess of 9 per cent was taxation that was paid, so why should the corporation not be allowed to deduct the excess from the taxes instead of from the taxable income? In my opinion that is an indefensible case of double taxation.

That is all I have to say. I am not often very critical of this Government, but I have seldom seen a piece of legislation in which there are so many indefensible clauses on principle.

Hon. Mr. Hayden: Did I understand the honourable senator from Ottawa West to say that a corporation carrying on a business in a province which has a corporation income tax may deduct from the tax which it pays to the federal authority an amount equal to 9 per cent of the tax which it pays the provincial authorities?

Hon. Mr. Connolly (Ottawa West): No, that is not what I said. What I said was that a corporation will pay to the federal Government not the federal rate, but 9 percentage points less than the federal rate, and then it will pay to the province 9 per cent of its taxable income, if it levies that much, or less

than that, if it levies less than that. If the province levies more than that, then the additional percentage or amount is a deduction from taxable income, and not from the tax. That is not a simple clause. As a matter of fact it may be the core of the Federal-Provincial Tax-Sharing Arrangements Bill that we discussed here last week, in so far as corporation taxes are concerned, but it is not a generally understood thing. I hope I have explained it faithfully.

The Hon. the Acting Speaker: Honourable senators, on the question of a point of order which was raised by the honourable senator from Waterloo (Hon. Mr. Euler), I would point out that the principle of this bill, entitled an Act to amend the Income Tax Act, is reflected in each section. The bill has no general principle other than the necessity of raising money. I agree that a great deal of latitude has been given, but it must necessarily be given to the honourable senator who is charged with the duty of explaining such a bill to the house.

Hon. Mr. Euler: I am not objecting.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Connolly (Ottawa West), the bill was referred to the Standing Committee on Banking and Commerce.

SUPREME COURT BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 443, an Act to amend the Supreme Court Act and the Criminal Code.

He said: Honourable senators, this bill provides for the appointment of a deputy registrar for the Supreme Court of Canada and makes certain provisions regarding the bringing of appeals to the court.

Section 1 refers to the appointment of a deputy registrar. In the future there is to be a registrar and a deputy registrar of the court. At the present time there is only a registrar. One reason for the appointment of a deputy is that the work of the court, which is the highest court of appeal in our country, is increasing; another reason is the feeling that the judgments of the court should be prepared by an official of the court. This bill stipulates that the reports shall be prepared by the registrar or the deputy registrar. I believe the intention is that the deputy registrar shall do this work.

The next provision I wish to mention is contained in sections 2, 3, 4 and 5, which provide for the bringing of appeals. At the present time, in civil cases, an appeal can be brought where the amount involved is $2,000. It is proposed to increase the amount to $10,000. It is provided also that an appeal can be brought where the amount involved is less than $10,000, but only by leave, and application for leave is to be made to the court, of which the quorum is three, although of course more than three judges may sit. In criminal cases, at the present time, an appeal where there has been a dissenting judgment in a lower court can be brought only by leave, application for which is to be made before one judge. In capital cases, after this bill comes into effect, an application for leave to appeal must be made to the court, of which a quorum is five. In other than capital cases the quorum is three.

The remaining clauses are procedural, probably with the exception of clause 21, which provides that leave to appeal in criminal appeals now pending will be made to the court with a quorum of five. In one capital case only, application for leave is now before the court, and that application is to be heard by a quorum of five.

I believe, honourable senators, that sufficiently explains the bill.

Hon. John T. Hackett: In cases where there is not an appeal as of right, applications have, according to practice, been made to the court which rendered the decision. I speak now of the province of Quebec.

Hon. Mr. Macdonald: That is, in civil cases.

Hon. Mr. Hackett: Yes. Where the appeal does not lie as of right to the Supreme Court, the petition for leave to appeal to that court has to be made to the court which rendered the judgment. There have been exceptions to the rule, but almost invariably the court which rendered the judgment has refused the petition, and an application for leave to appeal to the Supreme Court has had to be made to that court. Of course the proposed legislation, wherein the amount involved is increased from $2,000 to $10,000, will weed out most or many of the cases which have been carried from the provincial court of appeal to the Supreme Court.

As regards the right to appeal to the Supreme Court in capital cases, I am inclined to think the legislation entails duplication. Previously a judge of the Supreme Court determined whether or not there was a question of law at issue. If the whole question must be submitted to a bench of at least five—

Hon. Mr. Macdonald: In criminal cases, three, except in capital cases.

Hon. Mr. Hackett: I am speaking of capital cases only. If the appeal can be heard only by the full bench, the case is bound to be argued twice before a bench of the same number, and as I say, it would seem to me that that is undue duplication.

Hon. Mr. Croll: Louder, please.

Hon. Mr. Hackett: The simple question of whether the issue presented is one of law or of fact should be susceptible of determination by any one of the learned judges. If there be a dissent on that question, there may be a recurrence of some of the difficulties which have recently not added much to the stature of the final court of appeal. One judge should be capable of determining, as he has in the past, whether the issue is one which can properly be heard by the Supreme Court.

Hon. David A. Croll: Honourale senators, I regret that I could not hear the honourable gentleman who has just sat down. It sounds rude to shout "louder", but I wanted to follow his reasoning.

I am not at all satisfied with the bill. There is not much I can do at this time to correct it, but I regret that in this day and age there is not an automatic appeal in every case involving a charge of a capital offence. I think that in these cases there should be an appeal as of right: not only that, but the state should supply copies of the transcript of evidence, pay the costs, and provide counsel. We are dealing with a very serious matter when we deal with a capital charge.

Hon. Mr. Hackett: We are dealing with murder.

Hon. Mr. Croll: Quite right; and the accused may not be guilty; and until such time as he is proven guilty beyond a shadow of a doubt he has the right to ask and to receive the protection of the Government, representing his fellow-citizens. So he ought to have an appeal as of right. It should not be dependent upon whether he is capable of hiring a lawyer, or whether there is a question of fact or a question of law. That is another matter entirely. I am not addressing myself to civil matters; I am addressing myself to a criminal appeal involving a capital offence. I say that I regret very much that at this stage these appeals do not come as a matter of right. There are states in the American Union that are far advanced beyond us in this. They not only provide counsel but they pay the fee for transcribing the evidence and all other costs that are assessable. In such circumstances a man who is finally convicted probably has no one to blame but himself. He has been given the full benefit of the law. I hope that the next time we improve the act —and it needs considerable improving yet— more will be said in favour of providing for an appeal as of right to everyone convicted of a capital offence.

Hon. Salter A. Hayden: Honourable senators, I am very glad to hear my friend the honourable gentleman from Toronto-Spadina (Hon. Mr. Croll) express these views. Recently there was tabled in the Senate a report from a joint committee of both Houses of Parliament dealing with the subject of capital punishment. The report contained the recommendation that after a conviction for murder there should be an automatic right of appeal, whether the convicted person raises his hand or not; that the transcript of evidence and the record, and so on, should be forwarded to the court of appeal in the province concerned, and that proper and adequate counsel should be provided.

The committee made the further recommendation that an appeal to the Supreme Court of Canada should be an appeal as of right; that is to say, a convicted person may not choose to exercise his right, but he should have a right of appeal without having in the first instance to make an application for leave.

I agree in part with what the honourable senator from Victoria (Hon. Mr. Hackett) said, that if you are going to argue the matter of leave to appeal before five judges in the Supreme Court of Canada, it will be difficult not to have a full-dress rehearsal of all the facts and points involved. It does seem to be fanning the air a bit to come back before a court of five or seven judges, as the case may be, and then hear the case on the merits. I think it would be more expeditious to have an appeal as of right. It would be fairer from the public point of view, because the issue involved is one of the life or death of an individual.

Hon. W. Ross Macdonald: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I would point out that if the honourable Leader of the Government (Hon. Mr. Macdonald) speaks now he will close the debate.

Hon. Mr. Macdonald: Honourable senators, I agree to a large extent with what has been said as to appeals in capital cases. My recollection is that the report of the joint committee of Parliament on capital punishment recommended that after a man has been found guilty of murder, the record, including the transcript of evidence, should be

referred to the court of appeal of the province concerned. Just what that court of appeal would do with the record I do not know; neither do I recall if there is any direction in the report of the committee as to this. I presume that if the court of appeal felt a case should be reheard, a direction would be given to that effect.

It is also proposed that there be an appeal of right from the provincial court to the Supreme Court of Canada. Among the documents that have been recently tabled in this house is the report of the Fauteux Committee, which contains many recommendations as to the parole and the care of prisoners in penal institutions. These matters cannot be considered by Parliament alone, for many of them are the direct responsibility of provincial Governments. It has therefore been proposed by the Minister of Justice that a meeting be called between representatives of the provinces and representatives of the Dominion to go over that report very carefully. The cost of the administration of justice is the responsibility of the provinces. The Minister of Justice did not think it would be proper to recommend in this legislation, without consulting the provinces, that an appeal as of right be made from a provincial court to the Supreme Court of Canada. He did not think it would be proper to saddle that expense on the provinces without at least consulting them. The minister has assured Parliament—and I repeat his assurance—that this whole question will be reviewed, to see if it is advisable and feasible to have an appeal as of right from the provincial courts to the Supreme Court of Canada in capital cases.

The Hon. the Acting Speaker: Honourable senators, the question is on the second reading of Bill 443, an Act to amend the Supreme Court Act and the Criminal Code. Is it your pleasure to adopt the motion?

Some Hon. Senators: Agreed.

Hon. Mr. Hackett: On division.

The motion was agreed to, and the bill was read the second time, on division.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed, on division.

NAVIGABLE WATERS PROTECTION BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill O-8, an Act to amend the Navigable Waters Protection Act.

Hon. Salter A. Hayden moved concurrence in the amendments.

He said: Honourable senators, I should point out that the chief amendment is to strike out section 6 of the bill in the form in which it was originally presented to this house. Section 6 repealed section 10 of the act and gave the minister the right to make certain regulations. Under the original act it was the Governor in Council that had the right to make the regulations. The Commons felt that the power to make the regulations should preferably be with the Governor in Council rather than the minister. Accordingly, they struck out section 6 of the bill, which has the effect of leaving section 10 in the statute in its present form.

Section 5 of the bill has been amended in part by the Commons consequential to their striking out section 6, because section 5 had a reference to section 10 as enacted by this bill.

Honourable senators, those are the two amendments and the purport of them.

The motion for concurrence in the amendments was agreed to.

CUSTOMS TARIFF BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill 448, an Act to amend the Customs Tariff.

He said: Honourable senators, this bill is very short but the schedules attached are quite long. However, I will try to explain the bill briefly.

I would like first to deal with sections 2, 3, 4 and 5, and then come back to section 1.

Section 2 simply provides for the striking out of certain items in Schedule A to the French version, and reinstating them, because certain misprints occurred in the text in the course of the revision at the time of the consolidation of the statute.

Section 3 deals with item 1209, which in the Customs Act is entitled "Prohibited Goods", and which defines certain classes of prohibited goods. The amendment is necessary by reason of an order made under the Trade Marks Act and which came into force a year ago. Under item 1209, the customs officer could refuse to admit goods bearing a trade mark or name registered or held by

some person in Canada. Under the new Trade Marks Act, section 51, the holder or user of a registered trade mark or trade name may secure a court order confirming his position. Then under the act proposed to be amended here the customs officer is entitled to refuse entry of goods bearing that trade mark or trade name.

Section 4 also deals with a revision of the French version; it amends Schedule C to the French version by striking out item 1215 and by inserting therein the item specified in Schedule D. The only change is that in the French version the word "or" should read "and", as in the English version. The purpose is to correct a misprint.

Section 5 deals with the date of the coming into force of the various sections. It will be observed that sections 1, 2 and 4 came into force on March 21, 1956, and that section 3, the section that is prompted mainly by the new Trade Marks Act, comes into force six months after the day on which Royal Assent is given, the reason being that people who heretofore were refused the entry of goods bearing a trade mark or name registered in Canada may go to a competent court and get an order to present to the customs officer upon which he may thereafter act.

I would be glad to tell the whys and wherefores of each item of Schedule A, but let me say generally that the main items dealt with in that schedule arising under section 1 of the bill have to do with rewording and clarification. In one or two instances reductions in duty are involved. In no instances are there increases in duty. In one or two instances the revisions are necessary because of decisions given by the Tariff Board and with which the Government policy does not agree, and therefore there is a clarification of the item so as to conform with Government policy and to get away from the judicial interpretation given by the Tariff Board.

If there is any particular item which any senator wants to refer to, I will try to give the reason for it, otherwise I propose to illustrate by referring to several items. I go first to item 137a, the second item in Schedule A. Last year there was a revision of the tariff item with regard to sugar and molasses, and all reference to molasses powder was omitted entirely. This item reinstates molasses powder. It has a small use in Canada, I understand, chiefly as a component of a paste in the preparation of ginger.

Items 409f and 409g apply to agricultural implements. It was felt necessary to restate the items because of an interpretation by the Tariff Board. Item 409f contains a long list of farm machinery and implements. Part way down the list the following words appear: "All the foregoing for use on the farm for farm purposes only". So that a particular list of machines and implements which are for use on the farm for farm purposes only are admitted under this item free of duty. Shortly after the war, I think, it was announced, as a policy of the Government that agricultural implements and parts thereof should be admitted free of duty. Item 409f concludes with the words "Parts of all the foregoing". This amendment, which was brought about by reason of a decision of the Tariff Board, makes it perfectly clear that parts of agricultural equipment as well as agricultural implements are entitled to free entry.

Item 409t gives double assurance with respect to certain classes of articles. That item provides for free entry of:

> Axles, belts and belting, bolts, chains, nuts, pulleys, washers; all the foregoing when for use with the goods entitled to entry under tariff items . . .

Then follows the list of tariff items which relate to agricultural implements or equipment. As I have said, this is for the purpose of giving greater clarity to the matter and putting beyond doubt the policy of the Government that agricultural implements in the broadest sense must be given free entry.

The next item to which I should perhaps direct attention very briefly is 425b. It deals with power mowers. Unfortunately, the wording in the budget resolutions was too narrow, in that when it spoke about power lawn mowers it did not cover articles that formerly were free, such as tractor-drawn lawn mowers. This item gives a broader description of lawn mowers, and applies whether the motive power is built into the machine or attached to it.

I would refer next to item 446k, which relates to tools. This item was rewritten because of a decision of the Tariff Board in April of this year, that tools made to fit specific machines or which are specific attachments, will no longer be classified under the item covering tools, but instead will be classified as parts of such machines. This of course would have the effect of reducing the duty very considerably, to the prejudice of the domestic manufacturer. For that reason, we have a new definition in item 446k.

I should like to refer next to item 618b, which deals with tires. This also occurs by reason of a decision of the Tariff Board. As honourable senators know, there are large sized, off-the-highway tires, used on excavating machines and equipment of that kind. It is intended that tires shall be considered as tires in all circumstances, and will bear the particular rate of duty prescribed. But by reason of the decision of the Tariff Board that off-the-highway tires should be classified

as parts, they carried a lower rate of duty. This was undesirable in the circumstances, because tire manufacturers in Canada maintain their molds for these tires just as for all other kinds of tires, and the companies were being exposed to a kind of competition to which it was never intended as a matter of policy that they should be exposed. So, we have Item 618b written in the form in which we now see it. It will now be clear that only one item in the tariff applies to tires, and the duty is constant no matter what kind of tire is involved.

Hon. Mr. Hackett: May I ask if this particular item has been inserted to facilitate undertakings by foreign companies who are working on the seaway and other national projects? I believe the question arose when contractors attempted to bring in machinery being used in the prosecution of work for the Government. I now ask if that item was introduced into the tariff to meet that situation.

Hon. Mr. Hayden: I cannot answer my friend's question, but I can tell him that the published purpose of what is contained in paragraph (2) of 618b is to meet a decision of the Tariff Board brought down early this year, in which it was held that tires on tractors, excavators and such off-the-highway equipment were parts and attracted a rate of duty of 7½ per cent, as against the most-favoured-nation rate of 22½ per cent under the tariff as it stood at that time. In order to make it absolutely sure that every kind of tire is covered I would draw attention to the opening words of paragraph (1), namely, "tires and tubes, wholly or in part of rubber . . ." without exception of any kind. Previously the item read "n.o.p." which means "not otherwise provided". So, where there is no exception, one looks nowhere else in the tariff for tires except at this one item, and it bears the rate of duty provided.

I should perhaps also refer to item 700, which is a rewording of the existing item and permits free entry for a limited period of time of displays where manufacturers or associations are holding conventions or meetings, and equipment is brought in for the benefit of those attending such gatherings. For a limited period of time the displays may be brought in free of duty; but the display material cannot be imported under this section by a commercial organization. It is allowed in in accordance with the limiting language of the item, namely:

> . . . for the purpose of display at a convention or a public exhibition, held by an association not engaged in business of a private or commercial character, at which the goods of various manufacturers or producers are displayed.

Under that limitation such goods may be brought in free of duty.

Honourable senators, there are many other items in the schedule which I could explain, but I think I have covered as many as I should. Perhaps I should have mentioned that some items have enjoyed—and in some cases for a number of years—a certain rate of duty under an order in council, which is a temporary provision. Five or six of these items are now being made statutory and are no longer dependent on the exercise of ministerial discretion by way of order in council for a limited period of time. You will observe that in one or two instances the time is extended on a temporary basis for a period of one year. Other than that, the items to which I have drawn particular attention are those which have some substance.

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

THIRD READING

The hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: I move the third reading now.

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

TELEGRAPHS BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen: Honourable senators, if I may now have permission to revert to reports of committees I would like to submit the report of the Standing Committee on Transport and Communications on Bill 212.

The report was read by the Clerk Assistant as follows:

> The Standing Committee on Transport and Communications, to whom was referred the Bill (212) intituled: "An Act to amend the Telegraphs Act", have in obedience to the order of reference of August 7, 1956, examined the said bill, and now report the same without any amendment.
>
> The committee further report that the Deputy Minister of Transport, Mr. J. R. Baldwin, on the authority of the Minister of Transport, the Honourable George Marler, read the following statement to the committee:
>
> "After Bill 212 had been considered in the Standing Committee on Railways, Canals and Telegraph Lines, it was found not to be practicable to exempt from the licensing requirement services and facilities for the transmission of communications that begin and end outside of Canada because, in a general way, substantially the same facilities are used for the transmission of communications that begin or end in Canada. In cases where the latter type of service may be licensed this common use of facilities is essential to efficient operation and will in the future apply to an even greater extent because of the tendency of cable companies to provide greater and more varied communication capacity in fewer cables.
>
> The proposed regulations have as their purpose the effective regulation and control of external

submarine cables for the transmission of communications that begin or end in Canada, and subject always to this overriding purpose recognition will be given in the drafting of the regulations to the principle that the terms and conditions of licenses will not restrict or interfere with the transmission of communications that begin and end outside of Canada."

The report was adopted.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hugessen: Honourable senators, I move the third reading now.

Hon. John T. Haig: Honourable senators, first of all I want to congratulate the Chairman of the Committee on Transport and Communications (Hon. Mr. Hugessen) on his handling of the committee this morning.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: I was very well pleased. I also liked the way in which the leader of the house (Hon. Mr. Macdonald) freely called witnesses before the committee, so that we had a full and frank discussion of the whole matter.

However, these things do not persuade me that the bill should be passed. I say quite candidly and honestly that I do not think this bill should be passed in its present form. That was my opinion when the bill was voted on in committee, and I voted against it. True, it was a minority vote. But I wanted to register my view that the licence should not be granted by the Governor in Council at all. I think the rules and regulations by which a licence should be granted should be set out by statute in cases of this kind.

Secondly, I submit that an appeal from a refusal to grant a licence should be to a commission. It was suggested that this should be the Board of Transport Commissioners, but any other equally impartial board would be satisfactory. It is true that these boards are appointed by and are responsible to the Government, and that the Government can remove them if it wishes to, under certain conditions. But there is a difference between a board granting a licence and the Government itself granting a licence, and I must say that I feel—although I may be wrong—that there was some desire that the minister himself should have the doing of it. He said he did not think the responsibility was sufficient to necessitate a reference to the whole cabinet. That is a wrong attitude. It is quite plain from representations we received that there are companies operating in the cable business which are afraid of this legislation; they think it is an attempt to exercise control beyond the provisions of the act under which they were incorporated some years ago.

For these reasons I object to the bill. I do not like to see legislation like this going through. I believe in free enterprise, and I believe that the ordinary individual who starts a company should have the right to conduct his own business and not be controlled by the Government. If the Government wants to go into the business let it go in on a basis of equality and have no favouritism. There is no use denying the effect of Government influence here. Some day a different Government may be in power but regardless of who is in power, we should not have to depend on the individuals comprising the Government.

I oppose this bill quite openly. I am not angry at the Government for the way it has handled things. I have made that quite clear. It is quite an open case. I have no objection to the way the bill has been handled in this house, which is very satisfactory to me, but I am not convinced of the fairness of the legislation and therefore I am opposed to it.

Hon. Mr. Hackett: Honourable senators, I will not attempt to repeat what I have already said. I am opposed to the legislation, not because it has not been discussed, not because we are bound by majority rule—there is no question about that—but because there is an underlying philosophy which makes it clear that good government separates the legislative function from the administrative function. When a creature of the Government finds itself in a rivalry with private enterprise, and makes the rules and then determines how they shall be applied, I submit that there is a breach of the elementary philosophy of good government.

Hon. Mr. Hugessen: Honourable senators,—

The Hon. the Acting Speaker: I would remind the house that if the honourable senator speaks now he will close the debate.

Hon. Mr. Hugessen: Perhaps I should say a word, in view of what has been said by the two honourable senators who have preceded me.

First, I want to thank the Leader of the Opposition (Hon. Mr. Haig) for his kind remarks about my conduct of the proceedings of the committee, as chairman. This morning and early this afternoon we had a full, free and frank discussion during a period of nearly four hours; and during the latter part of our meeting the Minister of Transport made a very clear statement with respect to this bill.

This is one of the cases which are bound to arise, and which occur quite frequently under

our present system, wherein the Government is itself engaged in a class of business through one of its creatures—in this case the Canadian Overseas Telegraph Company—in competition with private corporations. This bill has to do with the regulation of overseas telegraphs; and in addition to the Canadian Overseas Telegraph Corporation, which is a Government creation under the control of the Minister of Transport, there are two private companies involved in the business. One is the Western Union Company, the other the Commercial Union Cable Company. Both of these corporations made representations to the committee. The Western Union Company feared that the purpose of the bill was to interfere with the business which it primarily carries on, namely, the transmission of messages from one point outside Canada to another point outside Canada, but touching Canada on the way. The minister authorized the deputy minister to make a statement to the committee—which he did, and which was read by the Clerk a few minutes ago—to the effect that it was not intended by the regulations to be set out under this bill to interfere with messages of that kind. That was the reason for the rather unusual procedure which was followed in the report—a procedure for which I do not remember any precedent during my years in the Senate—that is, the inclusion in the report of a statement made on the authority of the minister as to the manner in which he would interpret the legislation if it is passed. But the Western Union representatives wanted some record of the statement for which they had asked, and which the minister had made, as to the way in which the regulations were to be administered. The minister agreed to have this statement appear on the record, although, of course, the question is not one relating to the law, but a matter of good faith.

The other company, the Commercial Union Cable Company, which has a long history of ownership and operation of a cable between Canada and Great Britain, extending back, I believe, to the year 1886—

Hon. Mr. Hawkins: 1884.

Hon. Mr. Hugessen: —was, I think, basically apprehensive that the power of regulation which the minister seeks under this bill —a power to regulate these companies after they have started their operations, and during the course of their operations—was intended as a means of favouring the Government company at the expense of the private companies. I suppose a suspicion of that kind is bound to occur in cases such as I have described, where the Government, as a regulatory body, is in the dual position of a judge and of one of the parties regulated. The minister explained to us that in his view the modern development of telegraphic communication is such that he feels he should have some measure of control over the current day-to-day operations of the telegraph companies. The only control he has under the act as it stands is that, when the cable is initiated, his approval of the construction and laying of the cable must be obtained: at that time he can make such conditions as he sees fit: After the cable has been laid pursuant to his authority, he has no further control. He felt that for general reasons he should have some measure of official control over the operations of the cable companies, but he assured the committee that there is no intention to prejudice the operations of the private companies in the interests of the C.O.T.C., that there is no desire on the part of the Government to create a cable monopoly, and indeed he pointed out that had the purpose been to make a monopoly the Government would not have proceeded through legislation of this kind, but through a direct act of Parliament to expropriate the private companies.

That was the general purport of the proceedings of the committee. I must say that there is something to be said on both sides. I admit I felt that there was some point to the suggestion that, rather than have these regulations made by the Governor in Council, they should be promulgated by an independent body such as the Board of Transport Commissioners. The minister explained, however, that these regulations, dealing with overseas cables and so on, relate to international matters with which the Board of Transport Commissioners is not competent to deal. But he did hold out hope that on some occasion in the future an independent body may be set up which will have charge of the making and enforcing of regulations over the whole field of communications. Well we had to be satisfied with that and, generally speaking, I thought the minister made out a reasonably good case for the bill. I certainly felt, after hearing his explanations, that the fears of the private companies were, to say the least, exaggerated.

The Hon. the Acting Speaker: Honourable senators, the question is on the third reading of Bill 212, an Act to amend the Telegraphs Act. Is it your pleasure to adopt the motion?

Some Hon. Senators: Agreed.

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the third time, and passed, on division.

BANKING AND COMMERCE COMMITTEE

NOTICE OF MEETING

On the motion to adjourn:

Hon. Mr. Macdonald: Honourable senators, before moving the adjournment of the house may I point out that although many of us have been in session almost continuously since 10.30 this morning, a meeting of the Banking and Commerce Committe is scheduled for 8 o'clock this evening. Our time may be almost fully occupied until then, for another meeting is to be held at 6 o'clock. However, in spite of all our engagements the chairman of the Banking and Commerce Committee (Hon. Mr. Hayden) would like to proceed with his meeting at 8 o'clock.

Hon. Mr. Haig: Honourable senators, we all want to get through our business as soon as possible and we have worked pretty hard today. Could we not agree to dispose of one bill in the Banking and Commerce Committee tonight and deal with the other one tomorrow morning at 10.30?

Hon. Mr. Macdonald: That would be a matter for the committee to decide.

Hon. Mr. Haig: The committee would want direction from the honourable gentleman and from this house.

Hon. Mr. Macdonald: It would be difficult for me to be at the meeting when it commences its sitting at 8 o'clock, but I shall speak to the chairman of the committee about it.

Hon. Mr. Haig: We shall be there at 8 o'clock.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, August 9, 1956

The Senate met at 3 p.m., Hon. Thomas Vien, P.C., Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

SMALL LOANS BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 51.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (51) intituled "An Act to amend the Small Loans Act", have in obedience to the order of reference of August 8, 1956, examined the said bill, and now report the same without any amendment.

The report was adopted.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hawkins: I move the third reading now.

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

THE ACTING SPEAKER

TRIBUTES TO HON. THOMAS VIEN, P.C.

Hon. W. Ross Macdonald: Honourable senators, my information is that His Honour the Speaker will return to the chamber tomorrow and preside over our sittings to the end of this session. At this time I should like to express to the honourable senator from De Lorimier (Hon. Mr. Vien) our appreciation of the very gracious and capable manner in which he has presided over our proceedings during the Speaker's absence. We are fortunate to have a man of his capacity and experience in our midst. I am sure I speak on behalf of all members when I say that we very much appreciate his service to us during the last few days.

Hon. Senators: Hear, hear.

Hon. John. T. Haig: Honourable senators, I wish to join the Leader of the Government in expressing to the Acting Speaker our appreciation of the way in which he has presided over the deliberations of this house during the last few days. It is very gratifying to know that there is someone among our members who understands the rules of procedure so well does the honourable senator from De Lorimier.

Hon. Senators: Hear, hear.

The Hon. the Acting Speaker: Honourable senators, I am extremely grateful to the honourable Leader of the Government and the honourable Leader of the Opposition for their very generous expression of appreciation of my humble effort, and to you all for your very gracious applause and for the honour that you conferred upon me in calling upon me to discharge the functions of this very high office. I wish to extend my sincere thanks to all honourable senators.

INTERNATIONAL WHEAT AGREEMENT

RESOLUTION OF APPROVAL

Hon. James A. MacKinnon moved:

That it is expedient that the houses of Parliament do approve the International Wheat Agreement opened for signature at Washington on May 14, 1956, and that this house do approve the same.

He said: Honourable senators, when the honourable Leader of the Government in the Senate (Hon. Mr. Macdonald) asked me to speak to this resolution, I thought he did so because he knew that for eight or nine years, as Minister of Trade and Commerce, I had to do with this problem, among others. I had wished to take this opportunity to refer briefly, first, to the production of wheat, which comes under the authority of the Department of Agriculture, and then to the work of the various committees in the Department of Trade and Commerce which have to do with the wheat problem. I accepted it as a compliment and a privilege to be called upon by the honourable leader to speak on this subject. I have always appreciated my official duties in this connection. During my term of office I used to fear question time in the House of Commons, because invariably there was a barrage of questions from the Opposition groups relative to difficulties connected with the handling of wheat, and I had supposed that when I left the other place to come to join this venerable and august body my days of worrying over the wheat question were pretty well over.

Let me first explain how the Department of Trade and Commerce comes into the wheat question. The department has, of course, no direct responsibility in connection with the production of grain; that pertains to the Department of Agriculture. The Department of Trade and Commerce comes into the picture when the wheat raised in the grain producing areas of Canada is delivered to

country elevators. The Board of Grain Commissioners takes charge of the wheat to start with, and then the Canadian Wheat Board takes over. When I was looking after this problem, as Minister of Trade and Commerce, we had a committee of the cabinet consisting of myself as chairman, the Minister of Agriculture, the Minister of Finance and others. Among this group were the Honourable Mr. Dunning, the Right Honourable Mr. Gardiner, the Right Honourable Mr. Ilsley and the Honourable Senator Crerar. There was also an advisory committee consisting of the heads of the various western farm organizations and representatives of various aspects of the wheat trade, including producers, shippers, millers and so on. I believe the personnel of this committee, if it is still functioning, is composed of actual producers and heads of western farm organizations.

Many people look upon Canada as being the greatest wheat producing country in the world. Perhaps this is because we hear so much in Canada about the wheat problem generally. It was of interest to me to learn authoritatively that China is actually the leading wheat producing country, followed in order by Russia and the United States. If my information is correct I understand that until recently both France and Canada produced approximately the same amount of wheat, some 400 million bushels a year. Latterly, however, Canada's production of 500 million and more has exceeded that of France.

Canada is an exporting country. We have to export our surplus wheat, whereas many of the countries I have mentioned consume their own wheat supplies. I was going to refer to these matters in more detail, because I thought they might be of interest to honourable members, but the time is late in the session and I am not going to go further into it now. However, I would like to refer to the good work done by the Department of Trade and Commerce officials—by the deputy minister, the assistant deputy minister and the Civil Service officials generally. Incidentally, I have never met nor heard of any better Civil Service than we have in Canada.

Hon. Senators: Hear, hear.

Hon. Mr. MacKinnon: And I never had any happier years in my political life in Ottawa or Edmonton than those I spent as Minister of Trade and Commerce.

Honourable senators, in supporting this resolution may I give a brief explanation of its purpose and benefits to Canada. The text of this agreement was tabled in the Senate on June 26 of this year. This is the third such agreement, the original having been in operation for four years from 1949, and the second renegotiated in 1953 for a three-year period.

In order for this agreement to enter into effect it was necessary that, of the countries convened in conference, exporting countries making up more than two-thirds of the guaranteed quantity and importing countries in like proportion had signed between May 14 and May 18, and by July 16 had deposited, an instrument of acceptance or notice of intention to do so by, at the latest, December 1, 1956. The following countries undertook these provisions, and thereby the agreement became effective August 1, 1956, for a three-year duration: Argentina, Australia, Canada, France, Sweden, United States, Austria, Belgium, Bolivia, Brazil, Costa Rica, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Germany, Greece, Guatemala, India, Israel, Italy, Japan, Korea, Lebanon, Liberia, Mexico, the Netherlands, Nicaragua, Norway, Panama, Peru, the Philippines, Portugal, Switzerland, Union of South Africa, Vatican City and Yugoslavia.

I wish to give a short review of the various International Wheat Agreements. As honourable senators are aware, exporting countries are obliged to make available their guaranteed quantities only at the maximum of the price range established, and importing countries are committed to accepting their quota only if prices are at the minimum of the range. Under the 1949 agreement, the established range of prices was a maximum of $1.80 per bushel, and a minimum which began at $1.50 in the first year and declined to $1.20 in the fourth year. The annual amount guaranteed to Canada was 203 million bushels. For the entire duration prices remained at or near the maximum, the result being that Canada supplied virtually the entire quantity stipulated. For the three years of the agreement, commencing in 1953, the price range was higher, namely, a minimum of $1.55 and a maximum of $2.05 per bushel, with Canada's share reduced to 150 million bushels annually. The reduction in quantity was largely the result of the withdrawal of the United Kingdom. Prices fluctuated within the range, so that neither were exporters obliged to make available guaranteed quantities nor importers to accept. In fact, the volume of business conducted under the terms was only slightly in excess of half of the committed amounts for the three-year period which ended on July 31 this year. In the present agreement prices have been nominally reduced to a range of $1.50 to $2.00 per bushel and, while still subject to minor change, the

amount available to Canada is in the neighbourhood of 100 million bushels.

I definitely do not wish to over-estimate the benefits to Canada of the agreement now in force. The quantity is too low to offer an effective market outlet for normal levels of Canadian wheat exports. Nevertheless, I believe that the majority of Canadian producers favour continued participation. Certainly the principal farm organizations of the Prairie provinces, the presidents of which acted as advisers to the conference, gave their support to the terms of the renewal. There is no doubt that the best possible deal was made. One of the major benefits derived is the stability which this agreement helps to achieve in establishing world wheat prices. It also offers a valuable forum for a continuing examination of the wheat trade picture by participating countries.

It is gratifying that a major exporter, the Argentine, has for the first time undertaken to participate. This will allow the closer liaison which I am sure is welcomed by exporting and importing countries alike and is a change of significance from the previous emphasis by the Argentine on bilateral trading agreements.

The decision of the United Kingdom again to stay outside of the wheat agreement seems regrettable. Its importance as the major wheat importer could have given the element of stability and guidance to the operation of the agreement which, it appears, the importing countries as well as exporters would have found mutually advantageous. However, despite the position taken, there is confidence that Canada will continue to be a major supplier to the United Kingdom.

It is extremely interesting to observe that most importing countries see merit in a continuation of an international wheat agreement. This strongly suggests that the majority of countries, whether importers or exporters, desire a measure of stability in the wheat trade of the world. The price range of $1.50 to $2.00 per bushel for the length of the agreement is to Canada the more tangible benefit than the possible level of sales under the agreement. For this reason, together with the many indirect advantages, I commend the agreement to the house for its approval.

Hon. Mr. Euler: May I ask my honourable friend a question or two? What is the total number of bushels involved in the agreement?

Hon. Mr. MacKinnon: As far as Canada is concerned, 100 million bushels.

Hon. Mr. Euler: I was wondering what proportion of the total Canada has.

Hon. Mr. MacKinnon: The guaranteed sales for the exporting countries are as follows, in round figures: the Argentine 14 million, Australia 30 million, Canada 102 million, France 16 million, Sweden 6 million and the United States 132 million.

Hon. Mr. Euler: I merely wanted to know what was Canada's position in relation to the large exporting countries like Australia, the Argentine and the United States.

Hon. Mr. MacKinnon: We are second.

Hon. Mr. Hackett: Will the honourable gentleman permit a question by a mere neophyte? Why has Britain not signed the wheat agreement? Is it because the price is considered too high?

Hon. Mr. MacKinnon: I would have liked very much to have an opportunity to discuss this particular point with the advisers, but I can go back to my own experience in the department and say that when we were negotiating sales of wheat to Great Britain there was naturally constant effort by the purchasers to keep the price low, and Great Britain thought that the price would eventually go lower. I think it is a fair statement to make that that thought is back of the hesitation on Great Britain's part to enter into this agreement.

Hon. Mr. Hackett: Was the failure of Great Britain to enter into the agreement due to a dispute over the difference between $2 and $2.05 a bushel?

Hon. Mr. MacKinnon: No, I think not. I have no doubt, as I said, that Great Britain will be purchasing large quantities of wheat from Canada. As a matter of fact, she has assured us she will be doing that, and at the world price.

Hon. Mr. Hackett: I am speaking of the agreement. I understood the honourable gentleman to say that Great Britain is not joining in the wheat agreement for the second time.

Hon. Mr. MacKinnon: That is correct.

Hon. Mr. Hackett: Was her failure to become a party to the agreement due to a matter of price?

Hon. Mr. MacKinnon: I do not think so. I think Great Britain prefers to wait and see what the future will bring.

Hon. Mr. Hackett: Are we able to say that as much wheat was sold to Britain when she was without the agreement as would have been sold had she been in it?

Hon. Mr. MacKinnon: Well, it is difficult to make a definite answer to that question. But, I think there is a certain amount of truth in the suggestion made by the honourable senator from Victoria (Hon. Mr. Hackett).

Hon. R. B. Horner: Honourable senators, on the occasion of the negotiations which took place in New York with respect to the former wheat agreement, Great Britain for the first time refrained from entering into the agreement. She held out for a maximum price of $2 a bushel. Everyone believed at that time that she would have signed the agreement if her proposal of $2 a bushel had been accepted. I recall having met in the hotel the head of the Saskatchewan Wheat Pool on his return from New York, where he had been sitting in on the negotiations, and I said to him, "You are going to have to accept the $2 in order to bring Britain in". He replied, "Oh, no, we will get our $2.05". I expressed the view that he would not get it, and I begged him to accept the lower price. At about that time I rose in this chamber and said that I hoped Canada would not let 5 cents a bushel stand in the way of concluding an agreement with Great Britain. As we all know now, it was decided to hold out for $2.05, and Britain did not sign. I have always been told, and I believe it is the fact, that had we met Britain's price she would have signed the former agreement, and would have no doubt joined in this one too.

The honourable senator who moved this resolution (Hon. Mr. MacKinnon) is quite right when he says that an agreement of this kind between the exporting countries is all to the good. We in western Canada feel that it has a stabilizing effect on our economy.

The honourable senator also said, and I think it has been reiterated by the Minister of Trade and Commerce, that we are selling wheat right along to Great Britain for just as good a price as if she were under contract.

I think it should be said that western Canada produces the best quality wheat in the world, and many of the other countries must have a certain amount of our good wheat to mix with their product. For that reason we are fortunate, when we escape damage to our crop, in producing the best wheat in the world.

Dealing with the general wheat question, I have read some statements about the distribution of box cars which alarmed me considerably. We are told through the press that the number of box cars available limits the shipment of wheat through Churchill to 17 million bushels. That statement was to some extent endorsed by the minister himself. Now, honourable senators, that is an entirely improper supposition. I have never felt that Churchill was being used to the extent it might be used. But, as I have said before in this chamber, there is a great variation from season to season. Every farmer knows that you cannot set any limit to the length of a season. For instance, spring may be early or it may be late. So with the fall. There is the same uncertainty as to the length of the annual period of operation of the port of Churchill, and it is on forecasts of the navigation season that insurance rates are based. Insurance is really the main factor that makes it possible to ship wheat through Churchill at certain times; no wheat can be shipped through that port unless the insurance rates are reasonable.

This year the end of the navigation season has been extended five days. There are some seasons when shipping can be carried on with perfect safety well past the normal time of closing the port for the winter. Ice conditions are a criterion in opening and closing the port. But now we have ships equipped with modern radar devices, and planes and helicopters can be used in the charting of navigation conditions. So I believe that, with the help of an efficient ice-breaker, the port of Churchill could and kept open for five months of the year and possibly even for the entire year. I understand that the number of icebergs floating around in the strait is declining year by year, but in any event the strait can be navigated even when ice floes are there.

It is interesting to know that a group of British millers who travelled across Canada a year ago said they preferred wheat which came to them through the port of Churchill to any other wheat. They said it was better wheat and cost them much less.

I may have mentioned this before, but it will bear repeating. The man in charge of the elevators and machinery at the port told me they were equipped to handle 10 million bushels in their storage elevators. They have machinery to unload four cars of grain at once, and the loading facilities, the harbour, and the sheds are among the finest in the world. The first elevator that was built had a capacity of only 2½ million bushels, but during the past year a new elevator of the same capacity was added. The machinery and plant there are capable of handling another 5 million bushels. I personally think that 50 million or 100 million bushels could easily be shipped through the port of Churchill in any one year. I was talking to the captain of a ship which arrived in Churchill and was loading 400,000 bushels. He said that the shipping firm for which he worked had 17 ships and would be willing to send them in there for wheat, but he asked where the wheat to load them could be obtained. He said there are plenty of ships available and the shipping firms and the captains like the route. As a matter of fact, for 300 years old wooden sailing ships went in and out of there without any difficulty whatever.

One of my objects in rising today was to disabuse anybody's mind of the idea that the capacity of that port is limited to anything like 10 million bushels a year. I repeat my belief that 100 million bushels could be shipped out, because the navigation season could very well be extended. Advance information as to weather conditions could be relayed to the insurance agents, so that they would be able to vary their rates according to the weather conditions, ice conditions and so forth. It was not long ago when late in the season there was no more sign of snow and ice at Churchill, or in Hudson Bay than there was in the Ottawa River. The port was open until December and shipping could have been carried on until that time.

In closing, let me say again that the western farmers are disappointed that Britain was not included in the International Wheat Agreement. But they are in favour of the idea of stabilization, and, as the honourable senator who introduced the resolution said, because of the agreement they have a better chance of securing information on conditions throughout the wheat growing countries of the world.

Hon. Mr. Hackett: Will the honourable senator from Edmonton (Hon. Mr. MacKinnon) permit me one more question? If Britain had signed the agreement would she have been precluded from purchasing wheat at less than $1.50 per bushel?

Hon. Mr. MacKinnon: If Great Britain had signed the agreement she would have been protected by the ceiling price and the grain growers would have been protected by the floor price. Great Britain would not have had to buy more than the amount committed for; but as she is now buying, and a change might occur in the market, it is quite possible that she might be paying in excess of the ceiling price here, because we sell to the British miller and the British miller buys our high grade Canadian wheat to mix with inferior wheat for bread-making purposes, and there is a continuing market for Canadian wheat there.

Hon. Mr. Hackett: But if I understand the honourable senator correctly she could not buy wheat for less than $1.50 per bushel?

Hon. Mr. MacKinnon: That is right. But a great deal depends on conditions. It is just possible that some serious situation might arise that would affect the price of wheat, but that is not expected, and there is nothing on the horizon whereby this agreement would be affected as regards the floor price and the ceiling price.

The motion for approval of the resolution was agreed to.

67513—63½

UNEMPLOYMENT INSURANCE BILL

SECOND READING

Hon. David A. Croll moved the second reading of Bill 449, an Act to amend the Unemployment Insurance Act.

He said: Honourable senators, this bill amends the present act in two respects, both of which are rather important. Honourable senators will be glad to know that it received unanimous support in the House of Commons. It was praised in all quarters, and for a very good reason: it makes a significant and important change and is a long forward step to something which I think all of us wish will come about in due course. It brings under the act all people engaged in fishing: fishermen on both coasts, and those engaged in commercial fishing in fresh waters.

I think it is appropriate that I should give the house a few facts by way of background. A year ago the Unemployment Insurance Act was thoroughly looked into in the House of Commons. I have before me a report which appeared in the Ottawa *Citizen* of June 1, 1955, which reads as follows:

> The Government held out hope last night that some of Canada's 66,000 fishermen may be provided coverage under the Unemployment Insurance Act.
>
> Labour Minister Gregg told the Commons Industrial Relations Committee that he and his officials will try to find out how many fishermen might be brought under the act and that this number would be provided coverage as soon as possible.
>
> He said he wants to look at the matter further before making any recommendation to the cabinet.
>
> Mr. Gregg's remarks followed a motion by Dave Croll (L—Toronto-Spadina) that the Unemployment Insurance Act now being studied by the committee, be amended to provide insurance coverage for the some 6,000 fishermen who are paid a regular wage.
>
> The motion was not put to the committee and the matter was left for further study.
>
> STRONGLY PROTEST EXCLUSIONS
>
> At the afternoon sitting, the committee was almost unanimous in protesting exclusion of fishermen from coverage under the act.

That explains my association with the fishermen. I assure honourable senators that in so far as I have been able to find out there are no fishermen in Toronto-Spadina, although one of my honourable colleagues points out that we used to fish for votes there very successfully.

This insurance is a matter of welfare and a matter of right. At the time the subject was under discussion in the other place the minister gave an undertaking that he would look into it, and it is gratifying to know that he was as good as his word. He studied the subject, as did the Unemployment Insurance Commission, and the Government was willing

and anxious that the recommended changes be made. In consequence this bill is before us.

I do not deny that there are in this field great administrative problems. It is intended that contributions under the act as amended shall commence about the first of April 1957, the beginning of the next fiscal year, and that the benefits provided for will be available about the first of January 1958.

As I have intimated, the bill is a progressive measure, a step towards universality in unemployment insurance. The act as amended will cover more than 50,000 fishermen. There still remain, however, about a million workers, including those employed on farms, hunters, trappers, teachers, government employees, those working in public hospitals, and some domestics, who are not covered; so there is a considerable way to go yet. Though a plan is here formulated, it will take time to work out a detailed practical method of giving limited coverage to persons whose main occupation is fishing, including the self-employed, those who work on a share basis, and those employed by others.

As the act stands, for those engaged in fishing seasonal benefits only could be made available. This legislation will provide for collection of contributions from and on behalf of fishermen who are not employed for wages. So I am able to state emphatically that this will become the first instance in which self-employed groups are covered by insurance. It is anticipated—though at the moment I cannot speak on this point with too much authority—that the purchaser of the catch will be assumed to be the employer, and in the case of those who work on a shore basis the owner of the boat will be regarded as the employer. I would not try to teach a grandmother to suck eggs, and, looking about me in this chamber, I shall not do too much talking—for obvious reasons—about the fishing industry. It is carried on in a variety of ways in different parts of Canada. Thus, to meet all conditions, a very detailed and carefully drawn plan is required; but as I have said, it is expected that one will be worked out in time to permit contributions from fishermen to commence at the beginning of the next fiscal year. That will qualify them for benefits by January 1, 1958. That is all there is to the first amendment, except that the job of setting up a detailed plan will get under way. I am sure I share the views of this house that the Unemployment Insurance Commission will be able to work out a suitable plan. It has solved more difficult problems in the past and I am sure it will be able to deal with this one.

The second amendment arises in a curious way. Last year the act was completely overhauled and extensively revised. It was not then realized that it would impose stringent restrictions on the unemployed. That, of course, was not the intention. Everyone, including the officials of the department, was surprised by the practical results and there was considerable suffering, due to disqualification under the new act. It has been suggested that almost 90,000 claimants were disqualified, although about 90 per cent of them were able to draw seasonal benefits. The Government was quick to recognize the hardship that was caused and so this bill is being presented. I have used a considerable number of words, but what I am trying to say to this house is that we on the committee that dealt with the Unemployment Insurance Act last year pulled a boner, and it was a little too late to correct it. When we put the act into effect we found it did not do just what we thought it would do. The mistake is now being corrected.

The act that was passed last year brought on hardship, for it provided in effect that persons who become unemployed and claim benefits every year have to acquire 30 weekly contributions every year in order to qualify. Now, the amendment before the house will permit these people to requalify if they make 24 or more contributions during the preceding year. The amendment will permit a large number of those who were unable to qualify last fall to be brought within the act, and it is anticipated that almost 90 per cent of them will be brought within the act. Because of the limitations that our climate imposes on certain industries, many persons must of necessity confine their work to industries which are unable to provide as many as 30 weeks of insurable employment in any year. In 1955, when the act went into effect, 45 per cent of the people failed to qualify in October, November, December and January; whereas in the same period in the previous year only 29 per cent failed to qualify. It can therefore be seen that a considerable number of people were inadvertently disqualified. That was a result of the amendment.

Hon. Mr. McDonald: In what industries were the workers affected?

Hon. Mr. Croll: In all industries across the board. Everyone was affected as a result of the amendment.

Hon. Mr. McDonald: Civil servants too?

Hon. Mr. Croll: They do not come under the Unemployment Insurance Act. I should point out that by lowering the qualifying period to 24 weeks the benefit period will be shortened from 15 weeks to 12 weeks.

Honourable senators, that is all that is contained in the bill, except for a few minor amendments which are necessary in order to bring the act into harmony. The Unemployment Insurance Fund is as solid as a rock. I commend this bill to honourable senators as good, progressive legislation which is worthy of their support.

Hon. R. B. Horner: Do I understand that under one of these amendments a fisherman will have to work for 24 weeks in order to qualify?

Hon. Mr. Croll: No. Fishermen are not at this moment covered. They will not be covered until the bill becomes law.

Hon. Mr. Horner: It would be difficult to bring the fishermen of western Canada into such an act. We have some lakes out there that are fished on a quota basis. The fishermen are allowed to catch only so many pounds of fish, and when the season closes many of the lakes are completely closed to fishing. I know that in one lake the quota was 250,000 pounds, and before the officials were able to get around and weigh the fish, the fishermen had already caught their quota. In many of the lakes the fishing season does not last sufficiently long to permit the fishermen to qualify under any form of unemployment insurance.

Hon. Mr. Connolly (Halifax North): I didn't know they had that many fish in western Canada.

Hon. Mr. Horner: Oh, yes, but there is a quota restriction. Restrictions are imposed to protect game fish at summer resorts, and so on. If fishing was permitted to continue beyond certain seasons, it might result in wiping out such fish as the jack, pickerel and whitefish. Incidentally, for the most part whitefish are caught with nets. It is only in rare instances they will go after a fly, but they are a fine fish and are shipped in large quantities to New York and other centres.

To amend the act is all very well. The unemployment insurance plan is being abused, and no doubt with the extension that is being suggested in this bill it will be further abused. Pretty soon farmers will want to come under the act. They find it difficult to get help because of unemployment insurance regulations. Many people would rather get work where they can collect unemployment insurance stamps, which will enable them to draw unemployment insurance benefits in the winter months. A farmer may say: "I am kind of foolish. Look at that fellow. He just works during the summer and he takes it easy all winter, but I have to work the year round, taking care of the livestock and everything else on the farm. I am going to get a job where I can draw unemployment insurance benefits."

So unemployment insurance is not working out as gloriously in our national interests as we might be led to believe. I certainly have my doubts that it is wise to extend the benefits to fishermen, for they are men who otherwise would find other employment in their off-season. Nowadays when the fishing season is over they are willing to take other employment, but if they come under the act and the fishing season lasts long enough for them to accumulate unemployment insurance stamps, they will say, "We will take it easy in the winter and draw unemployment insurance benefits". Possibly that is not good for the men who try it, and certainly it is not good for the economy of the country.

Hon. John J. Kinley: Honourable senators, I do not want to let the occasion pass without saying a word on this bill, for I regard it as a step forward in the fishing industry.

Some hon. Senators: Hear, hear.

Hon. Mr. Kinley: It was refreshing to hear the honourable member from Toronto-Spadina (Hon. Mr. Croll) speak in the interests of the fisheries. My honourable friend said he had fished for votes, and in congratulating him I want to say that he always came in with a full fare.

The senator to my right (Hon. Mr. Horner) said he doubted if the fisheries should come under the Unemployment Insurance Act. Well, years ago I was interested in compensation for fishermen, and I met with a great deal of opposition from those who said that fishermen work on shares and not for wages and therefore are not employees. Then I was told that there would be difficulty with regard to adjusting the details of administration. I said I thought we could overcome that difficulty, and got it arranged that a contract could be made on the shore which would be maintained at sea, and then the fishermen came under the Workmens' Compensation Act. Since that time, of course, social legislation has made great progress.

I always felt it was unfortunate that our fishermen could not share with the rest of the working population of Canada the benefits of unemployment insurance. We at least got to the point where the merchant marine could derive benefits from it. When I tried to bring the matter forward I was told that it was difficult to arrange the details of administration. However, I contended then as I do now that the man who works at sea should be entitled to the same provisions as the man who works on shore. The fisherman is not a partner, but he is a sharer in the sense that he shares in the work of the

fishing industry, though he does not share the losses and is subject to discipline. He is, rather, a piece worker. It is beneficial that he be a sharesman, because you cannot obtain good fishing results with hired men; there must be an incentive and a willingness to work without regard to hours, and men must extend themselves to the point where they will make a success by a combination of the efforts of the owners and the fisherman.

For many years the fishing industry was a co-operative system whereby the fishermen shared according to the success of the occupation, and that brought Lunenburg, Nova Scotia, to the very forefront of the fishing industry in Canada. I think anyone who goes to Lunenburg will say that it is a splendid town; no one is rich, but there is no poverty, and we have an economy which we think does us credit. We think this has been brought about by the working together of all our people for a purpose expressly applicable to the Maritime provinces. Our people live by the sea, and our success depends upon the sea. Progress demands that conditions be as in other industries; that is, a sub-grade industry must be made into a successful industry. Before Confederation, men who came from Newfoundland discovered that our deep sea fishing fleet was eminently suited for employment. The fishermen would come in the summer and fish in our vessels, and return to Newfoundland in the fall. Later, Newfoundland became a Canadian province, and these fishermen found they could work wherever they wished in Canada. During the summer they work on the Great Lakes with the merchant marine, return home in the winter, and draw unemployment insurance benefits, and so do better than they would in the fishing industry.

We believe the fishing industry should be preserved. In order to keep good men in an industry you must make the industry worth while; you must provide good conditions for the men—labour must feel that it is not engaged in a sub-grade industry, that it is treated on terms of equality with the rest of the people in Canada. For that reason we have striven to have fishermen brought under the Unemployment Insurance Act, not for the benefit of fishermen exclusively but for the benefit of the whole industry. It must not be forgotten that without good men to manage the industry, and without experienced crews, the fishing industry would fail. Today our fishing vessels are equipped with the finest type of machinery and refrigeration, and good transportation carries fish to distant markets so that it arrives at its destination fresh. This means that the fishing industry is active the whole year around, and there is no question of the deep sea fisherman staying ashore during the winter in order to draw unemployment insurance benefits. However, the fisherman still works as a sharesman. It is not very difficult to find out what he earns. A railroad man who runs so many miles, and works overtime, finds no difficulty in computing his earnings, and a fisherman is in a similar position. We felt it would be a simple matter to find out what a fisherman earned, that is, anyone engaged in deep sea fishing, and that applies to a large part of Newfoundland and Nova Scotia.

Then there is what is called the shore fisherman, and the man who works individually. His position has not been so good, and his earnings have generally been small. However, his position is improving, for he is able to obtain government loans and buy bigger boats. Three or four of these men will go on a boat and they will share, but one of them is the master. If they call the boat a vehicle for unemployment insurance purposes, that will be all right. On the coast of Nova Scotia there is also the little fisherman, who fishes at the time of year when the lobster season is open, or when herring and mackerel are running, and then he turns to the ground fish.

Hon. Mr. Horner: May I ask the honourable member a question?

Hon. Mr. Kinley: Certainly.

Hon. Mr. Horner: If these people are able to fish all the year around they would not need unemployment insurance, would they?

Hon. Mr. Kinley: Well, the purpose of unemployment insurance is to give stability to the home life of a man and his family.

Hon. Mr. Macdonald: If a man takes out fire insurance he does not expect to have a fire.

Hon. Mr. Kinley: We need this unemployment insurance in Nova Scotia. For many years I went up and down the coast of that province, visiting the homes of fishermen, and I would see old men who had spent years in the fisheries and had become dependent on the young people. Old age pensions gave relief to the old. Then we got compensation for the fishermen. That was a salutary measure. In one season we lost 80 men at sea from my county, and compensation was paid to their widows and families. But when I brought the question of compensation for fishermen before the Legislature in Nova Scotia I was ahead of the time. The fishermen were not convinced of its merits, and the owners were against it. After a storm on Sable Island I ran in an election, and in a large fishing district my support was almost unanimous.

Obviously, fishermen appreciate assistance by way of social measures; it is a redistribution of the wealth of the country, so to speak. We are thinking and doing things now for the stabilization of conditions in the country which we never thought of in earlier years. We believe that the old people, as they go down the hill of life, should be looked after, and so we have provided old age assistance for them. We believe the young people growing up should be made strong citizens, and for their benefit, we have a system of family allowances.

Honourable senators, if you were to travel through the fishing districts in Nova Scotia today and compare them with other days, you would be surprised at the important progress that has been made in schools, housing and general accommodation. The fisherman, with a family of perhaps seven or eight children, appreciates an opportunity to share through these means in the abundance of this vast land; and we as representatives from the province of Nova Scotia feel that we should support this sharing, because it is good for the country.

Some Hon. Senators: Hear, hear.

Hon. Mr. Kinley: I have always realized that there might be some difficulty in devising a scheme for the payment of unemployment insurance to fishermen, but I have never thought it was anything to worry about. I have been too long in politics not to know that when there is reason for delay the Government moves slowly, and when it wants to do something it usually finds a way of doing it. The Government feels that this is the time to take the step we are now taking. We from Nova Scotia feel that the fishermen of our province should get this kind of assistance, so that they will not return home in the winter season, or during lay-offs or refits, to unemployment. Of course the deep sea fisherman is kept busy all year, but the shore fisherman has a lay-off period between seasons. The passage of this bill will mean that fishermen will share in some of the benefits available to men on the payrolls of other industries.

Not long ago a fellow came to me and asked for a job. I said: "You are a fisherman. Why don't you go fishing?" He told me in some detail how he had fished for twenty years, but that fishermen got no fringe benefits, no holidays with pay and no unemployment insurance, and that the men who worked in town got better pay. I pointed out to him that our industry depended on the fishing industry, that if there were no fishermen going to sea there would be no need for vessels or equipment. Well, he seemed to think that I was trying to persuade him to go and work where other people did not choose to go.

In days gone by when two fishermen had to face the open sea in a small dorry, it was then a most hazardous occupation. But with the use of machinery much of the hazard has gone. We do not lose many men in the fishing industry today. True, they work hard and they must maintain their place in the fleet. We want them to have a stable future, with the right to share in unemployment insurance benefits along with other workers in Canada.

Hon. A. K. Hugessen: Honourable senators, I was a member of this Senate when the first unemployment insurance bill was introduced, I think in the year 1940. I took a keen interest in the measure when it came to us, and I have followed closely the various amending bills that have been submitted to us from time to time. In fact, I think I had the privilege of explaining one or two of them to the Senate in earlier years.

I must say that, speaking by and large, I think this has been one of the most useful and progressive pieces of legislation in our time. I have been delighted, as the years have gone on, to find that it has been possible to include among those eligible for the benefits of unemployment insurance larger and larger segments of the working population of our country. And I am indeed glad to see by this bill that it has now been found possible to provide for at least certain segments of the fishing industry.

This question has been considered, I know, for some years, and on several occasions we were told that the difficulties of introducing unemployment insurance in the fishing industry were so great that it was impossible to devise any scheme of more or less general application. I am glad to know that the difficulties appear now to have been overcome.

There was one point about which I wanted to ask my honourable friend, and perhaps he would touch on it when he closes the debate. He mentioned the unemployment insurance fund and said that it was in very good shape. I have no doubt about that, but I wondered as a matter of information whether he has the figures on the total assets of the fund for the last two or three years, and if when he replies he could give us those figures.

Hon. John T. Hackett: Honourable senators, I might speak for the farmers, but I shall not. We have seasonal occupations throughout this country: there were the icemen who had a seasonal and paying occupation until natural ice was supplanted by the scientific production of cooling devices; there

were the longshoremen, who laboured when ships were laden and unladen; there were the ships' carpenters, who came from all over Quebec, and hordes of other skilled men who worked four or five months of the year on the ships that came to our port, and then returned home when the ships ceased to ply.

I shall not go further. But I say to the honourable gentleman from Queens-Lunenburg, (Hon. Mr. Kinley) that he should have reminded his friends who sought employment with him that they must consider that the day would come, and was not far off, when they would be called upon to make contributions to the unemployment insurance fund, and that that would mean more taxes, and that taxes always go through a process of reduction when they are garnered and paid up; and that all this would mean a growing class of tax gatherers, distributors and middle men who have to be paid out of taxes which weigh upon the taxpayers who inevitably contribute to this type of beneficence. There is something to be said for it; but is much to be said against it.

Hon. Mr. Croll: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, if the honourable gentleman from Toronto-Spadina (Hon. Mr. Croll) speaks now he will close the debate.

Hon. Mr. Croll: I want to thank honourable senators for their observations and the manner in which they welcomed the bill. There are really no questions to answer, and there is nothing further that I can contribute except to supply the information about the fund requested by the honourable senator from Victoria (Hon. Mr. Hackett). I have here a statement of receipts and expenditures from July 1, 1941 to May 31, 1956. It is an interesting table, and I would ask permission of the house to put it on our record. For your information, I would say that in 1950 the total of the fund stood at $582,646,972.52 and at present it stands at $854,198,518.59.

With the permission of this house may I place this on the record?

Hon. Senators: Agreed.

UNEMPLOYMENT INSURANCE FUND

Statement of Revenue and Expenditure for the Period July 1, 1941 to May 31, 1956

Fiscal year ended March 31	RECEIPTS					DISBURSEMENTS			BALANCE
	Contributions (Gross less refunds)		Penalties Including Fines Prior to October 1955	Interest on Investments and Profit on Sale of Securities	Total Revenue	Benefit Payments			Balance in Fund
	Employer & Employee	Government				Ordinary	Seasonal Including Supplementary Prior to Jan. 1956	Total	
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
To 1950	644,786,331.88	128,886,931.60	41,539.99	61,989,796.65	835,704,600.12	252,319,395.71	738,233.89	253,057,627.60	582,646,972.52
1951	128,744,248.84	25,796,703.41	34,656.50	15,630,847.06	170,206,455.81	83,082,101.75	5,190,949.79	88,273,051.54	664,580,376.79
1952	153,887,858.49	30,805,704.77	33,344.00	19,046,503.98	203,773,411.24	85,559,677.68	4,594,758.92	90,154,436.60	778,199,351.43
1953	155,184,595.03	31,036,836.18	36,085.94	22,950,737.44	209,208,254.59	128,814,174.79	7,008,266.57	135,822,441.36	851,585,164.66
1954	158,673,276.19	31,735,867.91	36,833.77	26,094,504.24	216,540,482.11	174,619,903.03	12,231,610.40	186,851,513.43	881,274,133.34
1955	158,860,309.41	31,771,463.88	36,787.72	26,378,268.64	217,046,829.65	232,757,808.10	24,870,838.12	257,628,646.22	840,692,316.77
1956	169,726,970.28	33,948,572.66	31,070.00	25,005,132.67	228,711,745.61	180,038,064.37	35,167,479.42(3)	215,205,543.79	854,198,518.59
To 1956	1,569,863,590.12	313,982,080.41	250,317.92	197,095,790.68	2,081,191,779.13	1,137,191,123.43	89,802,137.11	1,226,993,260.54	854,198,518.59
April	15,462,523.36	3,080,914.90	3,498.16	2,025,135.35	20,572,071.77	22,705,933.38	10,477,747.11(3)	33,183,680.49	841,586,909.87
May	14,475,082.43(1)	2,908,607.84	1,427.68(2)	2,159,351.18	19,544,469.13	19,135,164.15		19,135,164.15	841,996,214.85
Sub-Total	29,937,605.79	5,989,522.74	4,925.84	4,184,486.53	40,116,540.90	41,841,097.53	10,477,747.11	52,318,844.64	841,996,214.85
Total	1,599,801,195.91	319,971,603.15	255,243.76	201,280,277.21	2,121,308,320.03	1,179,032,220.96	100,279,884.22	1,279,312,105.18	841,996,214.85

(1) Stamps $7,746,210.70 Meter ——— Bulk $6,680,751.25 D.V.A. $48,120.48 Total $14,475,082.43

(2) Penalties $3,037.46

(3) Estimated

The motion was agreed to, and the bill was read the second time, on division.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed, on division.

EXCISE TAX BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill 450, an Act to amend the Excise Tax Act.

He said: Honourable senators, this is an amending bill which comes before us each year incorporating changes in rates and other items. I propose dealing first with the various tariff items which are affected, and then with the item that creates Part II of the Excise Tax Act and which has come to be known as the magazine tax.

If you look at section 1 of the bill you will see that we have had and will have until this bill becomes law a premium tax of 2 per cent under the Excise Tax Act, which goes to the federal treasury. That is a tax on the premium income received by all fire, life and casualty companies other than marine. This amendment proposes the repeal of that provision. I should state, although it does not appear in this bill but appeared in an earlier bill dealing with federal-provincial tax relations, that this item of premium tax is being left available for the provinces to use, if they so wish, and under the so-called tax agreements the premium tax, if utilized by the province, is defined in such a way as not to be a corporation tax for purposes of that agreement. I understand only one province in Canada, namely Quebec, imposes a premium tax at present.

Section 2 retains the premium tax of 10 per cent. It is a tax that is payable by an insurer on the amount of the premium that he pays for insurance which he places with a company not licensed to do business in Canada. Now, that is an existing provision in our law and it has been there for years. Section 2 makes it clear that the repeal of the 2 per cent premium tax does not affect this 10 per cent tax. Then there are incidental amendments for the purposes of clarity in the application of the 10 per cent tax. As to just how valuable or effective some of the efforts contemplated in this section will be in enabling the Government to collect the 10 per cent, I do not think it is necessary for me to express any opinion at this time.

If we pass on to the top of page 4 of the bill, we see that section 4 provides for an amendment to one of the sections in the present Excise Tax Act. It is a section which describes how to arrive at the basis of value of an article for purposes of calculating sales tax, and it also provides for the insertion of a third item. The other two items now in the act are by way of additions to the price. This third item is by way of a reduction in the price, in that to arrive at the value you are entitled to exclude certain fees paid by the manufacturer to the Government for inspection, marketing, stamping or certification thereof in respect to capacity, accuracy, standard or safety, if such fees are shown as separate items on the manufacturer's sales invoices.

Section 5 of the bill simply adds several more items to a list of articles that are made specifically exempt from sales tax. The new section 32 (3) provides for the exemption of articles which are of the character of casual donations. For example, some person from outside Canada may send to a person, or may order to be delivered to some person in Canada something by way of a present, and if the value does not exceed $10 the goods are exempt from sales tax.

The other tariff item deals with articles for exhibit in public museums, libraries and schools, and violins manufactured over one hundred years ago. I am sure that is an item which will be very often used!

Hon. Mr. Hackett: In the Senate?

Hon. Mr. Hayden: Also antiquities produced prior to 1847. Tariff item 705 covers settlers' effects. These are items that are added to section 32 of the Excise Tax Act as a further list of exemptions from sales tax.

Section 6 deals with schedule I. It provides a long list of items which are made subject to special rates of excise tax. Section 12 of schedule I is repealed and re-enacted, although the only change is that which is underlined towards the bottom of the page. Under Schedule I as it now stands, in section 12, subparagraph (c)(iii), articles of china, porcelain, earthenware, etc., are subject to a 10 per cent excise tax except where they are sold or imported for use exclusively in the manufacture of electric lamps or where they are for use in the preparation or serving of food or drink. In subparagraph (c)(ii), immediately preceding, articles of cut glassware, crystal glassware, cut or not, etched glassware, or metal-decorated glassware, were dealt with, and there was no exception; that is, the 10 per cent excise applied in all cases.

By this amendment it is intended to exempt such articles from the 10 per cent excise tax when they are used in the preparation or serving of food or drink.

By section 7, schedule III of the act is repealed, and a new schedule is substituted. Schedule 3 of the act is a great and happy hunting ground for our people, because it is a schedule of exemptions. By reference to the underlined items it will be found that many articles are added to the list of exemptions, because under the scheme of the act the sales tax is imposed on all goods which are produced, manufactured or imported, and then the exemptions are set forth in the schedules and in particular sections of the act. Some of these items are specifically dealt with, and appear to be additions and amendments to the schedule, whereas actually they have become necessary because of Tariff Board decisions of a restrictive character. For example, under the heading of "farm and forest" one sees "boxes for farm wagons". For years these boxes were regarded as coming under the general exemption of agricultural materials, but recently the Tariff Board made a ruling that certain boxes are not part of a farm wagon and therefore become subject to sales tax. So, under the bill, boxes for farm wagons are specifically exempted in their own right, and no future question can arise as to their right to exemption. Another item I might cite is poisons for pest control purposes. Originally the exemption was of chemicals used in this way, but since poisons are quite commonly used now for pest control, "poisons for pest control purposes" are exempt. And so on through the list, which represents quite a number of additions to the schedule of exemptions. I do not propose to deal with them, because it is simply a matter of reading them to see what they are.

Section 8 provides for the date of coming into force of these various provisions; and it also deals with one item with respect to which some confusion was bound to occur, because, whereas cast iron soil pipe and cast iron fittings appeared heretofore in the schedule of exemptions, in the budget debate it was announced that this item was being amended to become more inclusive because substances other than cast iron are now used for soil pipe and fittings. But it was found on further consideration that to broaden the section in this manner caused too great administrative difficulties, because pipes other than cast iron for soil purposes have so many different applications.

It was then decided to revert to the original language, namely, "cast iron soil pipe and cast iron fittings therefor". The reason for dealing specifically with this item is that the provision was brought into force at the time the budget came down. So it has been necessary to correct the situation that may have resulted in the interval.

I have dealt generally with the amending provisions, but there is an addition, under section 3, Part II, entitled "Tax on special editions of non-Canadian periodicals". That has come to be known as "the magazine tax"; and so much has been written and talked about the question of whether we should or should not tax particular magazines that I would be piling up an unnecessarily large addition if I attempted to develop in any detail what this is. But I think I should state, very briefly, that by section 9 it is intended to impose a tax of 20 per cent of the value of the advertising material contained in a special edition of a non-Canadian periodical published in Canada.

First, I should state what is a special edition of a non-Canadian periodical. The definition appears at the top of page 3:

(b) "non-Canadian periodical" means a periodical published outside Canada by a person resident outside Canada.

That seems plain enough. Then:

(e) "special edition of a non-Canadian periodical" or "special edition"—

—those expressions are interchangeable—

—means a periodical printed in or outside Canada for publication in Canada

(i) containing editorial material at least twenty-five per cent of which is the same or substantially the same as editorial material contained in one or more copies of a particular non-Canadian periodical . . . and

(ii) containing any advertising material that is not contained in such non-Canadian periodical.

There is an exemption in the case of a periodical if the editorial material contained in it is devoted principally to religious or medical purposes.

Hon. Mr. Power: May I ask the honourable senator for a definition of "editorial material"?

Hon. Mr. Hayden: It is defined in the bill as meaning "any printed material other than advertising".

Hon. Mr. Power: Does it include new material?

Hon. Mr. Hayden: "Any printed material other than advertising". You deduct from the periodical what might be described as advertising, and the rest is editorial material for the purposes of this section of the Excise Tax Act.

Hon. Mr. Connolly (Halifax North): Strictly speaking the word "editorial" is not all-embrasive. There is a distinction between editorial material and news material.

Hon. Mr. Hayden: Not under this bill.

Hon. Mr. Connolly (Halifax North): But there is a distinction in the publishing business.

Hon. Mr. Hayden: Oh, yes.

Hon. Mr. Connolly (Halifax North): I suppose the definition cures that.

Hon. Mr. Hayden: The statute provides its own dictionary. To interpret the taxation section you have to give the words the meaning that are given in this section of the bill, not any outside meaning.

Hon. Mr. Power: Is "periodical" defined also?

Hon. Mr. Hayden: Yes. The dictionary is complete. A periodical means "printed material, unbound or paper bound, printed and published at regular intervals not less frequently than four times a year and bearing dates of issue".

Hon. Mr. Euler: A page of jokes in *Reader's Digest*, for instance, would be regarded as editorial material?

Hon. Mr. Hayden: Yes, that would be editorial material.

Hon. Mr. Bouffard: What is the purpose of the imposition of the tax? Is it to get revenue or to protect Canadian publications?

Hon. Mr. Hayden: I do not propose to express any opinions in relation to this tax. All I propose to say is that the announced purpose was to protect what would be called Canadian national magazines. The theory underlying the decision to impose this tax proceeded along the following line.

At the end of the war these special editions as defined in the act accounted for about two-thirds of the magazines of general interest read in Canada. They now amount to 80 per cent, because the Canadian publications are down to 20 per cent. The Canadian counterparts would come under the heading of Canadian national magazines, publications of general interest reflecting Canadian thought, culture and, I suppose, news. In most cases these publications were having a difficult time to make any money, and it was felt that the special editions of non-Canadian periodicals were able to attract to themselves more advertising, both from outside and from within Canada, and were therefore enjoying an advantage over the Canadian publications. The theory was that they were paying less for their editorial material than were the Canadian publications. Frankly, I understand the meaning of this group of words, but I find it a little puzzling to believe that writers for American publications are not alert to the value which they may put on their articles; and if they are selling their articles to an American magazine which is a counterpart within the description of a special edition under the act, I cannot understand why they would not measure their selling price with an eye on the expanded circulation by reason of distribution in Canada as well as in the United States. However, that is just a passing remark of mine.

My main purpose is to inform honourable senators of the basis upon which it was decided to impose this tax. The Minister of Finance realized there might be many problems inherent in the imposition of this tax. I suppose one way of looking at a special edition would simply be that it is a branch office of an American company carrying on business in Canada. I am sure that if it were generally known that any principle was being established by the Government to enable Canadian companies in competition with branch offices of American companies operating in Canada to get relief by a special tax against the American branches operating in Canada, or in some other way, it might prove to be very embarrassing. But the minister faced that question, and in the course of a statement in the Commons he said:

> We have been considering this problem for some time, and we have decided that, in this field, very exceptional measures can be justified—measures that certainly could not be justified in connection with any ordinary line of business or commerce.

It was recognized that you were walking a pretty narrow line and that there was quite a risk of creating a precedent that would broaden the line, and so the Government, as a matter of policy, has taken this step as a calculated risk and hopes to be able to hold it to these particular magazines. Whether the tax is justified or not is no part of my exposition to the house. It is an announced policy of the Government as contained in the budget resolutions.

Hon. Mr. Lambert: Would the honourable senator permit me to ask him a question at this point? With regard to this group of "non-Canadian" publications that are being taxed, I suppose that as far as any branch factory of American ownership is concerned—and there are many of them in this country—it would be correct to say that none of these branch factories in essence is Canadian. They are non-Canadian if you apply the standard that is being applied here to the branches of American publications that have established offices in Canada. In other words, an exception is being made of two or three publishing institutions which happen to be branches in Canada of American ownership. Am I correct in that assumption?

Hon. Mr. Hayden: I think what the honourable senator has said is correct. One of the conditions required to satisfy the definition of a non-Canadian publication is that it must be published outside of Canada by a person resident outside of Canada. As to my honourable friend's parallel of a branch of an American company operating in Canada, certainly the carrying on of that business by an American company in Canada would be the carrying on of a business by a person resident outside of Canada. But that is a broader application of the principle than might be involved in this bill, if you were free to conclude that the imposition of the tax under this section is based on a principle. I think the minister in his language has been very careful to avoid, or to attempt to avoid, for his purposes, any tying of the imposition of the tax to any principle from which you might reach a set of facts such as the honourable senator from Ottawa (Hon. Mr. Lambert) has just stated. The minister said: "Considering the problem, we have decided that in this field very exceptional measures can be justified". I must accept the minister's purpose. As a further aside, I might say that I have recently had it demonstrated to me—and I expect it has been demonstrated to other senators also—that when a rigid resolution is brought down and legislation implementing it is passed by the Commons we must conclude that it contains a pronouncement of Government policy to the extent that, while we may point out its difficulties, we are not expected to interfere lightly with it.

May I add further that if you were looking on the side of competition there was an added explanation given in the Commons. Apparently it was agreed by every person that if all that was happening was that the American editions of *Time* and *Reader's Digest*—these two periodicals being two of the special editions of the kind referred to—were being exported to Canada and distributed in Canada, Canadian magazines would be in a fair position to meet the competition and would not require any favours; but it was because of the fact that they were being published and distributed in Canada within the terms of this definition, gathering up advertising material that competitively was not available to Canadian magazines, and also taking away from Canadian magazines advertising material that was attractive to these other magazines because of their popularity.

Hon. Mr. Kinley: They have an unfair advantage, for they do not pay tax or contribute anything.

Hon. Mr. Hayden: I am not attempting to argue this thing or to express an opinion one way or another, but I am interested when my friend says that they do not pay taxes. I take it that my friend means that the American companies distribute their wares in Canada. There must be something wrong if they do not, because an American doing business in Canada is subject to corporation tax in Canada on the volume of business he does here and the profit he makes, just as a Canadian is.

Hon. Mr. Kinley: But they are not doing business in Canada.

Hon. Mr. Hayden: This tax is imposed whether the publishing is done inside or outside of Canada, if it satisfies this definition, so I do not know how you can fail to do business here if you bring in your American material and plates, and then develop your additional plates for the Canadian advertising and produce a product which you distribute in Canada. Certainly that operation would be subject to tax.

Hon. Mr. Macdonald: They do not all do that.

Hon. Mr. Hayden: I am not saying they do, but in those cases at least I say they do.

Hon. Mr. Power: To qualify for this definition, must there be a certain proportion of editorial material that is of Canadian origin?

Hon. Mr. Hayden: There must be at least 25 per cent of editorial material of outside origin. In other words, they must lift out of their American publications at least 25 per cent of the editorial material that they put into the Canadian edition; and there must be adverising material in the Canadian edition that is not in the American as well; those two elements must be satisfied.

Another principle urged in support of this tax was the necessity to encourage Canadian magazines, and one cannot quarrel with the statement that we wish to encourage Canadian magazines of Canadian interest, reflecting Canadian thought and appeal. What would have to be weighed is whether that is enough to justify a tax of this kind. Fortunately, that decision has been made by the Government as a matter of policy, and it has decided that there are the various elements which justify the special and extreme measure which has been taken in this case. Those elements are the extent of the occupation of the Canadian field by the so-called special editions, their ability to gather in advertising material to the detriment of Canadian magazines which might be competitive in the field, and the assumption that the editorial material used in the special editions costs less to the publisher of the special edition than similar editorial material would cost to the Canadian magazine publisher in his preparation of it, the theory being that

they make use of the counterpart of some or all of the material in the United States, and that therefore their costs for using that and incorporating it in the special edition are less. That may be true; I do not know.

Honourable senators, that is the basis for the tax. The application of it is very simple. It is 20 per cent of the value of the advertising material, and there are provisions for the minister making regulations so as to give him all the necessary information in returns, etc., so that the tax would be easy of imposition. I do not think it is for me to express an opinion one way or the other as to the advisability of dealing with the problem in this way, admitting that there is a problem, but the Government apparently pursued this matter for some time, and it is represented in the material that I have that a very thorough study was made. As a result, you have this method of solution, and here it is for us to decide whether or not we are going to approve it.

Hon. Mr. Hackett: Can the honourable gentleman say whether any diplomatic representations have been made concerning this legislation?

Hon. Mr. Hayden: That question would be more properly addressed to the Leader of the Government in the Senate (Hon. Mr. Macdonald), because I am not in a position where I would learn of any diplomatic representations.

Hon. Mr. Hackett: Then I will ask later.

Hon. W. D. Euler: Honourable senators, it is not my intention to discuss what is called the magazine tax, but if anyone could justify such a tax it is the honourable member from Toronto (Hon. Mr. Hayden). However, he has not attempted to justify it, and certainly I am not going to try to do so. I am more interested in the provision of Part 1 which has to do with the passing over of the taxing of insurance premiums from the federal Government to the provinces. Some honourable senators may recall that I discussed this tax on former occasions. The history of it is this: originally, the federal Government taxed insurance companies at 3 per cent on their premium income, but at that time there was no income tax on corporation profits. I expressed the view that a tax on premiums was an improper method of taxation. Of course, I agree that insurance companies should be taxed, as are other companies, on their profits. But an insurance company might have a very large premium income, as many of them have, and might at the same time lose money on its operations. I have in mind the case of an insurance company which paid a premium income tax of about $100,000, and lost $50,000 on its business operations.

It may be argued that premium tax is another form of sales tax. But it is not a sales tax as it is applied to commodities generally. When a manufacturer pays sales tax on an article, he passes that cost on to the customer, a wholesaler or retailer. The Government is unlikely to allow the tax to be added to the final price to a customer, although, I believe we had at one time what was known as a luxury tax on the final price, but the customer was able to see exactly what he was paying. The insurance company might be able to pass the tax on to its policyholders by adding the tax to the premium, but, politically speaking, I do not think any government would want a company to send to its policyholders notices of premiums due with an added item for premium tax. That would be politically unsafe.

About eight or ten years ago—I think the Right Honourable Mr. Ilsley was Minister of Finance at the time— it was decided to bring insurance companies under the corporation tax. That policy was, I thought, sound and proper. Previously the companies had paid only a premium tax of 3 per cent, with no corporation tax on profits. As I say, the Government decided to make the companies subject to tax on their corporation profits, which I felt was sound and fair, because I could see no reason why insurance companies should be treated differently from other corporations.

The insurance companies up to that time did not complain about having to pay a premium tax of 3 per cent. True, they did not like it, but it meant that they had escaped corporation tax, and the one pretty nearly equalled the other. Then the insurance companies became liable to pay corporation taxes, and the premium income tax was retained but was reduced to 2 per cent.

I contended then that it was quite unfair to apply the corporation tax and to retain even the reduced premium income tax as well. I opposed the proposal to the extent of moving before the Banking and Commerce Committee that the premium tax clause should be deleted from the bill, and we had a good debate on it in committee. There were at that meeting the Acting Minister of Finance, the Director of Income Tax and the Superintendent of Insurance, all of whom were against deleting that clause because it was in a Government bill. Notwithstanding their opposition, the motion to delete the clause carried in the committee.

That evening I spoke to some of my friends who had supported me in the committee, and I said "Watch out for what happens tomorrow morning, when the committee resumes". To put it in ordinary language, we beat them again. The bill was reported to the house with the amendment that the premium income tax clause be deleted. But, for reasons which I will leave to honourable senators, when the report came to the Senate it was defeated by about four votes. Some of my supporters were absent at the time.

I notice by the bill that the matter of premium income tax is now left, as my honourable friend has said, to the provinces if they wish to make use of it. I am a little afraid they will do so. I see little reason why there should be a tax on premium income. The only reason I can think of for its use—and it is not a very good one—is that it is one more way of getting revenue.

I can only hope that the insurance companies which are affected, and who now will have to deal with the provincial Governments, will find them a little more fair, a little more just and approachable, and that they may not choose to avail themselves of this source of income.

In conclusion, honourable senators, I should like to refer to Schedule III to the bill, which contains a list of foodstuffs exempted from sales tax. This raises a rather favourite subject with me. It may be recalled that two or three years ago I made a motion—and my friend from Toronto (Hon. Mr. Hayden) who has just spoken supported me—that margarine, being a food like butter and many other things named in this schedule, should be exempt from sales tax.

Well, margarine bears sales tax at the rate of 10 per cent. It is somewhat of an anomaly that it does not appear in this list. My feeling is that margarine is not in this list because up to a certain date it was not a commodity that could be legally sold in Canada. I believe that if it could have been legally sold in Canada 25 years ago, or when this list was compiled, it would have been included. However, the Government has refused to add it to the list for a reason which I think is known to almost everyone. How absurd the whole thing is! Looking at the list, one observes that, generally speaking, all foodstuffs are exempted from sales tax. I see in the list barley, bread, butter, eggs and so on; farther down the list some rather strange items appear. I would interject here that one of the objections made against margarine was that it was manufactured from imported vegetable oils.

Hon. Mr. Taylor: Hear, hear.

Hon. Mr. Euler: I would point out to my friend from Norfolk that that list includes peanut butter. Who ever heard of peanuts being produced in Canada? It includes also such items as spaghetti, macaroni and vermicelli, foodstuffs that I do not think are produced in this country.

By the way, a few week ago while I was on a motor trip through the province of Quebec I stopped off at the very interesting city of Three Rivers. On the street one day I saw some goods displayed in a store window. I went in and, pointing to a commodity which was very attractively packaged, I said to the clerk, "Is that margarine?" She replied, "Oh, yes, that is margarine". I took a look at it and observed that it was coloured like butter, but the name on it was "Spread". I bought a package of the substance, and it looked and tasted like butter.

I suppose that product was made out of dairy products, but I do not know. I said to the clerk: "Do you not know you are breaking the law? You are not allowed to sell margarine in Quebec." She replied "Oh, we sell quite a lot of it." That product "Spread" does not appear in this list of exemptions from sales tax. I suggest to some of my friends from Quebec that they should bring pressure on behalf of the producers of this product to have it included in the list of exempted foodstuffs.

Here we have exempted a very long list: Alfalfa meal, beet pulp—if there is a more unattractive thing than beet pulp, I would like to know about it—

Hon. Mr. Hugessen: It is dried beet pulp.

Hon. Mr. Euler: That makes the difference, I suppose. The list includes boxes for farm wagons. I have no objection to that particularly.

Then we have sap spouts and sap buckets, and steel pens for farm animals—I did not know farm animals could write, that they require steel pens.

Then there is vermiculite—what in the world that is I do not know. I am just making these references to point out the absurdity of excluding margarine, which is used by almost a majority of the people of Canada, from the benefit of the exemption from sales tax enjoyed by so many other articles.

Hon. John T. Haig: Honourable senators, I want to speak on only one section, the section concerning the magazine tax. I wonder how many members of this house, say over the last five years, have read *Time* magazine. I often wonder how many members have consistently, every week, read *Time* magazine.

People who go over to the United States tell of the surprising ignorance of the people of the United States regarding Canada. Now, I do not know of any magazine—there may be one, but I do not know of it—of the character of *Time* magazine that goes from Canada to the United States. But I do know that *Time* magazine comes from the United States to Canada. I am one of those who have read it, I think, every week, for I would not like to say how long, but at least for five years or longer. I have learned from that magazine more about the politics of the United States than I know about the politics of Canada, and I think that everybody else who reads it can say the same. It is a very valuable asset to a man or woman in the public life of this country to know the political life of that great nation to the south of us.

Now, Americans do a great many things that we do not like in Canada. Just the other day the Secretary of War made some very sarcastic remarks about the Suez Canal situation—called it "a little row over there", or something like that. "A little row"! It may mean a world war before we are done with it. It is a very great problem, the problem of the East and the West in that particular part of the world. The oil rights are tremendous and any interruption to the flow of oil would affect the whole world. The Americans do not know our problem, they do not know the British problem, they do not know the French problem. Probably Mr. Dulles knows it, probably the President knows it, but the rank and file of the people in the United States do not know it. We do not know it ourselves.

We in Canada should read *Time* magazine. I am not saying it is a great magazine. I presume there are lots better. I think some of the newspapers from Boston are better, and the New York *Times* is one of the outstanding papers of the world. I presume there are great papers in Chicago and other places, but I do not know of them. From my reading I seem to have a personal knowledge of the President and the Vice-President of the United States, of the Democratic presidential candidate and the possible candidates for the office of Vice-President. I might even go so far as to say that I know those people nearly as well as I know our own people. And I get that knowledge through that magazine. Now, maybe it is not worth while to educate a man like me; maybe it is no use educating any member of the Senate or of the House of Commons, or of any Legislature in Canada, or the mayor of a city or any member of a city council. Maybe that is not required in Canada. Maybe we are supposed to have that knowledge without being educated to it, but I, unfortunately, am one of those who require that type of education. I have no doubt that many of the rest of you know all about these things, but I do not.

I have read that magazine very carefully for many years just to get acquainted with a good magazine that will give a reader the impressions of the American people and tell how they act. By putting a tax on that magazine and preventing it from coming into Canada—which this measure, after all, is intended to do—I think we are making a mistake. I think we are wrong. To lift this tax would not be catering to the United States. The Americans do not care if the magazine is prevented from coming into Canada, but we may care. Some people say that we are independent of them, but don't be too sure of that. We spent $24 million this year in building a new guided missile and eventually it turned out to be no good and we have now to adopt the type of weapon that the Americans are building.

In my opinion this tax is absolutely uncalled for. I do not think it will in any way help readers in Canada one iota; I do not think it will help any magazine in Canada to any appreciable extent at all. I would like to ask what other publication I could obtain that would give me the news of the political life of the United States.

Hon. Mr. Smith: *Newsweek.*

Hon. Mr. Kinley: The New York *Times* and the *United States News and World Report.*

Hon. Mr. Haig: But those are American magazines too.

Hon. Mr. Macdonald: Honourable senators, this tax will not keep out any magazine. This is a tax on the advertising content of a special Canadian issue of a magazine published outside Canada.

Hon. Mr. Haig: That is the purpose of it, to keep magazines out.

Hon. Mr. Macdonald: No, not at all. The purpose is to give Canadian magazines a chance to get the advertising that is at present going to publishers outside Canada. There is no attempt to keep American magazines out of Canada.

Hon. Mr. Haig: That may be true enough, but the only purpose of putting a tax on those magazines is to keep them from coming into this country.

Hon. Mr. Macdonald: Not at all, not at all.

Hon. Mr. Haig: It cannot be for any other purpose. *Time* is not an immoral magazine, it does not teach anything immoral, it does not oppose religion or imperil public order.

In fact, there is nothing at all objectionable to it. I know of no reason for trying to stop it except that the proprietors sell a magazine which Canadians who want to advertise think is as good as or better than any other medium, and they spend their money on it because they believe they will get their money's worth. The minute you restrict the magazine the money is diverted somewhere else and the paper is cut out. There is no use in saying that this is not the intention of the amendment; it is to stop the magazine coming into this country.

Hon. Mr. Kinley: You cannot stop it coming into this country.

Hon. Mr. Haig: It cannot be printed here.

Hon. Mr. Kinley: *Time* or any other magazine can be sent into this country; but the publishers print a section in which they tell Canadians what they think of them, a section which Americans cannot read because it does not appear in the United States.

Hon. Mr. Haig: The only objection I have to *Time* magazine is its enthusiasm over the great things it thinks the Liberal party has done for Canada. I understand such language quite well. When I am in a mood very hostile to the Government I pass up that part of the magazine, but sometimes I read it to get an idea of what a fellow who does not know what is going on in Canada says about us. But it has something else which is what I want: it comes in a form which any man or woman can read, and from it one can obtain in a concise fashion news of political and public affairs in United States. That sort of information I can get from this magazine better than from any other. I have the *Reader's Digest;* and I used to take *Newsweek,* but I dropped it. While I am here in Ottawa, if *Time* does not come to me from Winnipeg I buy it at the news-stand, and when I go home the old issues are in a pile waiting for me.

Hon. Mr. Euler: May I ask my honourable friend a question? He values *Time.* I, too, read it. But does he not think that it expresses opinions more than it gives facts?

Hon. Mr. Haig: It prints the opinions of the American publisher.

Hon. Mr. Euler: To that extent it is not a newspaper.

Hon. Mr. Haig: Quite so. The publisher is a prominent American; his wife is the United States Ambassador to Italy. I understand all that. I see a great many Americans reading it, and since these attacks began I made a practice of asking them what kind of a magazine it is. I never heard one person criticize it. I read what it has to say about the Republicans and about the Democrats; and if I were an American, to whichever party I belonged I would regard its descriptions as very fair: one can gather what the two parties stand for, what they are trying to do, what kind of men their leaders are. All these things are what I want to know. I want to know, too, the views of people in the southern and western states, the farmers, and those who reside in the eastern and manufacturing areas. I want to know the views of both sides on the Negro question. I may not get a right representation of the facts, but I believe I do, because it is confirmed by what I read elsewhere. For instance, I read also quite often the New York *Times,* and the *Christian Science Monitor,* which is published in Boston, is it not?

Hon. Mr. Euler: Yes. It is all right.

Hon. Mr. Haig: But I always come back to *Time,* for it gives me something I cannot get any place else.

I think a tax like this is one that we do not need to impose. I am a Canadian, I like the Canadian people, I think we have a great country and I am very proud of it; I stand for Canadian ways; but I feel that we Canadians have tremendous responsibilities, and that the greatest of them is to know the American people. When citizens of other countries meet us, either here or on our visits overseas, they are very keen to learn what the Canadian opinion of the American is. That is one of the things most frequently asked of us. The only time I was at the United Nations Assembly several people asked me for my opinion of the Americans. I say that as we have a responsibility we can never get away from, we should have information on which to base our opinions. So I regret exceedingly that our Government has seen fit to put a tax on this magazine which can, it seems to me, drive it out of this country.

Hon. Norman P. Lambert: Honourable senators, I am grateful to the sponsor of this bill for having made the remarks he did about Part II, relative to the subject which has just been referred to by my honourable friend the Leader of the Opposition (Hon. Mr. Haig). I am rising now to express my opposition to that part of the bill, because I could not comfortably sit in my seat and give even tacit acquiescence to this bill with that part in it.

I am opposed to it because I think it is entirely unnecessary. I think it is a complete perversion of the traditional liberal principles which have characterized most of the legislation which I have been privileged to

support in this house since I was made a senator. I do not intend to go into the subject at great length, although I could, if it were necessary to do so. It has been examined to a certain extent in the other place, but I submit very definitely that up to now there has been no evidence submitted in either house which shows that Canadian periodicals or magazines which Canadians want to read are in financial jeopardy today from any cause whatsoever.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Lambert: Canada's national weekly periodicals and magazines have more than doubled in number in twenty years: they have greatly increased their circulation, and they have matured into real competitors with other magazines which are circulating in this country. Any perusal of the available figures showing the growth of publications in Canada, the circulation, and the amount of advertising that they enjoy, will prove quite conclusively what I am saying now. I consider that this provision in the Excise Tax Act is clearly a protectionist one because it shifts advertising revenue and, indirectly, circulation, to Canadian magazines which now will be able to enjoy the equivalent of special tariff protection against the competition of American publications. At the present time there is no protective tariff for Canadian publications against the competition of American publications that are coming into the Canadian market. That is why my honourable friend can buy the New York *Times* or any other Sunday papers, together with their magazine sections, at a price which takes into account only the cost of getting them here, but against which there is no tariff. But this provision in the Excise Tax Bill supplies the equivalent of tariff protection to a specialized group of publications in Canada which really do not need the protection. It is the invidiousness of this legislation that I am opposed to as much as anything else, for it is based upon the fallacy of trying to prevent the importation of ideas and of energy and of enterprise into Canada to help develop this country. It savours too much of the suggestion we have heard during this session, that we must avoid the importation of capital from the United States in order to develop our national wealth. This savours exactly of that note, and I think that it is wrongly based on the idea that advertising is the important thing in a publication instead of its reading matter. Publications enjoy big circulations because of the reading matter they contain, and not because of the advertising they carry; and publications enjoy advertising revenue because of the quality of the reading matter they contain.

My honourable friend referred to one publication that is affected by this tax. I am rather surprised he did not mention the other one, the *Reader's Digest*. This publication was founded by two young people who came out of Winnipeg, Lila Acheson and DeWitt Wallace. These two young people conceived the idea that the time was ripe for a publication of pocket size that could be carried about by the casual reader. They finally went to the United States, going to Minneapolis and then to Chicago. That was in the 1920's. By applying themselves to this idea they made a success. Their headquarters are now in New York City and for all I know they may be naturalized Americans. The circulation of the *Reader's Digest* is in the millions today. These two people, now Mr. and Mrs. DeWitt Wallace, sent back to Canada some evidence of the enterprise which made them successful in the United States, and they established a headquarters in Canada for the publication of their magazine here. This is the only magazine that is published in French and in English in this country. It employes 322 people and has a payroll of over $1,250,000 a year. The magazine is described in the Massey Report—which I am not given to quote on every occasion, but I take great pleasure in doing so now—as the only real national magazine that is published in Canada.

I object to this exclusive definition of "non-Canadian" in the bill because, as far as the *Reader's Digest* is concerned, I regard the founders and owners of that publication in the United States as still being good Canadians. They are certainly North Americans, for they were born in this country, and they deserve all the credit that can be given to them for what they have been able to do. Their magazine circulates here to the extent of 865,000 copies a month, including both French and English, and its advertisements represent only about 4 per cent of the advertising that goes to all the magazines and periodicals that are published in this country. So when you come to boil the whole thing down, the provision in Part 2 of the bill is distinctly a protectionist provision and represents a bit of special privilege legislation in its most concentrated form. From the point of view both of basic principles as well as of common sense and practical business, this provision is reactionary and anti-liberal. It is invidious and provocative of reprisals from a neighbouring people whom Canadians everywhere should be doing their very utmost to cultivate at this time. The bill will probably pass, but if it does it will certainly be passed on division.

Hon. John T. Hackett: Honourable senators, I should like to make a few comments

on this bill, but before doing so I shall ask the honourable Leader of the Government (Hon. Mr. Macdonald) a question I asked earlier of the honourable senator who presented the bill (Hon. Mr. Hayden). Was any diplomatic representation made to the Government concerning the bill or the questions that are raised by the imposition of a tax on certain American magazines?

Hon. Mr. Macdonald: I have no knowledge of that.

Hon. Mr. Hackett: I have admired the rather large category of adjectives that the honourable senator from Ottawa (Hon. Mr. Lambert) has applied to this part of the bill. I do not know whether he admits to being a protectionist at all times; I admit that I am that, and possibly frequently. However, I do share his opinion in regard to what he considers to be a provocative element in the bill. Pages have been written on both sides of the international line and elsewhere on the 3,000 miles of unprotected boundary, the unseen line which divides us, and on the friendship existing between us and the American people. Why should we attempt or desire to deny ourselves access to the unfolding story, not only of this continent, but of the world at large, which is brought to us weekly in one of the publications that have been mentioned, and in several others that have not been mentioned? Our action may arouse ill feeling. I think most people wish to allay misunderstandings and disputes, and when we know of conditions in other lands, when we learn to appreciate motives that press them to take this and that action, it enables us to approach the great difficulties that beset the world with an element of understanding, and sometimes of good will, even when that attitude is not entirely acceptable to us. Therefore, I am reluctant to be party to any interference with the flow of information which comes to us through these magazines and tends to overcome the barriers of space and time, especially when it comes from sources that generally are reliable.

Like my leader (Hon. Mr. Haig), I may say that some of the assertions that are found occasionally in one of these magazines do not always tickle my political funny bone, but on the whole they open broad avenues of information that would otherwise be closed to us. I dislike the pettiness of the bill. I dislike the idea that we cannot listen to truth that we cannot listen to facts. If there is one great characteristic of our country I think it is that we have been able to live in harmony as a people, despite the fact that elements of our people cherish divergent views, different languages, different creeds. Through a dispensation of Providence we have been enabled to understand that the other man may have a point of view which explains, if it does not entirely justify, his attitude.

At this time so much depends on men of good will, people who can work together, that we should avoid all possibility of ill will. If there is one thing for which Canada is reputed throughout the world it is that her people have been able to settle difficulties without spilling blood. Here we may create bad blood. This bill embodies a topic that will find its way into the election campaign which is about to take place in the United States and may embitter friends. We are doing this over—I will not say over paltry dollars, for we have to have dollars to carry on our government, but there are kinds of dollars that come too dear. I submit that a part of the bill indicates a pettiness that is entirely unworthy of the Canadian people, and above all of the Canadian Parliament.

Honourable senators, I shall vote against this bill.

Hon. T. A. Crerar: Honourable senators, our colleague, the senior senator from Ottawa (Hon. Mr. Lambert) spoke with vigour and decision on this particular provision of the bill we have under consideration at the moment. Let me say at once that I wholly support the views he expressed. This so-called magazine tax on advertising is simply and clearly a device of protection; it is nothing else. I have never been very partial to devices of that kind in the past as affecting the Canadian economy; but this device is even worse than I have known, for it is a tax on the exchange of ideas—perhaps not directly, but indirectly, and if there is one thing historic that the Liberal party has stood for in the past it is full-scale opposition to anything of this kind. I regret this tax, I think it is a mistake, and not only a mistake but a blunder.

Hon. Mr. Hackett: Hear, hear.

Hon. Mr. Crerar: No doubt it will pass, but that does not end it so far as public opinion is concerned.

I also wish to endorse what my colleague from Waterloo (Hon. Mr. Euler) said about the sales tax on margarine. How is it possible to find any equity or any justification for a tax on what today is a common food of a great number of the Canadian people? I know the purpose of it, but I think it is a wholly mistaken purpose. As a matter of fact, I know of certain instances of dairymen, in whose interest this sales tax on margarine is maintained, who are selling their cream for the best price they can get, and are using margarine as a substitute for butter. If they

care to do that it is quite within their right to do so, but why should they have to be penalized by a sales tax on margarine? Things like this make it difficult for one to understand what principle—if any principle at all—is guiding our legislation in these matters. There was a time when our laws were based on some principle. But it does appear that that practice has largely gone out of the window, and we tend to judge the merits or demerits of legislation on the grounds of expediency. That is never a sound ground on which to form a judgment on matters of this kind. Sooner or later it is bound to react; even politically, it is an unsound step to take.

I agree also with my colleague from Waterloo about the tax on the premium income of insurance companies, and particularly life insurance companies. If there is any one thing that is characteristic of life insurance, it is that it is a sound method of encouraging savings among all classes of our population. We hear many lectures about the importance of saving; our bankers talk to us about it, our public men advocate it. If it is a desirable thing—and I think it is highly desirable that the people generally should save in every legitimate and possible way—why on earth should we penalize the life insurance companies by so taxing them? I cannot understand at all the principle that lies behind such a proposal.

Today governments at all levels, federal, provincial and municipal, are harried to death with the need of getting additional revenue, and they reach out and grasp for it in the manner in which they think they can get it most easily. There is one point on which I do not quite agree with my colleague from Waterloo (Hon. Mr. Euler) namely, the approval he appears to give to corporation taxes.

Hon. Mr. Euler: I said income tax.

Hon. Mr. Crerar: Corporation income tax?

Hon. Mr. Euler: Yes.

Hon. Mr. Crerar: My own view is that corporation income tax is an unsound tax for the reason that one has only to examine the financial statements of corporations since the tax was imposed to see as clear as the sun at noon day, that this tax is passed on to the consumers in this country. So when we tax a corporation 50 per cent of its net profits, that policy may sound good out on the hustings; it may be the basis for an appeal to a prejudice. But, in effect, it is a tax on consumption in this country, because industries and corporations which conduct business serve the public, and the public in some respect or other are consumers of their products. So, in almost all cases the people pay the shot on corporation tax.

Corporation tax is unsound because it is a disguised tax. A fundamental principle of sound taxation is that the tax be clear and evident to everybody, and that it be certain. That is why personal income tax differs wholly from tax on corporations. For instance, as a member of this house I receive an indemnity, as do all other senators, of $10,000 a year. On that sum I have to pay a tax. I cannot pass that tax on to anyone else: I have to meet it myself. That is the peculiar characteristic of personal income tax. But when the Government taxes a corporation in which I may be a shareholder, that corporation simply finds the means if it can, and it usually can, to pass that tax on to the consumer in the price it charges for its product.

Hon. Mr. Kinley: It does just the opposite.

Hon. Mr. Euler: May I say that I was not endorsing corporation tax as such. I was merely saying that an insurance company, as a corporation, is entitled to be placed on the same basis as other corporations. I was not arguing in favour of the tax otherwise at all.

Hon. Mr. Crerar: Well, I must say that I am relieved to hear that. I was afraid that my friend from Waterloo, for whom I have a very high regard, and who on such matters as these is usually sound, had strayed a little from the path of virtue. In that I was clearly mistaken.

I do think these are considerations which should occupy our attention a little more than they do. Nothing is more important to a country than its taxation policy, because it truly reflects how the people govern themselves. To the people of a freedom-loving country which believes in democratic government, nothing is more important than the way in which they govern themselves. We have great parliamentary institutions, and part of their work is to find revenues to meet the needs of the country. As representatives of the people, I think it is a matter within our ambit to point out what appears to me to be certain defects in this measure. And so, I am grateful to the honourable senator from Ottawa (Hon. Mr. Lambert) for speaking as vigorously as he did. The principle he enunciated must not be forgotten and should be kept before the eyes of the people of this country.

Hon. Paul H. Bouffard: Honourable senators, I had not intended speaking in this debate, but so much has been said about the measure before us that I feel I should attempt

to express a practical view with respect to the proposed tax of 20 per cent on advertising material in American magazines published in Canada.

Speaking generally to the bill, I share the opinion expressed by the honourable senator from Waterloo (Hon. Mr. Euler), that the 2 per cent tax on life insurance premiums is a tax on gross revenue, but not on net. That feature makes it an unjust tax. As my friend pointed out, many insurance companies may collect large premiums, but the net result of their operations may show a deficit. I see no reason whatever for imposing such a tax on insurance premiums.

As to whether insurance companies should be taxed on their net profits, as is every other corporation, I think they should be so taxed. A few minutes ago I was looking across at my two colleagues, as they faced each other, and they appeared to be wondering who was for and who was against corporation taxation. Now they both seem to be against it. I wish they had expressed that opinion some years ago when corporation tax was first instituted, because it might have meant fewer years during which the people would have had to carry the burden of that tax.

In the matter of the 20 per cent tax on advertising in American magazines published in Canada, I must admit that to me it is a surprising tax. I am bound to think that the Minister of Finance and his deputy looked thoroughly into this matter before they reached a decision to propose such a new tax. I must also admit that I have not had sufficient explanation of the reason behind this proposal to convince me that it is a good or a bad one. However, I propose to vote for the bill, notwithstanding the fact that the explanation falls far short of satisfying me of its merit. I fear that the tax will not have the effect of reducing the flow of American publications to Canada and thus benefiting Canadian publishers. If certain American publications or magazines have had a wide distribution in Canada it is because their material is good. Their material has been accepted by Canadians to the extent that their business has grown tremendously over the last 10, 15 or 20 years. That indicates that Canadians have greatly appreciated these magazines.

Also, I have been told—I do not know whether it is true or not—that in so far as the advertising in these magazines is concerned they have not enough space to take all that is offered to them from Canada. If that is so, and I have no reason to believe that it is not, those who advertise in these magazines pay a pretty high rate; I think they are among the wealthier advertisers in Canada. So, if the magazines have to meet a 20 per cent tax on advertising, who will eventually pay for it? Will the publications pay for it and thus reduce the amount of their income by 20 per cent? I do not believe so. I think one of two things will happen: either the magazines will charge 20 per cent more for their advertising, which means that the Canadian advertisers will pay more, or the publishers will say to the advertisers "Our rate for advertising space has not changed, but as there has been a tax imposed on us of 20 per cent we are asking you to pay it". I think the result of the tax will be an increase in the rate for Canadian advertising by 20 per cent. That will not prevent wealthy companies from advertising in those magazines.

This tax will not decrease by any means the Canadian business of these American magazines. The fact that Canadian advertisers will have to pay a 20 per cent tax on advertising in these large magazines will not cause them to switch to Canadian publications. Consequently, I do not think the tax will have the effect that the minister thinks it might have.

As I am not an expert in the taxing business, nor do I have the knowledge that the minister has—and I am sure he carefully studied the situation before recommending imposition of the tax—I am going to vote for the measure. But I emphasize the opinion that I have expressed—though I may be wrong—that the tax will not have the effect the Government thinks it will have.

Hon. Mr. Euler: Honourable senators, may I clear up what is perhaps a misapprehension in my mind, or else a misapprehension in the mind of my honourable friend?

Hon. Mr. Bouffard: The misapprehension may be mine.

Hon. Mr. Euler: He made the statement that two of his colleagues were apparently against the corporation tax. If he included me in that he is quite wrong. If he will do me the honour of reading my speech in *Hansard* tomorrow he will find that I am distinctly in favour of taxing the profits of an insurance company, as of any other corporation, but that I am wholly opposed, as he is, to the tax on premium income.

Hon. Mr. Bouffard: I take the word of my colleague, and I apologize if I misunderstood what he said. I still think that if either of my two colleagues opposite had in the past expressed opposition to the corporation tax it might have benefited the whole community.

Hon. Mr. Macdonald: Honourable senators, the honourable member for Toronto (Hon. Mr. Hayden) has had to leave, so may I on his behalf close the debate?

The Hon. the Acting Speaker: I would point out to honourable members that if the honourable leader speaks now he will close the debate.

Hon. Mr. Macdonald: I expected that the honourable senator from Toronto, who opened the debate, would close it. However, I have followed the discussion very closely and I have also read the report of the debate which took place in the House of Commons. Therefore I feel that I am sufficiently well informed to speak for my honourable friend at this time, although probably not as effectively or as eloquently as he himself would speak.

Now, the last thing I want to be is provocative in my remarks. I think we have had an excellent debate. Honourable senators have spoken with feeling and vigour, and that is all to the good. No one can complain today about not having heard the debates in this chamber, because the participants have all been enthusiastic.

I was rather surprised at the tone of some of the speeches at a time when we hear so much about a desire to help the Canadian people, particularly writers, and artists, to do something for the fine arts. There has been much agitation to have an arts council. Well, the Government has been trying over the years to help in many ways, and it hopes that this tax will produce satisfactory results.

The attention of the Government was brought to the fact that it was not advertising sufficiently in magazines and other publications. So there has been an extension of advertising by the Government in magazines, not for the purpose of helping the publisher or the printer, but in order that the magazines could keep going and that Canadian writers and artists might contribute to them.

Also we have established special postal rates to make it possible for these magazines to exist so that they might publish articles written by Canadians, not necessarily for Canadians only, but for consumption in foreign countries as well.

Now, despite what has been said here today, we are not endeavouring to keep any American magazine out of Canada. I think that was done at one time. The honourable senator from Victoria (Hon. Mr. Hackett) may recall that in the thirties duty was imposed on magazines entering Canada. I am not sure, because I was not in the house at that time.

Hon. Mr. Golding: As I recollect, it was a tax on advertisements in magazines. My honourable friend was in the House of Commons.

Hon. Mr. Macdonald: I know there was some such tax at the time. But my point is that this legislation is not in the form of a tax on magazines coming into Canada, and I do not think anybody can interpret it in that way.

The Hon. the Acting Speaker: May I draw the attention of honourable senators to rule 13, which compels the Speaker to leave the Chair at six o'clock unless he has unanimous consent to suspend the rule.

Hon. Mr. Macdonald: I shall not be very long.

Hon. Senators: Go ahead.

The. Hon. the Acting Speaker: I take it that the honourable gentleman has the unanimous consent of the house to continue.

Hon. Mr. Haig: Agreed.

Hon. Mr. Macdonald: I agree with the honourable Leader of the Opposition (Hon. Mr. Haig) in his high opinion of *Time* magazine, which he reads regularly, as I do. I also read that excellent magazine the *Reader's Digest*, of which the honourable senator from Ottawa (Hon. Mr. Lambert) made mention, and *Newsweek*, to which I think the honourable senator from Toronto-Spadina (Hon. Mr. Croll) referred. All of them are splendid publications. This legislation will not prevent them from coming into Canada on the same basis as heretofore.

Hon. Mr. Lambert: May I interrupt my honourable friend? It is not a question of their coming into Canada; they are here and are being produced here now. Would my honourable friend care to venture an opinion as to whether the publishers of the *Reader's Digest*, whose payroll in Canada is over a million dollars a year, will think it is worth while to retain quarters here, or will they return to the United States and publish their Canadian edition from there, as is done by *Life* and other United States magazines? The owners of the *Reader's Digest* came to Canada in order to publish here, and they are to be penalized for doing so. I should not be at all surprised to see them move back.

Hon. Mr. Macdonald: I do not want to venture an opinion on that question. I was going to say, "Time alone will tell", but it might be supposed that I was referring to the magazine! I am sure that, notwithstanding this legislation, the *Reader's Digest* will have an excellent market in Canada, and it will retain at least one subscriber, in any event, in the person of myself.

The honourable senator from Ottawa said, I believe, that Canadian magazines are increasing their circulations.

Hon. Mr. Lambert: That is so.

Hon. Mr. Macdonald: I have here a statement which was made by the minister the other day, as follows:

> Shortly after the war about one-third of the magazines of general interest read in Canada were Canadian. Four years ago the proportion was down to one-quarter. Last year it had fallen to one-fifth.

And he adds this comment:

> I wonder if there is any country in the world where only one-fifth of the magazines of general interest are of national origin, and four-fifths originate abroad.

That is the situation which exists in Canada today. It was because of that position, and to put our magazines on a more competitive basis—not to help the publisher or the printer, but rather to promote Canadian contributions to something which is essentially Canadian—that this bill has been presented. I am sure it will encourage our Canadian writers. We all want to encourage them. We want them to have fair competitive conditions. We feel that the competition at present is a little unfair. If our action should prove to be wrong, it can be changed. But it certainly seems unfair that magazines published and printed in the United States—and having all the editorial content prepared over there, whether it is printed there or not—benefiting by their own wide market, can come into Canada with all this prepared editorial matter and compete with our magazines.

Hon. Mr. Kinley: And be called Canadian.

Hon. Mr. Macdonald: And, as my honourable friend says, be called Canadian magazines.

Hon. Mr. Hugessen: May I ask my honourable friend a question?

Hon. Mr. Macdonald: Yes, indeed.

Hon. Mr. Hugessen: I wish he could clarify in my mind how he comes to believe that to impose a tax of 20 per cent on advertising in American periodicals published here is going to assist Canadian magazines or Canadian writers. I cannot understand it, unless the result is to be that these magazines of American origin stop publication.

Hon. Mr. Macdonald: No, the magazines will not stop publication. But the costs of producing an American magazine in Canada are much lower than the costs of producing a Canadian magazine.

Hon. Mr. Hugessen: I agree. But how will this legislation help Canadian magazines?

Hon. Mr. Macdonald: The Canadian magazine, with its high costs, cannot compete with the low-cost American magazine: the circulation is restricted, and there is a very limited field for Canadian writers. I cannot put the matter any clearer than that. We hope that this legislation will improve conditions and opportunities for Canadian writers, and it will be given a chance to prove its worth.

The motion was agreed to, and the bill was read the second time, on division.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed, on division.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Haig: Honourable senators, might I suggest to the honourable Leader of the Government (Hon. Mr. Macdonald) that when the Senate rises today it stand adjourned until tomorrow morning at 11 o'clock. The Banking and Commerce Committee is meeting tonight at 8 o'clock and it has only one bill to dispose of.

Hon. Mr. Macdonald: Honourable senators, among the legislation now before the house for consideration is Bill 439, an Act to amend the Indian Act. There is also a very important bill entitled an Act to Promote Equal Pay for Female Employees, which is to be explained by the honourable senator from Fredericton (Hon. Mrs. Fergusson). The honourable gentleman from Huron-Perth (Hon. Mr. Golding) is going to explain bill 440, an Act to amend the Public Service Superannuation Act. Then there will be two bills presented to the house dealing with taxation arrangements with the Republic of Germany and the United States respectively, which the honourable senator from Inkerman (Hon. Mr. Hugessen) has kindly consented to explain.

If it is the wish of honourable members I would be pleased to move that when the Senate rises today it stand adjourned until tomorrow morning at 11 o'clock.

The motion was agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, August 10, 1956

The Senate met at 11 a.m., Hon. Thomas Vien, P.C., Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

INCOME TAX BILL

COMMITTEE AMENDMENT

Hon. A. K. Hugessen, for Hon. Mr. Euler, Acting Chairman of the Standing Committee on Banking and Commerce, presented the committee's report on Bill 418.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (418) intituled: "An Act to amend the Income Tax Act", have in obedience to the order of reference of August 8, 1956, examined the said bill, and now report the same with the following amendment:

Page 1, lines 6 and 7: strike out the words "of any kind whatsoever".

The Hon. the Acting Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Macdonald: Later this day.

FEMALE EMPLOYEES EQUAL PAY BILL

SECOND READING

Hon. Muriel McQ. Fergusson moved the second reading of Bill 445, an Act to promote equal pay for female employees.

She said: Honourable senators, today, when I have the privilege of introducing and explaining this bill to promote equal pay for female employees, is a highlight in my life.

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: The principle on which this bill is based is the recognition of the dignity and the worth of women's work. Through women's organizations with which I am associated I have worked for many years for this recognition on both a national and a provincial level.

Canada is a member of the United Nations Organization and, as such, she has subscribed to the belief that there should be equal opportunity for men and women. The United Nations has repeatedly emphasized the importance of equal pay as an international standard. The Universal Declaration of Human Rights, which was unanimously adopted by the United Nations General Assembly, stated that everyone without discrimination has the right to equal pay for equal work. This means that all Governments which are members of the United Nations have given at least lip service to the principle of equal pay.

The constitution of the International Labour Organization, as originally adopted in 1919, proclaimed "the special and urgent importance" of "the principle that men and women should receive equal remuneration for work of equal value". The principle was repeated in the amended I.L.O. Constitution in 1948.

In 1951 the International Labour Organization adopted a convention concerning equal remuneration for men and women for work of equal value. Since that time 14 countries have ratified the convention. When the convention was adopted, in 1951, the Canadian Government delegates favoured adoption of an instrument but took the position that a recommendation was preferable to a convention. According to the statement made by the spokesman for the Canadian Government, this was because of the difficulties which Canada as a federal state would encounter in seeking to ratify a convention on a subject for which jurisdiction is divided between Parliament and the provinces, and also because at that time there was a strong feeling in Canada that equal pay was a matter for collective bargaining rather than legislation.

Honourable senators will know, without my telling them, that many of the businesses and industries in which Canadian women are employed are under the jurisdiction of the provincial Governments, according to the British North America Act. However, since 1951 five of our provinces have passed equal pay legislation, and now we are considering a federal bill. Canada has therefore gone a long way toward carrying out the principles of the convention during the past five years.

In many other countries people have awakened to the injustice of paying women less than men for the same kind, quality and quantity of work. As I mentioned before, 14 countries, some highly industrialized, and some not, have ratified the Equal Pay Convention of the I.L.O., and in many countries which have not yet ratified it, women, often with the assistance and support of their men co-workers, are making considerable progress toward adopting the principle of equal pay for equal work.

Equal pay bills have been introduced into the United States Congress at every session since 1945, although it is true that they have not yet been passed by Congress; however, 16 states of the Union and the Territory of Alaska have adopted this legislation and passed bills to implement it.

Last year in the United Kingdom legislation was passed which provided that female government employees would receive increases on a graduated scale, so that by 1961 they would be receiving equal pay with their men co-workers. The principle of equal pay has long been adopted in Britain, but for economic reasons Britain has felt that it could not implement it in its civil service; however, it is doing so on a gradual scale, so that before long British women civil servants will receive equal pay with men.

In Canada, as I stated earlier, women's organizations have been working assiduously to have the provincial Governments and the federal Government pass legislation to put on the statute books laws to guarantee for women this basic right of human beings, whether they be male or female.

Since 1907 the National Council of Women has sponsored this principle and has continued to do so down to the present time. In case honourable senators may not be familiar with this council, may I explain that it is a group made up of and representing 21 national women's organizations, 6 provincial councils, and 49 local councils which embrace almost 1,700 local affiliated societies.

The Canadian Federation of Business and Professional Women's Clubs has as its special objective the improvement of the status of women, and since it was organized, in 1930, has interested itself in the implementation of equal pay legislation as a basic requirement for the improvement of the status of women. There are 139 business and professional women's clubs throughout Canada, from Victoria, British Columbia, to Saint John's, Newfoundland, with a membership of almost 7,000. Honourable senators may have seen a number of members of this group, when almost 1,000 members of the International Congress of Business and Professional Women's Clubs which met in Montreal came to Ottawa by special train and visited the Parliament buildings on July 10 of this year. The Canadian members of this group were addressed by His Honour the Speaker of the House of Commons in the Chamber of that house; and later, the Speaker very graciously entertained them in the Railway Committee room, where they had an opportunity to see the Prime Minister.

It is generally recognized, honourable senators, that the work done by these clubs has been responsible for the passage of equal pay legislation in Ontario and other provinces in Canada.

The Canadian Federation of University Women, with its 86 branches and a membership of about 8,000 in Canada, has for years supported this type of legislation. Another group which has been very vocal in support of the legislation through resolutions and in other ways is the National Federation of Liberal Women, which has more than 500 branches in Canada. I am sure there are many other women's groups who have supported it, but I am referring only to those about which I have personal knowledge, having taken part in their work. I understand that most of the women's organizations of the other political parties in Canada have also gone on record as supporting this legislation, but I am not in a position to say other than what I have heard in that respect.

Honourable senators will perhaps be interested to know that the Trades and Labour Congress of Canada enunciated, as the third point in its twelve-point platform which was adopted in 1882, equal pay for equal work for both sexes, and the Congress never deviated from the endorsement of this principle. The Canadian Congress of Labour has endorsed the principle of equal pay for equal work, and has gone on record as being in favour of this legislation. When these groups united, equal pay for equal work was one of the principles in the platform of the Canadian Labour Congress, adopted at their April, 1956, convention.

The Canadian and Catholic Confederation of Labour, at its 1951 congress, passed a resolution requesting the Legislature of the province of Quebec to recognize the fact that male and female employees should receive equal pay for equal work as proposed by the International Labour Organization.

As honourable senators probably know, women in government in Canada have also supported this principle and have requested legislation to implement it. It was first voiced in the other place by Miss Agnes Macphail, the first woman member of the Canadian Parliament, when she represented Grey-Bruce. More recently, the member from Hamilton West, Mrs. Fairclough, introduced an equal pay for women bill on three different occasions. On two occasions the bill was debated in the House of Commons, and although it was defeated each time it was supported by all women members of the house, regardless of party affiliation, including, Mrs. Ann Shipley, the only Liberal woman member.

All these things have pointed to a trend in public opinion toward equal pay for women. When the very capable Director of the new Women's Bureau in the Department of Labour, Miss Marion Royce, was appointed in 1954, a survey of the need for this legislation, and if there was a need for it, of the form which such legislation should take, was begun. Honourable senators, the present bill is a great satisfaction to the women of

Canada. It is also the first major accomplishment of the Director of the new Women's Bureau; it is an accomplishment of which she and her minister may well be proud.

To me it seems only simple justice that every human being, regardless of sex, should receive equal pay for equal work. But I know there is some opposition to this idea. With the permission of the house, I should like to take a few moments to make some comments on the reasons besides simple justice for support of the bill.

The two world wars were the great incentive that brought women into the labour force. Their help was greatly needed; indeed, it was actually essential, and they gave their help generously. It was thought at that time that the use of women in such a field was a matter of passing interest, and their presence would be only temporary. It is plain, however, that in our rapidly expanding economy there is still a place and a demand for women. Their record shows that women's work is not inferior to that of men. If it were, they would not be employed at all. You will be interested to know that the number of women in the labour force in Canada today is slightly more than one and a quarter million; the latest figure is I think 1,312,000. This represents a little more than 23 per cent of the entire labour force of Canada, which numbers about 5,664,000. The fact that women constitute such a large proportion of the labour force is certainly a reason why they have come to be recognized as a stable group within that force, and it increases the value placed on their work. This group has increased in number greatly since the turn of the century. An article in the *Labour Gazette* of April 1954 states that from 1901 to 1951 the number of women in the labour force increased about fivefold and the ratio of women in the labour force to the total population of women of working age has about doubled.

The number of women who will be affected by this legislation is a smaller number for it will affect only those who are employed in works, undertakings and businesses within the power of the federal Government to regulate. The total number of persons employed in these operations under federal jurisdiction is about 375,500, of whom about 72,000 are women. However, within this group there are a few women, members of unions, who are covered by collective agreements that provide for equal pay for equal work, and therefore they will not benefit from this legislation. and there are some, such as telephone operators and bank clerks, in occupations where few if any men are employed. The number of women whose wages and salaries will be under scrutiny according to the terms of this bill are not very great compared with the whole woman labour force in Canada. If the bill passes, however, the very fact that the federal Government has enacted equal pay legislation means that official national recognition has been given to the inherent worth of women's work and the basic principle of their equality with men.

It has been a long and slow process to establish equality between males and females in Canada. We may forget that in the early years of this century women in Canada were denied the right to vote. It was only in 1929, just 27 years ago, that following a reference to the Supreme Court and later to the Privy Council a judgment was given declaring that under the British North America Act women are persons and therefore entitled to be summoned to this chamber. The bill before us to promote equal pay for female employees is a logical further step in the direction of granting equal rights to women.

Much of the earlier opposition to equal pay for women vanished when it was realized that equal pay would add to the security of the male employee in that he would not need to fear that if business became bad his employer might replace him by a woman who could do the same work for less money. Wives who first regarded such legislation with fear, when they understood this implication welcomed it as providing security for their husbands. It has been realized also that it provides security for employers of men who do not have to fear that their prices may be undercut by competitors who employ women at rates less than the rate paid to men for the same work.

To support that I would like to quote a statement made by Mr. Kaiser, the United States Government delegate at the 33rd International Labour Organization Conference at Geneva, when he was sitting in the committee which was considering equal remuneration for men and women for work of equal value. Referring to equal pay, he said that United States experiences showed first that the principle can be successfully translated into a workable practice, acceptable alike to workers and employers; secondly,—and this supports the point that I was trying to make—that its application protects established wage rates against undercutting and improves employee morale and labour relations.

One argument that has been put forward against equal pay is that men require higher salaries because they have to support families. However, where this discrimination prevails the salaries are based on the sex of the

individual and not on whether he is a married man with a family or is a bachelor.

It is well known that many of our working women are widows with children to support and educate, and unmarried women who support aged parents, for it is traditional in our country that the unmarried daughter assumes the support of needy parents. That happens many, many times. Now, the taxes paid by such women are certainly no lower because the taxpayers are women. Groceries, shelter and clothing, which they have to buy, cost them no less than the same things bought by men. The cost of educating children are not less for a mother than for a father. Why then should a woman who works for money to pay for these necessities get less for her work than a man does if she is doing the same work?

It has been said to me, even within the walls of this building, that if women and men are to receive equal pay it would work to the detriment of women, because under these circumstances an employer will always choose a man. Honourable senators, I do not believe this; and in any case women are quite willing to take that chance. I would point out that in the large number of countries where equal pay legislation has been put into effect no such result has accrued.

Five provinces of Canada have enacted equal pay legislation. Ontario took the lead in 1951, and was followed by Saskatchewan in 1953, British Columbia in 1954, and Manitoba and Nova Scotia in 1956. The Nova Scotia law will not come into force until January 1, 1957.

There have not been many prosecutions as yet under these acts, but there is considerable evidence of acceptance of the principle by employers. I would like to quote a statement of the Deputy Minister of Labour of Ontario, who, in referring to the Ontario act, said:

> The Legislature of Ontario, in passing this statute, has established a principle for industry to follow, and it is understood that because of the existence of this legislation adjustments will be made, particularly by some of the larger firms in the province, without recourse to complaints made under the act.

Honourable senators, at last I have come to the provisions of the bill itself. I would point out that it applies to all the "works, business and undertakings" which, under the provisions of the British North America Act, are within the jurisdiction of the federal Parliament to legislate upon, including crown companies. The employees affected include those employed in telegraphy, broadcasting, transport, Canadian National hotels, banks, telephone companies, federal crown companies such as Canadian Arsenals and Polymer, and by the railroads. It does not only apply to civil servants, because most of them are engaged through the Civil Service Commission, and it is established policy in the civil service to pay the same scale to both men and women according to their job classification.

Section 4 contains the basic provision of the bill. It provides that no employer shall employ a woman at a rate of pay less than he pays a man for identical or substantially identical work. It is the "job, duties or services the employees are called upon to perform" that must be considered to determine whether or not the work is identical, or substantially so. If there is a difference in the rates of pay of a man and woman for identical or substantially identical work, and the difference can be shown by the employer to be due to a general rule or personnel practice or any matter such as length of service or seniority which applies to all his employees, regardless of sex, such difference is not to be deemed to be failure to comply with the act. By section 5, an employee who makes a complaint is protected from discharge or from being the subject of any other discrimination.

In the remainder of the bill there is set out the enforcement procedure. It is provided that a woman who considers she has a grievance under the act may make a complaint in writing to the Minister of Labour. The complaint is to be referred to a fair wage officer, who is an official of the department, and who will try to help the parties to understand their positions under the act. The result may be a settlement, either through a wage adjustment or withdrawal of the complaint if it were not justified. This is a provision for voluntary settlement. If the fair wage officer is unable to arrange a voluntary settlement he is to make a report to the minister setting out the facts, with his recommendations. If there is merit in the complaint the minister will appoint a referee, who may or may not be a member of the department, who will make a full inquiry, hear both parties, and decide whether there has been a contravention of the act, and make whatever order is necessary. Such order may require an adjustment of pay for as far back as six months preceding the complaint. Failure to comply with the order is an offence under the act for which penalties are set out.

Although administrative procedure is provided for in the bill, a person who considers herself aggrieved is not precluded from starting court proceedings, if she prefers, but if she has made a complaint to the minister, and administrative proceedings have reached

the stage where the case is before a referee, she cannot then institute a court action.

The purpose, of course, is merely to prevent concurrent judgments of a court and a referee.

Hon. Mr. Hackett: Is there any appeal from the finding of the referee?

Hon. Mrs. Fergusson: There is no provision in the bill for an appeal. Of course, if the referee's finding is not complied with the complainant may take legal action, and perhaps the court's decision might be of some benefit in this respect.

If an employer is convicted by a court of failure to comply with the act, the judge may order the payment of the wages due the employee, as well as any other penalty.

In cases of collective agreements, where an employer is bound by a clause which contains an equal pay provision substantially the same as that contained in section 4, grievances must be dealt with by the machinery provided in the agreement, and not through the procedure set out in this bill.

This is a very simple and straightforward bill, and I am sure the contents are clear to all honourable senators. If there are any questions, I shall be glad to answer them if I am able.

In Canada we believe in equality of the sexes, and over the years we have passed legislation based on that belief. Honourable senators, I would like to say that when this bill passes—if you will permit me to do violence to an old and well-known adage—it will prove that in the employment field in Canada we recognize that a "miss" is as good as a "male".

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: Honourable senators, I recommend that you give favourable consideration to this bill.

Hon. Mr. Lambert: May I ask the honourable senator a question?

Hon. Mrs. Fergusson: Certainly.

Hon. Mr. Lambert: In connection with the application of this bill, is the honourable senator satisfied that the same principle of parity or equality exists within the ranks of the Civil Service itself?

Hon. Mrs. Fergusson: The only way in which I can answer that is to say I was a civil servant myself, that I held rather senior positions on different occasions and I always received the same pay as did men doing the same work. I know, too, that the people in the departments in which I worked were paid for the job they were doing, regardless of their sex. I firmly believe that is the established practice of the Civil Service.

Hon. Mr. Lambert: May I ask a further question? In view of the Government's interest in this measure, which of course would be reflected in contractual engagements of the Government in its various works, would the honourable senator say that a fair wage officer would logically be considered a member of the Department of Labour?

Hon. Mrs. Fergusson: I have not given consideration to that. It is provided for in the act, and I did not see any reason to raise any objection to it. The work of the fair wage officer is really to interpret the act to the complainant and the employer so they will both understand their rights. It has happened under some of the provincial acts that people who have made complaints would not have done so had the act been properly explained to them. They realized they were not justified in making their complaint. The same is true with respect to the employer who sometimes has not known his rights or responsibilities under the act. I understand that the job of the fair wage officer is to interpret the act and to try to get the employer and employees to understand their rights and to agree to abide by them. He is not an arbitrator.

Hon. Mr. Lambert: In the case of a wage dispute he would be the arbitrator.

Hon. Mrs. Fergusson: No, the dispute would go to a referee. If a voluntary settlement could not be arranged, the matter would be referred to the minister, who would appoint a referee. He may appoint a member of his department or someone from outside.

Hon. Mr. Lambert: That would be the Minister of Labour?

Hon. Mrs. Fergusson: Yes.

(Translation):

Honourable Mariana B. Jodoin: Honourable senators, I hardly need to add other comments to the excellent and persuasive speech which has just been made by my distinguished colleague, the honourable senator from Fredericton (Hon. Mrs. Fergusson), in connection with Bill 445, an Act to promote equal pay for female employees.

For several years this idea has been discussed in great detail. I am happy today to see it accepted, after several serious developments which make us appreciate it all the more.

This service and this legislation will mean, for a large proportion of the women of Canada, that material security which is so vitally important to female employees.

I will not go into any details of the bill. The honourable senator from Fredericton, who is thoroughly conversant with the question, has already done so and, moreover, I would not want to delay the passing of this legislation.

In the name of Canadian women and particularly of those of Quebec whom I represent, I congratulate the promoter of the bill, the Honourable Milton F. Gregg, Minister of Labour, and all those who have supported him in this act of justice toward the working women of our country.

You may rest assured that these women are working for no other reason than to make a living for themselves and their families.

I hope this example will be followed by the provincial Governments of Canada in relation to the female workers under their jurisdiction.

I am wholly in favour of this bill, which is a most interesting piece of federal legislation.

(Text):

I am sure that all honourable senators will vote for this bill, because there is no good reason for opposing it. A truly big man is never afraid of a woman who fights for her rights.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: I would like to ask the sponsor of the bill (Hon. Mrs. Fergusson) a question. I have never understood how it came about that employers would pay men more than they would pay women for doing the same job if the women could do the job just as well. Why has that been the universal practice? It is interesting to recall that when I first went to work in a law office most stenographers were women, although there were quite a number of men too. However, nowadays there are practically no male stenographers. There must be a reason for this. And what is the reason why employers will pay men more than women for doing the same job?

Hon. Mrs. Fergusson: I do not know. I was prepared to answer questions on the bill, but I do not know that I can answer questions on how this practice has grown up. It is rather complicated. Probably the explanation is that men traditionally held the positions. When women took over jobs during the war they were considered as filling them on a temporary basis; they were regarded as replacements. There has always been a feeling, which is gradually being dissipated, that women's worth in their work is less than that of men. I do not believe that is true, but it is a belief that people have held. It was felt that women were replacing men on a temporary basis only, and although women have stayed in employment this idea has continued. That is about the only explanation I can suggest.

Hon. Norman P. Lambert: Honourable senators, I am not rising to express any opposition to this bill but I would like to emphasize one aspect of it which comes to mind when I recall some words that were expressed by a member of the other place, a fellow-member with the late Agnes Macphail, when that very charming likeness which the sculptor was able to produce of her was unveiled in the hall yonder. Angus MacInnis said, "I am pleased to be here to pay tribute to the memory of the late Agnes Macphail in spite of the fact that she was a woman, to emphasize the services that she, the first woman to become a member of the Canadian Parliament, was able to render as a woman of Parliament standing entirely on her own two feet".

It is interesting to recall that when Miss Macphail came to Parliament she considered the sessional indemnity received by members—all of whom except herself were men —to be too high, and she actually turned back into the treasury a portion of her sessional indemnity for a couple of years, until she realized the mistake she was making.

Some Hon. Senators: Oh, oh.

Hon. Mr. Lambert: I mention that simply as a preliminary to expressing the hope that this bill does not place too much emphasis upon the sexes in relation to economic activities and economic values. I think that the result of two wars probably did more than anything else to enhance the economic value of women in industry and elsewhere in Canada, and also revealed to everyone who has had anything to do with public affairs or private business that on the part of women of this generation at least who have taken their place in those fields there has been a degree of efficiency and conscientious devotion to the task at hand, which has had a salutary influence upon the economy of the whole country. I do not think there is any doubt about that; many examples could be cited in support of that statement.

I hope that this growing equality of the sexes in these fields will not resolve the women into a unionized body seeking through the Department of Labour and its machinery of arbitration to obtain privileges because of their sex. Frankly, I do not think it is necessary at any time for anyone who is advocating support of a bill like this to emphasize the idea of equality and rights of women as opposed to men. The old feminist movement of Mrs. Pankhurst is gone. The

economic value and ability associated with the female sex have long since been recognized and established.

Honorable senators, I would like to say, in the words of Angus MacInnis, that I support this bill in spite of the fact that it is on behalf of women.

Hon. Senators: Hear, hear.

Hon. W. Ross Macdonald: Honourable senators, my only purpose in rising is to compliment the honourable senator from Fredericton (Hon. Mrs. Fergusson) on the splendid manner in which she presented this bill. She made a forthright address, and it is most appropriate that she should do so, for over the years she has been an advocate of equal rights for women, and with equal rights comes equal pay. I suppose the book is now closed and that women will have equal pay and equal status with men in every respect. I congratulate the honourable senator on the interest she has taken on this subject over the years.

In the honourable senator's interesting address she gave us some history of the women's equal rights movement, and of its progress in Canada and other countries. She referred to the international conference which was held in Montreal a few weeks ago by the Business and Professional Women's Clubs. On that occasion more than 900 members of these clubs came to Ottawa, and their visit was arranged by the honourable senator from Fredericton.

(*Translation*):

Honourable senators, I also would like to congratulate the honourable senator from Sorel (Hon. Mrs. Jodoin) upon the excellent speech she gave us on a subject which means so much to her. I also am wholeheartedly in favour of this bill.

(*Text*):

Hon. Mrs. Fergusson: Honourable senators,—

The Hon. the Acting Speaker: I would point out to the house that if the honourable senator from Fredericton speaks now she will close the debate.

Hon. Mrs. Fergusson: Honourable senators, perhaps I should explain that when I gave a slight historical background of the women's equal rights movement I certainly did not do so as a feminist, because I do not consider that I really am one. I simply believe that women should have the same opportunities as men. Instead of laying stress on their sex and seeking special privileges on that account, the purpose of this bill is to give women equal rights with men which they do not have now, but certainly not to give them additional rights. What women are seeking is equality of rights, not special privileges, and I feel they are well justified in supporting this bill.

May I add this? I think that when Miss Macphail refused to take all of her sessional indemnity it was not because she thought a woman should receive less indemnity than a man; I believe she felt that the indemnity for all the members was too high.

Hon. Senators: Hear, hear.

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

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: I move the third reading now.

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

PUBLIC SERVICE SUPERANNUATION BILL

SECOND READING

Hon. William H. Golding moved the second reading of Bill 440, an Act to amend the Public Service Superannuation Act.

He said: Honourable senators, this bill is designed to extend the application of certain provisions of the act to certain persons or groups of persons who are not at present able to benefit from it. These extensions in turn call for certain consequential amendments, and in addition the bill deals with other amendments of an administrative nature.

These amendments have been proposed by the Government after the receipt of a strong recommendation from the National Joint Council of the Public Service of Canada to the Minister of Finance. The National Joint Council, composed of representatives from the official and staff sides of the public service, recommended the removal of certain restrictive features in the Public Service Superannuation Act affecting the augmentation of pensions of those persons who may be employed in the public service after the age of 65. In the normal case at present the annual amount of the annuity of a retired civil servant is 2 per cent of the contributor's average salary over that period of ten consecutive years in which his salary is highest, multiplied by his years of service up to a maximum of 35 years. Contributions are made until the civil servant has 35 years of pensionable service to his credit, but salary earned in subsequent years is counted if it will give a higher ten-year average. These provisions apply at present, no matter at what age retirement takes place.

Certain provisions which are due to come into force on August 1, 1957, would have the

effect of stopping all increases in pension benefits and of stopping all contributions for current service as of that date for those employees who are then 65 years of age or older. For example, this would have the effect of cutting down the pension of a person who came into the service at age 32 and who retired at age 67. Instead of obtaining a pension based on a combination of 35 years of service and salary up to retirement, it would be based on 33 years of service and salary up to age 65. Similarly, the person who had given even longer service and had completed 35 years before retirement would not gain the benefit of any improvement in the average salary due to service after the age of 65. This provision was originally inserted in the earlier Civil Service Superannuation Act in 1947 so as to provide a ten-year warning for those who might be affected.

As this cut-off date has approached, the staff associations have become more and more concerned about the effect of this restrictive provision on the average salary and service credit used in the benefit calculations of those who will in future be retiring after the age of 65. The National Joint Council now feels that any person who is regarded as so essential as to be retained in the public service after age 65, and could thereby increase his ultimate pension, should be permitted to do so.

This recommendation has nothing to do with the normal age of retirement, which is governed by the regulations made under the act. These regulations provide for normal retirement at age 65, with extension beyond that age at the discretion of the minister of each department in the cases of those persons whose salaries are below $9,500, and with the concurrence of a special committee established by the Treasury Board in the case of those with higher salaries. After a civil servant reaches the age of 70 extension is possible only upon annual approval of the Treasury Board. The National Joint Council is not recommending the raising of the normal retirement age above 65.

Clauses 4, 5 and 6 of the bill deal with amendments of a relatively minor nature. Clause 4 is designed to take care of an omission in the legislation and its purpose is to deem as contributors under the Public Service Superannuation Act as well as under its predecessor, the Civil Service Superannuation Act, all former permanent employees of the Government of the province of Newfoundland who became employed by the Government of Canada pursuant to an offer of employment in accordance with the terms of union of Newfoundland with Canada. This amendment will ensure that these employees may on retirement be eligible for the benefits available in respect of service which could be counted for pension purposes under the laws of Newfoundland and Canada before and after the date of union respectively.

Clause 5 deals with the time within which advantage may be taken of reciprocal transfer agreements entered into under section 28 of the act. The period of election to contribute for prior service in the ordinary way without penalty was extended for a further year by the amendments made to the act last session. This was necessary because of the inability of the Superannuation Branch and the departments to cope with the very large number of new contributors in the time available. However, the year in which to take advantage of a reciprocal transfer agreement between the Government and other agencies was not extended. It has turned out in a number of cases that the year in which employees have transferred to the public service and could take advantage of these reciprocal transfer agreements has proven to be insufficient. This amendment would give power to the Governor in Council to extend the period for another year in respect of these reciprocal agreements. Such a provision would also make it possible to make extensions in the future where that is necessary, without requiring a further amendment of the act.

Clause 6 would provide the Governor in Council with additional powers to make the regulations to deal with circumstances which cannot be adequately covered by the present regulation powers.

The principal amendment proposed in the bill concerns the time in which an election can be made to continue as a participant after retirement under Part II of the act, which provides for the supplementary death benefits. The amendments proposed in this connection appear in clause 7 of the bill, and they are required to deal with the difficulties which have occurred in applying the requirements of sections 40 and 41 of the present act.

Under these sections a retiring civil servant or member of the armed forces can elect to retain the protection given by the supplementary death benefit scheme by paying the appropriate premiums after retirement. These sections restrict valid elections to those made within 30 days after ceasing to be employed as a civil servant or a member of the armed forces, as the case may be. Despite the many occasions on which this provision has been publicized, a large number of persons have submitted an election form before retirement, and these elections are therefore invalid.

Some very unfortunate cases have resulted where the person affected was not subsequently informed in time to make another election within the required period. In order to give a reasonable time in which to make an election this amendment would provide that, for this purpose, a year be given in advance of as well as 30 days following retirement.

Hon. Mr. Hackett: Is that retroactive?

Hon. Mr. Golding: Yes, I think it will be. This clause also provides that where a participant of the scheme purported to elect within a year prior to retiring then this should be regarded as an election and it would be possible by paying the necessary contributions for him to resume his status as a participant if he took action to do so within six months of the coming into force of this amendment. Where the death of any of these persons occurred prior to the end of this six-month period there would be provision for the payment of the death benefit less the contributions which would have been made up to the time of death. The same applies to elections made within 60 days following retirement.

Clause 8 of the bill also deals with the Supplementary Death Benefit Scheme, but this amendment concerns those who elected not to participate under the scheme at the time of its introduction in accordance with the provisions of section 52 of the act. This section provided that contributors under Part I of the act, which deals with pensions, were given the right to elect not to participate under Part II under which supplementary death benefits are made available. It also provides that this election is irrevocable even if the employee leaves the service and is subsequently re-employed. The same provision applies to members of the armed forces who are re-engaged or subsequently become civil servants.

This restriction has been most difficult to administer, particularly in the cases of married women who return to the service under different surnames and in a different locality or department and also where there are two or more persons of the same name. If no change were to be made it would be necessary to set up a large administrative staff to cope with this without any prospect of complete success, as there are 34,000 persons who made these elections out.

It is proposed that the irrevocable feature of these elections should not apply in the case of re-employment in the Public Service or re-engagement in the armed forces or of a person leaving the armed forces and becoming a contributor under the Public Service Superannuation Act after the amendment comes into force. The amendment accordingly provides that the irrevocable nature of the elections made under section 52 of the Public Service Superannuation Act apply only to persons who continue to be employed in the Public Service or as members of the regular forces substantially without interruption following the coming into force of the amending legislation.

In concluding this description of the provisions contained in the proposed amendments, I should like to mention that they have all been recommended to the minister by his Advisory Committee, which is made up of 12 persons representative of the official and staff sides of the Public Service who have been appointed by the Governor in Council on the minister's recommendation after consultation with the National Council of the Public Service of Canada.

I may say that I have read carefully the discussion which took place on this bill in the House of Commons. I find that 10 of the Opposition members spoke on the bill and everyone was pleased with the legislation as far as it went; but on the other hand they were all anxious to see these amendments go further. However, as I say, they were all satisfied with the bill as it is and the Government members who spoke on the bill were of the same opinion.

Now, honourable senators, as Canadians, and particularly as members of Parliament, we are proud of our Public Service.

Hon. Senators: Hear, hear.

Hon. Mr. Golding: It seems to me that we can show our appreciation of the Public Service, of its loyalty, efficiency and so on, by simply accepting this bill as it is and by passing it without going to committee at all. I would suggest that we do that.

Hon. Senators: Hear, hear.

Hon. Mr. Lambert: May I ask the honourable senator if he can supply any information regarding the number of civil servants in Newfoundland who will come under this legislation?

Hon. Mr. Golding: No, I have not got that information.

Hon. Mr. Lambert: A further question arises as a result of some discussion in the Standing Committee on Finance this session as to the status of the superannuation fund itself. Is the honourable senator in a position to say whether or not the amendment proposed by this bill would have the effect of weakening or strengthening the status of

the superannuation fund, that is from the point of view of an actuarial estimate of its value?

Hon. Mr. Golding: I may say that this has been carefully considered by the Government and all those involved, and they were unanimous in passing this measure.

Hon. John T. Hackett: Honourable senators, I hope that the honourable senator who has sponsored the bill will not think me unkind if I advise him that, although I am a very new member of this chamber, I rather resent the allegation which is made here very frequently that a bill has been approved somewhere else. Of course it has; and the reason for our existence is not to be swayed by what has happened elsewhere, but to investigate proposed legislation, know what we are doing, and act on our own responsibility, not because somebody has thought well of it. One of the benefits of this form of government is to provide—using a phrase with which we are all acquainted—a "sober second afterthought".

As to the Civil Service: I do not know how many former civil servants are members of this chamber. I am one, and I look back with great interest on my experience. In that period I formed friendships which have persisted through a life that is long. Of the excellence of the Civil Service there is no doubt. What worries me is the never-ending increase of its numbers, and indications that one of its activities is to see that it increases and multiplies—not always in accordance with the biblical injunction.

I regret that more information in support of this bill is not available. I regret that we are asked to be satisfied because somebody else, or members in another house, have been pleased to approve of it. Continuance of these methods of appreciation and these standards of judgment gives a powerful argument to those who sometimes say, in their ignorance, that the Senate is not of much use, that it is a refuge for the weary. But as I have said, I hope that the honourable gentleman who has presented this bill will understand that my remarks are in no way personal to him.

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

MOTION FOR THIRD READING—
DEBATE ADJOURNED

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Golding: I move the third reading now.

Hon. John T. Haig: Honourable senators, I do not intend to speak on the merits of the bill; I want to raise a small objection, with which some honourable senators may not agree. It seems to me very unfair to the members of this chamber that practically no legislation comes here before the last two weeks of the session. True, we received somewhat earlier the pipe line bill and certain other bills, one of them with regard to wheat; but the great bulk of the legislation has been withheld over a long period, between January 10 and August 10, during which we would have had ample time to give very careful thought to any measures presented to us.

I am not going to object to passage of this bill. I have great confidence in the honourable gentleman who sponsored it. He is an old parliamentarian, and I am satisfied that he would never try to mislead this house or any other body. But I am concerned about the same thing which worries my honourable friend from Victoria (Hon. Mr. Hackett). I know that the bill has been accepted in another house, and that it had the support of members of all parties, but that fact does not relieve us of one iota of our responsibility. There is no use in sending it to committee. The number of honourable members now in attendance is small enough, and they will be fewer at the end of the week. If the bill went to committee, three or four days would be needed to give it adequate consideration. It deals with technical matters. We are quite capable of carrying on the necessary examination, but it would take time, and quite a long time.

My purpose in speaking now is to ask the honourable Leader of the Government in this house (Hon. Mr. Macdonald) to make request of the Prime Minister, on behalf of the Senate, that next session, instead of so much legislation being reserved until so late a date, the program be arranged to enable a number of bills to be sent to us earlier in the session. It may be necessary to spend a good deal of time on matters which demand prolonged consideration, but I think some of this legislation which is now before us could have been passed earlier. If the Government does not wish to adopt this course, legislation which can be initiated in this house without contravening the Constitution should be begun here, put through the necessary stages, and sent to the other house. I have not lost sight of the fact that excepted from such legislation are bills to effect an increase in or reduction of taxation. But I think it is unfair to the Senate to dump in our laps, in the last two weeks of the session, the great bulk of the legislation. I admit that the pipe line bill was of primary importance, but the

bill now before the house is important too. The Government controls the introduction of legislation, and in fairness to the men and women who have been appointed to this chamber important measures should be sent to us earlier so that we might have adequate opportunity to examine them thoroughly. I am persuaded that no body of men and women in Canada can do a better job than honourable senators in examining legislation, for we represent every walk of life.

The Income Tax Bill is another piece of legislation that we should have had at least two months ago.

Hon. Mr. Hackett: There is no doubt about that.

Hon. Mr. Haig: Because this legislation comes to us so late we are not able to give it the consideration it deserves, and as a result the taxpayer is not getting a fair return for the money he is paying us. This is not our fault, nor is it the fault of the honourable Leader of the Government (Hon. Mr. Macdonald). It may be, in fact, that he has kept us here when we have had too little to do. For instance, he kept us sitting steadily for three days a week when some days we sat for just an hour or so.

Honourable senators, I am willing that this bill be passed, for I feel the Government and the Civil Service need it. Like those who have spoken, I have great admiration for our Public Service. A civil service is the backbone of the administration of any country. It is the responsibility of the officials of the Civil Service to use their experience and wisdom in placing the legislation before Parliament, but it is our responsibility to decide what to do with it.

The manner in which we dealt with the Small Loans Bill was an illustration of the proper way to consider legislation in a thorough manner. Whether or not we agreed with the contents of the bill, we dug out all the facts and there was no choking off of our investigation. We knew what we were doing; but the same cannot be said about this bill. I am depending on the explanation of it given by the honourable senator from Huron-Perth (Hon. Mr. Golding), and I can find out about details from departmental experts.

I make no criticism of the Leader of the Government (Hon. Mr. Macdonald).

Hon. Mr. Macdonald: He doesn't mind a little criticism.

Hon. Mr. Haig: Well, maybe he deserves a little. But I would offer some constructive criticism of the Government. It has to be reminded of the existence of the Senate, and whether it wants to reform this house and kick it around it will not get rid of it. Abolition of the Senate could only occur with our consent. But if we have to sit around doing nothing we may want to give that consent.

For all these reasons I would ask that next session the Government send legislation to us much earlier so that we will have a chance to consider it thoroughly with our full membership. I agree that this bill should be passed, but I do so with that reservation.

Hon. Mr. Macdonald: Honourable senators, may I say at the outset that I agree with the honourable senator from Victoria (Hon. Mr. Hackett) and the honourable Leader of the Opposition (Hon. Mr. Haig) that it is regrettable all this legislation has come to this house within the last ten days. I am sure we would have preferred it to be otherwise. However, that does not prevent us from handling it in the manner in which it should be handled. We are the masters of our own procedure.

Hon. Mr. Lambert: Hear, hear.

Hon. Mr. Macdonald: If we feel that a bill which has come to us has not received proper consideration here, why should we pass it? We do not have to adjourn this Senate on any particular day. We are not bound by what the Commons do. If we are not through with our business when they are through with theirs, we can stay here. I am prepared to stay. Is the Leader of the Opposition prepared to stay? Are other honourable senators prepared to stay? If honourable members do not feel that this bill has received proper consideration in this house, I say let us send it to a committee and consider it there. I invite them to do that.

Having made that comment, I would like to add that there is to be no choking off of debate in connection with any bill or motion so far as I am concerned. I do not particularly like the suggestion of the honourable gentleman that I propose to choke off my debate.

Hon. Mr. Haig: I did not say that.

Hon. Mr. Macdonald: The words "choking off of our investigation" were used. I can assure him that as far as I am concerned there is no desire to choke off debate on or investigation of any bill.

The honourable leader opposite said that perhaps I kept the Senate here too long. Well, I sometimes felt that way myself, but I can say that my sympathy for other members went to such an extent that on one occasion when I thought the Senate would likely sit for one day only I went to the considerable trouble of sending a telegram to each and every senator living outside of the provinces of Ontario and Quebec.

Hon. Mr. Haig: Thank you.

Hon. Mr. Macdonald: I suggested in the telegram that they might not come if they felt they did not want to. Of course, I could not tell them not to come. I know the Leader of the Opposition appreciated that, as did other senators.

We have taken it upon ourselves to repose in the Speaker of the Senate the responsibility of calling back the Senate during an adjournment if an emergency should arise prior to the date fixed for our reassembling. That has been done in certain instances, always after the Speaker has consulted with the Leader of the Government.

Honourable senators, it occurs to me that next session the motion might be widened so that His Honour the Speaker, after consultation with the Leader of the Government, could extend the date of adjournment.

Hon. Mr. Haig: Yes.

Hon. Mr. Macdonald: Let us suppose that we adjourned for two weeks, and at the end of the two weeks there was no business, why could not the Speaker, after consultation, extend that date for another week? I make that suggestion for what it is worth, with a view to meeting the convenience of honourable senators, and so that I may not be accused of having them sit here longer than they actually should.

Hon. Mr. Hackett: May I say to the honourable gentleman that the Leader of the Opposition (Hon. Mr. Haig) was very definite in saying that he was not criticizing the Leader of the Government (Hon. Mr. Macdonald), and in saying so I think he spoke for everybody. The courtesy and kindness of the Leader of the Government is beyond criticism, and I am quite certain that the Leader of the Opposition made it clear that he was not criticizing him.

Hon. Mr. Macdonald: I am sure of that. At any rate, when I made reference to the house sitting too long I intended it to be in a jocular tone. I hope the Leader of the Opposition did not take my remark too seriously, for it was far from my mind to make such a suggestion seriously.

However, I wish to make a comment on his statement that more legislation should be introduced by this house. I agree with him; but I feel that I should point out that under our Constitution money bills, as they are called, cannot be introduced in the Senate, as the Leader of the Opposition has said. Some day I think that might be changed; at least, that is a question which we might consider. If that were done more bills could be introduced here. However, I have made every effort to have bills introduced here which did not have a money question, and if the legislation of this session is reviewed I think it will be found that, probably with one exception, all bills which were not money bills have been introduced in this house.

Hon. Mr. Power: What about the bill to promote equal pay for female employees, and also the act to amend the Indian Act, which were debated here this morning?

Hon. Mr. Macdonald: Both those bills have a money content.

Hon. Mr. Power: Have they?

Hon. Mr. Macdonald: Oh, yes. The bill to promote equal pay for female employees certainly has a money content. That is true also of the Public Service Superannuation Act and the Indian Act.

Hon. Mr. Haig: The Small Loans Act could not have been introduced here.

Hon. Mr. Macdonald:. The Leader of the Opposition is right, I think, in saying that the Small Loans Bill could not have been introduced here. I do not think there was a money content in the Telegraphs Bill, which was introduced in the other house; but by and large there are few Government bills which have not quite a substantial money content.

Honourable senators, I will take the advice of the Leader of the Opposition and continue to have as many bills as possible introduced here.

Hon. Mr. Hackett: As early as possible.

Hon. Mr. Macdonald: Yes, I shall introduce as many bills as possible here and as early as possible; but I doubt if in any session a larger proportion of the total number of bills can be introduced in the Senate than have been introduced here this session.

The Leader of the Opposition also rather blamed the Government for taking so long with its bills in the other house. I think if he will read the Commons *Hansard* he will find that it was the Opposition that took the time over there, if he will add up the columns of speeches made by Government members he will find them to be few compared with those filled by speeches made by the Opposition members. I do not accuse the Opposition of holding up bills, but if bills have been delayed I contend that the delay was not occasioned by the Government. I do not like to have either the other house or this house accused of holding up bills. Parliament is a place where there should be full discussion, and I think we should not look too critically at either house when considerable time is spent in dealing with legislation.

I trust that my remarks this morning were in no way uncomplimentary to the Leader of the Opposition. In fact, when I learned that he might not be present at many more sittings this session I decided that I would rise and thank him for the help he has given me.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: In his relations with me the Leader of the Opposition has gone far beyond normal co-operation. He has never made demands, but from time to time he has made suggestions and they have always been helpful. I wish to assure him and the house that my task here this year has been made much easier and more pleasant than it otherwise would have been, because of the great assistance I have received from the Leader of the Opposition.

Hon. Senators: Hear, hear.

Hon. Norman P. Lambert: Honourable senators, I should like to have the privilege of returning to the discussion of the third reading of the bill which is before us, with special reference to section 4, the explanatory note on which reads:

> This provision is new. Its purpose is to deem as contributors under the public service superannuation Act as well as under the Civil Service Superannuation Act all former permanent employees (i.e., established civil servants) of the Government of the province of Newfoundland who became employed by the Government of Canada pursuant to an offer of employment made in accordance with the terms of union of Newfoundland with Canada.

I assume from the remarks already made here that this bill is not likely to be referred to a committee for further examination. On that assumption I should like to request the Leader of the Government (Hon. Mr. Macdonald) to be good enough to present information bearing on clause 4 as to how many contributors and how much in contributions will be added to the superannuation fund as a result of this particular provision. At the same time, I think it would be useful to have some statement regarding the financial status of the fund itself.

Hon. Mr. Macdonald: I shall endeavour to get the information for the honourable senator before the house prorogues, if possible.

Hon. Mr. Hackett: May I ask the honourable leader whether the bill could not stand until the information is made available?

Hon. Mr. Macdonald: It could stand for third reading, and if I am able to get the information I shall be glad to supply it.

Hon. Mr. Hackett: The bill is now up for third reading.

Hon. Mr. Macdonald: If my honourable friend wishes to do so, he can adjourn the debate on the motion for third reading, and I shall endeavour to get the information he has requested.

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

CANADA-GERMANY INCOME TAX AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 452, an act to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to income tax.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Honourable senators, it may be possible to proceed with this order later this day, but if not it can be adjourned to a later date.

The Hon. the Acting Speaker: Second reading later this day.

CANADA-UNITED STATES OF AMERICA TAX CONVENTION BILL

FIRST READING

A message was received from the House of Commons with Bill 451, an act to amend The Canada-United States of America Tax Convention Act, 1943.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: Later this day.

At one o'clock the Senate adjourned until 3 p.m.

At 3 p.m. the sitting was resumed.

INCOME TAX BILL

COMMITTEE AMENDMENT NEGATIVED

The Senate proceeded to consideration of the amendment made by the Standing Committee on Banking and Commerce on Bill 418, an Act to amend the Income Tax Act.

Hon. C. G. Power: Honourable senators, I move concurrence in the report of the committee.

Hon. Mr. Macdonald: Honourable senators, I would move that the amendment and the report of the committee be not concurred in, but that the house resolve itself into a committee of the whole to consider such amendment.

The motion was agreed to, and the Senate went into committee on the bill.

CONSIDERED IN COMMITTEE

Hon. Mr. Golding in the Chair.

Clause 1.

Hon. W. Ross Macdonald: Honourable senators, I have had an opportunity of examining the report of the Standing Committee on Banking and Commerce with reference to this Bill 418, an Act to amend the Income Tax Act. I observe that the committee has suggested an amendment to clause 1 of the bill which would strike out the words "of any kind whatsoever" from lines 6 and 7 on page 1. As I understand the position, doubts had arisen before the Income Tax Appeal Board as to the proper interpretation to be placed upon the expression "board, lodging and other benefits". In one view the words "other benefits" should be given a limited construction—*ejusdem generis*, it is called—so that the benefits referred to would have to be of the same general character as "board" and "lodging". In another view the words "other benefits" should be construed in their ordinary wide connotation and not be limited by the preceding words "board" and "lodging". The Government decided to remove the existing doubt by the insertion of the words "of any kind whatsoever" in the present bill. These additional words would have the effect of insuring that the words "other benefits" would be given the widest connotation. The effect of the amendment proposed by the Standing Committee—that is to say, the deletion of the words "of any kind whatsoever"—would leave the position as it now stands under the Income Tax Act and the existing doubt would remain unresolved, at any rate by the present legislation. If the amendment proposed by the Standing Committee were to have any effect at all it would be in the direction of reducing the tax.

Before expressing an opinion as to the desirability or otherwise of adopting the proposed amendment at this time, I would like to make it perfectly clear that in my view the Senate is empowered to amend Bill 418 in the manner suggested. As honourable senators know, a special committee was appointed by the Senate in 1918 to consider the rights of the Senate in matters of financial legislation. The report of that committee was presented to the Senate on May 15, 1918, and was at that time fully debated in this house. The report was unanimously adopted on May 22 of that year, as is shown by the Senate *Journals*, 1918, page 241. To my knowledge the Senate has at no time subsequent thereto expressed any view contrary to those adopted at that time, nor do I suggest that it should.

The relevant portion of the report, so far as the proposed amendment is concerned, is clause (1) thereof, which reads as follows:

> 1. That the Senate of Canada has and always had since it was created, the power to amend bills originating in the Commons appropriating any part of the revenue or imposing a tax by reducing the amounts therein, but has not the right to increase the same without the consent of the crown.

It is therefore, in my opinion, abundantly clear from the report that the Senate could, if it so desired, properly adopt the proposed amendment.

At the same time there remains an important question as to the extent to which, and the occasions on which, the Senate should exercise its powers with respect to financial legislation, especially measures designed to raise the necessary revenues. I believe that I could do no better than to quote the remarks made by the late Senator Dandurand with respect to the report which I have mentioned, during the debate in the Senate in March, 1922, at page 17 of the Senate *Debates* for that year:

> I desire to say that I will not recede from the position I then took. I may question the wisdom, but will never question the right, of this chamber to intervene in the discussion of the money bills that are presented to it. The situation is so grave that I am sure the Government and the people are entitled to the co-operation of all the members of the two branches of Parliament in the solution of our financial difficulties.

I must say that I question whether this is an occasion on which the Senate should assert its authority with respect to financial measures. The fact is that doubts had arisen with regard to the proper interpretation of paragraph (a) of section 5 of the Income Tax Act. After careful consideration and mature deliberation the Department of Finance, the Government and the House of Commons have alike concluded (a) that the doubts should be resolved, and (b) that they should be resolved in the manner indicated in the present bill. In my opinion it would be most unwise, although within its legal competence, for the Senate to substitute its judgment in this matter at this time. I believe that so far as possible "the balance of ways and means" should be preserved, and that the Senate should not lightly or without the most mature reflection upset the calculations

of those charged with making those calculations and with the preparation and initiation of the measures designed to bring them into effect.

I do not believe that the clause concerned is of such a nature or order that the Senate should intervene at this time. For these reasons, I must oppose the amendment suggested by the Standing Committee on Banking and Commerce.

Hon. C. G. Power: Honourable senators, as the person who moved in the committee that the words "of any kind whatsoever" be struck from the bill, perhaps I should give some explanation of the reasons why I did so. By long conviction—a conviction perhaps now antiquated, perhaps romantic—I have always believed that it was the duty of the legislature to protect the subject as against the crown, the citizen against the state, and in matters of taxation to take a good look at the onerous burdens placed by the tax collector on the taxpayer. In this instance we find that the department—and I am not blaming them—in order to bring about what they think is a more efficient administration of the act, have decided to insert in it what I call an omnibus provision. The duty of administrators—there are those who call them bureaucrats—is to bring about the most efficient administration possible, but sometimes they forget that something else is involved besides running a country as if it were a machine: there is the human element, the element of the rights of the subject.

In this particular instance it appears that one member of the Income Tax Appeal Board expressed a certain view; another one, without giving a decision, took another view. It is my contention that the department should first have thoroughly exhausted all the legal points of view in this matter. They have not done so, but in order to insure themselves against any case wherein a doubt may arise they have endeavoured in this bill—before the case has been thoroughly discussed in the courts, before this matter of interpretation, which is all it is, has been fully considered by the courts—to take the attitude, "In any case, if our powers under the act are not sufficient, we are just going to throw the kitchen stove at them; we are going to make sure that we collect from all and sundry".

It is a long time since I went to law school; but I was taught there, and I believe it is a fundamental principle of law, that when taxation is imposed it should be specific and on specific things, otherwise there would be no reason in the world why the crown could not require us to tax, as they require revenue and at their discretion, in any place where money could be found. I have checked the whole sphere of that kind of language in legislation. It does not give the taxpayer a break; the cards are stacked and the dice loaded against him before he starts. At any rate he should have a reasonable right to defend himself. But no: in case that right may arise, in case it may be found that the interpretation given by one judge is the right one, the authorities come before Parliament and say, "In any event we are going to make the language of the act broad enough to cover everything". I concede that a case can be made on behalf of the tax collector. It may be there are people who evade this tax because the language is not broad enough. But I am reminded of the days when I paid a great deal of attention to soldiers' pensions. At that time someone was sure to come before the committee with a case which strongly appealed to its sympathies, and as a result amendments were passed by which hundreds of people who had no claim at all to pensions were brought under the scope of the Pension Act. In other words, hard cases made bad law. Here the reverse is the case. It may be that, in order to effect the aims of the department and its officers regarding some people who are abusing the law, we shall expose to their activities thousands of people in less favourable circumstances, having small incomes. and without the ability to protect themselves or to engage counsel to defend them. My contention is that, if the department and the Government wish to attack a particular class of persons who at the moment are evading the law, those classes should be specified in the bill, and the act should not be made so broad that it will impose hardship on thousands of people of small means throughout the country.

I am not going to discuss the examples which were given in committee to show that the amendment is aimed at people with Cadillacs, nor shall I compare owners of Cadillacs with persons who receive a turkey for Christmas. But between the Cadillac class and the turkey class are very large numbers of people who may or may not receive benefits, who perhaps are unaffected by the existing law, and who may be covered by the kind of language used in the bill.

I do not propose to refer to the constitutional aspect of the question which was raised by my honourable friend the Leader of the Government (Hon. Mr. Macdonald). I do not know why he brought it up. But if we were to concur in the hint he gave us, that we had no right to interfere with this—

Hon. Mr. Macdonald: Oh, no, I gave an opinion directly to the contrary.

Hon. Mr. Power: I know my honourable friend the leader quoted a contrary opinion, but he certainly gave the impression that there was some doubt whether we had the right to move this amendment.

Hon. Mr. Macdonald: No, no.

Hon. Mr. Power: He said we had the right, and then he questioned it on other grounds.

Hon. Mr. Macdonald: The propriety of it.

Hon. Mr. Power: The propriety? Well, with respect to the propriety, my conscience is my own.

Hon. Mr. Macdonald: And the advisability.

Hon. Mr. Power: I have been long enough in public affairs to know what is proper or not proper, and I am not going to take any lessons from the honourable leader.

Hon. Mr. Macdonald: I do not want to quarrel with my honourable friend. I did not intend, by the use of the word "propriety", to question whether it is a proper thing for him to do, but whether it is a proper type of amendment for us to accept. I know the honourable senator knows what is proper in every respect. I was not referring to him personally, and I do not think he should have interpreted my words in a personal sense.

Hon. A. K. Hugessen: Honourable senators, I have listened to the two speeches on this matter which so far I have been privileged to hear, and as one of the members of the standing committee which had to consider this amendment to section 1 of the bill to amend the Income Tax Act, perhaps I may be allowed to express my own views. I am afraid that I disagree in some respects both with the honourable Leader of the Government (Hon. Mr. Macdonald) and with the honourable senator from Gulf (Hon. Mr. Power). Dealing first with the amendment itself, my personal view is that it accomplishes precisely nothing, that whether we add these words "of any kind whatsoever" to section 1 of the bill or whether we leave them out makes no legal difference as to the tax which is to be imposed by this section.

Let me try to explain my position. This section deals with income tax imposed upon employees of corporations. The bill in its original form provided that the tax should be imposed upon such employees in respect of, and I quote:

> The value of board, lodging and other benefits. . .

Now, to an ordinary lawyer I think that means what it says—"board, lodging and other benefits"—and I understand that in practice the Income Tax Branch has in the past considered these words to include any kind of benefit which a company gives to its employees in addition to cash. Of course there are many kinds of those benefits. I hardly need to go into them for the sake of honourable senators. For example, a commercial company may grant to its employees the right to purchase its goods at a large discount from the price payable by the public. That is a benefit that is indirectly part of the salary of those employees. Another example on perhaps a slightly different scale, is that of a number of companies who pay the club fees of their executive officers. That is a benefit which those officers derive. It is part of their income, and I can see no reason why, when you are trying to estimate a man's income for the purpose of taxing him, any benefit of that kind which he receives as a result of his employment, even though it may not be in actual cash, should not be included in his taxable income. That is my understanding of the section as it stood before the proposed amendment, and that is the view which the Income Tax Branch has always taken.

The only reason why this amendment was suggested was that some doubt—I do not think it is much of a doubt, and it has not been crystallized into a judgment—had arisen as a result of two conflicting views which apparently developed in the Income Tax Appeal Board.

In one judgment of the board one of the members took the view which I have just expressed. He said that the value of the board, lodging and other benefits included every kind of benefit which an employee would receive from his employer. An opposite view was expressed in the form of what we lawyers call an *obiter dictum*, an opinion expressed by one of the members of the board and not forming part of the judgment. In this case the member took the view that the words "board, lodging and other benefits" should be restricted to other benefits of the same nature as board and lodging. It was in order to clear up any possible doubt that this restricted meaning was the correct interpretation of this section that it was proposed to amend the bill by adding the words "of any kind whatsoever" after the word "benefits".

In the view that I take of this matter it makes no difference whether those words are added or not. I listened to the discussion in committee last night and I voted against the amendment of my honourable friend from Gulf (Hon. Mr. Power), for it seemed to me that the view which the Income Tax Branch has been taking in the past, and the view expressed by one of the board members to whom I referred a moment ago, has been that that is what the section means in any event,

and that it might just as well be clarified. In my opinion it makes very little difference whether we accept the suggestion in this bill and add the words "of any kind whatsoever" to section 1, or whether we adopt the view of the honourable senator from Gulf and drop these words. My own preference would be to make it abundantly clear that any kind of benefit an employee gets from his employer should be considered as part of his income. I think that is the logical, correct and proper thing to do. If it should come to a vote I will certainly vote against the amendment of the honourable senator from Gulf (Hon. Mr. Power).

Dealing with the remarks of my honourable leader (Hon. Mr. Macdonald), I must say I was rather surprised and a little disquieted by the very high ground which he took in reference to the wisdom of this house or the right of this house—

Hon. Mr. Macdonald: Not the right.

Hon. Mr. Hugessen: —the advisability of this house suggesting a very minor amendment of wording to an income tax act. I have been a member of the Senate for quite a number of years now, and in our consideration of income tax legislation as it has come before us year after year we have always felt in the Banking and Commerce Committee that we were at least free to make suggestions as to changes in wording and alterations of paragraphs, and so on, which did not vitally affect the tax structure proposed by the Government and approved by the House of Commons. For the life of me I cannot see why a minor amendment of this category, which merely relates to a question of words, should be visited by the thunder and lightning of my honourable friend the Leader of the Government.

Hon. Mr. Macdonald: You flatter me.

Hon. Mr. Hugessen: That is really all I had to say on these two points. First of all, I think that the amendment proposed is a wise one, and I shall vote against the dropping of those words as proposed by the honourable senator from Gulf. Secondly, I must take exception to the, as I think, rather too rigid view which the Leader of the Government expressed as to the wisdom of this Senate touching or attempting to deal in any way with the phraseology of a tax bill which comes before us.

Hon. Paul H. Bouffard: Honourable senators, I do not propose to deal with the constitutional point of view at all. I think that such a minor amendment as this does not justify a discussion of the constitutional right of the Senate to amend money bills. I have little doubt of the right of the Senate to amend the wording of an act, even if it has to do with taxation, and therefore I do not think the constitutional question of the legal right of the Senate to make the amendment need be considered. This amendment is only a matter of interpretation. It has been said by some senators in the course of the discussion, that the amendment in their opinion, does not mean anything. If that is so I do not think we are prohibited from striking it out of the bill.

I propose to say a few words about the amendment that was made yesterday in the Banking and Commerce Committee. One of the members who spoke a few moments ago said that he was satisfied with the wording of the bill before the amendment was made, and that the amendment did not change anything. But if the words that the bill inserts in the act do not mean anything, why put them in? On the other hand, if they do add something to the act they are worth discussing and examining. In my opinion, they do add something to the act. The Minister of Finance, during the course of the lengthy discussion that occurred in the other place, stated very definitely that he did not see how he could get money that he deems to be owing to the department without adding these words to the act. He may be right, and I am assuming that he is right. But if he wants to collect taxes that are rightfully owing, why does he not be more specific in the wording of the act? Why does he not enumerate the circumstances in which he thinks he should collect taxes, so that no one will be surprised? If he wants to include amounts spent in entertainment for high executives, or the payment of their club fees, why does he not say so? If he wants to tax the little presents that are given by companies or other employers to their employees at Christmas time, or on other occasions during the year, why does he not say so? The doubt that exists in the act even with the addition of the proposed words is not good for the general public of Canada. The Income Tax Act is already loose enough and difficult of interpretation; it is extremely difficult for the taxpayers not only to understand but to comply with the requirements unless they are enumerated in the act. I do not think a department has the right to tell employees who receive a turkey at Christmas that they will have to pay tax on its value. I hope they are not going to tell an employee who receives $25 at Christmas every year that he must pay tax on that little gift. I hope that the girl who is employed by a company and gets a wedding gift will not have to pay income tax on the value of the gift.

What I am afraid of is that the income tax authorities will not use discretion. It

will not be an officer of the Income Tax Department who will indicate that such and such a thing ought to be taxed; it will be the small inspector who goes from house to house and from company to company who will include the item or items in the tax report of an employee. Then later on the employee will be told, "Well, it is too bad, but we cannot do anything—the law is there." That is what the officials have said up to the present time, and they have the right to say so—they have no discretion.

Honourable senators, if we retain this proposed amendment in the bill—and I am sure it will be retained—I think it will be regrettable, and a lot of people will be affected by it. I do not care at all if the desire is to tax a high executive on the club fees paid by his company, the entertainment allowances he receives, or the automobile that is put at his disposal. That is all right. But why does the act not specify these taxes?

I regret that the proposed addition is not clear enough and does not indicate the cases in which the department wants to levy taxation. I am afraid the general interpretation that will be given to the act will affect and embarrass many people through taxation of insignificant matters.

Hon. Mr. Howden: May I ask the honourable senator a question? If we have not enough knowledge now to correct the situation, where are we going to find it?

Hon. Mr. Bouffard: I cannot give an answer to that question. It is up to other people to do it.

Hon. T. A. Crerar: Honourable senators, I do not pose as a tax expert. I think the question of whether or not we have the power to make an amendment of this kind is beyond dispute, and that the power of the Senate with regard to legislation is co-equal with that of the members in the House of Commons. We cannot amend legislation in any way that will mean an increased charge upon the revenues, neither can a private member of the House of Commons introduce legislation for that purpose. But apart from that limitation, the Senate has full power, in my judgment, to deal with an amendment of this kind.

Then comes the question of whether the amendment is advisable. If it is not advisable for this house to consider amendments of this kind, what on earth are we here for?

Hon. Mr. Hackett: Hear, hear.

Hon. Mr. Crerar: As far as I am concerned, the motive or the purpose behind the proposed amendment to the act is rather obscure. I am inclined to agree with the honourable senator from Inkerman (Hon. Mr. Hugessen), that it does not seem to add clarity to the existing provision in the law. It appears to me to be one of those amendments where some tax gatherers—I was almost going to say bureaucrats, but I shall not use that term—have come to the conclusion: if we can't catch them one way, we will catch them another way.

That is not a sound basis for any form of taxation. If there is one fundamental right of the subject in matters of taxation, it is that the tax be clear and definite as far as it is possible to establish it. This amendment makes no contribution to the law in this way at all, as I understand it. Just what does it mean?

A few years ago I was living in an apartment block in the city of Winnipeg. We had there a very good caretaker, who no doubt received a salary from the owners of the building. As he was a very obliging man, when Christmas came around I bought a turkey, at a cost of perhaps $5 or $6, and presented it to him and his wife. Now, is there anyone who will argue that he should take the value of the turkey and add it to his income so that the National Revenue authorities can collect tax on it? Is that within the scope of reason at all? I cannot imagine that it is. Yet, I venture to say that under this amendment, in a court of law the taxation authorities could prosecute that caretaker because he did not include that benefit in his tax return. That is only one illustration of a great many that could be given.

If an executive has an efficient secretary, and on his or her birthday he wants to make a present of a box of chocolates worth $10—

Hon. Mr. Hugessen: A pretty good box.

Hon. Mr. Power: A pretty good secretary.

Hon. Mr. Crerar: Is that a benefit under this section? I do not think there is any question that that interpretation would be put on it. Do we want to use this sort of thing to increase the revenues?

I agree with my colleague to my right (Hon. Mr. Power) that there is provision in the law for appeal. And when the taxing authorities brought it to a certain point, why did they not go on and endeavour to clarify the law They could have done so, but they realized this was a troublesome mattter and decided to try to cure it by an all-embracing amendment. For the life of me, I cannot understand why it should be done.

For those reasons, and not because I am in a militant mood, for I am not, I am going to support the honourable senator from Gulf (Hon. Mr. Power).

Hon. Mr. John T. Hackett: Honourable senators, so that the honourable gentleman from Churchill (Hon. Mr. Crerar) may not feel too lonely in his excursion into the unknown, I shall be pleased to accompany him, if there is an opportunity to vote. But my reasons for supporting the committee amendment are not entirely his.

We find ourselves at a time in our national growth and life when taxation is necessary, and I think most of us appreciate the difficulty of administering that part of the Government business. I for one would like to leave a little discretion to the honesty, good heart good feeling and decency of the people who are entrusted with the administration; and I am reluctant to make taxation in itself so hateful that it becomes in effect like a law known as the Volstead Act, which was passed in a country not far from us. However, I must say that the decision in respect to it has enured to our benefit. It so incensed the people of that country, its persecutions and its prosecutions brought so much ill will, that in the fullness of time, and the fullness of the purse of that neighbouring country, it had to be written off.

We cannot afford to belittle our taxing acts by writing into them patricular incidents and opportunities like this.

Some years ago, just before the last war, I was in Austria. When something was said by one of my companions to some Austrian people about Hitler, the answer was that their worry was not Hitler so much as it was all the little Hitlers who made life unbearable.

We do not want to make our legislation, which is so essential, and on the whole so fair, difficult of administration because of something that denies the flow of the milk of human kindness.

I notice that some honourable gentlemen opposite feel that legislation must be very definite and that every detail must be nailed down. I do not share that view entirely. Those of us who are lawyers know that good judges administer the law wisely. As one honourable senator has said, if the law is not going to be made more specific by adding this paragraph, why add it? It certainly would make the law more objectionable to many people, and without purpose.

Hon. John J. Kinley: Honourable senators, I am a member of the committee which considered this bill, and I voted for the amendment in the committee. I think it passed by a vote of 12 to 5. That being so, and with a small attendance in the house this afternoon, it seems to me to be a bit extraordinary to try to upset the work of that commitee now.

I am in favour of the committee's amendment because I think the new words in the bill as presented to us are too inclusive. I regard that part of the bill as an invasion of the liberty of the subject and as something that would create ill will in this country.

I have never had any difficulty with income tax inspectors in my plant. For many years at Christmas time we gave our employees turkeys; and later we received a ruling from the inspector that we could give our employees a present of $25 without treating it as income received by them. From that I concluded that inspectors had some discretion. Now it appears that the discretion is to be removed, because under the amendment, "benefits of any kind whatsoever" would be taxable.

My honourable friend from Inkerman (Hon. Mr. Hugessen), whose opinions we all respect, said that the words are worth nothing. Well, if they are worth nothing they should not be there. But if they are important enough to cause a difference of opinion between two judges, we as laymen must make our decision accordingly. He referred to the practice of stores giving their employees a discount on goods that they buy there, and said that the value of such goods would have to be added to their taxable income. I would like to point out that the allowing of discounts to employees is an old established custom in every well managed store. The practice applies also to other lines of business. If you do something which stops that practice in Canada a lot of people will think that the laws of this country are too exacting and that the liberty of the subject is being invaded.

This morning I was talking to my wife over the telephone, and she told me that we had received an invitation to be present next week at the wedding of an employee in our plant. He is an important employee and we will naturally give him a wedding present. Now under this proposed amendment to the act I would have to add the value of that present to his income, for tax purposes. It seems to me an extraordinary thing to have to do.

I would like to point out another situation that will cause some ill feeling. On occasions our men go to Halifax to work. The scale of wages in the country is a little lower than in Halifax, and I have had complaints from the union that our men were working at a lower rate of pay than was being paid for similar work in that city. We notified the union that in addition to paying their wages we pay their board and lodging, and if the two items were added together the compensation would be higher than the pay in the

city. However, the union did not want to accept that explanation. Again, when Friday night comes around our men generally want to go back to their homes, and as our trucks are returning in that direction we carry them back home without charge. If this amendment passes we will have to make a charge for giving them a lift home. It seems to me that that would certainly cause ill will.

The departmental inspectors are very intelligent men. They come to our plant and go over the books, and from what I can gather they are very careful in their work. One inspector from the Sales Tax Division came to our plant, looked over our books and said: "There is nothing I can find to report on. Surely I should be able to find something to justify my being here today". But he could find nothing, and he went away pleased.

The tax collector wants to put a blanket over everything: if you can get out from under, all right. That has been so all through the years, when I was a member of the Legislature of Nova Scotia, and also after I came here. Talk about "the liberty of the subject", when what a man is being asked to do is to prove himself innocent! There is now on the statute books legislation under which an inspector from the Fisheries Department can go in and make an arrest, and the obligation is on the man arrested to prove himself innocent in a case which is pretty much a matter of opinion. I have always thought that that kind of thing was bad law, and that it was something which should not be permitted, because we always assume that a man is innocent until he is proven guilty. However, in the enforcement of this law the officials seem to take the ground that efficiency is everything.

In discussing this procedure with a woman acquaintance who was a law clerk in the income tax branch of the Department of National Revenue I remarked that it was terrible. She said, "Without it we could not get convictions". My reply was that it seemed to me the department should take its chances without resort to provisions of that kind. But it does not do so, and now the law is so stringent that one's chances are doubtful even if one is innocent. It seems to me what is uppermost in the minds of the officials is the idea of making collections easily and without expense, and they have little regard for the liberty of the subject.. But such actions have wide significance; and I agree with the honourable senator from Gulf (Hon. Mr. Power), who has been long in public life and has good political sense, that we would be well advised to leave the act unamended in this respect. I shall vote, as I did in the committee, for the honourable senator's motion.

Hon. Gray Turgeon: Since I intend to vote against the amendment of the honourable senator from Gulf (Hon. Mr. Power) I want to say a word, not argumentatively but by way of explanation of the amendment proposed by the bill. I am taking the liberty of doing so in spite of the fact that I am not a lawyer, and have no connection with the administration of courts or the formulation of judgments under the existing legislation. The present wording in the act is "the value of board, lodging and other benefits (except the benefit he derives from his employer's contributions . . .)", and if I correctly understand the matter a question arose as to whether the word "and other benefits" meant benefits other than from board and lodging or included what is ordinarily meant and understood by those words.

Since this amendment has been put in the bill, it is clear that the existing legislation was designed and passed in the other house to include benefits outside of those comprised in the term "board and lodging", and the amendment in the bill for which we are asked to vote is for the purpose of clarifying the situation to make it plain that board and lodging are not included within the meaning of the three words "and other benefits". The words "of any kind whatsoever" are inserted by way of interpretation of the fact that "and other benefits" in the existing legislation are outside of the term "board and lodging", and the exception still remains, as stated: "except the benefit he derives from his employer's contributions to or under. . ." —in place of "an approved superannuation fund or plan"—"a registered pension fund or plan." That change might make more difference to the effect of the legislation than the words "of any kind whatsoever", concerning which we are to vote in a little while, because these four words relate only to the benefits under the term "board, lodging and other benefits". To repeat: the words "registered pension fund or plan" may make a bigger difference than the words "of any kind whatsoever". Therefore, as a parliamentarian, I intend so to vote for retention of the words "or any kind whatsoever" in the bill. Between now and the next session we can easily examine the whole situation, and if it is shown that the addition of these words will inflict an injustice upon taxpayers we can take such action at that time as we see fit. If, however, these words are deleted we shall throw back on the Tariff Board the same element of doubt which evidently exists, and which led the other house to pass this clarifying phrase.

As I have said, I therefore intend to vote against the proposal of the honourable senator from Gulf and in favour of the bill as it has

come to us from the House of Commons. I hope that all honourable senators present and other parliamentarians will study the whole situation between now and the next session to ascertain whether any of the fears which have been expressed by some honourable senators prove to be well founded.

Hon. J. Adelard Godbout: Honourable senators, I do not suppose you expect a long speech from me on this matter. I am not on expert on taxation, and perhaps if I were to begin to review the subject in English I would have to switch at some time to French.

At the outset let me say that I shall vote against the proposed amendment of the honourable senator from Gulf (Hon. Mr. Power). The purpose of this bill is to clarify the position as to taxable revenues from employees and from industries. There is no doubt in the mind of any honourable senator, that the house has the right to amend the bill. But after the explanation of the honourable Leader of the Government (Hon. Mr. Macdonald) I do not think there can be any reasonable doubt as to the advisability of approving the bill. Someone questioned whether the four words "of any kind whatsoever" would add anything to the force of the law, but on that point I am of the opinion of the honourable senator from Cariboo (Hon. Mr. Turgeon). It is felt by the departmental officials that the addition of these words would clarify the legislation, and of course we want our legislation to be as clear as possible. We have already been told that a member of the Income Tax Appeal Board expressed a doubt as to what the present law means. If there is a doubt in the mind of a member of such an important board, how could we not expect there to be a doubt in the minds of the taxpayers and tax collectors? That is why I am in favour of clarifying the situation.

As to going as far as the honourable senator from Gulf suggests and defining everything that should be taxable, I think the reverse would be much better. If we legislated that every gift should be taxable but felt that small gifts like chocolates, cigars and cigarettes should be excluded, we would then have to say so. This would result in enumerating thousands of articles in detail. Instead of clarifying the law that would be making it more cumbersome. So I am opposed to the amendment suggested by the honourable senator from Gulf. I am satisfied that we have the right to amend this bill, but at the same time I think we should accept the advice of the departmental officials. We are not familar with the difficulties they encounter in administering the income tax law, but I have every confidence in them, just as I have in our other civil servants, and if the department feels that the amendment contained in the bill is required I think we should accept it.

Hon. John J. Connolly: Honourable senators, as the one who explained this bill in the house on second reading, I should say something in connection with this proposed amendment. I rise to do so with great reluctance after hearing what men of so much more experience have already said about the amendment and about general position of the taxpayer under the law.

I must say that I was particularly impressed by the argument made by the honourable gentleman from Gulf (Hon. Mr. Power), and if it were not for the fact that I have a different idea about the practical effects of this legislation I would certainly be on his side. In many respects his argument is a very good one, particularly what he says about the general circumstances of the small taxpayer and the protection we should give him in his dealings with the crown.

Having said this I think it might be appropriate to look again at the section of the act which is being amended. It is section 5, and it reads:

> Income for a taxation year from an office or employment is the salary, wages and other remuneration, including gratuities, received by the taxpayer in the year plus
> (a) the value of board, lodging and other benefits—

And I will omit the part in brackets.

> —received or enjoyed by him in the year in respect of, in the course of or by virtue of the office or the employment . . .

Perhaps I might say just at the end of this paragraph that my honourable friend from Churchill (Hon. Mr. Crerar) can continue to give the janitor a turkey without worrying about the janitor having to declare its value in his income tax return, for I assume that my honourable colleague is not the employer of the janitor. The janitor would probably be working for the landlord. The act says "in the course of or by virtue of the office or the employment", and I do not think there would be any question as far as interpretation on that point is concerned. I believe that is so.

Hon. Mr. Kinley: Yes.

Hon. Mr. Connolly (Ottawa West): It may be argued that the janitor got the turkey by virtue of his employment, but it seems to me that an interpretation of that kind would be too severe.

Hon. Mr. Crerar: What if his employer gave him the turkey?

Hon. Mr. Connolly (Ottawa West): Well, as I said when I explained the bill on second reading, this is a basket item; and I think that turkey would go into the basket. I would like to deal with this point in more detail later on.

Hon. Mr. Power: It might be advisable for the employer to fire the janitor the night before giving him the turkey.

Hon. Mr. Crerar: And rehire him the next day.

Hon. Mr. Connolly (Ottawa West): Yes. Perhaps the employee should have the honourable gentleman from Gulf as his lawyer.

Paragraph (b) of section 5 of the act provides that:

> All amounts received by him in the year as an allowance for personal or living expenses or as an allowance for any other purpose except . . .

Then there are certain exceptions. I mention that because the honourable gentleman from Queens-Lunenburg (Hon. Mr. Kinley) referred to the fact that certain of his employees were paid expenses when they travelled outside their own municipality on company business. There is a section in the act to cover that situation, and this item here would not affect that position at all. There may be other specific examples which have been discussed here which perhaps I am overlooking, but I have mentioned these two to clarify just what the proposed amendment purports to do and not for the purpose of disagreeing with the honourable gentleman from Gulf.

I regret I must disagree with my honourable colleague from Inkerman (Hon. Mr. Hugessen), but lawyers are constantly disagreeing. If they didn't they probably would not be able to earn a living. However, I disagree with great deference, for I do value the opinions that he expresses, as I know all honourable senators do.

It seems to me that the legislation as it is now written is subject to this weakness, that a court might easily apply what is called the *ejusdem generis* rule. That simply means that the courts might very well interpret the language "board, lodging and other benefits" to mean "board, lodging and other benefits of the character of board and lodging". May I point out that it was not a court of law that had expressed an opinion on the interpretation of those words. It was the Income Tax Appeal Board which, strictly speaking, is not a court of law. May I point out that the *ejusdem generis* rule to which I referred is a rule well recognized in our courts. And I think that there is some reason to expect that if the rule is applied, benefits of a major character might very well be given tax free to employees. Such employees, if taxed, might go to the courts. The courts might well say that a benefit like a Cadillac is not of the class of "board and lodging" or a benefit of that character and so is not taxable. To use some of the examples given by the Minister of Finance in the other house, I could mention refrigerators and life insurance premiums on the lives of executives where the beneficiary is not the company but persons of the nomination of the executive on whose life the insurance is taken, and perhaps even club memberships, and items of that character.

Honourable senators, as to the argument made by the honourable gentleman from Gulf (Hon. Mr. Power) in connection with a small benefit like a turkey, or the honourable gentleman from Lunenburg (Hon. Mr. Kinley) in connection with a $25 gift at Christmas, I think there is some cause for concern when we look at this amendment. But when we look at the larger possible benefits which might be given by employers to employees, examples of which I have given, and which the courts might hold to be exempt under the present law, I think none of us wants to be in the position where such large benefits should escape taxation. In my opinion, the clear meaning of section 5 is that we do not want that to happen.

Honourable senators, I now depart from a discussion of the legal principle, and enter a realm which I know the honourable gentleman from Gulf will castigate me for entering. On July 31 of this year, in the other place, the Minister of Finance discussed this matter. I realize that I am slightly out of order in referring specifically to a debate in the other place, but I think it is important and useful for us to consider what he said. The minister was considering the position of the small man and of the small gift under this legislation, and he said, as appears from the Commons *Hansard* at page 6763:

> . . . we do not intend to extend the present practice of assessing every kind of benefit . . . and . . . if at a later time it is brought to my attention that there has been an increase in the class of gifts or benefits provided for I will agree that that was not intended and we would then have an amendment to provide for it specifically.

By that language, as I understand it, he is giving an undertaking as minister—as representing the Executive of the day—that the administration of this section of the Income Tax Act is not going to change in so far as the present practice is concerned. May I say that so far as I know the present practice of trying to tax large benefits of the character I have described is a practice that is recognized under the law today. I think every honourable senator would want it to be

recognized. The small benefit, however, is a benefit that in the administration is not considered to be a taxable benefit.

Let us remember, too, that section 112(3) reads as follows:

> Where the value of all gifts made by a donor to an individual in a taxation year does not exceed $1,000, those gifts are exempt from tax under this Part.

Now, an enactment with respect to the relationship between employer and employee is more specific than this general statement, but from this general provision some idea of the spirit of the act can be obtained. Taxpayers can make gifts of less than $1,000 to any individual without attracting a gift tax. The position under the act as exemplified in that section indicates that there is a recognition of the idea that relatively smaller gifts can be made.

Honourable senators, having said all this, I apologize for having taken so much time. I am sorry to be in the camp opposite my friend from Gulf. But it does seem to me that the kind of thing that he wants to get at is going to be looked after as the result of the undertaking of the minister, and that the kind of thing that he wants to tax is going to be clearly taxed. The fellow who gets a Cadillac, as my friend described it, or who has a big insurance premium paid for him, or who has his house furnished for him, is not going to be able to escape tax thereon as a result of the amendment that we have made.

Hon. Mr. Crerar: May I ask the honourable senator if the amendment, then, is really not in the nature of an experiment?

Hon. Mr. Connolly (Ottawa West): Well, I think almost every piece of tax legislation is in the nature of an experiment.

Hon. Mr. Lambert: May I ask the honourable senator if he is in favour of the amendment, or against it?

Hon. Mr. Connolly (Ottawa West): I am against the amendment; I voted against it.

Hon. Mr. Lambert: That is, against the decision reached by the committee last night?

Hon. Mr. Connolly (Ottawa West): Yes; I voted against the decision of the committee in committee.

Hon. Mr. Power: Honourable senators, with respect to what my honourable friend from Ottawa West (Hon. Mr. Connolly) said, I am not going to castigate, I am going to weep for him. When a provision comes before any legislative chamber I do not attach any importance whatsoever to a statement made by a person, who, after all, is only temporarily in office—a minister of the crown—with respect to his future intentions. I have never been impressed at any time, no matter what Government was in office, with any statements as to its intentions with respect to legislation. The law is the law as written in the Statute Book, and this law must be followed by the civil servants who have to apply it, irrespective of the generous statement of the ministers of the crown who have introduced the legislation.

We are told that the proposed amendment introduced by the department was intended to clarify the legislation. Well, it seems to me extraordinary, if it was intended to clarify the legislation, that those honourable senators who are arguing in favour of it today cannot tell us what it means. To my mind the most logical speech made this afternoon was that by my friend the senator from Inkerman (Hon. Mr. Hugessen), who said it does not mean anything at all. Yet, he urged very strongly that it remain in the bill. Other senators, including my friend from Ottawa West (Hon. Mr. Connolly), say it does mean something, that it is going to catch the man with the Cadillac.

Hon. Mr. Connolly (Ottawa West): We hope.

Hon. Mr. Power: But if it catches more than the fellow with the Cadillac, next year the poor unfortunate small taxpayer will have paid his money, or been prosecuted by the courts and may have gone to jail. Out of the generosity of our hearts we have by another section of the act allowed people to make a gift of as much as $1,000 without tax. Therefore the lawmakers are generous, and we show it by the book.

It seems to me there has not been much clarification demonstrated on the part of the proponents of this amendment. So, why should it be inserted in the act? I can see no reason for making the provision so broad.

If I may make a suggestion for consideration in another year, it would be this: why would it not be possible to use the words "benefits of any kind over . . .", and then state a certain amount. If the department wants to get only the big amounts which have escaped taxation by indirect contribution to an employer or to an executive's salary, why cannot that be stated? It may not be necessary to say benefits by way of furnishing an insurance policy gratuitously, or by providing the use of an automobile, or paying club dues. But to make the provision as broad and general as is proposed here, that to me is objectionable. As I say, if it applied to benefits the value of which is so much, then I would not have much hesitation in accepting the views put forward by my honourable friends. But as the amendment is proposed, whatever its object may

be, the authorities will catch the small man, and he is more susceptible to being caught and punished than is the executive who can afford high priced counsel and the best advice possible, and can bring his case before the highest authority.

Hon. Mr. Connolly (Ottawa West): That is right.

Hon. Mr. Power: Let the department prosecute that type of man if they wish to, and get a judgment of the court.

What I object to generally, more than the proposal in this specific case, is the tendency on the part of the people who are charged with the administration of the affairs of this country to insert certain provisions in the law which tend to place the onus on an accused person to show that he is not guilty. I had the honour and privilege of administering a department of government for some years, and many times when my officers wished to introduce into the law a presumption of some kind—for instance, in such a statute as the Pure Food and Drug Act—I had to say to them that I could not possibly get such an amendment passed by a Liberal House of Commons. I emphasized the fact that you have to offer proof that a man is guilty of violating the law. My friend from Queens-Lunenburg (Hon. Mr. Kinley) has said that the reply by the officials often is "We can't convict them". I say: "That is too bad; you should go out and work a little harder and find out how you can convict them". I have told my officials in the department that I could not go to my colleagues in the cabinet or in the House of Commons and ask them to insert in statutes provisions which would make a man guilty without a full opportunity of having his case pleaded and putting the onus on us to decide whether prosecution was justified.

Hon. Mr. Macdonald: Honourable senators, I do not wish to prolong this debate unduly. Apparently my opening remarks were misunderstood. I wish to impress the house with the fact that so far as I am concerned I feel that it is within the competence of the Senate to pass the amendment proposed by the committee. But I said in my opening remarks that I felt it would be inadvisable to pass the amendment; and after listening to the arguments put forth in support of it this afternoon, impressive and persuasive though they were, I am more convinced than ever that we should reject the amendment proposed in committee.

The honourable senator from Inkerman (Hon. Mr. Hugessen) made a very outstanding speech in which he gave his interpretation of the act as it stands today and as it would be amended by this bill. His views were not followed entirely by the honourable senator from Ottawa West (Hon. Mr. Connolly). However, they both feel that the amendment contained in the bill should remain. My friend from Cariboo (Hon. Mr. Turgeon) feels that the committee amendment should not pass, for another reason. My friend from Montarville (Hon. Mr. Godbout) feels that it should not pass, for still another reason. These are all convincing arguments, honourable senators, why the amendment proposed by the committee should be rejected.

The question has been raised as to whether the amendment contained in the bill clarifies the law. Whether it does or not, there are at the present time judges—I shall call them judges for this purpose—who have expressed opinions one way and another, making different interpretations of the law as it stands today. The cause for that difference of opinion will be removed when the amendment has passed. The law will at least be clarified to that extent. I feel convinced, therefore, that it would be wise on our part to approve of the amendment as contained in the bill.

The Chairman: The motion before the Chair, as I understand it, is for concurrence in the amendment moved in committee by Senator Power to clause 1 of this bill, to strike out the words "of any kind whatsoever". All in favour of the amendment will please say "Content".

Some Hon. Senators: Content.

The Chairman: Those opposed will please say "Non-content".

Some Hon. Senators: Non-content.

The Chairman: I declare the amendment defeated.

Hon. Mr. Vien: Let us have a standing vote.

The amendment of Hon. Mr. Power was negatived on a standing vote: contents, 10; non-contents, 16.

Hon. Mr. Turgeon: Honourable senators, I was not in favour of the amendment and would have voted that way except that I was paired with the honourable senator from Grandville (Hon. Mr. Bouffard), who was in favour of the amendment to the bill.

The bill was reported without amendment.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed, on division.

PUBLIC SERVICE SUPERANNUATION BILL

THIRD READING

The Senate resumed from this morning the adjourned debate on the motion of Hon. Mr. Golding for the third reading of Bill 440, an Act to amend the Public Service Superannuation Act.

Hon. Mr. Macdonald: The honourable senator from Victoria (Hon. Mr. Hackett) adjourned the debate in order that I might obtain certain information.

Hon. Mr. Hackett: I have nothing more to say. My object was really to afford an opportunity for information to be obtained which had been asked for after the third reading had been moved.

Hon. Mr. Macdonald: While this bill was under consideration the honourable the senior senator from Ottawa (Hon. Mr. Lambert) spoke as follows:

I should like to request the Leader of the Government to be good enough to present information bearing on clause 4 as to how many contributors and how much in contributions will be added to to the superannuation fund as a result of this particular provision.

The answer to that is as follows: There are 19 cases which will derive immediate benefit from this amendment, and the number otherwise affected who will derive benefit in the future is expected to be small, probably not exceeding 30 altogether. Until either retirement or death takes place, the exact number will not be known. The remainder of the 1,188 persons who transferred in accordance with the pension provisions of the Terms of Union have been covered by the existing provisions of the statutes so that the additional liability to the Superannuation Account can be seen to be relatively small.

In the meantime, the contributions required of these persons will continue to be made so that honourable senators may rest assured that the normal payments will be made into the Superannuation Account.

The senior senator from Ottawa also said:

At the same time I think it would be useful to have some statement regarding the financial status of the fund itself.

I have that information. In fact I find that this information was given by the Honourable Mr. Harris, the Minister of Finance, to the Senate Standing Committee on Finance, and it appears in their record of May 10. It is as follows:

The total amount standing to the credit of the Superannuation Account on March 31, 1956, was $804·8 million. Of this amount, $615·8 million represents contributions made by employees and the Government (including interest at 4 per cent per annum). It includes, also, $175 million representing special contributions of the Government toward making up the accumulated deficiency in the fund. The remaining $189 million, which is shown on the Government balance sheet as a deferred charge, is the present unamortized deficiency.

The total of $804·8 million shown in the Superannuation Account constitutes the approximate actuarial liability of the Government with respect to future superannuation benefits for all public servants covered by the act. This account is not a cash fund but represents only the accounting record of the Government's liability with respect to the transactions or operations under the Superannuation Act, and is shown as a liability in the statement of the Government's assets and liabilities.

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

INDIAN BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 439, an Act to amend the Indian Act.

He said: Honourable senators, this bill makes amendments to various sections of the Indian Act. I think it would be preferable that I go through the bill clause by clause, not necessarily starting at the beginning.

One change in the act which, I think, will be of interest to most honourable senators is in the provisions regarding the use of alcoholic beverages by Indians. It will be found in clause 23, page 8. Prior to the Indian Act, 1951, it was illegal for Indians to have liquor either on or off a reserve, or for anyone to sell or give them liquor. By section 95 of the act provision was made whereby Indians could drink in public places off a reserve, provided a request is made by the Lieutenant Governor in Council of the province, followed by a proclamation bringing the section into force by the Governor in Council.

At the present time the provisions of that section are in effect in the Yukon, British Columbia, Manitoba, Ontario and Nova Scotia. This bill contains no new principle in respect to the obtaining of liquor by Indians. It merely provides that the same principle shall have application in the case of purchases in a province of liquor to be taken off the premises and consumed elsewhere in accordance with the laws of the province. I think all honourable senators will agree that it would be a grave invasion of provincial rights for Parliament to attempt to legislate for Indians in this particular matter without regard for the provinces. Either the present prohibition must continue,

or if there is to be a change it should, in my opinion, conform to provincial law.

Under the act as amended an Indian will be empowered to purchase alcoholic beverages in a place other than a beverage room and consume them in a place other than a beverage room. But this can be done only in accordance with the liquor laws of the various provinces. If a province wishes to give effect to this legislation, all that has to be done is to have a proclamation issued by the Governor General, at the request of the Lieutenant-Governor in Council. No action can be taken without a proclamation by the Governor in Council.

Hon. Mr. Hackett: Proclamations in all the provinces?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Hackett: With the exception of two or three.

Hon. Mr. Macdonald: The law as it is allows Indians in certain provinces to consume intoxicants in public places. This amendment if adopted will permit Indians in any province to purchase liquor and consume it in other than beverage rooms, provided, as I have said, a request is made by the Lieutenant Governor of the province concerned for the necessary proclamation.

Hon. Mr. Turgeon: Can Indians take liquor back to the reserve?

Hon. Mr. Macdonald: No, they cannot do so unless in the first place the proclamation has been issued and is in effect in the province. It is then necessary for an affirmative resolution to be passed by the council of the band. The resolution is forwarded to the federal Government, which in its turn must send a copy of it to the Attorney General of the province in which the reserve is located. If within 60 days objection is not made by the province, a referendum may be taken on the reserve.

Hon. Mr. Horner: Then in any province, without regard to what the Lieutenant Governor may do, each band can vote prohibition of liquor on its own reserve, can it?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Turgeon: If the Attorney General gives no answer, can the band vote?

Hon. Mr. Macdonald: Yes, if the Governor in Council has directed that the wishes of the band with respect thereto be ascertained by a referendum of the electors of the band.

Hon. Mr. Horner: And even after the vote, some Indian reserve may prohibit the use of liquor on its reserve?

Hon. Mr. Macdonald: That is so. I do not think there is anything further I can explain in connection with this provision. As I say, there is no new principle. Rights are extended to Indians which they do not possess now, but they may be extended, as regards liquor, only with the approval of the province.

May I now turn to clause 18 of the bill, which provides for an increase in the amount of money which the Government can loan to Indians. It is desired to increase this fund to $1 million. Honourable senators will be interested to know that from 1938 to this year 611 loans were made to Indians in a total amount of $787,985, and of that amount only $5,452.76 has been written off. That speaks very highly for the thrift and industry of the Indian people.

Hon. Mr. Hackett: How much is outstanding?

Hon. Mr. Macdonald: I have not the figures here, but I will try to obtain them for the honourable senator.

During the sixteen years the Indians have paid in interest $54,767. That is a very creditable showing indeed, and I doubt if any group of citizens in Canada has a finer record in that respect.

As I say, there are provisions in the bill affecting the administration of Indian affairs. For instance, subsection (1) of section 4 of the Indian Act is repealed and the following substituted therefor:

> A reference in this act to an Indian does not include any person of the race of aborigines commonly referred to as Eskimos.

The purpose of this amendment is to make it abundantly clear that this legislation refers to individual Indians and not to the Eskimos or any other race.

There are certain provisions under which an Indian may be excluded from an Indian band by the registrar, and clause 2 of the bill provides that if he is so excluded there can be only one reference to a judge from the registrar's decision, and the onus of proof is on the person making the protest.

Clause 3 of the bill provides that an illegitimate child of a female Indian may automatically be registered as an Indian, notwithstanding the fact that the father may not be an Indian. It is also provided that the band council has one year in which to protest the name of the child on the band list.

Hon. Mr. Kinley: It is the opposite if the father is an Indian.

Hon. Mr. Macdonald: I believe the illegitimate offspring of a male Indian automatically becomes of Indian status, provided that the mother is an Indian.

Hon. Mr. Kinley: If the mother is an Indian I believe the child is considered an Indian; but if the father is an Indian and the mother is a white woman, the child is considered white.

Hon. Mr. Macdonald: You may be right. I shall try to get some information on that point.

Hon. Mr. Kinley: It is my impression that the child takes the nationality of the mother.

Hon. Mr. Macdonald: That may be so. Indian bands sometimes become very large and they want to divide. It then becomes necessary to apportion the assets, and clause 7 of the bill authorizes the minister to make a division. Previously this was done by the Governor in Council, but it was felt that as this is an administrative matter, it would be more expeditious to have it done through the minister.

Clause 9 of the bill deals with the wording of the document under which an Indian holds his lands. In some places this is referred to as a certificate of possession, and in others as a certificate of occupation. The object of this clause is to extend the operation of the section to location tickets issued under previous legislation.

Clause 11 of the bill relates to the sale of assets belonging to Indians. Suppose, for instance, some Indians decide to sell a portion of their land so that it will be no longer part of the reserve. This sale or surrender will be considered void unless it is assented to by a majority of the electors of the band. Under the present act this voting must now take place at one centre. Under the proposed amendment the acceptance of a surrender may be assented to by referendum.

Hon. Mr. Hackett: Probably that is to meet the requirements of the Caughnawaga Reserve.

Hon. Mr. Macdonald: This legislation provides for a number of such polling places. The Six Nations Reserve near my home city of Brantford is a large one and contains about six or seven thousand Indians. It is not practicable for them to hold a vote at one centre, and the bill provides that a vote can be held at various centres.

There are provisions in the bill to assist in the administration of estates, especially where an intestacy is involved. There is also a provision whereby the department can take over and develop unoccupied lands.

Clause 15 provides that with the consent of the council of a band the minister may authorize the lending of money from the funds of the band to members for housing purposes.

Hon. Mr. Hackett: Did the honourable Leader of the Government say that the moneys which may be loaned to Indians by the minister are moneys that come from the Indian band? Is the money loaned to the band or to individual Indians?

Hon. Mr. Macdonald: Under this section the money belongs to the band and is held by the Government for the band, and a loan may be made by the minister to an individual Indian for housing purposes, but only with the consent of the council of the band.

Hon. Mr. Hackett: Does the council have to pass upon the individual loans?

Hon. Mr. Macdonald: Yes, on each individual loan; so it is local self-government in that respect.

Honourable senators, I do not know if any further explanation is required. I would be glad to answer questions in connection with any particular clause of the bill. As I have said, most of the amendments deal with the administration of the affairs of the Indians, their funds, personal estates, and so on. I think it is progressive legislation and I have no hesitancy in recommending it to this house.

Hon. R. B. Horner: Honourable senators, I have just a few comments to make about this bill. Allowing Indians access to liquor is more or less of an experiment. I doubt that it will be recommended in the province of Saskatchewan. If I remember correctly, it was shown before the joint committee of both houses which met two or three years before the amendment to the Indian Act was made, that the great majority of the Indians, particularly in Saskatchewan, were opposed to liquor, and opposed to having it taken to the reserve. I hope no tangle will develop as to whether Indians will be allowed to purchase liquor and allowed to take it on the reserve and drink it in their own homes. There have already been innumerable cases of prosecutions for offences as to where liquor was to be consumed, although purchased legally in a Government liquor store.

Great difficulties arise at times with regard to the Indians. Only a few years ago much resentment was caused because some action was taken to expel from the reserve people who, it was claimed, were not Indians and did not belong on the reserve—perhaps some grandfather or some mother claimed that such and such a person was not entitled to a share in living on the reserve, because he was not legally an Indian on the reserve. Finally the matter settled down, and I think some agreement was come to.

I would like to see the Government deal with the Indians in perhaps a more generous

way and with greater foresight. I understand that although a huge part of the St. Lawrence Seaway channel has been dug through the Caughnawaga reserve at Montreal, yet to this day there has been no final settlement as to what eventually will be paid for the privilege of putting that canal through the reserve. The Government has known for some time that a settlement should have been completed before ever one shovelful of earth was dug on that reserve. I think there was great lack of foresight on the part of the Government. This matter will cause a great deal of friction, and possibly a much higher price will have to be paid before the channel is completed and the Indians are satisfied.

Honourable senators, I hesitate to return to the question of liquor. As I stated, the new provision in the bill is more or less of an experiment, but I cannot very well bring myself to support the idea, because there is plenty of evidence in many quarters, from reports of highway accidents, and so on, that the provision would not really add much to the welfare of the rest of Canada. I know it is argued that Indians secure liquor anyway, and in some cases illegally. That is something to be regretted, but it is not something that we are legislating about. I hesitate to be a party to legislating liquor for the Indians.

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

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: I move the third reading now.

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

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, I move that when this house rises this day it stand adjourned until tomorrow at 11 o'clock in the forenoon, notwithstanding the rules of the house to the contrary.

The motion was agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Saturday, August 11, 1956

The Senate met at 11 a.m. the Speaker in the Chair.

Prayers.

Routine proceedings.

INDIAN BILL

LOANS

Hon. W. Ross Macdonald: Honourable senators, yesterday on the debate on the motion for second reading of the Indian Bill the honourable senator from Victoria (Hon. Mr. Hackett) asked me what is the amount outstanding in respect of Government loans to Indians under section 69 of the Indian Act. The information I have received is as follows: As of April 30, 1956, the principal owing on loans was $250,287.44.

Hon. Mr. Hackett: Thank you.

CANADA-GERMANY INCOME TAX AGREEMENT BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill 452, an act to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to income tax.

He said: Honourable senators, as its title implies, this is a bill to ratify an agreement entered into between Canada and the Federal Republic of Germany on June 4 last to prevent the incidence of double income tax between the two countries. It takes very much the form of similar bills for the avoidance of double taxation between Canada and various countries which this house has had to consider over the past few years.

I should say, perhaps, that the bill which honourable members have before them is in the form in which it was introduced in the House of Commons yesterday. It was considered and adopted by that house without any change, so that what we have here is the bill which the Commons passed.

As is customary in bills of this kind, the bill itself is very short. It refers to the agreement, which is set out in the schedule printed on the second and following pages of the bill, and states that that agreement is approved and declared to have the force of law in Canada.

As I say, this bill follows along the lines of quite a number of similar bills which we have adopted in the past. The kind of taxes to which it refers will be found in article I of the schedule. In Canada they include income tax, including the surtax and the old age security tax; that is, of course, only federal tax. Naturally, an agreement between a foreign country and Canada can have no effect on provincial taxes. In the Federal Republic of Western Germany it includes several taxes, whose names are unfamiliar to me. One is called the Einkommensteuer, the second is called the Koerperschaftsteuer, and the third is called the Notopfer Berlin, and I am told that they correspond respectively to income tax, corporation tax, and Berlin emergency aid tax.

The territories to which this convention applies are Canada and the Federal Republic of Germany. But if honourable members will turn to article XXI of the agreement they will see that, unless the Federal Republic advises us to the contrary within three months after it comes into force, it will also apply to Land Berlin. This I presume means the section of the city of Berlin that is West Berlin, which is at present occupied by allied forces, or was until the other day, and is that part of Berlin now administered as a part of the Republic of West Berlin, although separated from it physically by an intervening section which is part of the Republic of East Berlin.

The terms of the agreement are very much the same as those of the other agreements to which I have referred. Perhaps it will make for convenience if I refer to them in this way. The most important part of the agreement deals with taxation upon companies doing business in both countries. I would like to take as an example a Canadian company which does business in both Canada and West Germany. The agreement provides that that Canadian company will not be subject to income tax in West Germany, provided it has no permanent establishment there. The term "permanent establishment" is defined very extensively and comprehensively in the agreement. Generally speaking, if a company simply carries on business from Canada by taking orders in Canada and shipping goods to Germany, it is not considered to be doing business in Germany; and if it simply has a storage warehouse in Germany for the convenience of its German customers it is not considered to be doing business in Germany. The same is true if it works in Germany through an independent agent or a subsidiary company. On the other hand, if it has anything like an establishment in Germany, an office of its own or employees of its own, then it is considered to be doing business in Germany and subject to income tax in that country on that part

of its profits which may reasonably be considered as having been derived from German business. The same rule applies in a converse way to a German company doing business in Canada.

There is a special provision, as there has been in so many of these other agreements, for airplane and shipping companies. A Canadian airplane company which operates between Canada and Germany, or a Canadian shipping company plying between the two countries, is not subject to German income tax simply by reason of the fact that its ships or airplanes, as the case may be, land in Germany. The same is true in a converse way of German shipping companies and German airplane companies.

As respects individuals, the agreement deals with the sort of things that we would expect it to deal with in matters of this kind. It refers, for instance, to the limits upon the withholding tax or dividends paid by a company in one country to a resident of the other. As honourable senators are aware, if a Canadian company pays dividends to a resident of Germany, the withholding tax which Canada can exact from that dividend is limited to 15 per cent, and *vice versa*.

There are similar provisions for various other kinds of payments flowing between the two countries, of the nature of copyright and royalty payments, and so on.

Honourable senators may be interested to know that article IX provides exemption from tax on capital gains made by a resident of one country in respect of his property in the other country.

Article XII provides that a resident of one country who receives a pension or an annuity from a source in the other country shall not be subject to tax in that other country. In other words, a resident of Canada who receives an annuity or a pension from a source in Germany is not subject to tax on that annuity in Germany.

Then there are provisions, similar to those we have noted in the past in other agreements, for professors and teachers. A professor or teacher who comes from Germany to Canada for a period limited to not more than two years for the purpose of teaching in a Canadian university or school is not subject to tax in Canada on any income he receives from Germany during that time.

Hon. Mr. Connolly (Ottawa West): Why not?

Hon. Mr. Hugessen: I cannot answer my honourable friend's question except to say that that is a provision which has been contained in, I think, every one of the tax agreements between Canada and other countries. It is a sort of mutuality with respect to persons engaged in education. I see my honourable friend from Winnipeg (Hon. Mr. Wall) nods his head. I am sure he approves of that, being as prominent in the educational field as he is.

There is a similar provision in favour of students from one country who take their training in the other country. So long as they are training in a university or school in the other country they are not subject to tax in that country in respect of payments they receive from their own home country.

On past occasions we have had some discussions in this house with respect to the provisions in these agreements for the exchange of information between the Governments of the two countries concerned. In this agreement that provision is found in article XVII, and I think it is a fairly good article. It provides for the exchange of information between the Governments of the two countries for the prevention of fraud, but this is restricted to information which is available under the respective taxing laws of the contracting states. It requires that that information shall be secret, and it adds this provision in article XVII (2):

> In no case shall the provisions of this Article be construed so as to impose upon either of the contracting States the obligation to carry out administrative measures at variance with the regulations and practice of either contracting State or which would be contrary to its sovereignty, security or public policy or to supply particulars which are not procurable under its own legislation or that of the State making application.

The agreement provides that it shall come into force one month following its ratification—ratification is dependent, of course, upon its approval by this Parliament, on the one hand, and by the Parliament of the Republic of Germany, on the other—and that when it comes into force it shall have effect with respect to taxes of the nature which I have described as and from the 1st of January, 1954.

I think that is about as brief an explanation as honourable senators would wish me to give. I would simply conclude by saying that, as in all these cases, this is designed as relieving taxation, as a measure to prevent double taxation in the two countries; and I think it should be welcome to this house.

Hon. Mr. Horner: Will it affect in any way Canadian troops serving in Germany?

Hon. Mr. Hugessen: I do not think so. There is no mention made of troops.

Hon. Mr. Power: Will there be any special provision with respect to banks? The question of the honourable senator from Blaine Lake

(Hon. Mr. Horner) brings that point to my mind. One of the Canadian banks is established in the Canadian military camps in Germany. I suppose it is authorized to do business with the Canadian troops, and that it derives some revenue from them. Would it be required to pay taxes to the German Republic or to the Canadian Government? The bank has what might be termed under this convention a permanent establishment; it has an office in the area of the Canadian brigade and, I believe, with the Royal Canadian Air Force.

Hon. Mr. Hugessen: Undoubtedly, under the agreement, in the circumstances which my honourable friend has described, that Canadian bank would be liable to German income tax on its profits in Germany.

Hon. Mr. Power: Although it is probably not authorized to do business with German citizens? The business would be entirely confined to Canadian troops.

Hon. Mr. Hugessen: I was just about to add that, so far as this agreement is concerned, that bank would fall squarely within its provisions, but there may be some treaty provision of which I am not aware that may have special effect.

Hon. William M. Wall: Honourable senators, I notice there is a slight difference in wording between the agreement with Denmark, which was approved earlier this year, and the present agreement, in this respect. Article I of the agreement with Denmark states:

> The taxes which are subject to this agreement are:
> (a) In Canada:
> Income taxes, including surtaxes, which are imposed by the Government of Canada.

In the agreement before us the taxes subject to the convention are:

> (a) In Canada:
> Income taxes, including surtaxes and the old age security tax . . .

Is there any special significance in the change?

Hon. Mr. Hugessen: The probable reason for that, I think, is that the agreement with Denmark was made before the old age security surtax was imposed; that is, the 2 per cent tax, with a limit of $60. I believe that was imposed two years ago.

Hon. Mr. Wall: The agreement with Denmark was adopted only on April 23 of this year.

Hon. Mr. Hugessen: In any event, I do not think that circumstances would have any significant bearing, because, as my honourable friend knows, the old age security tax is a very minor one in comparison with the income tax and the surtaxes. I really do not know why it was omitted from the Danish treaty.

Hon. Mr. Lambert: I should like to raise a further question, which I think is not irrelevant to the subject-matter of the bill. On the assumption that the purpose of this convention is to facilitate trade between Canada and Germany, I have been wondering whether the sponsor has any information regarding the relative position of these two countries in relation to imports and exports. It is my impression that Canada is receiving from West Germany a larger volume of goods than she is exporting to that country. I may be wrong in that assumption, but I think it has an interesting bearing on the convention. I recall that when a convention of this kind was made with France, an honourable senator—I believe it was the honourable Leader of the Opposition (Hon. Mr. Haig)—urged in committee very strongly that it gave undue advantage to certain French interests resident in Canada by virtue of permitting them certain warehousing facilities and freedom from what was alleged to be double taxation, and that they were obtaining thereby some advantage in our domestic market over their Canadian competitors. Whether that aspect enters into this convenion or not I do not know, but it would be interesting to have the figures as to the volume of imports and exports between the two countries at the present time.

Hon. Mr. Connolly (Ottawa West): The honourable gentleman who explained this bill said he hoped he had done it in a concise way. I think all of us must agree, not only that he has been concise but, as is customary with him, extremely clear and comprehensive. I have a question to ask which does not arise specifically out of the bill but from the remarks made by the honourable senator from Ottawa (Hon. Mr. Lambert). Possibly I am unfair in asking it, because the sponsor of the bill cannot be expected to have this type of information available in advance. I wonder whether he knows the relative levels of personal and corporate income taxes in Germany as compared with the Canadian levels. In other words, are corporations in Germany taxed at 47 per cent when their profits are over $20,000, and at a lower rate if their profits are less; and how do levels of personal income tax in Germany compare with those in Canada? I think that, aside from the helpful provisions of this convention, considerations of that character may affect the decisions of Canadian companies which want to do business in Germany.

Hon. Mr. Hugessen: I must confess, honourable senators, that I have no satisfactory

reply to give either to the honourable senior senator from Ottawa (Hon. Mr. Lambert) or to the honourable senator from Ottawa West (Hon. Mr. Connolly) in reply to their questions. I do not know what is the relative position regarding imports and exports as between Canada and Germany, nor what are the relative levels of personal and corporation income taxes of the two countries. I am sorry that I cannot give that information. I do suggest to both honourable senators, however, that neither of those considerations is really of prime importance in considering a measure of this kind. What we are really trying to do, as I said before, is to relieve people who would otherwise be subject in certain circumstances to taxes in both countries from a part of that possible liability; and whether that relief works more to the benefit, say, of residents of West Germany than to residents of Canada, I cannot say. But in so far as and to the extent that it applies at all, it will relieve residents of Canada, and I think we should bear that in mind. Personally I do not care very much whether it relieves residents of Germany more than it does residents of Canada, so long as residents of Canada are, under the particular circumstances set out in this agreement, relieved from double taxation that they would otherwise have to pay.

Hon. Mr. Horner: It might have a far-reaching effect if, as the honourable senator from Ottawa West (Hon. Mr. Connolly) pointed out, a corporation having a business in both Canada and Germany found that the corporation tax was much lower in Germany. The company might do the greater part of its manufacturing of certain articles in Germany if the corporation tax were lower there. It might have that effect, might it not?

Hon. Mr. Hugessen: That is true. Under those circumstances it would be helpful to the Canadian manufacturer who did a considerable part of his business in Germany, if by establishing a branch in Germany he could subject his German business to lower corporation tax in Germany than if he simply carried it on from here. He would benefit thereby, and here again is an example of a possible benefit to a Canadian manufacturer.

Hon. Mr. Hackett: The honourable senator from Inkerman (Hon. Mr. Hugessen) said he was not fully acquainted with the agreement that was entered into between Canada and Denmark for avoidance of double taxation with respect to income tax. When that agreement was presented to this house it contained no reference to the double taxation which might flow from the imposition of income tax by a province. It was argued that Parliament could not deal with matters arising in a province. I submitted then, as I do now, that as the provinces are a part of Canada I think there should be a proviso in the agreement for negotiations between Germany and any province, should that necessity arise in the wisdom of the provincial Legislature.

Article XXI of the bill provides:

> This convention shall apply to Land Berlin provided that the Government of the Federal Republic of Germany has not delivered a contrary declaration to the Government of Canada within three months from the date of entry into force of the convention.

I think a reciprocal provision should be embodied in this agreement with regard to any province which might wish to benefit its residents who would otherwise pay double taxation.

Hon. Mr. Connolly (Ottawa West): The same situation might arise in Germany. I do not know what the constitution of that state is, but it is called a federal republic. It may not be a unitary state, so the same situation may apply there as applies in Canada. Separate states within the republic may levy personal and corporation income tax, just as provinces might do in Canada. You could easily get into a complicated treaty.

Hon. Mr. Hackett: I think it rather unfortunate that Canada should enter into a negotiation of this kind while admitting the existence of taxation authority in the provinces. The bill does not contain a word, a mere caveat, if you will, warning the other high contracting party that there are elements within Canada that may wish to benefit within the limited period that has been stipulated in respect of Land Berlin, for instance.

The Hon. the Speaker: Honourable senators, the question is on the second reading of Bill 452, an Act to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to income tax. Is it your pleasure to adopt the motion?

Some Hon. Members: Agreed.

Hon. Mr. Hackett: On division.

The motion was agreed to, and the bill was read the second time, on division.

THIRD READING

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

Hon. Mr. Macdonald: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed, on division.

CANADA-UNITED STATES OF AMERICA TAX CONVENTION BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill 451, an Act to amend the Canada-United States of America Tax Convention Act, 1943.

He said: Honourable senators, this bill, as its name implies, has for its object the approval by Parliament of an agreement entered into between Canada and the United States of America. This agreement was entered into on the 8th of August last, amending in certain rather important respects the present tax convention agreement between the two countries. The first tax agreement between Canada and the United States was made in 1942, and was approved by Parliament under the Canada-United States of America Tax Convention Act of 1943. It was subsequently amended in certain respects by supplementary convention on June 12, 1950, which also received the approval of Parliament, and this is the second amending convention which is now submitted for our consideration.

The bill, as usual, is very short; it simply declares that the convention, which is a schedule to the bill, shall have the force of law in Canada and be deemed to include and form part of the original agreement as amended by the 1950 agreement. The convention is set out in the schedule and, as I say, it makes a number of fairly important changes in the original tax agreement. As honourable senators are aware, the object of the convention of 1942 was the same as that of all these other tax agreements, that is, to prevent double taxation in respect of the same kind of taxes in the two countries concerned.

I think perhaps I should go through these various provisions and indicate the changes to the house. As honourable senators will remember, under the original tax convention—as indeed I think under every one of the tax conventions between Canada and all other countries with which we have such agreements—a shipping company and an airplane company in one country which travels to the other country is only subject to tax in the country where it was incorporated; in other words, a United States shipping company or airplane company which lands in Canada or ships to Canada is not subject to Canadian income tax, and *vice versa.* Well, the first change which this convention makes is to add to those two classes of business the class of motor vehicles, common carriers, or contract carriers. In other words, if a Canadian trucking service operates from Canada to the United States, or an American trucking service operates from the United States to Canada, it will fall into the same category as the airplane company or the shipping company and will only be subject to income tax in the country of its organization and origin.

Hon. Mr. Connolly (Ottawa West): Does that apply if the company has an office here, even if it is not incorporated in Canada? Let me put it another way. Let us say an American trucking company incorporated in the United States is operating in Canada. If that company without incorporating here actually has an office here would it, in doing business through that office, be subject to Canadian income tax, and would the same situation apply in the same circumstances if there were a Canadian company with an office but no incorporation in the United States?

Hon. Mr. Hugessen: Well, frankly, I do not know. What the convention does say is that an enterprise operating as a common carrier or as a contract carrier shall be exempt from tax by the other contracting state in respect of income arising from the transportation of property for hire between points in one state and points in the other state. I should think that meant they would be exempt from income solely in respect of their revenues from the trucking operation between the two countries. If they opened an office here, and actually carried on business here, I should think that exemption would not apply.

Hon. Mr. Kinley: Does that include passenger buses?

Hon. Mr. Hugessen: No. This applies to a common carrier or a contract carrier transporting property for hire between the two countries.

Hon. Mr. Power: It is pretty clear, for it says, "... shall be exempt from tax by the other contracting state in respect of income ... arising from the transportation of property for hire between points in one state and points in the other state". I should not think it covered the operations of a trucking company between points within Canada.

Hon. Mr. Hugessen: Oh, no.

Hon. Mr. Connolly (Ottawa West): Perhaps the question arising out of what the honourable gentleman from Gulf (Hon. Mr. Power) put can be clarified within an example.

Supposing an American company that is going to run goods for hire across the border in its truck sets up an office in Canada without incorporating. It is not clear from the section whether that company would be taxable or not. I am inclined to agree with the honourable senator from Inkerman (Hon. Mr. Hugessen).

Hon. Mr. Power: It may or may not have incorporated. An enterprise can be anything —a partnership, corporation, or business.

Hon. Mr. Hugessen: I am not too clear either. My mind goes back to the airplane companies, for instance. Quite a number of foreign airplane companies incorporated in the United States which have similar agreements with this country have some sort of an office here. If you go out to Dorval, for instance, at the Montreal airport, you will find that the French Line has a small office there, and the Dutch Line also has a small office there. I doubt if that in itself simply having an office for the reception of passengers to board airplanes, would be subject to taxation.

Hon. Mr. Connolly (Ottawa West): Or Eastern Air Lines, at Dorval; that is, an American company.

Hon. Mr. Hugessen: Yes. On the other hand, if they opened an office in the town and actively carried on business in Canada they might be subject to tax. Frankly, I do not know just how far the exemption extends. It is a pity that this is the tail-end of the session and we cannot refer this bill to committee and get an answer to an inquiry such as my honourable friend from Ottawa West asks.

Honourable senators, the second change is not very important; it is a change in article VII of the present convention. That has relation to compensation for personal services, and it provides in the case of a Canadian officer, for instance, of a Canadian company, that if he travels to the United States on business for his company and stays in the United States for not more than 183 days in the year and receives compensation of not more than $5,000 he shall be exempt from income tax in the United States. There is a corresponding reciprocal provision for an employee of an American company if he comes to Canada for less than 183 days in the year and receives less than $5,000 compensation for his services while here. The only change in that provision which this amendment makes is that it extends the exemption to an employee not only of a Canadian company who goes to the United States, but to an employee of a permanent establishment of an American company in Canada, and *vice versa*. That is not, I think, of very great importance, but I thought I should indicate it to the Senate.

Hon. Mr. Power: May I ask a question there?

Hon. Mr. Hugessen: Yes, certainly.

Hon. Mr. Power: I have in mind employees of paper companies such as the International Paper Company, who are engaged in Canada but who cross the border into the state of Maine or the state of Vermont, as the case may be, and their wages or salaries are paid there. I am thinking of such people who have been engaged in Canada and work for a Canadian subsidiary of an American company. Would they be covered by a provision such as this?

Hon. Mr. Hugessen: Well, the fact that they were engaged in Canada would not be basically important. Of course, if they were engaged in Canada and went to the United States and performed the majority of their services in that country, then I would think they would be subject to the Canadian income tax. This provision relates to employees of Canadian companies who normally might be expected to do their work in Canada, but who go to the United States and perform services for their employer in that country for part of the year.

Hon. Mr. McDonald: Special missions?

Hon. Mr. Hugessen: Yes.

Hon. Mr. Power: It would not apply to the class of employee I refer to, such as bush workers, who are constantly crossing the border in certain sections of Quebec?

Hon. Mr. Hugessen: No.

Hon. Mr. Power: I am informed—and perhaps this is a matter of state legislation—that very often income tax on these people is deducted at the source, and they are never able to recover it.

Hon. Mr. Hugessen: If the work for which they are employed is to be performed in the state of Maine, for example, obviously they are subject to whatever tax might be applicable in that state, and not subject to Canadian income tax. Such individuals would not be affected by this section one way or the other.

Hon. Mr. Lambert: May I ask a further question along the line raised by the honourable senator from Gulf (Hon. Mr. Power)? The exemption of $5,000 for taxation purposes applies to any person who is doing services for any Canadian company. He may be a lawyer or a scientific expert who goes to the United States to perform some service

for the parent company, such as an industrial company which has established a subsidiary in Canada. I take it that to the extent of $5,000 his expenses are exempt from taxation?

Hon. Mr. Hugessen: His salary.

Hon. Mr. Lambert: His salary of $5,000 for services performed while he is in the other country, provided they are performed within a period of 183 days, is exempt?

Hon. Mr. Hugessen: Yes.

Hon. Mr. Lambert: That $5,000 would be exempt from taxation in what country?

Hon. Mr. Hugessen: Exempt from taxation in the United States.

Hon. Mr. Lambert: In other words, in the United States he would be exempt to the extent of $5,000?

Hon. Mr. Hugessen: That is right.

Hon. Mr. Lambert:. One feature of this agreement which interests me is that the convention was negotiated between our Department of External Affairs and the Department of State in the United States. One naturally assumes that the approval of the Department of Finance in Canada, for example, would be given or implied, since this is a Government document.

I am not questioning that point, but it strikes me, by way of contrast with some of the provisions of the Income Tax Act which we have recently discussed here, as being a singular case of privilege.

Hon. Mr. Connolly (Ottawa West): There is another point, honourable senators, that we could think about in this connection, and one which perhaps benefits Americans more than Canadians. It is the situation which can arise when an American industrial enterprise establishes an organization in Canada as a subsidiary and then sends its key personnel into Canada. They need not stay here for the whole year; perhaps even less than half a year would meet their requirements. Under the provisions of this section they can do that.

I am not raising the point to create a difficulty. However, I do know of a good many American parent organizations with Canadian subsidiaries which in the early stages of development send key personnel—persons who have the right to make policy decisions with reference to the operations of the company—to Canada for a period of time. In my own experience I have found that more and more of those companies are trying to get, and are now being quite successful in getting, young and experienced Canadians to take executive posts and conduct the affairs of the Canadian subsidiary. That is going on throughout Canada, but I refer particularly to some of the western provinces where it is happening in the petroleum and natural gas business. It happens also in the industrial sections farther east. I think this section would provide some help in situations of that kind, because these persons might be liable for income tax in both countries.

Hon. Mr. Hugessen: I appreciate the observations of the senior senator from Ottawa and the junior senator from Ottawa. They have both contributed to the discussion of this section.

I come now to the most important of the amendments.

Hon. Mr. Connolly (Ottawa West): Mr. Speaker, may I interrupt on a question of privilege? I am not the junior senator from Ottawa. Senator Bishop is the junior senator from Ottawa; and he is younger perhaps, but much senior to me. I am the senator from Ottawa West.

Hon. Mr. Hugessen: Perhaps I might refer to my honourable friend as the middle senator from Ottawa.

The most important of these amendments deals with a matter that was raised incidentally by the middle senator from Ottawa just a moment or two ago. It deals with the withholding tax on dividends. Honourable senators know the position at the present time. Let me take as an example a Canadian company having United States shareholders. Dividends paid by that Canadian company to its United States shareholders are subject to a withholding tax in Canada of 15 per cent, except in the case of a Canadian company which is a subsidiary of an American company. In that case the witholding tax which Canada levies drops from 15 per cent to 5 per cent. But as the convention stands now, in order to benefit from this parent-subsidiary company relationship the American company must own at least 95 per cent of the voting shares of the Canadian subsidiary.

Honourable senators will recall that during the past few months considerable discussion has arisen in the public press as to why American companies having important Canadian subsidiary companies do not invite Canadians to become shareholders of their Canadian subsidiaries.

Hon. Mr. Dupuis: And directors.

Hon. Mr. Hugessen: Appointment of directors would follow incidentally. As the law and the convention stand at present, the matter is very simple. If the American company gets itself into the position where less

than 95 per cent of the voting shares of its Canadian subsidiary are owned by it, then it immediately loses the benefit of the 5 per cent Canadian withholding tax, and the withholding tax jumps up to 15 per cent.

This amendment is designed to cure that situation. It reduces from 95 per cent to 51 per cent the percentage which the American parent company must own in the voting shares of a Canadian subsidiary in order to permit it to benefit from the 5 per cent Canadian tax deduction. And it goes even further than that: it provides that this Canadian subsidiary may be owned by not more than four parent companies in the United States, each of which, however, must own at least 10 per cent of the voting stock of the Canadian subsidiary.

Honourable senators will see how this amendment will affect the situation that I have described. In the future it will be possible for American companies having Canadian subsidiaries to offer Canadian investors shares of voting stock in those Canadian subsidiaries up to the extent of 49 per cent of the total of those shares without involving themselves in losing the difference between the 5 per cent Canadian withholding tax on the dividends which they receive from those shares and 15 per cent.

There is one further provision which may be of some importance. It is to be found on page 4 of the convention, article XIII D. The language of that provision is extremely involved, but I have tried to write out for my own benefit what it actually means in practice, and this is the result. It has to deal with charitable contributions made by residents of one country to charities in the other country. Let me take an example. As a resident of Canada, say that $1,000 of my income is derived from sources in the United States. At the present time I can make a charitable donation of $100—10 per cent of that $1,000—to a Canadian charity in respect of that income and can reduce my Canadian tax accordingly. Now under this proposed amendment I can make that charitable donation of $100 in respect of my $1,000 of United States income to a charitable organization in the United States and obtain the same reduction in my Canadian income tax, provided that the United States charitable organization to which I make the donation is one which, had it been a Canadian charitable organization, would have been recognized for the purpose under our tax law. The provision is reciprocal the other way in favour of a citizen of the United States who derives part of its income from Canada, and out of his Canadian income makes a contribution to a Canadian charity.

Hon. Mr. McDonald: Does it have to be an international organization like the Red Cross, for instance?

Hon. Mr. Hugessen: No; any organization which, had it been a Canadian charitable organization, would have been recognized as such by our income tax law.

Hon. Mr. Connolly (Ottawa West): Is there a further explanation to be given on this article?

Hon. Mr. Hugessen: I am afraid I cannot go any further.

Hon. Mr. Connolly (Ottawa West): I did not know whether there was another branch to it. There is a further question I would like to ask. In the amount of charitable donations they can make, Canadian corporations are restricted to 5 per cent of their taxable income. I think, but I am not sure, that the same restriction applies to American corporations for charitable purposes as well. Do I take it that, under this provision, if an American corporation is making a charitable gift to a recognized charitable organization in Canada, it still must stay within this 5 per cent limitation?

Hon. Mr. Hugessen: Oh, yes.

Hon. Mr. Connolly: And likewise, when a Canadian company makes a gift to an American charitable organization the ceiling of 5 per cent is not lifted?

Hon. Mr. Hugessen: No, the ceiling is not lifted but the limitation under the ceiling within which charitable contributions can be made by that corporation is extended to the extent that the corporation has income in the other country. Let me try to give my honourable friend an example. Suppose an American corporation has, say, $2 million of income, $1 million of which it receives from sources in Canada. Its 5 per cent limit on its charitable donations as a whole remains, but in future it will be able to give half of its donations within that limit to Canadian charities instead of having to confine the donations, as at present, to United States charitable organizations.

Hon. Mr. Connolly (Ottawa West): I take it that an American corporation doing no business in Canada is not assisted by this provision in making a charitable donation in Canada. It must have Canadian income before it can take advantage of this provision?

Hon. Mr. Hugessen: Yes.

Hon. Mr. Connolly (Ottawa West): Thank you.

Hon. Mr. Hugessen: There is only one other provision of this amending convention which

is of any importance, and it will be found in article XIII E at the foot of page 4. That deals with income from estates or trusts in one country received by a resident of another country, and perhaps I can best explain it in this way: Suppose I am a resident of the United States and entitled to income from a Canadian trust. That Canadian trust distributes to me income which it has derived from sources outside of Canada. Well, under this amendment I would be exempt from Canadian income tax on the income which I so receive from the Canadian trust.

That, I think, comprises all the really important sections of this supplementary convention.

Article II provides that the agreement shall be ratified and that instruments of ratification shall be exchanged at Washington as soon as possible; and that when ratified it shall become effective with respect to income for the taxable years commencing on and after the 1st of January of the calendar year in which occurs the exchange of the instruments of ratification.

That is about all the explanation I can give honourable senators. In my opinion this is quite an important convention, particularly from the point of view of our country, and a great deal more important than the agreement with Germany. I must apologize to honourable senators for having gone into the various details at some length; but I thought they would be interesting.

Hon. Mr. McDonald: I should like to ask the honourable senator a further question on article XIII D; and I am thinking now of the needs of our universities. Can graduates of universities of our country who are now residents of the United States give moneys to their *alma mater* without being taxed?

Hon. Mr. Hugessen: It would depend upon whether those graduates had incomes from Canadian sources. If they had, they could give charitable donations to Canadian institutions in the proportion which their Canadian income bears to their American income, up to the limit of 10 per cent permitted by the United States income tax law. In other words, suppose that one of these graduates had an income of $5,000 a year, of which $1,000 was received from Canada: under the United States law he could give a total in charitable donations of $500 in a year without subjecting himself to tax; he would then be able to donate $100 of that amount to Canadian charities, as representing the proportion which his $1,000 Canadian income had to his total income of $5,000.

Hon. Mr. Wall: Can the honourable senator tell me—I have not with me the protocol of 1942 or the supplementary convention of 1950—whether this addition to the convention or treaty also includes an article similar to the one in the treaty with Germany, respecting professors and teachers doing part-time work in one country?

Hon. Mr. Hugessen: Yes. That will be found in articles VIII A and IX of the present convention. Article IX deals with the limitations to students and apprentices, and apparently was a part of the original convention of 1942; and article VIII A, dealing with professors who come for a period of not more than two years to either country, was added by the supplementary convention of 1950.

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

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

Hon. Mr. Hugessen: I move the third reading now.

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

The Senate adjourned during pleasure.

At 3 p.m. the sitting was resumed.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Macdonald: Honourable senators, we have completed all the items on our Order Paper and the only business that is likely to come before us during the remainder of the session is the usual Appropriation Bill providing for the payment of certain moneys approved by the Committee of Supply in the House of Commons. I have just returned from the Commons gallery, and it is my opinion that they will not finish their consideration of the estimates today. They may complete their work late Monday afternoon, so I would move that when this house rises today it stand adjourned until Monday, August 13, at 7.30 p.m.

The motion was agreed to.

The Senate adjourned until Monday, August 13, at 7.30 p.m.

THE SENATE

Monday, August 13, 1956

The Senate met at 7.45 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

PARLIAMENTARY RESTAURANT

REPORT OF CIVIL SERVICE COMMISSION

The Hon. the Speaker: Honourable senators, I have the honour to present a report of the Civil Service Commission recommending that certain new classes be established for the staff of the Restaurant of Parliament; that certain salary ranges be revised; and that the establishment for the Restaurant of Parliament be amended by deleting five unclassified positions and substituting therefore five classified positions.

The Clerk Assistant (reading):

To the Honourable the Members of both Houses of Parliament:

The Civil Service Commission, at the request of the House of Commons, and in accordance with the provisions of sections 9 and 62 of the Civil Service Act, submits the following for approval:

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mrs. Fergusson: Next sitting.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Honourable senators, when this house adjourned on Saturday it was expected that by the time we resumed this evening the House of Commons would have completed its work and that the supply bill would be before us for consideration. However, that house has not as yet passed the supply bill. It has considered the estimates of the various departments, but there are some departmental items remaining for consideration and these are now being dealt with.

The bell did not ring at 7.30 this evening, the appointed time for resuming, because I was then in touch with a number of members of the House of Commons, endeavouring to obtain some idea of when it might finish its work. I have come to the conclusion that it is quite likely to finish tomorrow morning. I move, therefore, that when the Senate rises this evening it stand adjourned until 1 o'clock tomorrow afternoon.

The motion was agreed to.

The Senate adjourned until tomorrow at 1 p.m.

THE SENATE

Tuesday, August 14, 1956

The Senate met at 1 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

PARLIAMENTARY RESTAURANT

REPORT OF CIVIL SERVICE COMMISSION CONSIDERED—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Civil Service Commission on the Restaurant of Parliament.

Hon. Muriel McQ. Fergusson moved that the report be adopted.

She said: Honourable senators, all the particulars regarding this report of the Civil Service Commission are set out in yesterday's Minutes of the Proceedings. The Civil Service Commission recommends that certain new classes be established for the staff of the Restaurant of Parliament, that certain salary ranges be revised, and that the establishment of the restaurant be amended by deleting five unclassified positions and substituting therefor five classified positions.

I do not have before me the particulars on which the recommendations are based, but perhaps the honourable Leader of the Government (Hon. Mr. Macdonald) has the information.

Hon. Mr. Macdonald: I was seeking that information from the honourable senator.

Hon. Mrs. Fergusson: I am not in a position to give it. However, as the Civil Service Commission has no doubt gone very thoroughly into this question, I am sure we are completely justified in accepting its recommendations.

I should like to take this opportunity to express my appreciation of the excellent and efficient manner in which the staffs of the restaurant and the cafeteria have carried on their duties during the present session. If these recommendations are for their security and betterment as I gather they are, I am very glad to recommend adoption of the report.

Hon. Mr. Hackett: Honourable senators, will the honourable leader say what would happen if we postponed action on the report until we obtained information upon which to express an opinion? I do not wish to suggest that the report be rejected, but I dislike very much having to pass upon something concerning which no one has any information.

Hon. Mr. Macdonald: Probably the sponsor of the report could have the information available for the house when we meet later this day.

Hon. Mrs. Fergusson: I shall be very glad to do so.

On motion of Hon. Mrs. Fergusson, the debate was adjourned.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Honourable senators, we have no further business on our Order Paper. We continue to wait for the supply bill. I have recently been to the House of Commons and it is my impression that there is a good prospect that the bill will be passed there later this afternoon. Therefore I suggest that the Senate should now rise, to meet at 5.30 p.m.; but if the bill should reach the Clerk before that time we can be summoned to meet even earlier.

The Senate adjourned during pleasure.

At 5 p.m. the sitting was resumed.

APPROPRIATION BILL NO. 6

FIRST READING

A message was received from the House of Commons with Bill 453, an Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1957.

The bill was read the first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. W. Ross Macdonald: Honourable senators, I move the second reading now.

This is the sixth appropriation bill which has come to us this session. The first bill granted interim supply for the two-month period ending May 31, in the amount of $530,014,040.26. That included provision for payments covering the first two months of the current fiscal year, April and May.

Appropriation Bill No. 2 merely voted further supplementary estimates for the fiscal year 1955-56. The amount of those supplementary estimates is not included in the bill before us today.

Appropriation Bill No. 3, in the amount of $301,568,166.51, granted interim supply for the month of June.

Appropriation Bill No. 4, in the amount of $276,578,432.67, granted interim supply for the month of July.

Appropriation Bill No. 5, in the amount of $276,578,432.67, granted interim supply for the month of August.

Those amounts which I have mentioned, with the exception of the figure for further supplementary estimates for the fiscal year 1955-56, total $1,384,739,072.11. The present bill grants the balance of the main estimates of $3,172,915,679.00 for the present fiscal year, less deductions of $2 million in item No. 386 and of $50,000 in item No. 289 of the main estimates, leaving the net amount of $1,846,970,570.64 provided in section 2 of the bill now before us.

In addition there is the balance of the supplementary estimates, tabled on June 5, 1956, amounting to $85,181,549.25. The total expenditure authorized by this bill, covering the items which I have mentioned, is $1,932,152,119.89. The total of the main and supplementary estimates to date is $3,316,-891,192.

The bill is in substantially the same form as that of previous supply bills. Included is the usual power to borrow granted to the Governor in Council under the Financial Administration Act, in the amount of $1 billion. This is in addition to the borrowing power granted in Appropriation Bill No. 1. The details of the main estimates are set out in Schedule A to the bill. Schedule B to the bill contains the items based on supplementary estimates, in the amount of $85,181,549.25. It will be noticed from the schedule that there are three major items in the supplementaries. One is vote 605, in the amount of $12 million, being a grant toward the anticipated deficit arising in 1956-57 from the operation of the television service of the Canadian Broadcasting Corporation. Another item, vote 625, for $30 million, supplements other votes for the payment of salaries, wages, and other paylist charges—in other words, for the recently authorized salary increases for Government employees. And by vote 656 an item of $50,020,000 is allocated for reduction in the amount owing to the Old Age Security Fund, pursuant to Section 11 of the Old Age Security Act, representing the amount of temporary loans made by the Minister of Finance to the Fund during the fiscal year 1955-56.

I appreciate that honourable senators have not had sufficient time to study the details of this bill. However, we have had the estimates in our hands from the very early stages of this session, and we have had regular sittings of the Senate Standing Committee on Finance, under the able chairmanship of Senator Hawkins.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: That committee considered certain departments and items in the estimates.

Honourable senators, in my opinion the bill is correct and is in its proper form. It is, indeed, for a large sum of money, and the amount that has to be voted seems to be growing annually. However, this is the trend in our expanding economy, which naturally expands in both revenues and expenditures. Our economy has never been so buoyant as it is at the present time. Indeed, the most recent publication by the Department of Finance indicates that for the first quarter of our current fiscal year budgetary revenues exceeded expenditures, resulting in a surplus of $220·4 million, compared with $69·5 million for the first quarter of the previous year. In my opinion, for what it is worth, our financial policies are in good hands and are on a sound economic basis.

Honourable senators, I have no hesitation in recommending this bill for the approval of this house.

Hon. Mr. Hackett: Would the honourable gentleman say, with regard to his statement on the increase in receipts during the first three months of this year compared with the first three months of the previous year, to what extent inflation has taken place during the 12 months which separated the two periods?

Hon. Mr. Macdonald: I cannot say to what extent it has taken place. It is indeed true that there has been some increase in the cost of living, but it has not grown to alarming proportions. The policy of the Government will certainly be to discourage such a condition arising. I am satisfied that the people of Canada too will do all in their power to prevent inflation from getting out of hand.

Hon. John T. Hackett: Honourable senators, this is probably the last day of the longest session, with one exception, which Parliament has experienced since Confederation. I incline to the view that the amount to be levied by taxes this session, to provide for expenditures covered by the bill before us and the interim supply bills, is probably the largest amount that a government has found it necessary to impose at one time upon the Canadian people. The largest item is for defence.

When so much is expended on defence it is difficult to find the reason why one of the principal objects to be defended, the city of Montreal and its off-island suburbs, are without adequate protection. It is a mere incident, as far as my remarks of today are concerned, that I happen to represent that city in this

house. My remarks, I hope, have for their basis the national interest. I submit that we are trifling with our defences.

Montreal is the greatest city in Canada; that is, it is the city with the largest population. It is the crossroads of all lines of transportation, be they by air, by water or by land. It is a seat of great deposits of goods, whether produced in remote parts of the country or fabricated in Montreal. It is a home of industry, of the arts and the skills, of schools and universities, and of all the great assets of the nation. They are all found on an island that is separated from the mainland to the south, to the north and to the west by bridges. There are no tunnels. As honourable senators know, tunnels are a normal and essential means of communication between an island and the mainland. All big centres of population located on flowing water are connected with other areas by tunnels. We know there are many important tunnels: for instance, those between New York and Jersey City and the Bronx; the one across the Mersey, at Liverpool; the Detroit-Windsor tunnel; and others which connect industrial locations, whether mines or other sources of production, the one with the other. Yet this matter of tunnels between Montreal and the mainland has not been discussed in Parliament, and a great city, an important source of our energy and strength, is left unprovided with an essential means of survival. In one place it was mentioned in a very cursory manner that the cost of a tunnel as compared with a bridge puts the former beyond consideration. But I contend that when Parliament is spending moneys as we have been called upon to spend them, for all manner of devices, such as television, experimentation on defence, and the rest, the very heart of our country should not be left unprotected by any other means than bridges—which are the most likely target for attack. This is in effect to deny a huge urban population the means of protection in time of danger, as well as other avenues of fluidity of movement, the opportunity of speedy transit from one place to another.

I repeat that this possible safeguard has not only been overlooked, it has not even been discussed, and that, in ignoring this situation while passing huge sums for other defence measures we are taking unnecessary and unwise risks. Of course there is little or nothing that can be done about it at the present time; but it is well that we of this chamber should realize that, in sanctioning vast expenditures in fulfilment of legislation before us which must be financed through national taxation, we are spending money on almost everything but on the very heart of Canada, the great, pulsating industrial city of Montreal.

Hon. John J. Connolly: Honourable senators, I do not propose to detain the chamber for more than a few moments, but in view of what the honourable gentleman from Victoria (Hon. Mr. Hackett) has said, I do feel it is important to give a little thought to federal expenditures on defence, and what these expenditures mean and have meant in the past.

Some 40 per cent of the Government spending in this calendar year and perhaps for the past number of years has been allocated for defence purposes. Most of these commitments have arisen out of Canada's participation in the North Atlantic Treaty Organization. I am sure those who were privileged a few months ago to hear General Gruenther discuss the military side of NATO were deeply impressed with the importance of the picture he painted not only for countries close to the Iron Curtain but for countries like ours which, although not close geographically, are within close range of the missiles that could come from behind it. I think all of us realize that if it had not been for NATO after 1945 there might have been another war in Europe, perhaps even a world war. So it does seem to me that despite the heavy burden of taxation which Canadians must assume in order to make their contribution to NATO, that organization is necessary today in the interests of not only our national life but of the continued existence of the West.

I do hope the time will come when these huge expenditures of money can be devoted to more peaceful pursuits and to more constructive purposes; but until such a time arrives I do think national defence, to a larger degree than perhaps the honourable gentleman from Victoria has considered it, is going to be a most important consideration of the Canadian people. I did not rise for the purpose of disputing what the honourable gentleman said in connection with the defences of the great metropolitan city of Montreal, but I feel that Canada's first look at defence should be the one she gets as a member of NATO. I am sure everyone in this Parliament and in any of the free parliaments of the world would hesitate before taking any step which would weaken the North Atlantic Treaty Organization.

Hon. Mr. Macdonald: Honourable senators—

The Hon. the Speaker: May I remind the house that if the honourable senator speaks now he will close the debate.

Hon. Mr. Macdonald: I was very much interested in the remarks of the honourable senator from Victoria (Hon. Mr. Hackett). I am pleased that he did not embark upon a criticism of too many of the items in the bill before us. No doubt he would disapprove of many of them, and I think it speaks very

well for him that he did not do so, since for all practical purposes sufficient time is not at our disposal. The Senate Committee on Finance considers the estimates during the session. The committee is composed of a limited number of the members of this house, but that fact does not preclude other members from attending its meetings, and I believe many other members do attend.

An Hon. Senator: They do.

Hon. Mr. Macdonald: I regret that I have not found time to have the privilege of attending this committee's meetings, but I have attended meetings of other committees at which senators who are not members of the committees concerned took part in the detailed consideration of bills. I think we can best serve in connection with financial matters by attending meetings of the Finance Committee, where the estimates may be considered item by item, if the committee so desires. As honourable senators know, under our Constitution legislation which involves expenditure of money must first be introduced in the House of Commons. In my opinion we can perform a very important function by suggesting to that house how expenditures should be made, and we should not fail to criticize if we consider that any have been made unwisely.

I was interested in the remarks of the honourable senator from Ottawa-West (Hon. Mr. Connolly). I believe we all agree with what he said respecting NATO. No doubt he has noticed, as other honourable senators probably have, that there is no reduction in the expenditures in connection with NATO this year from those of other years. We have indeed spent a great deal of money in Canada over the years for our defence—prodigious sums, almost beyond human imagination. And what have we got for it? We have got in the past, what I hope we shall continue to have in the future—peace. No price is too high to pay for peace. Since the Second World War we have lived, generally speaking, in a peaceful world. True there was the Korean war, but although it was a very serious conflict it was localized, and we have not had a third world war. I think all Canadians will join in making whatever sacrifice, financial or otherwise, is necessary in order to maintain peace.

The honourable senator from Victoria (Hon. Mr. Hackett) referred to the metropolis of Montreal. Far be it from me to set up one metropolis against another, but one other city, almost as large as, if not larger than Montreal, might not admit that Montreal is the home of the arts and the skills; I think the citizens of the Queen City of Toronto might not be entirely in accord with that statement.

Hon. Mr. Hackett: I think I said that Montreal is a home of the arts and the skills.

Hon. Mr. Macdonald: We will all agree that Montreal is a very important centre of the arts and the skills. Canada should do all in its power to prevent enemy damage to that city. The honourable senator from Victoria suggested that at least one tunnel should be built for the purpose, I presume, of assisting people to leave the city in safety in case of an attack upon it.

Hon. Mr. Hackett: And to come to the city to work.

Hon. Mr. Macdonald: I understood my friend's suggestion to be that the city required a tunnel to remove some or all of its population in case of an attack. If this were the purpose one should not lose sight of the fact that a well-placed bomb at either the mouth or the exit of the tunnel would put it out of operation. In other words, tunnels can be destroyed as well as bridges. The authorities responsible for the safety of Montreal will have to consider whether it would be advisable to expend a large amount of the country's money on the building of a tunnel to connect the city with the mainland, or on the building of more bridges. My friend from Victoria has at least put forward an idea which he claims has not received consideration by the Department of National Defence. I can assure him that I shall bring his remarks to the attention of that department.

Honourable senators, I have nothing further to add. I trust this bill will receive unanimous approval by the house.

Hon. Mr. Hackett: Would the honourable gentleman permit me to say a further word? I was not referring to one tunnel, but rather to a number of tunnels.

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

THIRD READING

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

Hon. Mr. Macdonald: I move the third reading now.

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

PARLIAMENTARY RESTAURANT

REPORT OF CIVIL SERVICE COMMISSION ADOPTED

The Senate resumed from this morning the adjourned debate on the motion of Hon.

Mrs. Fergusson for adoption of the report of the Civil Service Commission on the Restaurant of Parliament.

Hon. Muriel McQ. Fergusson: Honourable senators, I feel I should apologize for having been unable to answer the questions directed to me earlier today about this report. I am a member of the Joint Parliamentary Committee on the Restaurant, but the last meeting was held while the Senate was in recess and I did not know about it until I returned to Ottawa. I was sufficiently interested, however, to go to the office of the Sergeant-at-Arms and ask to see the minutes of that meeting, which I read and with which I was satisfied. The recommendation that was made by the committee, and has since been endorsed in part by the Civil Service Commission, was quite reasonable. However, when the honourable sentor questioned me today I was not sure that my recollection of the minutes was reliable enough to enable me to reply. Perhaps one reason why I did not prepare myself as thoroughtly as I should have done is that I noticed that when the report came before the other house and a motion was made for its adoption, it was accepted without question. The honourable senator's inquiry is an indication of the very great care which is taken by this house in all matters that come before it. It is an admirable practice, and I can assure honourable senators that it has taught me a lesson which I shall not disregard. If I should again sponsor a report I hope I shall be able to answer any question connected with it.

As honourable members know, there are two types of employees on the Parliamentary Restaurant staff—those who come under the classification of the Civil Service Commission and those who are paid at prevailing rates for similar employment in the Ottawa district. The question of rates of pay for employees in the Parliamentary Restaurant has been under consideration by the committee for some years and there was evidence that the rates paid were lower than those paid for similar work in other first-class restaurants in Ottawa. Accordingly the Department of Labour, at the request of the joint committee, conducted a survey and found that employees in the restaurant were paid at lower rates than the rates which prevail for similar work in Ottawa. The committee authorized increases in the salaries of the employees who do not come under the Civil Service Commission, so that their rates of compensation shall conform with the salaries shown in the Department of Labour survey as prevailing in Ottawa.

As regards employees who do come under the Civil Service Commission, the management recommended to the joint committee increases in their salaries, and the committee, at its meeting on July 27 last, approved the increases recommended, subject to the endorsement or recommendation of the Civil Service Commission. The recommendation of the Commission appears in the *Minutes of the Proceedings of the Senate* for yesterday. Although allowing for increases, it sets them at amounts less than those recommended by the committee. It also provides that the effective date shall be July 1, instead of April 1 as proposed by the committee.

The Civil Service Commission recommendation reclassifies the five positions of Manager, Parliamentary Cafeteria; Assistant Storekeeper, Joint Parliamentary Restaurant; Assistant Chef, Joint Parliamentary Restaurant; Clerk-typist, Joint Parliamentary Restaurant; and Hostess, Joint Parliamentary Restaurant. It further recommends that these five positions be made part of the establishment of the Joint Parliamentary Restaurant. This proposal, if adopted, will result in their being made permanent.

The recommendation also provides that the salary ranges of the chef of the Joint Parliamentary Restaurant and the maitre d'hotel be revised, and sets out the revised salaries.

I would like to bring to the attention of honourable members that this year the restaurant has in the Post Office Savings Bank, drawing interest at 2 per cent, an operating surplus of $55,000. Also it has $10,000 worth of stock on its shelves and $14,000 in current accounts. This is really unprecedented in the operation of the Parliamentary Restaurant. At the last meeting of the Joint Parliamentary Committee it was decided to pay the Receiver General of Canada $25,000 from the $55,000 in the savings account, which would be applied specifically to the salary votes in the estimates of the Sergeant-at-Arms.

Honourable senators, there is no doubt that the restaurant has made a very excellent showing this year, and I trust this report, which recommends fairer salaries to some of the employees, will be adopted.

The motion for adoption of the report was agreed to.

PROROGATION OF PARLIAMENT

NOTICE

The Hon. the Speaker informed the Senate that he had received a communication from the Private Secretary to the Chief Justice of Canada acquainting him that the Honourable Patrick Kerwin, Chief Justice of Canada, Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 6.30 p.m. for the purpose of proroguing the Third Session of the Twenty-Second Parliament.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Macdonald: Honourable senators, as this is the last time I shall be sitting in this place during the present session I should like to take this opportunity of thanking you for your co-operation and help throughout the year. We have not been in accord with one another at all times but we have remained on excellent terms and continued to co-operate in keeping alive the spirit of service in the Senate. I feel the Senate is serving our country in a splendid manner and in accordance with our Constitution, the British North America Act. However, the act limits our activities. We are prepared to render more service if the opportunity should arise. We shall no doubt endeavour to seek that opportunity, and it may be possible to amend the Constitution at some time so that the work of Parliament can be more evenly distributed between the two houses. We have in this chamber men and women of wide experience and outstanding ability, some who have served as provincial premiers, others as federal or provincial cabinet ministers and others as members of provincial Legislatures; as well as men and women who have attained outstanding success in the business and educational fields.

I know that the desire to be of service will continue, and my chief reason for rising at this time is to thank all honourable senators for the co-operation and help they have given me throughout the session.

Hon. Senators: Hear, hear.

Hon. Mr. Hackett: Honourable senators, my experience in the Senate has not been of very great length. I am pleased to state on behalf of the Opposition that the relations between the Leader of the Government in the Senate (Hon. Mr. Macdonald) and the Leader of the Opposition (Hon. Mr. Haig) are excellent, and that the work here has been carried on amid the amenities of the best parliamentary practice. I have not been here long enough to become acquainted with all the opportunities that our form of government provides. I agree with the Leader of the Government that there is a wealth of talent in this house, but I am not certain that it is always either explored or exploited to the extent it might be for the benefit of the country at large. Possibly at another time I may be able to dwell at greater length upon this question. In the meantime I am very happy to join with the Leader of the Government in his felicitous remarks on the way in which difficult problems have been dealt with in this chamber.

Hon. Senators: Hear, hear.

The Senate adjourned during pleasure.

PROROGATION OF PARLIAMENT

THE ROYAL ASSENT—SPEECH FROM THE THRONE

The Honourable Patrick Kerwin, the Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Northwest Territories Power Commission Act.

An Act to amend the St. Lawrence Seaway Authority Act.

An Act to amend the Royal Canadian Mounted Police Act.

An Act to amend the Canada Shipping Act.

An Act respecting Personal Finance Company of Canada.

An Act to amend the Post Office Act.

An Act to amend the Supreme Court Act and the Criminal Code.

An Act to amend the Navigable Waters Protection Act.

An Act to amend the Customs Tariff.

An Act to amend the Telegraphs Act.

An Act to amend the Small Loans Act.

An Act to amend the Unemployment Insurance Act.

An Act to amend the Excise Tax Act.

An Act to promote equal pay for female enployees.

An Act to incorporate Signature Loan and Finance Company.

An Act to amend the Income Tax Act.

An Act to amend the Public Service Superannuation Act.

An Act to amend the Indian Act.

An Act to amend The Canada-United States of America Tax Convention Act, 1943.

An Act to implement an Agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to income tax.

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

After which the Honourable the Deputy of the Governor General was pleased to close the Third Session of the Twenty-Second Parliament with the following speech:

Honourable members of the Senate:

Members of the House of Commons:

During the present session a conference of Commonwealth Prime Ministers was held in London where, amongst other things, a most useful exchange of views on the international situation took place in that atmosphere of friendly co-operation which characterizes these meetings.

Since Parliament opened in January the relaxation of tension between the Soviet Union and the West has continued, though nothing has happened which gives us reason to believe that the fundamental policies of the Soviet Union have been changed.

There has, unfortunately, been a deterioration in the position in the Middle East where the action of the Government of Egypt in suddenly taking control of the Suez Canal has introduced a new element of discord and danger into that troubled part of the world.

My ministers remain firm in their desire to do everything possible through the United Nations and the North Atlantic Treaty Organization to strengthen the forces of peace and to participate fully in all efforts which are being made to solve the international problems which so unhappily divide the world.

This year is again one of continuing growth and development of the Canadian economy. Business conditions are good and employment is at a high level. Our international trade also is attaining record levels. The abnormal stocks of grain resulting from several bumper harvests have been reduced by heavy sales abroad. The confidence Canadians have in our economic strength is reflected in the high volume of capital expenditures for this year which show a substantial increase even over those of last year. Indeed, we are blessed with prosperous conditions in nearly all sectors of the national economy.

To alleviate financial difficulties some grain producers were experiencing because of a shortage of elevator storage space you authorized the Government to guarantee bank loans secured by farm-stored grain. You also authorized the treasury to bear the cost from August 1, 1955 of storage and interest charges on wheat held by the Canadian Wheat Board over and above the normal carry-over levels.

Legislation has been enacted which authorizes the Government to make tax equalization payments and provincial revenue stabilization payments to provincial Governments as well as tax rental payments to those provinces which may enter into agreements with the federal Government as an alternative to levying certain direct taxes on their own behalf. These measures were discussed at meetings between federal and provincial representatives this year and last and my ministers feel these new arrangements constitute a comprehensive and realistic improvement in the fiscal relations between the federal and provincial Governments.

The Government has also announced that, once a majority of the provincial Governments, representing a majority of the Canadian people, are ready to proceed, it would be prepared to recommend legislation to provide for the payment to the provinces concerned of a substantial share of the cost of a hospital care insurance program.

You have approved legislation authorizing the Government to enter into agreements with the provincial Governments for sharing the costs of assistance to unemployed persons in need who are not eligible for unemployment insurance benefits. Agreements have been signed with six provincial Governments.

As a result of legislation enacted at this session, construction has commenced on an all-Canadian natural gas pipe line to bring Alberta gas to eastern consuming markets.

You have passed a measure amending the Trans-Canada Highway Act to authorize increased federal participation in the construction of the Trans-Canada Highway, with a view to accelerating the completion of this important national link.

The National Housing Act has been amended to enable the Government more effectively to encourage and assist the redevelopment of older sections of our cities. This act has also been amended to increase further the amounts of loans available for home improvements.

A joint committee of both Houses made an extended investigation of the progress and programs of the Federal District Commission. The committee's study will be most useful in providing guidance for the future development of our national capital.

You have made it possible to enlarge the services available to our farming population through the Canadian Farm Loan Board, and the Farm Improvement Loans Act.

You have extended the scope of the Industrial Development Bank in order to promote still further the growth of smaller industries throughout the country.

You enacted a measure authorizing the Canadian National Railways to construct a branch line from Bartibog to Tomogonops River in the province of New Brunswick.

An act has been passed providing that women receive equal pay with men for equal work in industries which are under federal jurisdiction.

Amendments have been made to the Unemployment Insurance Act, among which is one that will permit the extension of that legislation to cover most of those engaged in the fishing industry.

Amendments have also been made to the Canada Shipping Act, the Navigable Waters Protection Act, the Indian Act, the Canadian Citizenship Act, the Emergency Gold

Mining Assistance Act, the Post Office Act, the Small Loans Act, the Telegraphs Act, the Judges Act, the Supreme Court Act and the Criminal Code, the Northwest Territories Power Commission Act, the Foreign Insurance Companies Act, the Canadian and British Insurance Companies Act, the Public Service Superannuation Act, the Defence Services Pension Act, the National Defence Act, the Royal Canadian Mounted Police Act, the National Parks Act, the Veterans' Business and Professional Loans Act, the Canada Lands Surveys Act and the St. Lawrence Seaway Authority Act.

Members of the House of Commons:

I thank you for the supplies you have voted for the public service.

Honourable members of the Senate:

Members of the House of Commons:

I pray that Divine Providence may continue to bless, protect and guide our nation.

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THIRD SESSION, TWENTY-SECOND PARLIAMENT, 1956

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1r, 2r, 3r,	=	First, second, third reading
Amdts	=	Amendments
Com	=	Committee
Div	=	Division
M	=	Motion
Ref	=	Referred
Rep	=	Report
r.a.	=	Royal Assent

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Thompson, Alice Isabel Christian. 1r, 532; 2r, 553; 3r, 555; r.a., 709
Thompson, Charlotte Jean McAndrew Boyd. 1r, 76; 2r, 95; 3r, 104; r.a., 363
Thompson, Edith May Robertson. 1r, 454; 2r, 475; 3r, 476; r.a., 704
Thoburn, John Walter. 1r, 86; 2r, 115; 3r, 117; r.a., 363
Tomescu, Nichita. 1r, 492; 2r, 521; 3r, 527; r.a., 704
Touchette, Jeanne Fleury. 1r, 404; 2r, 438; 3r, 442; r.a., 704
Townsend, Patricia Marion Cook. 1r, 403; 2r, 438; 3r, 441; r.a., 703
Trakas, Angeline Sperdakos. 1r, 251; 2r, 276; 3r, 284; r.a., 703
Turgeon, Laurence, otherwise known as Turgeon, Laurent. 1r, 278; 2r, 304; 3r, 318; r.a., 703

Ungariano, Caroline Scortaru, otherwise known as Caroline Scortaru Ungar. 1r, 116; 2r, 135; 3r, 137; r.a., 363

Varnier, Roger Paul Rene Hilaire. 1r, 492; 2r, 521; 3r, 527; r.a., 704
Vermala, Sergei. 1r, 554; 2r, 567; 3r, 568; r.a., 710
Vuille, Pierre Roger. 1r, 76; 2r, 95; 3r, 104; r.a., 363

Wadge, George Hugh. 1r, 146; 2r, 164; 3r, 166; r.a., 364
Wahlberg, Alma Elizabeth Mackie. 1r, 554; 2r, 567; 3r, 568; r.a., 710
Walker, Amy Elizabeth Torrance Fraser. 1r, 116; 2r, 135; 3r, 137; r.a., 363
Waltho, Frederick Arthur. 1r, 116; 2r, 135; 3r, 137; r.a., 363
Ward, Lucille Viola Arthur. 1r, 587; 2-3r, 605; r.a., 799
Waugh, Nancy Elizabeth Theresa Butler. 1r, 554; 2r, 567; 3r, 568; r.a., 710
Way, John Elwood. 1r, 77; 2r, 95; 3r, 104; r.a., 363
Weiner, Claire Esther Cohen. 1r, 640; 2r, 702; 3r, 707; r.a., 799
Weinstein, Jeanette Cowan. 1r, 349; 2r, 380; 3r, 386; r.a., 703
Wells, Jeanine Yvonne Pinatel. 1r, 492; 2r, 522; 3r, 527; r.a., 704
Whalley, Euphrosina Kowalyk, otherwise known as Whalley, Rose Kowalyk. 1r, 76; 2r, 95; 3r, 104; r.a., 363
Whitlock, Elizabeth Baird McDowall. 1r, 116; 2r, 135; 3r, 136; r.a., 363
Willar, Lois Margaret Clouston. 1r, 251; 2r, 276; 3r, 284; r.a., 703
Williams, Phyllis Elizabeth Jardine. 1r, 599; 2r, 620; 3r, 632; r.a., 799
Williamson, Heather Thornton. 1r, 251; 2r, 276; 3r, 283; r.a., 703
Wilmoth, Ada June Mannard. 1r, 103; 2r, 122; 3r, 128; r.a., 363
Wilson, Dorothy Pilkington. 1r, 454; 2r, 475; 3r, 476; r.a., 704
Winter, Golda Cohen. 1r, 560; 2r, 577; 3r, 579; r.a., 710
Wiseman, Jennie Zalezniak. 1r, 599; 2r, 620; 3r, 632; r.a., 799
Wolfe, Shirley Mildred Glazerman. 1r, 166; 2r, 194; 3r, 196; .ra., 364
Wood, Stanley Tom. 1r, 554; 2r, 567; 3r, 568; r.a., 710

Yull, George Francis Alfred. 1r, 60; 2r, 67; 3r, 69; r.a., 363

Zelman, Gerald. 1r, 587; 2-3r, 605; r.a., 799