DEBATES

OF

THE SENATE

OF THE

DOMINION OF CANADA

1946

OFFICIAL REPORT

Editor: H. H. EMERSON, *C.S.R.*

Reporter: B. P. LAKE, *C.S.R.*, **F. BERRYMAN,** *C.S.R.*, **G. B. HAGEN,** *C.S.R.*
V. LEMIRE, *M.B.E.* **(Sessional)**

Translators: THE BUREAU OF TRANSLATIONS

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SECOND SESSION—TWENTIETH PARLIAMENT—10 GEORGE VI

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

THE CANADIAN MINISTRY

According to Precedence as at February 1, 1946

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PRINCIPAL OFFICERS OF THE PRIVY COUNCIL

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

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

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

SENATORS OF CANADA

ACCORDING TO SENIORITY

MARCH 14th, 1946

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

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

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

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

SENATORS OF CANADA

ALPHABETICAL LIST

MARCH 14th, 1946

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

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

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

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SENATORS OF CANADA

BY PROVINCES

MARCH 14th, 1946

ONTARIO—24

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

QUEBEC—24

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

NOVA SCOTIA—10

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

NEW BRUNSWICK—10

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

PRINCE EDWARD ISLAND—4

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

BRITISH COLUMBIA—6

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

MANITOBA—6

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

SASKATCHEWAN—6

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

ALBERTA—6

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

PRINCIPAL OFFICERS OF THE SENATE

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

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

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

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

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

Arthur H. Hinds, Chief Clerk of Committees.

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

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

CANADA

The Debates of the Senate

OFFICIAL REPORT

THE SENATE

Speaker: Hon. JAMES H. KING, P.C.

Thursday, March 14, 1946.

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

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

Prayers.

OPENING OF THE SESSION

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 Second Session of the Twentieth Parliament of Canada.

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 Second Session of the Twentieth Parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

It is just over six months since Canada emerged from six long years of war. The turmoil which has followed in the wake of war has created new problems for governments in all parts of the globe. The world is full of unrest. Hunger, privation and suffering, have become the lot of millions. Other millions are homeless, many of them in exile. The problems which face the statesmen of every nation are formidable indeed.

It is only in the light of the world situation that all our problems can be seen in true perspective. The future of our own and of every country depends upon success in the task of world reconstruction, and the establishment of an enduring peace. Many of the measures you will be called upon to consider at the present session will be concerned with this wider aspect of human affairs.

Of world problems demanding immediate action, the most pressing is the provision of food to those peoples facing acute shortage, and, in some regions, widespread famine. The chance of a peaceful reconstruction of the world depends on food. The shortage at the present time is very great. The problem, moreover, is not only for the next few months, but also for the next few years. Unless the need is met, grave disorders, endangering peace itself, must be anticipated.

The government is seeking by all practicable means to make available for export the maximum supply of foodstuffs. Every encouragement is being given to increasing production. The gravity of the situation demands, on the part of the people of Canada, a united and wholehearted effort.

The maintenance of a high level of employment and national income is a fundamental aim of government policy. Employment and income alike are bound up with the restoration and expansion of world trade. To the productive employment of vast numbers of Canadians, export markets are essential.

The government has steadily pursued its efforts to restore former markets, to secure new markets and generally to expand peace-time exports. In pursuit of this policy, export credits, for which additional provision was made at the last session, have been extended to several of our war-time allies.

At this session you will be asked to approve an agreement, recently concluded, for a loan to the United Kingdom which will help maintain the British market for Canadian food products and other exports. The agreement will also contribute to the steady development of trade between the two countries, the removal of trade barriers and the free use of currencies for international trade.

While Canada, in common with all countries, continues to experience dislocations inevitable in a period of transition from war to peace, in no other country has the transition proceeded more speedily or with less friction.

Conversion of war industries to civilian production is progressing steadily, with a minimum of industrial strife, and increased co-operation between labour and management.

Wartime restrictions and controls are being removed as rapidly as conditions will permit. Price ceilings on many articles have been suspended. Wage and salary controls have been relaxed. Certain subsidies have been discontinued. Only such controls are being continued as are deemed necessary to prevent inflation and to safeguard the public welfare.

Except for the forces still employed in connection with the occupation of Germany, practically all of our armed forces are now home. Demobilization of both men and women is taking place rapidly. Every effort is being made to ensure the orderly re-establishment of veterans in civil life.

To complete consideration of the "Veterans Charter" you will be asked to reconstitute the Special Committee on Veterans Affairs.

You will also be asked to make provision for the permanent armed forces, to the composition of which much consideration has been given.

In our own as in other countries the demand for housing continues greatly to exceed the supply. Despite shortages of materials and labour, a very large number of houses have been constructed since V-E Day. Special efforts are being made to expand the supply of building materials to meet the demand for permanent housing, and, meanwhile, to provide emergency shelter. The Central Mortgage and Housing Corporation has been established. Its activities are being closely co-ordinated with those of Wartime Housing Limited and the Veterans Land Act Administration, with a view to having all matters relating to the construction of housing brought, as largely as possible, under the administration of one minister of the Crown.

You will be asked to make provision for the redistribution of representation in the House of Commons.

Among other measures to which your attention will be invited will be bills to revise and clarify the definition of Canadian citizenship, and to bring the legislation respecting national status, naturalization and immigration into conformity with the definition of citizenship; bills to place in statutory form a number of orders in council to which it is desired to give permanent legislative effect; also a number of amendments to existing statutes.

Since the close of the last session, the initial meeting of the General Assembly of the United Nations has been held in London. The assembly will conclude its first session in New York in September. The Security Council, the Economic and Social Council, the Commission on Atomic Energy, and the International Court of Justice have been established. Our country was represented at the General Assembly by a delegation including ministers of the Crown, other members of parliament, and leading officials of the public service. Canada was elected to the Economic and Social Council and to the Commission on Atomic Energy. A distinguished Canadian was elected a judge of the International Court.

It is the policy of my ministers to see that the utmost support is given by Canada to the United Nations Organization.

The problems of peace-making are exacting and arduous.

Germany and Japan continue to be under allied military control. Early in the year, a Canadian mission was established in Berlin to safeguard Canadian interests in Germany. Canada's interests in Japan are being watched through Canadian membership on the Far Eastern Commission, which recently visited Tokyo. The commission has its headquarters in Washington.

Time will be required for the drafting of the treaties of peace. A conference is to be held in Paris later in the year to consider proposed treaties with Italy, Finland, Hungary, Roumania and Bulgaria. Canada will be represented at this conference.

A meeting of the Co-ordinating Committee of the Dominion-Provincial Conference was held in January. Progress was made in the consideration of proposals submitted by the dominion and provincial governments. The committe will meet again on April 25.

As a result of the conference, there may be further legislative proposals.

Members of the House of Commons:

You will be asked to make financial provision for all essential services, and for credits required to maintain export trade and a high level of employment and national income.

Honourable Members of the Senate:

Members of the House of Commons:

My term of office is now almost at an end. You have already been informed of the appointment of Field Marshal Viscount Alexander of Tunis as my successor. Lord Alexander will arrive in Canada early in April. As this is the last occasion on which I shall have the honour to address you, may I be allowed to strike a personal note.

In 1914, I was unable to succeed His Royal Highness the Duke of Connaught in the position of Governor General, for the simple reason that I was at that time a serving soldier. The disappointment I had sustained was, however, more than compensated for by my reappointment in 1940, strange to say, during another world war. It was for me a great honour to have been chosen. The intimate association with my Prime Minister, ministers, parliament and the people of this great country has brought you all very close to the hearts of Princess Alice and myself.

The years we have been in Canada have been the most eventful years in world history. It has been with profound admiration that we have witnessed the great part Canada has had in the preservation of world freedom, in the relief of suffering peoples, and in helping to lay the foundations of a new world order.

Princess Alice and I will ever recall that in these momentous years it has been our proud privilege to share in your anxieties and rejoicings. Throughout our lives we shall cherish an abiding affection for Canada and her people.

May Divine Providence continue to bless this nation, and to guide the Parliament of Canada in all its deliberations.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAY BILL

FIRST READING

Hon. Mr. COPP (for Hon. Mr. Robertson), presented Bill A, an Act relating to railways.

The bill was read the first time.

SPEECH FROM THE THRONE

MOTION FOR CONSIDERATION

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

COMMITTEE ON ORDERS AND PRIVILEGES

Hon. Mr. COPP (for Hon. Mr. Robertson) moved:

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

The motion was agreed to.

COMMITTEE OF SELECTION

Hon. Mr. COPP (for Hon. Mr. Robertson) moved:

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

The motion was agreed to.

The Senate adjourned until tomorrow at 2.30 p.m.

THE SENATE

Friday, March 15, 1946

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

Prayers and routine proceedings.

HIS EXCELLENCY THE GOVERNOR GENERAL

FAREWELL ADDRESS ON THE OCCASION OF HIS DEPARTURE FROM CANADA

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, I am sure it is the wish of all that on the occasion of the departure from Canada of His Excellency the Governor General we should have an opportunity to express our appreciation, and the appreciation of those whom we represent, of the services which His Excellency has rendered this country during his tenure of office, and our best wishes for his future.

His tenure of office has covered a very eventful period in Canada's history, a period which witnessed the magnificent effort of our fighting men, who were wholeheartedly supported by all our people. From this supreme effort Canada emerges a world power, respected throughout the whole earth.

I believe, honourable senators, that no one has contributed more in a general way to the accomplishments of Canada in recent years than His Excellency the Governor General. He concerned himself not only with matters of government, but with all phases of our people's activities. War industries in every part of the country were encouraged by his visits and his words of congratulation and good cheer. During the war there came to Canada many prominent personages to whom he was host, and to whom he extended that fine hospitality for which he was so noted. Having travelled widely in the Dominion, even to many of the more remote sections, he had an intimate knowledge of the country. He was keenly interested in all activities of the various war services, and gave leadership and support to a wide range of cultural developments.

I am sure all honourable senators will agree that the presence and personality of the Governor General have done much to strengthen and improve, if that be possible, the relations between this country and the Crown, which he has so fittingly represented here.

I think all will agree, too, that in serving this country he has at all times had the co-operation and assistance of Her Royal Highness the Princess Alice. Throughout their stay in Canada she has displayed an intense interest in all matters having to do with the common good of the people. The efforts of her Royal Highness on behalf of Canada have run parallel with those of His Excellency.

And now, as they leave the shores of Canada, we bid them farewell. It is, I believe, the universal wish of the people of the Dominion that His Excellency and Her Royal Highness shall enjoy long life and happiness. In the future, as ever and anon their thoughts turn to this country, they can rest assured that they have won for themselves in the hearts of the Canadian people a respect and affection which time will not dim, but which will be ever increased and quickened with the passing years.

Honourable senators, with leave of the Senate I desire to move, seconded by the honourable the acting leader opposite (Hon. Mr. Ballantyne), the following resolution:

Resolved, that an Address be presented to His Excellency the Governor General on the

occasion of the termination of His Excellency's official connection with this country, and that the said Address be in the following words:

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

May It Please Your Excellency:

We, the Members of the Senate and of the House of Commons of Canada in Parliament assembled, beg leave to convey to Your Excellency an expresison of the general feeling of regret with which the people of Canada have learned of the approaching conclusion of your official relationship as the representative in Canada of His Majesty the King.

Your Excellency's period of office has extended over the most eventful years in the history of the world. It must be a source of profound gratification to you, on your retirement as Governor General, to realize that your years in Canada have witnessed victory over the enemies of freedom, and the emergence of Canada as a world power with a foremost place among the United Nations.

We cannot bid Your Excellency farewell without expressing our grateful appreciation of your helpful co-operation in the tasks of government through these years of constant anxiety. You have throughout given unsparingly of your time and thought to sustain and strengthen the morale of the nation at war. By word and example you brought courage and cheer to the armed forces, to the auxiliary services, and to the workers in all the fields of wartime production and supply. You lent your support to every worthy national appeal. Universities, schools, hospitals, and other agencies of health and welfare, have all benefited from your personal interest and concern.

Your extensve travels have given Your Excellency an intimate knowledge of our country, its resources and its potential future. You have seen Canada at work under the tragic stimulus of war. You have also watched its industries being converted to the purposes of peace. We are pleased that you have been able to glimpse the broad expanse of our country, and that you have found delight in its scenic grandeur. Your journeys to all parts of Canada, including many remote areas, have been greatly appreciated. Wherever you have gone you have been warmly welcome, and will be long remembered.

At no time in Canada's history has our country been visited by so many of the leading personalities of the world. Both at Government House in Ottawa and at the Citadel in Quebec you have extended warmest hospitality in the name of Canada.

Throughout your life Your Excellency has given constant proof of devotion to public service. We do not forget that for seven years you were His Majesty's representative in the Union of South Africa. In Canada, as in South Africa, your unfailing courtesy, your broad and generous sympathies and your wide experience of constitutional government have helped to further the ideals of tolerance and good-will. You have thereby helped to strengthen national unity, and the ties which bind in close attachment to the Crown the nations of the British Commonwealth.

The presence of Your Excellency and Her Royal Highness in Canada has also strengthened the place which the Royal Family holds in the hearts of the Canadian people. We would ask Your Excellency on your return to the United Kingdom, to convey to Their Majesties, the King and Queen, the assurance of Canada's fidelity to the Crown, and of the devotion and affection felt by the Canadian people for Their Majesties. We should be pleased if you would also convey to Queen Mary an expression of our kind remembrance. We hope that in the near future Canada may be honoured by a visit of Their Royal Highnesses the Princess Elizabeth and the Princess Margaret.

In saying farewell to Your Excellency, we cannot express too warmly our appreciation of the helpful part so graciously taken by Her Royal Highness the Princess Alice in the discharge of Your Excellency's high responsibilities. The active, generous and sympathetic co-operation of Princess Alice in the performance of your public and social duties has won for Her Royal Highness an enduring place in the admiration and affection of the Canadian people. Your Excellency and Her Royal Highness have been as one in all you have sought to foster of a high sense of public duty and social responsibility.

To Your Excellency and Her Royal Highness we extend on behalf of all Canada, the best of wishes for the future. We hope that in the eventide of life you may enjoy together, in health, strength and happiness, the reward of your many years of devoted public service.

Hon. C. C. BALLANTYNE: Honourable senators, in the absence of our leader on this side (Hon. Mr. Haig), it is my high honour and privilege to second the motion of the honourable leader opposite (Hon. Mr. Robertson).

In 1940, when in our darkest hour Hitler and his German hordes were hurling the forces of evil against the freedom-loving nations, it was indeed cheering, not only to parliament but also to the people from one end of the Dominion to the other, to learn that Major General the Right Honourable the Earl of Athlone had been appointed Governor General of Canada.

His Excellency arrived early in that year, accompanied by Her Royal Highness the Princess Alice. After a warm welcome from the government and the people, Their Excellencies at once took up their onerous duties with great energy and enthusiasm. They made several arduous tours of Canada from ocean to ocean, inspiring the people in every walk of life to put forward their greatest effort, thus enabling Canada to play an important role in the global war which, after nearly five years, ended in the unconditional surrender, within a few months of one another, of Germany and Japan.

Their Excellencies, when touring Canada, visited the various service hospitals, the war plants, and the many agencies of the Red Cross. Their visits to the hospitals brought comfort and courage to those who, at great personal sacrifice, had served at the front. His Excellency, who had a distinguished career in the Imperial Army, both in war and in peace, took a special interest in our armed forces, and all ranks keenly looked forward to his visits.

May I be permitted to make a personal reference to Her Royal Highness the Princess Alice? She was indefatigable in her attention to the Red Cross hospitals and other agencies. Her visits were greatly appreciated and did much to sustain the morale of our people.

Today parliament is expressing to Their Excellencies, who are about to leave Canada, its appreciation of and gratitude for the service they have rendered and their devotion to duty during their period of office. I am certain that they will carry with them also the appreciation and gratitude of the Canadian people.

We contemplate the departure of Their Excellencies with a tinge of sadness, but we know they will have the satisfaction of carrying with them the best wishes of the Canadian people. We trust that they may have a pleasant and safe return to England, and we hope that they may long be spared to continue in the service of our King. We are sure that when His Excellency is reporting to His Majesty he will convey to him our continued loyalty and devotion to the Crown, and will assure him that all Canadians rejoice in the thought that Canada will ever remain the senior dominion in the British Commonwealth of Nations.

Hon. VINCENT DUPUIS (Translation): Honourable senators, the term of office of His Excellency the Governor General, the Earl of Athlone, is about to expire.

Parliament deems it proper to give official recognition to that event, and the government's representative in this house has requested me to say a few words as a Canadian of French descent.

May I say to His Excellency and to Her Royal Highness Princess Alice how much we regret their departure. I wish to express in the most sincere terms our feelings of deep gratitude and our heartfelt appreciation for the memorable part His Excellency has played with so much nobleness and distinction as the representative of His Majesty the King in Canada.

His term of office among us covers one of the most troubled periods in world history.

During those years of anguish which the recent conflict brought us, our Governor General, assisted by his royal spouse, was not sparing of his time, nor was he free from fatigue or worry. His endeavours have always been great. He has gone wherever he could encourage us through his words and example. He has ever been for us a living symbol of gallantry and indomitable courage. His high personality has been for us a stimulant in our determination to serve our country.

Now that our people and our victorious armies have acquired a world-wide reputation, we take pleasure in acknowledging the fact that we are indebted to him for a considerable part of our success.

In the speech from the throne which he was pleased to read yesterday, he said that Her Royal Highness Princess Alice and he were proud of the privilege they had of sharing our joys and our trials, and that they will ever keep a deep affection for us. Of that we are convinced.

In turn, we want them to know that their sojourn among us has left such a deep impression in our hearts that we consider them as fellow-Canadians. That is why we should be very proud if they were willing to accept from us the title of Canadian citizens.

Then, on his return, when our Governor General reaches the throne to make a report on his mandate, we should, I think, be more assured of the fullness of our equality of status as a sovereign nation if he were to speak to His Majesty the King as a Canadian citizen, on behalf of the loyal subjects of his Canadian kingdom. In conclusion, I may say that it would be a comfort to us if he kindly delivered the following message from us: We wish to join Your Majesty, our noble sovereign, and all believers throughout the world, in a common spirit with all those who believe in the primacy of spiritual values, to beseech the God of our fathers, source of all good, to come to our help; may His infinite mercy forgive the transgressions of repentant souls; may a beam of heavenly light shine on erring souls; may the vivifying heat of divine charity warm callous hearts; may true peace reign at last among individuals and among all the peoples of the earth.

Hon. A. J. LEGER (Translation): Honourable colleagues, I am delighted to join the honourable senators who have just spoken in conveying, on behalf of those I represent, a modest, but heartfelt tribute of admiration and gratitude to the distinguished Governor who is about to leave our shores.

Even though, since the outset of Confederation, Canada has always been fortunate in the choice of the incumbents designated by

the Imperial government to represent the British Crown and direct the destinies of our country, few Governors have to such an extent deserved the general esteem and respect that was merited by the fond care, the sure and refined judgment and the deep cordiality constantly exercised by the Earl of Athlone.

It may be stated that the Earl and the Princess have won the souls and hearts of the whole Canadian people, not only because of their lofty and distinguished positions, but also by the worthy manner in which they discharged their functions, and more especially because of their sound social qualities and numerous examples of tender solicitude, as well as their constant effort to co-operate with us to advance the prosperity and future welfare of Canada.

It is with deep feelings of admiration and regret that we bid them adieu.

The Senate adjourned until Tuesday, March 19, at 3 p.m.

THE SENATE

Tuesday, March 19, 1946.

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

Prayers and routine proceedings.

OPIUM AND NARCOTIC DRUG BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill B, an Act to amend the Opium and Narcotic Drug Act, 1929.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Next sitting.

EXPORT BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill C, an Act to amend the Export Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Next sitting.

THE LATE SENATORS TANNER AND MARSHALL

TRIBUTES TO THEIR MEMORY

Hon. WISHART McL. ROBERTSON: Honourable senators, before proceeding with the business of the House, I regret very much to have to advise you of the passing, since we last met, of two of our esteemed colleagues. I refer to the death of the Honourable Charles Elliott Tanner, K.C., who died at his residence in Ottawa, on Sunday, January 13, 1946, and of the Honourable Duncan McLean Marshall, D.Sc., who died in Toronto, on January 16, 1946.

Senator Tanner was born in Pictou, Nova Scotia, on October 7, 1857, the son of Richard Tanner of Bandon, Cork, Ireland, and Jane Brown of Dumfries, Scotland. He received his education at Pictou Academy, where he graduated in law. He was admitted to the Nova Scotia Bar in 1878, and was appointed King's Counsel in 1895. On September 15, 1886, he married Alicia May Macdonald, daughter of James Robert Macdonald, who survives him.

For many years the late Senator Tanner occupied a prominent position in Nova Scotia. He served Pictou in the capacity of stipendiary magistrate and town solicitor. Holder of a distinguished military record, he was a member of the 1st Regiment, Halifax Artillery, from which he retired with the rank of major. An ardent sportsman in his younger days, he was an able lacrosse, cricket and golf player, and an expert curler. To him must go the credit for organizing and promoting many sports fraternities in Nova Scotia.

Senator Tanner's public life extended over a period of fifty years. He was elected in 1894 to the Nova Scotia legislature; was defeated in his attempt to win a federal seat in 1908; was later chosen leader of the Conservative party in the provincial field in 1912, and held that post until defeated in the provincial elections four years later. In 1917 he was appointed to the Senate of Canada, and was a member of this House for almost thirty years.

As is well known to the honourable members, the late Senator Tanner was highly respected for his ability and judgment. He occupied a prominent position in the Senate and served on many committees, among them the Standing Committee on Miscellaneous Private Bills, of which he was chairman until shortly before his death.

I knew him personally from the days when he was in the Nova Scotia Legislature and, like many others, can bear testimony to his unfailing courtesy and consideration. Partly, I suppose, because we both came from the same province and had so many friends in common, and partly because he had known my forbears, there existed between us despite the disparity in years a very warm friendship.

In the passing of the late Senator Tanner, the province of Nova Scotia and the Dominion

of Canada have lost an outstanding figure; and I and many thousands of others, both within that province and without, feel that we have lost a friend.

Senator Marshall was born of Scottish parents on a pioneer farm in Bruce County, Ontario, on September 24, 1872. Here he spent his early years. He was educated at Walkerton High School and Owen Sound Collegiate Institute. At seventeen years of age he began teaching school at Gillies Hill, and taught for five years. Well known as organizer of the Patrons of Industry in the early days of the movement, he later became interested in newspaper work in Ontario, and still later in Edmonton, Alberta, where he moved in 1905.

In March, 1909 he was elected to the Alberta provincial legislature as Liberal member for Olds, after having purchased a farm of unbroken prairie in that vicinity. During the next few years the late senator established a superior herd of pure bred Shorthorn cattle, the progeny of which won awards at many exhibitions, including the Chicago International Livestock Show. He was elected President of the Dominion Shorthorn Breeders Association of Canada in 1922 and 1923, and for four years was also a member of the National Live Stock Records Committee. He was one of the few Canadians whose portraits hang in the unique gallery of livestock men in the halls of the Saddle and Sirloin Club of Chicago.

The late Senator Marshall was sworn in as Minister of Agriculture and Provincial Secretary of Alberta on November 1, 1909, and was re-elected at the by-election of November 23, 1909, and the general elections of 1913 and 1917. He held the office of Minister of Agriculture for over twelve years. During that time he established a system of agricultural schools which has frequently been referred to as the best system yet devised for the training of farm boys and girls in Canada.

After being a candidate in the constituency of East Calgary in the federal election of 1921, Senator Marshall returned to Ontario. He was appointed Commissioner of Agriculture for the Dominion of Canada and took an active part in negotiating for the removal of the British embargo against Canadian cattle. In this he was successful, and the embargo was removed in April, 1923. His efforts in this connection were widely appreciated. The then Minister of Finance, Honourable Mr. Fielding, paid tribute to the very valuable service rendered, and stated that the success which attended the conference was largely attributable to the energetic work of our late colleague.

Senator Marshall then engaged for several years in the advertising business, and during this period compiled a number of text-books on agricultural subjects. In the Ontario provincial election of 1934 he was Liberal candidate in Peel county, and was elected, and for the following three years was Minister of Agriculture of the province. On June 10, 1935, he received the honorary degree of Doctor of Agriculture from Iowa State College, being the only Canadian to be so honoured.

On January 20, 1939, he was appointed a member of the Canadian Senate and took a most active interest in legislation, particularly that pertaining to agriculture. He continued to contribute articles on agriculture to newspapers and farm periodicals, and just prior to his death completed a handbook on farming in Canada.

Senator Marshall will be greatly missed by his colleagues in this chamber. He was an eloquent speaker, well versed in public affairs, and particularly well equipped to serve the cause of agriculture, in which he was so deeply interested.

Hon. JOHN T. HAIG: Honourable members, at this time it is neither my wish nor my desire to speak at any great length, and if I may, I should like to ask the honourable senator from South Bruce (Hon. Mr. Donnelly), to speak of Senator Tanner, who for many years was his desk-mate. All I shall say is that on this side of the house, particularly among the older members, Senator Tanner will be missed very much. I always think that the name by which a man is called means something. The late senator was always spoken of as "Charlie Tanner." To me that indicates that he was well liked by his fellow men.

Now I wish to say a few words about the late Senator Marshall—Duncan Marshall, as he was known to us in the West. It is probably unique in Canadian political history for a man who is a minister in one province to retire to another and become a minister in that province. So far as my memory goes, the late Senator Marshall is the only one who has done that. He was a minister in the province of Alberta, and later became a minister in the province of Ontario.

The members of this house will miss him very much, and he will be greatly missed by the scientific farmers of Canada, to whose interests he gave much of his time and energy.

Time, of course, takes its toll of this house, and to me it is always a painful experience to be called upon to pay tribute to one who has passed on. Yet, it was good for Canada that men like Senator Tanner and Senator Marshall were born and raised in our country,

and were able to contribute so much to its betterment. It is my hope that their families may realize how greatly we cherish the memories of these honourable gentlemen.

I would now ask the honourable senator from South Bruce to speak as to the late Senator Tanner.

Hon. J. J. DONNELLY: Honourable members of the Senate, I desire to associate myself with the very eloquent and well-deserved tributes which have been paid to Senator Tanner and Senator Marshall by the leader opposite and the leader on this side of the house. The leader of the government has given such a detailed outline of the activities of the two gentlemen that I will confine myself to some general remarks.

It has been said that Senator Tanner came to the Senate almost thirty years ago. I was here at that time, and I remember Senator Tanner when he came. We knew that he had had long experience in public life in his native province. As the honourable leader opposite has stated, he was four times elected, and at one time was house leader of his party.

Aside from his past experience he had a fine presence and good command of language. When Senator Tanner rose to speak, his enunciation was so perfect that one could always be sure of what he had to say, and whether one agreed with him or not one had to admire the courage with which he supported his convictions.

During the thirties it was my privilege to be desk-mate with Senator Tanner for four or five years. Later on my friend Senator Gordon had some trouble with his eyes, and asked me to sit with him. After Senator Gordon passed on I again had the privilege of sitting with Senator Tanner as desk-mate. Some twelve or thirteen years ago he was chairman of a very important committee of which I was a member, and I am certain that he did everything possible to bring out the facts and to endeavour to be fair with all persons concerned. Members recently appointed to the Senate will not appreciate fully the worth of Senator Tanner. Some four or five years ago, his hearing failed him, and although he tried various hearing aids he never appeared to be able to get one that was a success. As a result his life was less pleasant than it otherwise would have been. He was a good conversationalist and had a fine sense of humour, so he was always excellent company.

As we have been told by the honourable leader of the house, Senator Tanner was married in 1886. It was his good fortune to have the companionship and counsel of a good wife for sixty years. Those of us who have visited at the Tanner home and who have seen Senator Tanner's wife around the buildings here are aware of the thorough and loving way in which she looked after his every need. I know I can assure Mrs. Tanner and her son that they have the sincere sympathy of every member of this chamber.

Now I should like to say a few words about Senator Marshall. As he told the Senate on more than one occasion, he was born in Bruce. That county was settled about ninety-five years ago, and possibly its name was responsible for the fact that so many Highland Scotch people came there. Among those who came was the senator's father, who settled in the township of Elderslie, where Senator Marshall was born and raised. I was raised in the adjoining township of Greenock, where I spent my early days and where, in fact, my home is now.

I had the privilege of knowing Senator Marshall for a number of years. I first saw him acting in a public capacity when, as a boy of about eighteen, he was addressing a political meeting for an independent candidate in the old provincial riding of Centre Bruce. While I did not agree with the arguments he was making, I was much impressed with his ability as a public speaker. Later on he went into newspaper work. I could tell you about his going to Alberta, where he became a provincial cabinet minister, and of his return to the province of Ontario, in which he also became a cabinet minister. But these facts have already been referred to.

As honourable members know, Senator Marshall was greatly interested in Shorthorn cattle during most of his life. Through his writings he became known as an authority on this breed, in which I think his interest was aroused when he was a boy in Bruce. At that time a wealthy lumberman, Mr. Cargill, who represented East Bruce in the House of Commons, spent money lavishly in establishing on his large farm what was admittedly the best herd of Shorthorn cattle in Canada. After his death his son did not take the same keen interest in the herd, so it was disposed of, but from it sprang many of the well known herds in this country today. Senator Marshall has told me of seeing Mr. Cargill's cattle on the farm and at various fairs, and of how he acquired the ambition to become a dealer in that breed of cattle. We all know how successfully he fulfilled that ambition.

One day in the later part of September last I saw Senator Marshall rise in his place here, before the Orders of the Day were called, and I wondered what he was going to say. I was

greatly surprised to hear him refer to an anniversary that my family and I were celebrating at that time, and make some complimentary remarks about us as people of Bruce. I could not recall having seen Senator Marshall in the house after that occasion, and this morning I found, on looking up the records, that he never appeared here again. So that was my friend's last utterance in the Senate. That fact makes me feel his passing all the more keenly.

Senator Marshall, like Senator Tanner, also had a happy married life. During his travels as a young man he spent some time in Prince Edward Island, where he met the young lady who afterwards became Mrs. Marshall. Throughout their married life her one care has always been the welfare of her husband and family. I am sure that every member of the Senate joins with me in extending to Mrs. Marshall and her three sons our deepest sympathy.

Hon. W. RUPERT DAVIES: Honourable senators, I knew the late Senator Marshall when he was in the weekly newspaper business in Ontario more than forty years ago, before he went to Edmonton to manage the Bulletin for the Honourable Frank Oliver. That was about 1905, I believe. Since his return from the West I knew him much more intimately, and enjoyed a warm friendship with him. I should, therefore, like to add my tribute to his memory today.

The late Senator Marshall was descended from Scotch pioneer stock. His father came to this country from Scotland as a young man, and for a time worked for other farmers. Senator Marshall told me on many occasions that one of the guiding principles of his father's life was never to buy anything if he could not pay cash for it. When the senator's father had saved enough money, he bought a farm in Bruce County which I believe has remained in the family ever since. All the sons worked on the farm. Duncan Marshall worked on the farm in the summertime and went to school in winter. Despite this handicap, when he wrote the entrance examination he got the highest marks of any scholar of the year in Bruce County. He persevered with his education, and after securing the necessary certificate became a school-teacher. His appetite for literature having been whetted, he became a great reader and accumulated in his home a fine library of good books, which he thoroughly enjoyed.

Duncan Marshall was a true Canadian. He believed that Canada was a country with a glorious future. He also had a great love for Scotland, the land of his ancestors. On more than one occasion I have heard him deliver an address on Scotland, in which he quoted Burns and Scott with great fluency.

The late Senator Marshall was a firm believer in the usefulness of the Senate. He frequently told me how much he thought the non-political discussions in this chamber helped in arriving at sound conclusions on public questions.

His main interest, as we all know, was agriculture. He was for twelve years Minister of Agriculture in the province of Alberta, and for three years Minister of Agriculture in the province of Ontario. In both positions, I think it will be agreed, he made a fine contribution to the agricultural life of this country.

Senator Marshall lived a long, active and useful life. He has left behind him the sweet memories of a kind father, a loving husband and a most congenial companion.

Hon. FELIX P. QUINN: May I be permitted, honourable members, to add a few words of tribute to the memory of our late colleague from Pictou. Coming as I do from Nova Scotia, and having known Senator Tanner for over forty years, I feel that I owe him this mark of respect and affection.

Senator Tanner was born in the county of Pictou—a county noted for its outstanding contribution of men prominent in the political, professional and business life of this country. Charlie Tanner was one of them. He entered the political arena at an early age. I was a follower of his thirty years ago, when I unsuccessfully contested a seat for the county of Halifax in the Nova Scotia Legislative Assembly.

Senator Tanner was a loyal Nova Scotian and a patriotic Canadian. I do not know of any man more familiar with the political history of Canada than he was. The older members among us can recall his earlier days when he took an active part in our proceedings. He was fearless and forceful in debate, and never backward in expressing his views. Whether you agreed with him or not, as the honourable senator from South Bruce (Mr. Donnelly) has said, you could not but admire him for having the courage of his convictions. I shall always cherish him as a warm friend and a wise counsellor, and I join with the other honourable senators in their expressions of sympathy to his widow and son.

Hon. ARTHUR W. ROEBUCK: Honourable senators, may I have the privilege of paying a tribute to my former warm personal friend, Duncan Marshall? I feel called on to do so because he was a colleague of mine in two Houses, first, for three rigorous years in what was known as the Hepburn government,

and later, of course, in the Senate. Prior to joining him in the Ontario administration, I knew Senator Marshall for many years.

My earliest recollection of him goes back to the very first years of the present century when I was a reporter on one of the Toronto dailies. Even in those early days he was making his mark on the public mind as a forceful and eloquent speaker. As has been recounted, he went west and became a prominent figure in the public life of Alberta. On his return to Ontario I met him once again, and some of my most pleasant associations with him were in the early 20's when he was organizer for the Liberal party. While he was Minister of Agriculture of this province I recall him as an eloquent and convincing speaker with a vivid and extensive knowledge of affairs, particularly in his own department. I have always admired his courage in debate and his lucidity of expression.

During the three years in the Ontario government to which I have referred, the members of the government had a private dining room. There we met nearly every day, and Marshall entertained us with stories and reminiscences and references of serious import drawn from a memory that seemed to be well nigh inexhaustible. My pleasant associations with him were resumed when he became a member of this chamber.

In paying tribute to his breadth of knowledge and fine human qualities, I should like to join in the expressions of sympathy to his widow and his splendid sons. I trust that our admiration for our late colleague, and our assurance that he will long be remembered by us, will be some little consolation to his near relatives and friends.

INCOME AND EXCESS PROFITS TAXATION

MOTION TO APPOINT SPECIAL COMMITTEE.

Hon. NORMAN P. LAMBERT: Honourable members, in the absence of the senator from Toronto (Hon. Mr. Campbell), and with the leave of the house, I should like to move:

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

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

Hon. Mr. Roebuck.

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

The motion was agreed to.

CANADA'S FOREIGN AFFAIRS

SENATE COMMITTEE

Hon. JAMES MURDOCK: Honourable senators, before the orders of the day are called, may I direct the attention of the Senate to an editorial which appeared in the Citizen this morning. It is captioned "Non-party Foreign Policy." I shall refer to only one paragraph, which reads as follows:

> If a foreign affairs non-party committee could be formed in the Senate to watch over Canada's relationships with other countries, it could do much to enlighten and steady public opinion whenever that might become necessary.

The Ottawa Citizen may be interested to learn that already there is in this House, and has been for a number of years, a committee such as they recommend.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

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

Hon. J. RAOUL HURTUBISE moved that an Address be presented to His Excellency the Governor General to offer the humble thanks of this house to His Excellency for the gracious speech which he has been pleased to make to both houses of parliament.

He said (Translation): Honourable senators, it is with a feeling of deep emotion and not without realizing my responsibility that I have consented to move the Address in reply to the Speech from the Throne.

Addressing this honourable assembly for the first time, I feel some diffidence when I consider the long parliamentary life of our elders, their experience, their shrewdness and their wisdom. I must therefore request your forbearance.

I should like, in the first place, to voice my gratitude to the government for having raised me to the dignity of a member of this honourable house, and to convey my sincere thanks to the leader of the Senate, who has kindly invited me to move the Address.

I accepted that invitation as a tribute to the fine constituency of Nipissing, which for fifteen years I had the honour to represent in the House of Commons, as well as to the beautiful and prosperous northern part of the province of Ontario, which has had a large share in the development of our national economy.

All parts of Northern Ontario heeded the call to arms and made a splendid contribution to the Allied victory. Indeed, Nipissing has supplied a substantial number of men and women to our armed forces. Our mines and our industries also have increased their production so as to supply the United Nations with the nickle, the steel, the copper and the forest products without which victory would have been impossible or considerably delayed.

A few months ago we were hailing with joy the end of hostilities with Germany and Japan. During six long years, the Prime Minister and his associates have had to work without respite on the prosecution of a war effort which circumstances demanded for the protection of Christian and democratic countries, including Canada. With the generous help of the Canadian people, they have earned not only the gratitude of the allied countries, but universal acclaim. Unfortunately, the peace we had envisioned is long in becoming established, and even harder work will be required of them to put our domestic affairs in order and to lay an international and Christian foundation upon which to erect the structure of a permanent peace, if the latter is possible. The attainment of such a result will require much mutual good will; and we shall have to beseech Divine Providence, without any false piety, but with frankness and faith, to instil into human hearts the principles of justice and equity which alone can ensure an enduring peace.

The Speech from the Throne first expresses deep concern about the European countries which are facing acute shortage and, in some regions, widespread famine. Further on, it states:

> The government has steadily pursued its efforts to restore former markets, to secure new markets and generally to expand peace-time exports. In pursuit of this policy, export credits, for which additional provision was made at the last session, have been extended to several of our war-time allies.
>
> At this session you will be asked to approve an agreement, recently concluded, for a loan to the United Kingdom which will help maintain the British market for Canadian food products and other exports. The agreement will also contribute to the steady development of trade between the two countries, the removal of trade barriers and the free use of currencies for international trade.
>
> While Canada, in common with all countries, continues to experience dislocations inevitable in a period of transition from war to peace, in no other country has the transition proceeded more speedily or with less friction.

Canada has just entered into an agreement with the United Kingdom government whereby we lend England twelve hundred and fifty million dollars at a very low rate of interest. In various quarters, concern is felt over the heavy sums of money Canada has already spent on its war effort and on loans to England or our other allies.

There is nothing we can do about the cost of the war. We had to make sure of victory at any price. No one in Canada wished to come under the iron rule of Hitler or Hirohito. Thanks to Divine Providence, our exertions have not been fruitless and our victory over Germany and Japan has been complete and decisive.

As I said a short while ago, we have not yet finished our task, for we must now consolidate peace. How can we achieve this if we do not first of all re-establish the regular flow of international exchange? Nations like England and France, whose moral integrity and will to survive cannot be questioned, need our help to recover from the heavy losses inflicted by war and even the process of liberation.

Since various inventions have minimized distances and since our means of transportation have attained such a remarkable degree of perfection, all nations have become more and more interdependent, and we could not long remain prosperous if misery afflicted the rest of the world. In the international sphere, the principles of Christian fraternity compel us not to ignore those who wish to borrow from us, but even on the more restrained level of purely Canadian interests, it is evident that, since Canada exports three quarters of its production, our prosperity depends on our foreign trade. In order to re-establish this commercial flow, we must of necessity help the nations that used to buy our products and will do so in the future.

I am aware of the criticism to which the loan has been subjected, and some of it is sound. To re-establish peace, however, optimism, trust and good will are needed. We have just given the world conclusive proof that we do not lack these qualities.

It is stated in the speech from the throne that several wartime restrictions have now been lifted and that others will disappear as circumstances permit. It will be necessary to maintain certain controls in order to prevent inflation and promote the general welfare of our population.

We are advised also that it will be necessary to reconstitute the Special Veterans Affairs Committee. I have no doubt that an agreement will be reached at this session and that our veterans will be presented with an act which will be acceptable to them and which will provide them with guarantees for the future.

With the lifting of numerous restrictions on building materials, I trust that the Government will devise some means of meeting the demand for permanent housing and, in the meantime, to provide emergency shelters.

In regard to the proposed redistribution of representation in the House of Commons, I am personally aware of the meaning of a fair distribution based on the population of the constituencies. For fifteen years, I represented in that house 65,000 constituents, most of whom lived in rural communities. The development of our country is proceeding apace and we must adapt ourselves to circumstances. Those who heretofore have enjoyed some kind of political preserve will have to make sacrifices so that everyone may be treated fairly and equitably.

At this session we shall be asked to pass upon two bills which, in my opinion, are the logical extension of the Statute of Westminster.

The first deals with Canadian citizenship. Having in mind all the embarrassment which we have experienced in the past in trying to clarify the definition of Canadian citizenship, I hope that the committee entrusted with the revision and the clarification of this definition will eliminate any ambiguity, and that in future we shall all be plain "Canadians", a title of which we are already proud and which we shall continue to bear proudly.

The second bill deals with a national flag. I shall say only a few words in this connection, as the matter will be discussed in detail later on. The time has come when the houour of Canada demands and without our being any less loyal to His Majesty the King than the other members of the Commonwealth that we have our own national flag. Further, the discussion of this matter must not be unduly protracted in order to please all those who—and I cannot blame them—are determined to emphasize their origin, however noble and glorious it may be. For my part, I am in favour of a new and distinctive Canadian flag.

We will be asked to approve other legislation; I have mentioned only a few matters which the Canadian people are impatient to see settled.

I have endeavoured to impose upon your attention as little as possible, honourable senators. Before concluding, I beg your leave to associate myself with those who have mentioned the sentiments of attachment, gratitude and respect which His Excellency the Governor General and his very charming consort, Her Royal Highness Princess Alice, have gained from the Canadian people during their stay in this country. The Earl of Athlone may well take pride in having represented His Majesty the King in Canada during most critical years and in having accomplished his delicate mission with a diligence and discretion that have won the admiration of everyone. Their Excellencies have taken a keen interest in all spheres of Canadian activity. We have been deeply moved by Princess Alice's last gesture whereby she offered the parting gift of the women of Canada for the foundation of a magnificent Canadian social organization which will happily commemorate her presence among us. It is therefore with deep respect and sincerity that I approve, in the name of the French-Canadian people, the address moved by the leader of the government and seconded by the leader of the opposition, and I wish to associate myself with the compliments which the honourable senators who spoke before me have addressed to Their Excellencies on the occasion of their departure from Canada.

Hon. GEORGE P. BURCHILL: Honourable senators, in rising for the purpose of seconding the Address in reply to the Speech from the Throne, I desire, first of all, to express my appreciation of having been given the privilege of performing a duty which I feel is an honour to my constituency and to the province I represent.

This is the first occasion on which I have had the privilege of addressing the House, and I want to avail myself of the opportunity it affords me of thanking honourable senators on both sides for the kindness and courtesy extended to me since I entered the chamber as a new member. I have been greatly impressed by the character of the work of the Senate, the high level of debate, and the very evident willingness to accept and discharge whatever responsibilities the constitution imposes on this branch of parliament. I must confess that I have been enlightened as to these and many other important functions of this body in the past few months, and I think it is a matter of great regret that Canadians generally are not better informed as to the character of the work which the Senate is doing. No legislative body that I know of receives such poor publicity as the Canadian Senate; and in these days when the value of everything seems to be measured by the amount of propaganda it gets, on the screen, by radio, or in the press, it is not hard to understand why the important work done by this house is sometimes underestimated.

I should like to pay tribute to men in public office at the present time. I am thinking particularly of those leaders who directed and administered the affairs of this country during the critical war years, many of whom are still carrying the heavy burdens of

responsibility which public office imposes in these restless days. I suppose that never before in the history of constitutional government have the problems been more baffling or the demands on government more exacting. Certainly we are passing through days when the situation calls for sound judgment and clear thinking, combined with courage to make decisions and resolution to carry them out. With some little appreciation, then, of the load these men are carrying, I want to say that anything I can contribute to this debate is offered with a sense of my respect and admiration for those who are now charged with continuing the tasks of dismantling the war machine and converting the country to peace.

On many occasions during the war one heard speakers and writers use the expression "We must win the peace," and it seems to me that the Speech from the Throne can be taken as a plain statement of the government's plan to do that very thing—win the peace. Of the twenty-two main paragraphs which the Speech contains, nineteen refer either directly or indirectly to proposed legislative action necessitated by winning the war or winning the peace. The Speech is surely a bill of the wages of war. On the world front it points to the job ahead of us as being two-fold: first to meet the emergency demand for food and nourishment for starving millions; and second, to erect permanent structures which will ensure friendly and neighbourly relations and fair trading practices between nations, upon which it is hoped international peace and accord will be secure.

The appeal for food to save people from starvation and provide essentials for the undernourished will, I feel sure, be responded to by the producers of Canada in the same generous way as the people accepted the burdens of war. Here in this favoured land of ours; where under the stimulus of war the industrial production was increased to amazing proportions, we have capabilities of food production far beyond present levels. If people are not fully aware of the urgent need for food, or if there is a tendency to feel that the job is done now that the fighting is over, and a danger that we will slacken in our efforts, I suggest a national campaign with the slogan "Food and Production—Production and Food," to arouse people to the food emergency. When this country needed the sinews of war to win the war the people responded. Will they not respond now when food is needed to win the peace? The soil is here and Nature is willing. Let us get to work!

I cannot leave this matter of food and diet without making a reference to present conditions in England in this respect. From the press and from the letters of friends and kinsfolk overseas we know of shortages there and the further restrictions in daily diet with which the householder is faced. With all our abundance here, I am confident that the Canadian people will commend and support whatever action may be necessary or possible to send all we can to relieve and vary the monotonous menu of a people who have borne so much for so long on so little. Every pound that can be spared should be sent.

As to the other great task, that of laying permanent foundations for cordial and happy relations between the nations of the world, every thinking Canadian is willing and eager that this young nation should take a prominent and leading role in shaping, establishing and co-ordinating all and every organization whose object is world security and peace. No one will quarrel with the government's view that world recovery is dependent upon the re-establishment of trade relations and the flow of international commerce. The government's action in accelerating the process of recovery, by promoting Canadian export trade through the establishment of substantial credits to former allied nations for the buying of Canadian goods, will commend itself generally to all sections of Canada. In line with that policy, I am happy to note the reference in the Speech from the Throne to the conclusion of an agreement which extends to Great Britain a credit of $1,250,000,000. This should guarantee the continuance, and I trust a broadening, of those very important trade connections and business associations which have always cemented the constitutional ties that link this country with the United Kingdom. Since the early settlement of British North America, starting with the fur trade, the British Isles have provided us with a stable export market for Canadian produce. From both Atlantic and Pacific ports, as well as from the St. Lawrence, year in and year out ships laden with the products of the forest, the soil and the farm, have sailed for British ports. I know all parts of Canada are deeply interested in British trade, but I speak particularly as a representative of the Maritime Provinces in reminding the House what this means to us. From the days of wooden shipbuilding, through the pine timber era, we have been carrying on this trade, and now our exports to Britain of lumber, pit props, apples and other commodities, have reached figures of substantial proportions. Business with the United Kingdom is a vital matter in our industrial life. Therefore, I welcome most heartily the announcement that financial arrangements have been concluded which will permit the continuance, and I hope the expansion, of trade with the British Isles.

Here at home our first concern must continue to be the welfare of our returned veterans and their re-establishment in civilian life. The period of readjustment to "Civvy street," particularly when so many thousands of boys stepped from school into the ranks, is a difficult one for all, and the various ways by which the government has endeavoured to do everything possible to assist our fighting men over this period are receiving the hearty approval of Canadians. It is particularly gratifying to learn that the educational opportunities which have been made available are being taken advantage of by such a large group, and that the veterans are giving such a splendid account of themselves in the various universities where they are entered. At my own University of New Brunswick, where the normal enrolment is between 300 and 400, returned men have swelled the rolls to nearly 1,000, and it is expected that facilities will have to be made available for at least 1,200 at the opening of the next year. The president, Dr. Gregg, is impressed and delighted with the way these boys are working—for the courses are not easy—and has stated that, with standards of curriculum maintained, there has been a smaller percentage of failures at the first term examinations than in pre-war days.

Of course, the ultimate object of all domestic legislation which deals directly or indirectly with our veterans is to make available and to maintain satisfactory and congenial employment, with pay adequate to the maintenance of a decent standard of living for themselves and their families. This is a necessary condition for a happy and contented people, and is the goal towards which domestic legislation affecting veterans is directed.

Like many other business men, I sometimes become impatient with controls and restrictions, and rebel against regulations which seem to me to be no longer necessary; but I do not think anyone wants controls for controls' sake, and on investigation I have always been shown why the particular regulation about which I have complained must be retained. I think the job these controls did for Canada and Canadians during the war is one of the finest examples of what democracy is capable of doing for the world. The men who conceived, organized and directed operations and held the line—the large number of men who left their positions and homes and came to Ottawa to do what was, in many cases, a thankless job under numerous difficulties and at grave risk to their health—richly deserve the thanks of the people of Canada. They are the unsung heroes of the home front. With commodity shortages still serious, I can quite see the necessity for retaining controls until the country is on a more even keel. Business, labour, the householder, and Canadians generally, I believe, are anxious to see the end of government regulation, but I am quite satisfied that this can only be brought about gradually and as conditions permit, and I take the government at its word that it is as keen as the public is to reach that position.

The process of conversion in Canada is not made any easier by the many physical differences which one finds in this great Dominion when travelling from the Atlantic to the Pacific—differences in natural resources, in industry, in provincial economies and in racial backgrounds. The economy of the Maritime Provinces, with their distances from the larger population centres, will not respond to the same fiscal policies as the power-house of industrial Ontario or Quebec; and the prairies and British Columbia have problems which do not yield to general, over-all treatment. We are all inclined to see the picture from our own viewpoint. With these diversities in mind, I am sure we have all followed with keen interest the proceedings of the Dominion-Provincial Conference as an event of first importance to the future of this Dominion. As indicated in the Speech, the conference will reassemble on April 25; and as a Canadian I should like to express the hope that satisfactory conclusions will be reached which will help to unite all sections of Canada in stronger bonds of attachment as a prosperous and virile young nation under the British Crown. But unity is essential. During the war, under the British Commonwealth Air Training Scheme, boys from the British Isles, Australia and New Zealand mingled with Canadian lads when posted to training schools on flying fields in every province of Canada, and when they left this country they carried away with them a knowledge of our conditions and people which, apart from the friendships made, will bear much fruit in the future. Here in Canada we have got to learn to know each other better, and how to live wtih each other, and I suggest to our Canadian universities from Halifax to Vancouver that they work out some reciprocal arrangement whereby students from the West will meet and live with students in the East, and vice versa. An arrangement of this kind would, I am sure, do much to create a better understanding and to cultivate the art of getting on together.

On the road ahead Canada must be united. To carry our weight in world affairs and measure up to the high destinies which are ahead of this great country of ours, Canada

must speak and act—not as a league of Balkan states, but with the voice and strength of a united nation.

Some Hon. SENATORS: Hear, hear.

Hon. JOHN T. HAIG: Honourable senators, I desire to move the adjournment of the debate, but first I wish to express my regret at having been absent on Thursday last, when Parliament opened. The fact is that prior responsibilities called me elsewhere. I had to attend the Canadian annual curling competition, which was held in Saskatoon.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: For the last thirty-six years I have never let anything interfere with curling.

I regret also my absence on Friday, when the House adopted an Address to the Governor General and the Princess Alice. Canadians as a whole feel grateful to them for their splendid service to this country during the war. Their Excellencies were no doubt happy that in time of need they were able to serve the empire which they love so well. Certainly we regret their departure, but we realize that the British people have always been able to furnish a worthy successor to act as Governor General of Canada. We shall welcome Lord and Lady Alexander with outstretched arms. The boys who served overseas in Africa and in Italy will be very happy to know that their commander during those operations is to be our Governor General.

I am glad to notice in the press that His Majesty the King and Her Majesty the Queen are soon to visit South Africa. Our recollections of their presence among us are very dear. Their personal charm showed us why they were able to hold the empire together by bonds of love rather than by reliance on constitutional ties, and I am sure the people of South Africa will be just as proud and pleased as we were during Their Majesties' stay in this Dominion. I am also glad to see by the press that the Princess Elizabeth, heir presumptive to the Throne, has arrived in Northern Ireland to preside at the launching of the latest addition to the Royal Navy, the aircraft carrier Eagle. I hope that at no distant date she and her sister will be invited to Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: If they wandered over to Washington and New York—yes, even if they spent a short time in Chicago, it might not do any harm.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: I want to congratulate the mover (Hon. Mr. Hurtubise), and seconder (Hon. Mr. Burchill) of the Address in Reply to the Speech from the Throne. I hope that during the course of my remarks tomorrow I shall be able to deal with some of the problems facing our country. I agree with the suggestion that we should not introduce politics into the debate—that is, partisan politics; but as to what we think in certain circumstances ought to be done, I believe we should state our views clearly and fearlessly.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: Whether we sit on this or on the other side of the house, we should not hesitate to express our opinions on what is best for Canada. Tomorrow I shall try to follow that course.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 20, 1946.

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

Prayers and routine proceedings.

COMMITTEE OF SELECTION

REPORT PRESENTED

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

Wednesday, 20th March, 1946.

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 of the Library

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

Joint Committee on Printing

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

Joint Committee on the Restaurant

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

Standing Orders

The Honourable Senators Beaubien (St. Jean Baptiste), Bishop, Bouchard, Buchanan, Duff, DuTremblay, Hayden, Horner, Howden, Hurtubise, Jones, Macdonald (Cardigan), McLean, St. Père and White. (15)

Banking and Commerce

The Honourable Senators Aseltine, Aylesworth, Sir Allen, Ballantyne, Beaubien (Montarville), Beauregard, Buchanan, Burchill, Campbell, Copp, Crerar, Daigle, David, Dessureault, Donnelly, Duff, DuTremblay, Euler, Fallis, Farris, Foster, Gershaw, Gouin, Haig, Hardy, Hayden, Howard, Hugessen, Jones, Kinley, Lambert, Leger, Macdonald (Cardigan), Marcotte, McGuire, McRae, Michener, Molloy, Moraud, Murdock, Nicol, Paterson, Quinn, Raymond, Riley, Robertson, Sinclair, White and Wilson. (48)

Transport and Communications

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

Miscellaneous Private Bills

The Honourable Senators Aylesworth, Sir Allen, Beaubien (St. Jean Baptiste), Beauregard, David, Duff, Duffus, Dupuis, Euler, Fafard, Fallis, Farris, Ferland, Harmer, Hayden, Horner, Howard, Howden, Hugessen, Hushion, Lambert, Leger, MacLennan, McDonald (Kings, N.S.), McDonald (Shediac), McGeer, McIntyre, McRae, Mullins, Nicol, Paquet, Quinn, Robinson, Roebuck and Taylor. (34)

Internal Economy and Contingent Accounts

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

External Relations

The Honourable Senators Aylesworth, Sir Allen, Beaubien (Montarville), Beaubien (St. Jean Baptiste), Bench, Buchanan, Calder, Chapais, Sir Thomas, Copp, Crerar, Davis, Dennis, Donnelly, Fafard, Farris, Gouin, Haig, Hardy, Hayden, Howard, Hugessen, Johnston, Lambert, Leger, Marcotte, McGuire, McIntyre, McLean, McRae, Nicol, Robertson, Taylor, Vaillancourt, Veniot, Vien and White. (35)

Finance

The Honourable Senators Aseltine, Ballantyne, Beaubien (Montarville), Beauregard, Bench, Bouchard, Buchanan, Burchill, Calder, Campbell, Copp, Crerar, Davies, Duff, DuTremblay, Fafard, Farris, Ferland, Foster, Haig, Hayden, Howard, Howden, Hugessen, Hurtubise, Hushion, Johnston, Lacasse, Lambert, Leger, Lesage, McDonald (Kings, N.S.), McGeer, McIntyre, McLean, McRae, Michener, Moraud, Paterson, Pirie, Robertson, Robicheau, Roebuck, Sinclair, Taylor, Vaillancourt, Veniot and White. (48)

Tourist Traffic

The Honourable Senators Bishop, Bouchard, Buchanan, Crerar, Daigle, Davies, Dennis, Donnelly, Duffus, Dupuis, DuTremblay, Foster, Gershaw, Green, Horner, McDonald (Kings, N.S.), McGeer, McLean, Murdock, Paquet, Pirie, Robinson, Roebuck and St-Père. (24)

Debates and Reporting

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

Divorce

The Honourable Senators Aseltine, Copp, Euler, Gershaw, Haig, Howard, Howden, Hugessen, McDonald (Kings, N.S.), Sinclair, Stevenson and Taylor. (12)

Natural Resources

The Honourable Senators Beaubien (St. Jean Baptiste), Burchill, Davies, Dessureault, Donnelly, Duffus, Dupuis, Ferland, Horner, Hurtubise, Johnston, Jones, Kinley, Lesage, McDonald (Kings, N.S.), McGeer, McIntyre, McLean, Michener, Nicol, Paterson, Pirie, Raymond, Riley, Robicheau, Sinclair, Stevenson, Sutherland, Taylor, Vaillancourt, Vien and White. (32)

Immigration and Labour

The Honourable Senators Aseltine, Blais, Bouchard, Bourque, Buchanan, Burchill, Calder, Campbell, Crerar, Daigle, David, Donnelly, Dupuis, Euler, Ferland, Haig, Hardy, Horner, Hushion, Lesage, Macdonald (Cardigan), McDonald (Shediac), McGeer, Molloy, Murdock, Pirie, Robertson, Robinson, Roebuck, Taylor, Vaillancourt, Veniot, Vien and Wilson. (34)

Canadian Trade Relations

The Honourable Senators Ballantyne, Beaubien (Montarville), Bishop, Blais, Buchanan, Burchill, Calder, Campbell, Daigle, Davies, Dennis, Dessureault, Duffus, Euler, Gouin, Haig, Howard, Hushion, Jones, Kinley, Macdonald (Cardigan), MacLennan, McRae, Moraud, Nicol, Paterson, Pirie, Riley, Robertson, Robicheau, Vaillancourt and White. (32)

Public Health and Welfare

The Honourable Senators Blais, Bouchard, Bourque, Burchill, David, Donnelly, Dupuis, Fallis, Farris, Ferland, Gershaw, Haig, Howden, Hurtubise, Johnston, Jones, Lacasse, Leger, Lesage, McGuire, McIntyre, Molloy, Paquet, Robertson, Robinson, Roebuck, Veniot, Vien and Wilson. (29)

Civil Service Administration

The Honourable Senators Bishop, Bouchard, Calder, Copp, Davies, Dupuis, Fafard, Gouin, Hurtubise, Kinley, Marcotte, McGeer, McRae, Pirie, Quinn, Robinson, Roebuck, Taylor and Wilson. (19)

Public Buildings and Grounds

The Honourable Senators Dessureault, Fallis, Haig, Harmer, Lambert, Lesage, McGuire, Molloy, Paterson, Quinn, Robertson, Sinclair and Wilson. (13)

All which is respectfully submitted.

Hon. THOMAS VIEN: Honourable senators, last session, I recall, there was some question respecting a report similar to the one before us. It appeared that some of the senators selected to serve on certain committees would have preferred to be on some other committees. If there is any urgent reason why the report of the committee should be considered now, I would not care to stand in the way; but if there is not, I should like to see it put over until tomorrow.

Hon. Mr. COPP: I would not say there is any great urgency, but I think I should point out that we took great pains to leave one or two vacancies on each committee so that changes could be made if any honourable senators so desired. It had been hoped that the various committees might meet tomorrow morning for the purpose of organizing, but if there is any serious objection to dealing with the report now, I would not press the point.

Hon. Mr. HAIG: Honourable senators, may I add a word to what has been said? On the regular committees we left two vacancies; on new committees which have a large amount of work outlined we left five or six vacancies. In this way I think we covered the point raised by my honourable friend opposite (Hon. Mr. Vien).

Hon. Mr. VIEN: With opportunity to make changes as occasion arises, I would agree to the motion for concurrence.

Hon. Mr. ROBERTSON: Honourable senators, may I say, with the permission of my friend on my right (Hon. Mr. Copp), that I had originally thought it desirable that the committees should be formed as quickly as possible; but under the circumstances, and with the consent of the Chairman of the Committee of Selection, I am quite willing to have the matter stand for another day.

As the honourable leader opposite has said, and as honourable senators will remember, because too few of our junior members were on committees, we last year very materially increased the membership of certain of the newer committees.

The respective leaders and their whips, guided by their own judgment and by individual requests, went over the situation very carefully. It was apparent that on some of the committees certain sections of Canada had not been adequately represented. The situation was further complicated by the existence of five vacancies in the Senate, which in due course will be filled, and the fact that it is always awkward to make changes once committees are set up. So for two reasons we left vacancies: first, to satisfy as far as reasonably possible the desires of individual senators, and second, to make provision against the time when our ranks will be augmented.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROBERTSON: Honourable senators, may I say a word about the question of adjournment. You will recall that last session, the Senate, after having sat a week, adjourned for two weeks, largely because there was no pressing business to be dealt with.

For two or three reasons I now believe that such an adjournment is entirely undesirable. In the first place, acting on representations, and I believe the almost universal feeling of this house, I urged the government to introduce as much legislation as possible in this branch of parliament. Already I have introduced two government bills, two more are ready to be introduced, and at least six more will be presented within the next two or three days. Some of them are of minor importance, but one is a very substantial measure on which a great deal of time will have to be spent. Having these matters in mind, and in view of the fact that the Special Committee on the Income War Tax Act and the Excess Profits Tax Act will want to get on with its work, I am going to suggest that the Senate continue to sit until at least the 11th or 12th of April. I think it is the wish of every honourable member that when we have business to do we should apply ourselves to it with the utmost dispatch.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: I imagine that in addition to our standing committees and the special committee just mentioned there will be a special committee on the national flag, and possibly one or two other special committees. The prospect is that we shall have a lot of business before us in the next two or three weeks.

It is hoped that before the date mentioned, the 11th or 12th of April, the new Governor General will have arrived. Honourable senators will of course desire to be present at the swearing-in ceremony, which will take place in this chamber. We shall then be very close to Easter week. At the moment I am not able to project myself so far ahead and say what our plans will be then, but I hope that before that time it will be possible for me to intimate to honourable senators privately—especially to those whose homes are far distant from Ottawa—how long our Easter recess is likely to be.

In view of what I have said, honourable senators will appreciate that there is no urgent

need to have the committees appointed this afternoon. With the consent of the honourable gentleman to my right (Hon. Mr. Copp) I am quite willing that this matter should stand over until tomorrow.

I may add that it is my intention to move, before we adjourn tomorrow afternoon, that we re-assemble on Tuesday evening next at 8 o'clock.

The motion of Hon. Mr. Copp stands.

INCOME AND EXCESS PROFITS TAXATION

REPORT OF COMMITTEE

Hon. W. D. EULER presented and moved concurrence in the first report of the Special Committee appointed to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940, as follows:

Your committee recommend:—

1. That the quorum of the Committee be reduced to nine members.

2. That the Committee be empowered to sit during sittings and adjournments of the Senate.

3. That authority be granted to print, from day to day, 1,000 copies in English and 200 copies in French of the proceedings of the Committee, and that Rule 100 be suspended in relation thereto.

4. That the Committee be authorized to employ such technical and clerical assistance as may be required from time to time.

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

Hon. Mr. EULER: Now, if there is no objection.

The motion was agreed to.

CRIMAL CODE (RACE MEETINGS) BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill D, an Act to amend the Criminal Code (race meetings).

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Next sitting.

EXPLOSIVES BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill E, an Act respecting the manufacture, testing, sale, storage and importation of explosives.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Next sitting.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

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

Hon. JOHN T. HAIG: Honourable members, I have read the Speech from the Throne and noted a few of the subjects it deals with, such as food, employment, markets, loans, conversion, controls, housing, veterans' rehabilitation, and so on, and I propose to deal with these without attempting to discuss the speech seriatim.

This is really the first peacetime session. True, last fall when parliament opened all our enemies had surrendered, but the war spirit was still prevalent in our country. Now that the war is over we realize that as an aftermath we have all the problems that go with a peaceful world, some of them more difficult to handle than those incident to a warring world, because in wartime we know who our enemies are but in peacetime we do not.

Hon. Mr. LACASSE: We are trying to find out.

Hon. Mr. HAIG: Yes, we are trying to find out. To quote words used in another place, the peace is going to be harder to win than the war. This is partly our own fault. It is not easy to carry over into peacetime the enthusiasm with which we waged war. When our boys and girls were at the front we believed that nothing was too good for them. With the return of peace we realize that the carrying out of our post-war plans depends on the amount of money that can be raised either by taxation or by loans. So I repeat, the winning of the peace is going to be harder than the winning of the war.

I intend to discuss national affairs as though I were addressing a board of directors; in short, I shall try to be businesslike. The first thing that comes to my attention is the Dominion-Provincial Conference. There have been several meetings, and the next is to take place in a few weeks. We of the smaller and not-so-wealthy provinces are most anxious that some agreement be worked out that will make for a fairer distribution of the good things of life of this Dominion. I quite realize that the two central provinces have their own peculiar problems. I can understand that the premiers of those provinces, and in fact their people, are afraid to surrender too many of their rights to the dominion. Canada

is a federation of provinces. In the strict legal sense it may not be, but in reality it is. At Confederation the then provinces of Canada, Upper and Lower Canada—now Ontario and Quebec—and the two maritime provinces, New Brunswick and Nova Scotia, came together to form a union. We must always keep that in mind. I am persuaded that the people of Ontario and Quebec are reasonable, and that as Canadians they want their brother Canadians in the other provinces to have at least a fair chance to share in Canada's economic life. In one respect Ontario and Quebec are in the same position: each of them produces a greater proportion of our national wealth than does any other province. Yet it is difficult to say exactly how much of that wealth is produced in Quebec or in Ontario and how much is produced in Manitoba, in New Brunswick, in Nova Scotia, or in any one of the smaller provinces. I would urge Ontario and Quebec—and British Columbia is in very much the same position as those provinces—to remember that they are part of Canada, and should not regard the three maritime provinces and the three western provinces as poor relations, but rather as part of the Dominion. We love our Canada, we appreciate and admire the greatness of Ontario and Quebec, but we say that their greatness carries with it a responsibility to the other provinces.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: The next question I want to deal with is a labour code applicable to all Canada. I know I am now on dangerous ground, because the provinces hate to give up their constitutional rights. In what I am about to say I would ask honourable senators to bear in mind that I am declaring my individual views. In my opinion labour is entitled to a code which will apply all over Canada. The only body that can enact such a code is the Parliament of Canada. I believe it will be in the best interests of the provinces to surrender to the dominion their control over labour legislation, so that there shall be a dominion-wide labour code. I say this not as a supporter of labour or of capital, of employee or employer, but because I think it would be in the interests of all that such a situation should prevail. During the war there was more or less federal control of labour matters. Maybe such control was not exercised as wisely as it might have been, but on the whole it worked satisfactorily. I am making this suggestion to the provinces because, as I have said before, we in this house represent the provinces. We represent not local but provincial interests. Representation in the Senate is based on four districts—the Maritime Provinces, Quebec, Ontario, and the western provinces. As representatives from those districts we must always be careful to protect provincial rights. Yet with that responsibility on my shoulders I feel that a labour code, a rule of law applying to all of Canada, would be in the best interests not only of labour but of capital and industry throughout the whole dominion.

The next point with which I wish to deal, and I spoke of this last session, is the single transferable vote. It is my desire that this house appoint a special committee for the purpose of studying this question. I do not intend to move such a resolution myself, but I want some brave soul to come forward and do so.

Hon. Mr. HOWARD: He would have to be brave.

Hon. Mr. HAIG: We have had the single transferable vote in Manitoba for twenty-five years, and not a single murmur is to be heard in opposition to it. We have it not only in our provincial elections, but in our municipal elections as well.

I am persuaded that the Senate rather than the House of Commons should study this problem. True, it may be said that the single transferable vote is the means by which members of the House of Commons are elected. But the members of that house are prejudiced against such a move. They say that with three candidates running, all a man has to do to be elected is to get forty per cent of the vote. That is true, but next time somebody else may get forty per cent of the vote. As I pointed out last year, 117 members sitting in the House of Commons were elected by a minority vote. The most outstanding example of this is the Prime Minister of this country. There is no doubt that he would have been the member for Prince Albert had the single transferable vote been operative. I am sure that anyone from Manitoba, Saskatchewan or Alberta will confirm that statement. I am strongly of opinion that a committee of this house should be appointed to study the question. As I say, if members of the House of Commons consider it, they immediately start to worry about their own seats and what may happen if the system goes into effect.

The leader of the opposition in another place said the other day that around early May of last year the Minister of Reconstruction announced that reconversion was fifty per cent accomplished, and that in February

of this year he declared it was fifty per cent completed. This would indicate that at least we are not losing ground.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: It is my opinion the minister's statement was pretty accurate. Personally, I am disappointed with the lack of success in the matter of reconversion in this country. I am not sure that the minister is responsible. To speak quite candidly, I should like to be able to say that he is responsible, but I am doubtful that this is so. I do not believe that we will have reconversion in this country as long as we have controls and taxes. I think as long as the laws relating to these two things remain on our statute books we will have difficulty with reconversion.

Today we are facing a very grave problem of unemployment. The most recent report indicates that there are 250,000 unemployed people in Canada, of whom 145,000 have made application for unemployment insurance relief. In addition, some 37,000 veterans are receiving unemployed veterans' relief, and this number does not include all the veterans in Canadian universities. These figures show that today there are half as many people unemployed as there were between 1930 and 1935. This is a very serious state of affairs.

In my own province of Manitoba we have a great number of veterans taking university courses. They are said to be good students—better than average. I noticed in the press recently that President Smith of the University of Toronto—and I must say that we trained him well in our province—

Hon. Mr. ROBERTSON: After we got through with him in ours.

Hon. Mr. HAIG: He said that the veteran students studied too hard and missed some of the other features that go with university training. It is understandable that in studying hard after being overseas for two or three years they should fall into this difficulty. The fact remains that in two, three or four years these young men will be thrown on the labour market, and will further complicate the veteran employment problem. Many wartime industrial workers as well as veterans, find themselves unemployed. I understand that in British Columbia some new contracts have been made which resulted in the re-employment of some people.

It is understandable that the veteran who has been away for two, three or four years does not always wish to come back and settle down at the same old job he had before he went away. While in some cases there may have been compulsion, the majority of these young men were impelled to enlist by something quite different, and went overseas of their own free will. They feel, after the struggles they have been through, now that they have had time to think about them, that they should be able to hold down jobs at a little better pay than they received before the war. We may criticize a man when he does not want to go to the bush or take a rough job in the city, but we must recognize the problem and try to improve the situation.

Honourable members, when I refer to the spy problem I realize that I am on dangerous ground. Yet I want to be honest with myself, if not with you, and say that I think the government has done a pretty good job. A member from one of our western cities has recently criticized the government for holding people for three or four weeks without the laying of a charge, and denying them the advice of a solicitor. While as a lawyer I must say that I do not like this practice, and while I presume that habeas corpus proceedings could have been invoked only with difficulty under the circumstances, to me spying on Canada is unforgivable.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: It is an absolutely unforgivable sin. It is beyond my under standing why anybody should want to spy on Canada. I am not blaming Russia; it is her philosophy; and if she wants to pay men to do such work that is none of my business. I do not think much of a country that will do it. Why people would give away secrets of the country for which our boys and girls have died is beyond my comprehension. For that reason I am not going to criticize the government for what it has done. As I said before I do not like the idea of people being held without the benefit of a legal adviser. But I happen to know the leading counsel for the government, one of the ablest men in Canada, and I am confident that he would not for one moment strike at the freedom of the citizen. He would rather resign than do such a thing. As long as he is chief counsel for the government I cannot imagine that we would do such things unless they were absolutely necessary.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: Now I come to the loan of one and a quarter billion dollars to Great Britain. It is evident that, for one reason or another, Canadians as a whole are in favour of this loan. In addition to the loan itself, we are writing off $425,000,000 owed to us by the United Kingdom and extending an interest-free loan of $500,000,000 for a period of

five or six years. That amounts to a large sum of money, but we Canadians recognize that if we want to sell goods on world markets we have got to help Great Britain to get back on her feet. I am not defending the loan on the ground that Britain is part of the empire of which we also are a part. I do not believe the loan is being made for any such reason as that. On the contrary, I think we are making the loan for selfish reasons; or to put it another way, we are making it for absolutely good business reasons.

It is for those reasons that I am supporting the loan. I may be very kindly disposed towards the United Kingdom. I may remember that in 1940 Britain alone stood between us and damnation. I may remember that she alone bore the brunt of the German air attack. I understand that only three of the airmen who fought in the Battle of Britain at that time are now living. I may remember all these things and be moved by them, but I repeat that I am supporting the loan because I think it is good business for Canada to help its best customer to get back on her feet. The larger the quantity of goods that Britain is able to buy in Canada, the more will our employment be stimulated. In the United States considerable debate is taking place over a proposal to lend Great Britain four billion dollars. It may not be in the best taste for me to mention this, but with all respect to our great neighbour I want to point out that if the American loan bore the same relation to population that our loan does, it would be fifteen billion dollars. And it would be just as good business for the United States to make a loan to Britain as it is for us to do so.

The next matter I want to deal with is food, to which the Speech from the Throne makes a lengthy reference. Undoubtedly there is a grave shortage of food in many European countries; and the food for which there is the greatest demand of all is wheat. An honourable member of another place said that an acre of wheat, producing fifteen bushels, will furnish a million calories of nutrition in food for human beings, but if that quantity of wheat is fed to hogs the resulting bacon and other hard hog products will have a value of only 250,000 calories. The honourable gentleman who gave those figures knows what he is talking about, for he is the author of a work which is used in universities as a textbook on the subject.

The three prairie provinces are of course our largest producers of wheat, and if I may presume to speak briefly about agriculture, I will give a little background of facts. Last year the area in wheat was about 23 million acres, and we had some 19 million acres in summerfallow. This was in addition to the acreage in oats, barley, flax, rye, corn, sugar beets and other crops. Prior to the war the acreage in fallow was about 15 or 16 million, and the honourable member of the other house suggested that it would be wise to reduce it to that again until the food crisis in Europe is over. By so doing we would put about four million additional acres into the production of wheat. It seems to me that the world will need the largest quantity of wheat that we can produce for the next two, three, or possibly four years. Certainly Europe will not be able to get back to its maximum production of food this year, because at least a year or two will have to be spent on fertilizing and cultivating before the land is restored to proper condition. So I think that the government, instead of doing as the Prime Minister indicated in his radio address last Sunday evening, would be well advised to encourage western farmers to increase their wheat acreage this year to the extent I have suggested. Then they would in all probability produce a far larger quantity of wheat for shipment abroad.

I know some people will say that we should not charge $1.55 for our wheat. But in comparison with the price obtained for other grains having less food value, wheat is worth much more than this.

Hon. Mr. ASELTINE: What about rye?

Hon. Mr. HAIG: Rye is about $2.10, and is not to be compared with wheat from the standpoint of food value. The price depends not upon what the farmer wants to get for it, but upon the world market.

I want to quote from a speech that was delivered in this chamber by an honourable member whose name I will mention when I finish reading. I will state right now that the speech was not made as recently as this week or last week. Here is what he said:

> I am not one of those who think we should worry about a wheat surplus. We have, I understand, a surplus of 400,000,000 bushels. The surplus in the four principal wheat-producing countries—the United States, Canada, Australia and the Argentine—is estimated at, I think, 1,300,000,000 bushels. This looks like a very large quantity; but this war is not going to last forever, and when peace comes there is going to be, I think, a scarcity of wheat. The scorched-earth policy which has been followed in Europe will prevent the growing of wheat there for some time to come, particularly in the Ukraine, and I think we might very well go on accumulating a surplus. All of it will be needed, for when peace comes there will be a state of semi-starvation in Europe. It may be said that the countries of Europe will not be able to buy our wheat. Even if they are not, it would be an act of Christian charity to give it to them, and I think it would be proper to do so. This world will never come back to normal conditions

until the countries that have been overrun have had an opportunity to recover, and we might help them in that way.

That speech was delivered in this chamber on the 27th of March, 1942, nearly four years ago, by the honourable member from South Bruce (Hon. Mr. Donnelly). How prophetic were those words!

I am in entire accord with those who urge that there should be greater production of food, but, as I said before, the greatest production can take place in wheat. Probably other honourable members are more qualified to speak on this question than I am, although I have been familiar with the growing of wheat almost since I was a baby. I recall the time when the highest compliment you could pay a man was to say of him, "He is as good as the wheat."

The next problem I wish to deal with is housing. I think I can hear someone across the way muttering, "That man is always talking about housing". Let me say at once that housing is a desperate problem in our country. I believe the government's housing policy has been wrong from the start. You can never have a piecemeal policy in regard to housing and hope to get by with it. There is an innate desire in every man and woman to own a home. So strong is that desire that in the war-ravaged areas of Europe people will go back to the cellars of their wrecked homes rather than move into other accommodation offered to them. When the Rentals Board issued its first order freezing rents as of October, 1941, they in effect shut down on all building. I may be told that house building ceased because lumber and other materials were needed for war purposes. All right, if that was so, there would of course be no further building. But that order discouraged house building just as effectively as if building supplies had been shut off dead. Let me ask honourable members, would any contractor want to build a house for sale or rent as long as that order lasted? Certainly not, because he would not know how far the order was likely to go. Without conceit, may I be permitted to relate this personal incident? The order, I believe, came into effect on October 11. Property owners in my city were scared stiff. To those who consulted me I said, "I will give you the price you wanted for your house on October 10 plus $500. But don't sell. If you hold on you will get $1,000 more." As a matter of fact each of them got $1,500 more for his house, because when the order went into effect no new houses or apartments were built, and there was a scramble to buy houses. What was the next move of the Rentals Board? It issued an order declaring that a landlord could not give his tenant notice to quit at any time between October and April. Immediately there was a still greater demand for houses. I know what I am talking about. A company of which I am a director had $584,000 worth of houses in Winnipeg, and was in a bad way. Most of the directors lived in Ontario and were panic stricken. They had no need to be, for on every one of its houses the company realized $1,000 more than the price current on the 1st of October. Similar conditions prevailed all over Canada, and today we hear complaints that there has been profiteering, and that houses are bringing $2,000 or $3,000 more than they are worth if the owners can guarantee immediate possession. This state of affairs was inevitable. First, the Rentals Board froze rents; that stopped building. Second, it declared that a tenant could not be displaced between October and April, and during the other months only on six months notice; again this jumped the price payable to any owner who could deliver possession. Finally the Rentals Board deprived the owner of any control over his property; he could not put his tenant out at all. As a result we have this condition in Winnipeg—and I presume it is similar in Montreal, Toronto and other of our cities—that people are living in houses rented for less than they are worth and the owners cannot get the tenants out even if they require possession for themselves. The only exception is in favour of a veteran: he can regain possession of his home.

Then we find the government trying to build houses. I spoke of this last session. I notice in the press that no more houses are to be proceeded with until those now under construction by private builders are completed. Last fall the government froze building materials in order to further its own building programme. As I have said on former occasions, many of the government-built houses in the city of Winnipeg are without basement and other conveniences, and so lightly constructed that in another five years they will become dilapidated and fit only for slum areas. The city authorities agree to a very low rate of taxation, the cost of the houses is three or four times what was estimated, and the city, the federal government and the people generally are losing money on the venture. The housing situation is in a bad state, and the difficulty is how to rectify it. In my opinion the first step would be to pass an order in council effective, say, on the 2nd of April, declaring that a person who owned a house before that

date and desired to occupy it should be at liberty to resume possession from his tenant within three months thereafter.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: That order might run for six months, and then it should be replaced by another order empowering the purchaser or owner of a house to obtain possession at any time from the 1st of April to the 1st of October. The only people who would be opposed to such owner-relief are those now occupying houses at greatly reduced rentals. Why would they not be? It is very pleasant to live in a house worth $6,000 at a rent appropriate to a $3,000 house. The house owners hardest hit are those who five years prior to 1941 rented their houses for only $25 a month when they should have brought $40 or more. I may be told that there are no such cases. I say there are lots of them. I repeat, we shall not be able to relieve the present housing pressure unless we take off the present rent controls. I can understand why an official of the Rentals Board will argue that rent controls should not be discontinued. Some people may say it is because he wants to hold his job. I do not think that is the reason. Rather, I believe he is impressed by the urgent cases that come before him of tenants who want to hold on. But we lawyers are impressed by the people who want to get back into their own houses. Undoubtedly this is a difficult problem. I believe it is acute also in the United States. I understand that in another place the leader of the government said that Canada was better off than any other country in regard to housing. That is no answer to the man who wants to occupy his own house, especially if he is a returned soldier and his wife and children are living with his or her people. He comes back and wants to set up his own establishment, but unless he owned the house and lived in it before the war, he is out of luck.

Now a word about income taxation. I know it is very easy to say that exemptions should be increased and taxes reduced, but immediately you are confronted with the question: How is the government to get the money to carry on the business of the country? I think we have reached another stage in this discussion, and I say so not as an expert but as one who considers the subject as he meets it in his everyday business. Our income tax generally is such a burdensome levy on enterprise and industry that our people cannot accumulate enough money to extend present industries or finance new undertakings. I do not think there is any doubt about that.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: Why should anybody invest his money in an enterprise with the expectation of making 7 or 8 per cent when he is told that the government will take 6 per cent, and, if he loses, will not assume any of his loss? He puts his money in government bonds. It is done not only here but in the United States, to the prejudice of industrial and commercial undertakings. The income tax also discourages our farmers—at least those of the western provinces, of whom I can speak with authority. They have gone out of hog and milk and butter production because 37 per cent of their returns went to the government. When they confined their operations to raising grain they found that after paying expenses their net return just about equalled their exemption. Therefore they said, "We won't produce milk and butter, or raise hogs, and pay that rate of income tax." Make no mistake, if you want the farmer to produce more butter and hogs you have got to do two things: first, you must increase the basic price to him, and, second, you must give him a higher exemption from income tax. Otherwise he will not produce, and I do not blame him. Any senator who was brought up on a farm knows that milking cows and feeding pigs is a much harder job than sitting on a binder cutting grain and then drawing it to the elevator. The one is a nice clean job, but the other is hard work 365 days of the year, and those who do it ought to get income tax relief. True, the farmer's income tax now is based on a five-year average income, but that does not relieve the situation. When the farmer makes up his tax return he knows that if he shows receipts of $500 from the sale of hogs, the government will take 37 per cent, leaving him only $315 for all his trouble. So he says, "Nothing doing, I am quitting that job."

Hon. Mr. MOLLOY: What percentage of farmers pay any income tax?

Hon. Mr. HAIG: A lot of them in Manitoba.

Hon. Mr. MOLLOY: They do not.

Hon. Mr. HAIG: A lot of them in Manitoba, Saskatchewan and Alberta pay income tax. I may tell my honourable friend that in Manitoba more farmers pay income tax than any other class of people, and it is the same in Saskatchewan and Alberta. That may not be true of Ontario or Quebec, because there the farms are smaller; but, as my honourable friend well knows, in the prairie provinces the land has to be farmed on a much larger scale than in the East, in fact it cannot be farmed economically on any other basis.

I think I have covered the question of taxation, but I might add that the same argument

applies to the excess profits tax. The C.C.F. followers are saying this is a test of free enterprise. Honourable senators, there is no such thing as free enterprise today. When the tax is paid it is government enterprise.

I may be asked why a man who makes $10,000 a year should not pay income tax. No doubt he should. During the years from 1930 to 1938 a large retail store in the city of Winnipeg made a profit every year. It was the only branch of the company in Canada which did so. The reason for its successful operations was that it had the best manager in Canada. He was probably drawing a salary of $75,000 a year, and after taxation would have about $20,000 left. Why should he continue to work? Why should he not take life easy? Naturally, that is exactly what he did do. I suggest that the problem of income tax should be decided with a view to putting people back into employment, and enabling private enterprise to succeed, not on the basis of whether we can get enough money to balance the budget or not.

On the train coming down from Regina the other day there was a gentleman wearing a shirt of a brownish-beige tone; another gentleman sitting in the pullman had on the same kind of shirt. The first gentleman said to the other: "Stranger, where did you get my shirt?" The reply was: "I bought it in Minneapolis." "Why," said the first fellow, "I bought mine in the city of Winnipeg." These two gentlemen got to comparing notes, and it was disclosed that the shirt bought in Minneapolis had cost $7.50, and the one bought in Winnipeg only $3.75. We may say that is very well for Canada from the price standpoint, but the fact is that the company making those shirts could not make and sell them in Canada for $3.75 unless it was allowed to sell them in the United States for $7.50. The company which made those shirts operates in the city of Montreal. We may have to let up on taxation in order to remedy such a condition, and in order to permit free enterprise and industry to get going.

Hon. Mr. EULER: And increase the national debt?

Hon. Mr. HAIG: We may have to increase the debt.

Hon. Mr. EULER: I am not objecting to it, but that will be the natural result.

Hon. Mr. HAIG: We are going through a time when ordinary methods do not apply. We are dealing with a world in chaos. When the boys who were overseas tell us about a group of nine hundred planes flying over a city, each dropping six and a half tons of bombs, we cannot imagine much of that city being left. That happened night after night, day after day, until everything was destroyed. To get things going again a wealthy country like ours, which suffered none of the ravages of war, must bear its share of the burden, and probably increase its debt. Why are we lending Britain $1,250,000,000 except to get that country going? Why is the United States lending her so much money? Why are we lending $710,000,000 to the other countries of the world when they may even be coming back for more? It is to get these countries started in business again. My argument is that we may have to lend money to ourselves in order to get things going.

Honourable senators, I have dealt with all my topics except the question of foreign policy. No governmental body in the world has a better opportunity for taking a really active interest in foreign policy than has this house. This is one field in which we can make a real contribution. We should study foreign affairs and give them our best consideration from time to time. The city of Winnipeg stands on the highway between two of the greatest nations of the world today —the United States and Russia; and if a struggle should ever arise between them, I hope I may be able to move from Winnipeg to Montreal or some other place where there will be less excitement. Our salvation, in my judgment, lies first in the British Commonwealth of Nations. I think the best hope for Canada is to stick with the British Empire. Our next strongest hope is a whole-hearted and friendly relationship with our neighbours to the south. Our third hope is in the United Nations Organization, which I believe will be a great instrument for peace.

As a Canadian, and as leader of my party in this house, I can say that first of all we should take our stand as a loyal supporter and component part of the British Empire; next we should join hands in good will with the people of the United States; thirdly we should support the United Nations Organization to the limit of our ability, in the hope that it will be an instrument for peace in the years to come.

Some Hon. SENATORS: Hear, hear.

Hon. WISHART McL. ROBERTSON: Honourable senators, with the indulgence of the house, I should like in my official capacity as government leader to follow the precedent established last year, and to confine myself to a very few observations, reserving until later the right to answer some specific criticisms which my honourable friend and others may make from time to time. With the wealth of talent about me my primary function

is to refrain from speaking as much as possible, thus permitting you to enjoy such excellent speeches as we have had the pleasure of listening to, including those of the mover and the seconder of the Address in reply to the Speech from the Throne.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: I wish to compliment the mover of the Address on the excellence of the material which he placed before us, and the splendid diction with which he presented it. May I extend the same compliment to the seconder. While it has not been my good fortune to have listened before to a speech by the mover, the seconder is an old and personal friend, and the excellence of his address did not come to me as a surprise. I have seen him in action on many occasions, and I know that his talent is by no means exhausted. During this debate I trust that more of the junior members will avail themselves of the opportunity to discuss public affairs, for I am confident that their experience has qualified them to do so in an entertaining and instructive manner.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. ROBERTSON: May I join with the leader opposite in welcoming to Canada the new Governor General, who soon will be sworn into office in this chamber. He already has a connection with this country. As the honourable leader opposite has stated, many Canadians had the proud privilege of serving under his distinguished command. I also should like to express my pleasure at the possibility that the Royal Princesses will visit Canada, an event to which reference was made in the Address passed by this house.

Honourable senators, I do not wish to say much on the Speech from the Throne because there is another speaker to follow, and I desire to give him ample time. I do wish, however, to refer to the espionage inquiry which has had such a profound effect upon Canada. The serious concern expressed by the people of Canada regarding the strict measures taken in connection with this inquiry was very heartening. Although the public as a whole did not in the early stages have the knowledge which they now possess, there was notable opposition to the taking of any steps which would interfere with the liberty of the individual. That is a healthy condition. One thing that we have fought for is the liberty of the individual, and if the time should ever come when the people are not exercised about such a matter, it will be a sad day for Canada.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROBERTSON: I do not believe that by reason of what has taken place any sacred right has been jeopardized. I do not believe that this government, or indeed any future government, dare trifle with any such right unless it is prepared to assume the responsibility of proving in the court of public opinion that its action was entirely justified. Any government which could not justify its action, both in parliament and out, would be ruthlessly dealt with by public opinion. On the other hand, honourable senators, if the government, faced with the great responsibility of getting to the bottom of such an affair, undertook to smooth it over, or took any but the most drastic action, public opinion would deal with it just as ruthlessly. We are going through what I believe to be a great experience. I personally welcome the public agitation and concern. I am hoping that when all the facts are known there will be complete justification for the measures taken, extreme as they may have been.

May I say a word regarding international complications. Whatever interpretation may be placed on such matters as I have referred to, I think that there is no disposition in this country to be otherwise than friendly with every other country in the world.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: Whatever may flow from this, we have no designs of any kind against any other nation, for the people of Canada desire nothing more than to live and let live. If there is any country on the face of the globe that wishes to live on friendly terms with every other country, no matter how widely it may differ in race, religion or colour, it is this Canada of ours. However necessary it may become to put our own house in order, I am sure that the people of this Dominion are anxious not to impair their good relations with other freedom-loving and peaceful peoples in every part of the world.

I feel that this is one of the most important matters that has ever come before Parliament, and I am glad that public men have exercised such restraint in referring to it. It bodes well for our future that though we are concerned with the implications of this affair we are able to consider it calmly in all its aspects.

Hon. A. K. HUGESSEN: Honourable senators, in accordance with the kindly parliamentary custom, I wish first of all to congratulate the mover and the seconder of the Address. I have been a member of this chamber now for nine years, and I want to say in all frankness that I do not remember any speeches to which I have listened here

with greater pleasure than I did to those delivered yesterday afternoon by the honourable gentleman from Nipissing (Hon. Mr. Hurtubise) and the honourable gentleman from Northumberland (Hon. Mr. Burchill).

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HUGESSEN: This is the first opportunity I have had to meet and address my colleagues in this house since my return at the end of December last from the conference of the Preparatory Commission of the United Nations Organization in London, at which, as honourable senators are aware, I was one of the delegates representing the Parliament of Canada. and, in particular, the Senate. It seems to me that on this occasion it is my duty to offer to honourable members a few observations, firstly, on the work of the Preparatory Commission in London and the general international situation as it was when the conference was held, and secondly, on the international situation as it has since developed. I feel it is all the more necessary to do this because of the sombre and forbidding scene which now faces us when we look at what appear to be the developing relationships of the different countries of the world today.

There is a further reason, if indeed there need be one, for my offering a few remarks on international matters this afternoon, and that is to be found in the Speech from the Throne. In what is perhaps its most pregnant paragraph the Speech says:

> It is only in the light of the world situation that all our problems can be seen in true perspective. The future of our own and of every country depends upon success in the task of world reconstruction, and the establishment of an enduring peace. Many of the measures you will be called upon to consider at the present session will be concerned with this wider aspect of human affairs.

If there be one further reason why I need make no apology for trenching on these matters, it is to be found in the latter part of the eloquent speech to which we have just listened from the honourable leader on the other side (Hon. Mr. Haig), wherein he referred to the duties and opportunities of this house in the field of international affairs.

Now, first, I should like to offer a few observations with regard to the Preparatory Commission itself. As honourable senators are aware, its work was more or less of an organizational nature. The Commission was charged with the duty of preparing a lot of material for the meetings of the General Assembly and the Security Council which were held in London during the next month, January. Perhaps the best way of indicating the work that the Preparatory Commission had to do would be by comparing the United Nations Organization to a commercial company. The Organization had its charter, which was approved at San Francisco, but before operations could be commenced it was necessary for the incorporators to meet, enact bylaws and generally to settle upon the way in which business should be carried on. To put it another way, the conference of the Preparatory Commission was the organization meeting of the United Nations.

Here I should like to make some reference to the Canadian delegation to the Commission. As honourable members know, it consisted of representatives of our three major parties, and a non-political chairman, in the person of our able Ambassador to Russia, Mr. Wilgress. But in spite of the fact that the delegation comprised Liberals, Conservatives and a member of the C.C.F., we were never divided by any political differences. All our discussions ended in unanimous decisions as to the attitude that should be taken by us as a group at meetings of the Commission or as individual members of any committee. In that way, I submit, we did in fact represent the people of Canada as a whole, for I think it will be admitted that whatever differences of opinion Canadians may have as to internal matters, on questions of international policy they are in substantial agreement. Perhaps in this respect I should make one exception. There is a negligible minority of "pinks" and fellow travellers, whose ideas on international affairs are subject to the strangest variations from time to time. You never can tell at any given moment what the position of these gentlemen will be: all you can say is that it will not be governed in the first instance by the interests of Canada, since these gentlemen look elsewhere for their inspiration and spiritual refreshment.

I should like to refer also to the technical advisers who accompanied our delegation to London. In the main they were permanent officers of the Department of External Affairs. I do not think it will do any harm if I say here, as I have already had occasion to say elsewhere, that I greatly admire the calibre of the members of the Department of External Affairs who served as our technical advisers at the conference. In this particular period, when international affairs are becoming so very important to Canada, I think we can congratulate ourselves on the fact that the Department of External Affairs is so ably staffed.

Hon. C. P. BEAUBIEN: Hear, hear.

Hon. Mr. HUGESSEN: There is another observation that comes to my mind. At the conference one could not help observing the

high position that Canada has attained among the nations of the world. Fifty-one nations were represented there, and in looking over the list you could see that by any method of calculation Canada stood at least sixth. Canada's high status was fully recognized by the representatives of other countries with whom we were brought into contact. I might perhaps add without boasting that we, the delegates from Canada, tried to live up to the reputation of our country.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. HUGESSEN: We took an active part in all the deliberations, we attended all the committees of which Canada was a member, we submitted many papers and suggestions, and quite a number of those were adopted either in whole or in part in the commission's final report.

In the fourth place, I should like to make an observation of perhaps a more general character about the value of international conferences of this kind. They have a technique of their own which to one familiar with parliamentary procedure is very interesting, and rather different from parliamentary technique. They are rather slow in getting going, and you can appreciate that when you have representatives of many peoples speaking many different languages, and having different ideas, different backgrounds, different interests, it takes time for all of them to reach common ground, to find a place where their minds will meet and where fruitful progress can be made. Another factor of course is the language difficulty. In the Preparatory Commission the official languages were English and French, but, as you can readily realize, there were a very large number of representatives from other countries to whom neither English nor French was a mother tongue and who had a good deal of difficulty at times in adapting themselves to the proceedings carried on in those two languages. That too is one of the limitations which an international conference inevitably runs into. All I can say is that those obstacles were eventually surmounted in the Preparatory Commission.

Again dealing with the general question of the value of international conferences, there are considerations on the other side which tend to help, because after all, honourable senators, any body of fifty men of reasonable intelligence and average good will cannot sit around a table day after day and week after week without reaching some kind of mutual understanding or even evoking a certain degree of what I may call esprit de corps. There is a common interest in the success of what by degrees you have come to regard as a common enterprise. That is one reason—and you could see it working in the Preparatory Commission—why international conferences have a value in themselves, and for that reason I am glad to know that the present era is an era of international conferences. I am disposed to ask myself whether the most substantial value we shall get out of the United Nations Organization is not exactly that—that it does make provision for international conferences of all kinds and on all levels of human interest. There are the periodic conferences of the General Assembly, continuous discussions in the Security Council, meetings of the Social and Economic Council, and of course international meetings of the various specialized bodies, such as the International Bank, the International Civil Aviation Organization, the Food and Agricultural Organization, and so forth. Perhaps one of the principal values of this United Nations Organization will be in developing a technique of international discussion, leading, as one will always hope, to international understanding over far wider fields of human activity than has ever been the case before.

Finally, I should add—again without any particular pride—that the work of the Preparatory Commission was in fact crowned with success, and that after four arduous weeks it terminated its labours just before Christmas and presented a unanimous report of some 150 pages to the General Assembly, which was to meet in London in the following January.

Honourable senators will, I know, be interested in my observations as to the attitude of the Russian delegates to the Preparatory Commission, and there are, I think, a few things which should be said on that point. Generally speaking, it seemed to us that the Russian delegates were just as anxious as anybody else to make a success of the conference. Next, it was perfectly clear that they were very strictly bound by their instructions from Moscow, and that they had very little leeway or latitude as to what they could agree to. On occasion we would notice in a committee meeting that either the meeting would be adjourned or somebody would talk rather unnecessarily and without very much point, solely for the purpose of having the meeting continued until the next day or the day after, in order that the Russian delegates might get further instructions from their headquarters.

The next point that struck us very forcibly was that as to the functions of the United Nations Organization the Russian delegates took a slightly different viewpoint from the viewpoint which is, I think, generally taken by the western democratic nations. The Russians inclined to place the emphasis almost entirely

on power, on the United Nations Organization being an organization dominated by the Great Powers and having the capacity to prevent aggression in the future. One can understand that viewpoint in the light of the history of the last twenty-five years. Twice in that period Russia has been invaded and brutally attacked by German armies from the west. The result of that attitude was that the Russians put emphasis almost entirely upon the Security Council. They rather played down the other organizations, the Economic and Social Council and the General Assembly, and at one time they even went so far as to suggest that the Security Council should be served by an entirely separate and distinct secretariat of its own. It is true to say that generally speaking there were a number of differences of opinion between the representatives of the western democracies and the representatives of the Soviet Union and the states which think as it does. Those differences were solved either by some reasonable compromise or, in one or two cases, by a straight vote in committee. Usually that vote resulted in defeat for the Russian point of view, but they took no umbrage at that and seemed to be perfectly willing to go ahead. On the whole I took away the impression from the commission that the western democracies can work with the Soviet Union, although sometimes it is going to be a difficult and delicate job and we shall need infinite patience and a firm adherence to principles.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. HUGESSEN: That, it is only fair to say, was at the end of December. It is quite useless to deny that in the interval our relations with the Soviet Union have grown steadily worse. I want to be completely moderate and unprovocative in everything I say, but I do not hesitate to make the statement that the main responsibility for this unhappy development lies with the present rulers of Russia who are in charge of her foreign policy.

Let me recall to you the story of the last three months as reflected by the inspired Soviet radio, by the inspired Soviet press and by the equally inspired actions of Mr. Vishinsky at the Security Council in London. What is that record but a succession of bitter attacks against Great Britain and British policy in various parts of the world, a war of nerves against two small countries on the southern borders of Russia—Turkey and Iran—coupled now with apparent refusal to carry out her solemn word to evacuate her troops from the latter country by the first of March? It is significant that in the last two days this war of nerves has been extended to the next little country south of Iran, that is to say Iraq.

Apologists for Soviet policy say that its one great aim is not foreign aggression but security of Russia's borders, so that she can turn her attention to her internal development which is so badly needed. That may be so. I sincerely hope it is so. I am willing to go a very long way with the Soviet Union in its policy of assuring its own security and guaranteeing its own borders. Any honourable senator who remembers my remarks in the course of a speech I made last October will bear me out in that. But if security, and security alone, is the present Soviet policy, one may be permitted to ask: Why these attacks against Great Britain? If security, and security alone, is their policy, I refuse to believe that small countries like Turkey or Iran or Iraq are threatening the mighty Soviet Union. To pretend that they are doing so is to me arrant nonsense. These and other recent actions of the Russian government in various parts of the world have led the rest of the world to ask the question so pertinently put by Senator Vandenberg in the United States Senate a few days ago, "What is Russia up to?" The fear has been openly expressed that these proceedings are the first step in a program of aggression, of trampling on the rights of small nations and of a bid for world domination along the lines made only too familiar to us by Hitler's Reich in the years before the last war.

There may be some element of truth in that, but I am inclined to believe, and in any event I most sincerely hope, that that is by no means the whole explanation. After all, it may be that the present Russian policy is compounded of a number of elements, including one very human desire, having seen your hereditary enemies swept off the face of the earth—to get what you can while the going is good. But I am inclined to believe that a good deal of the recent provocative display may have been due to discontent or war weariness of the Soviet Union's population.

An Hon. SENATOR: That is right.

Hon. Mr. HUGESSEN: Bear this in mind, honourable senators: Russia has suffered far worse injury and devastation from the recent war than any other of the United Nations. Her industries were completely destroyed west of a line running all the way from Leningrad to the Black Sea, and she suffered an immense loss of population, a loss which some persons have estimated as high as 20,000,000 people. If anybody is suffering from war weariness at the present time, surely it is the people of Russia. Their standards of living are not very

high, and they have a long way to go yet before they attain the level attained by the western democracies.

We must bear in mind that Russia has an authoritarian government, and that it has not got the safety valves to which we are accustomed for a situation of this kind. There is no parliamentary opposition, nor is there a free press. An authoritarian government cannot afford to admit that anything is internally wrong. It must affirm, and continue to affirm that all is well. In spite of all that, if something does go wrong and the people are discontented and suffering from war weariness, then it must immediately find some internal or external enemy on which to blame its troubles. The most striking example of that was Hitler and the Jewish race, on whom he succeeded in saddling the responsibility for everything that went wrong in the German Reich, and whom he made the scapegoat for all of his own mistakes. During the war it was easy for us to find scapegoats, and it was equally easy for Soviet Russia to find them in the persons of Messrs. Hitler and Mussolini. Those individuals, however, no longer exist. It is necessary to find other scapegoats as best you can with whatever substitutes you have at hand. Now, therefore, Soviet publications and Soviet radio are attacking Great Britain, accusing her of imperialistic conspiracy, and attacking Iran and Turkey and accusing them of plots against the safety of the U.S.S.R.; and every now and again, by way of variety, they take a wallop at the Catholic Church.

Countries and religious institutions are impersonal things. It is much more satisfactory to attack an individual whom you can hold up as an arch-type of infamy. If such an individual does not exist, he has to be created. So it was, honourable senators, that as soon as our own Prime Minister made his first public statement on the spy investigation, the people of Canada woke up one morning to the astonishing fact that Mr. King was a Fascist and an anti-labour reactionary of the deepest dye. The Soviet press said so; the Soviet radio said so, and so, of course, it must be true. Worse than that, they charged that Mr. King had inspired the newspapers of Canada to indulge in a bitter anti-Soviet press campaign.

Now, let us dwell on that for a moment: our Prime Minister inspired the newspapers of Canada to undertake an anti-Soviet press campaign. Does that not bring a fascinating and rather fanciful picture to the mind's eye? I can see our Prime Minister summoning to his office the editors of, let us say, the Toronto Globe and Mail—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HUGESSEN: —the Ottawa Journal and the Montreal Gazette, and ordering them to conduct an anti-Soviet campaign. I just wish to point out the sort of absurdity to which Soviet propaganda was reduced in its search for foreign scapegoats. Surely even the dullest of dull wits among the Labour Progressive people must have begun to realize in time that the picture furnished by the Soviet propaganda of the Fascist, anti-Labour Mr. King was somewhat out of focus.

By a happy chance at this particular juncture Winston Churchill made his Fulton speech. I do not propose to comment on that speech, because opinions will differ both as to its contents and as to whether or not it should have been made at that particular time. On those subjects I offer no comment, but I do say it was a fortunate circumstance for the Soviet propagandists. It enabled them to escape from the ridiculous muddle into which they had got by their attitude toward Mr. King, and to turn their undivided attention to Mr. Churchill. Mr. King was forgotten, but within a few days every school child in the Soviet union had been told that Mr. Churchill, with his race-creed of Anglo-Saxon domination of the world, was the Hitler of tomorrow.

I venture to repeat that it is quite conceivable, indeed I think it quite probable, that a good deal of the huffing and puffing that we have heard from Moscow during the past three months has been for internal consumption.

Hon. C. P. BEAUBIEN: Hear, hear.

Hon. Mr. HUGESSEN: At least it has been the only substitute that the Soviet system has to offer for a first class internal row in the parliament or congress of a democratic country.

On the other hand there have been certain ominous symptoms in the proceedings of these three months which it would be folly to ignore. I refer again to the failure to carry out solemn treaties and agreements, as in the case of Iran and possibly also Manchuria; to the tendency to ignore the rights of small peoples, and to the war of nerves which is apparently being conducted against Turkey and Iraq. These things are taking place at distances far removed from Canada, but we should not make the mistake of thinking that they do not concern us. We must remember that the murder of an Austrian archduke in a remote Bosnian town in June, 1914, cost the lives of 50,000 young Canadians within the next four years. The causes of the second Great War

were equally remote from us, but nevertheless we became involved with the consequences, of which you are aware.

What then should be the attitude of this country at the present time in facing up to the as yet unanswered question: "What is Russia up to?" I have three suggestions to offer. The first is that we should keep our heads. Particularly let us keep a sharp look-out for propaganda masquerading as news, and regard sensational stories with suspicion. The press today is full of remarkable tales. Of course one must admit that all the special correspondents have to earn their living. But some of these stories are in themselves self-contradictory. I remember only last week reading in two parallel columns of a local newspaper, first, a report that Russian forces in Iran were moving toward the Turkish border, and secondly, a positive statement that all the roads between Iran and the Turkish border were fifteen feet deep in snow and completely impassable. So we should be very careful about believing every word of these reports that we hear from time to time.

My second suggestion is that when considering the Soviet Union we should avoid the tendency to go to extremes either of praise or of blame. We all meet people today who seem to be inclined to blame the Soviet Union for all of our present troubles. I think they might be reminded that without the bravery and self-sacrifice of the Russian armies and the Russian people the war would not have been won, and that Hitler would still be dominant in Europe. At the opposite extreme some people tend to treat everything which comes from Soviet Russia with uncritical admiration. To those people one might suggest this thought: leave that sort of thing to the fellow travellers—to the Bucks and the Ryersons and the Roses—whose business it is, and who no doubt receive their reward in due season. I suggest that the proper mental attitude for us to take towards the Soviet is one of friendly but critical realism. I think we should willingly and freely admit their position as a great nation, but make quite clear to them that we are neither taken in by their propaganda nor intimidated by their threats.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HUGESSEN: My third and last suggestion is in line with that of my friend the leader opposite, that we should pin our faith to the United Nations Organization and loyally stand by our obligations under the charter. Let me take a moment to quote to the house two of the obligations which appear in the preamble to the charter.

> To reaffirm faith in fundamental rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small, and
>
> To establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained.

At this particular juncture I should be inclined to be a little more specific. I should like to see Canada's official spokesman make it abundantly clear to the Soviet Union, and indeed to all the world, that this country stands for the respect of treaties and the rights of small nations, as we are bound to do under the preamble of the charter of the United Nations, whether those small nations happen to be Turkey, Iran or any others. We need not repeat what has been said by Mr. Ernest Bevin, or by Secretary Byrnes on that subject; but we should leave no doubt in the minds of anyone anywhere that those are the sentiments of the Canadian people, and that on them they are prepared to take their stand.

Some Hon. SENATORS: Hear, hear.

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

The Senate adjourned until tomorrow at three p.m.

THE SENATE

Thursday, March 21, 1946

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

Prayers and routine proceedings.

PRECIOUS METALS MARKING BILL, 1946

FIRST READING

Hon. Mr. ROBERTSON presented Bill F, an Act respecting the marking of articles containing gold, silver, and platinum.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: At the next sitting.

COMMITTEE OF SELECTION

REPORT CONCURRED IN

The Senate resumed from yesterday consideration of the report of the Committee of Selection, and the motion of Hon. Mr. Copp for concurrence therein.

The motion was agreed to.

STANDING COMMITTEES

MOTION OF APPOINTMENT

Hon. Mr. ROBERTSON: Honourable senators, with leave, I desire to move:

That the senators mentioned in the report of the Committee of Selection as having been chosen to serve on the several standing committees during the present session, be and they are hereby appointed to form part of and constitute the several committees with which their respective names appear in the 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.

This is the customary motion with respect to standing committees.

At this time I should like to repeat what was said by the Chairman of the Committee of Selection (Hon. Mr. Copp) when he presented the report. It is impossible for that committee to anticipate with absolute accuracy the preferences of every honourable senator as to committee membership. Therefore, if any honourable senators who do not desire to sit on certain committees for which they have been named, or who would like to be members of committees in which they are not included, will notify me within a reasonable time, I will undertake to meet their wishes as far as possible, and to make a specific motion to authorize the changes desired.

Hon. Mr. HAIG: Honourable senators there is just one suggestion that I wish to make. It is not offered in any spirit of criticism at all, for the honourable leader of the Government (Hon. Mr. Robertson) has acted with the utmost kindness and courtesy in this whole matter. But on looking over the list I notice that from one committee there have been omitted the names of two senators who, I think, should be members of it. I am not sure whether this is an appropriate time to mention their names.

Hon. Mr. ROBERTSON: I should be quite willing to have the names mentioned now, but it occurs to me that other changes may be proposed after the report of the Committee of Selection has been studied for a day or two, and I think it would be wiser to deal with them all at the same time. There probably will be requests for additions to and withdrawals from some committees.

Hon. Mr. HAIG: Then I will not press my suggestion at the moment. My reason for bringing it up is that the two honourable senators I have in mind are intensely interested in and well qualified to deal with the matters that come before a certain committee.

Hon. Mr. HARDY: Would it not be well for the two leaders to discuss this privately, so as to avoid mentioning the names of the two senators concerned unless there is a motion for their appointment?

Hon. Mr. HAIG: I have no intention of mentioning their names at present.

The motion of Hon. Mr. Robertson was agreed to.

JOINT COMMITTEE ON THE RESTAURANT

MESSAGE TO THE HOUSE OF COMMONS

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

Hon. Mr. HAIG: Honourable members, I would respectfully suggest that as soon as the House of Commons section of this joint committee is appointed his honour the Speaker should request an early meeting, so that the committee may exercise a real influence on the policy of the restaurant. Usually there is considerable delay in calling the committee members together. If there is a lapse of two or three months, the session is half over before they meet, and we lose much of the benefit of any proposals that they may make. I have a suggestion to place before the joint committee. I shall not disclose its nature, but I may say it is not about sugar.

An Hon. SENATOR: What about butter?

Hon. Mr. HAIG: I do not say it is not about butter.

Hon. Mr. HARDY: There is none.

As a member of the joint committee for a good many years, I would ask that adequate notice be given of its meetings. The com-

mittee is convened only once a session, and usually the members are notified only a day or so in advance.

Hon. Mr. VIEN: Honourable members, there are seventeen senators on the Joint Committee on the Library, and twenty-one on the Joint Committee on Printing; but when it comes to the Joint Committee on the Restaurant, we have only seven members. This is an anomaly which could be corrected by an amendment to our Standing Orders, whereby the number of senators to sit on joint committees with members of the House of Commons would be based on the relative memberships of the two houses—that is on the basis 96 to 245.

The Hon. the SPEAKER: I shall be glad to note the suggestions made, with a view to acting on them.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

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

Hon. JOHN ALEXANDER McDONALD: Honourable senators, I wish first, to associate myself with the previous speakers in their complimentary references concerning the able speeches of the mover and the seconder of the Address in reply to the Speech from the Throne. I wish also to take this opportunity of congratulating our leaders on both sides of the house, and as well, the chairman and the many members of committees, on the good work they did last session. Particular reference should be made to the Special Committee appointed to inquire into the workings and the provisions of the Income War Tax Act and the Excess Profits Tax Act of 1940. All honourable members, I am sure, are pleased that this committee has been reappointed. We hope that it may complete its labours this session, and that its recommendations, approved by the Senate, will be of considerable assistance to the government in improving and simplifying the methods of assessment and collection of taxes.

All honourable senators will join with me, I am sure, in expressing thanks to kind Providence for the very many blessings enjoyed by the people of our nation since we met here last session. We in this country were indeed a highly favoured people during the war years. It must not be forgotten that it was our young men and young women in the active service forces who bore the brunt of battle. In this critical period of reconstruction we must not fail them.

During these troubled years our people at home also gave of their best, but, compared to the people of the allied nations of Europe and Asia, they worked under most favourable conditions.

I am sure we are all very much pleased that Canada has been able to make such a notable contribution to the food supply of these war-ravaged people. I believe I express the sentiments of all honourable members when I say that we, as a people, are willing to do even more, even though this further contribution may necessitate a reduction of our own food supplies.

Our Prime Minister and the members of his government deserve the thanks of all of us for their outstanding war service and for the large body of progressive and helpful legislation which already has been passed and made effective for the reconstruction period.

I would express the hope common to all members of this chamber that the Senate may be of ever-increasing service to our country in these critical times of rehabilitation and reconstruction. To this end I trust that the government may place greater responsibilities on the members of this house. While I shall defer further discussion of this question until I have had a greater opportunity of studying it, perhaps I may say now that in my opinion the Senate is composed of as capable men as can be found—men with successful business and political experience, and a high standard of intelligence which should enable them to be of greater service to their country.

May I join with honourable members who have paid their respects to the beloved memory of those of our number who have passed on since the close of last session? The Honourable C. E. Tanner, native of Pictou, Nova Scotia, was a leader in municipal and provincial government affairs in his native province before being summoned to the Senate. In Nova Scotia and in other parts of the dominion there are a great many people who feel that in his passing there has been lost to them a true friend and an outstanding parliamentarian. The Honourable Duncan Marshall was best known to me when he was Minister of Agriculture for the province of Ontario. He was an outstanding agriculturalist, journalist and publisher, and will be greatly missed by a very large circle of friends.

On this occasion, the first on which I have had an opportunity of speaking in this chamber, may I express my sincere apprecia-

tion of the kind reception accorded me by so many honourable senators on both sides of the house. The honour is deeply appreciated, and I hope that I may be of some service to the people of this dominion.

The Speech from the Throne contains a reference to the history-making international conferences held in recent months. I trust that honourable senators will be given an opportunity to hear first-hand reports from Canada's representatives at the United Nations Assembly, and that time will permit of a free and frank discussion of the subject-matter of its deliberations. Honourable senators, I am sure, enjoyed and profited by the speech delivered by the honourable member from Inkerman (Hon. Mr. Hugessen) yesterday afternoon. We have gone far enough in an honest attempt to establish an organization for the keeping of peace to know that the task ahead is going to be most difficult, and one which will require the whole-hearted co-operation of allied peoples. We pray that the officers of and delegates to the Assembly may possess the wisdom, patience and tolerance necessary to make it a success. Another body that, during this and future sessions, should command much of our time and thought—especially that of members of the Natural Resources Committee—is the United Nations Food and Agriculture Organization. It is important that every effort should be made, through publicity, to educate the people of the United Nations with regard to the constitutions and aims of these international organizations and the progress which they are making.

Very important national-provincial meetings have been held during recent months. I refer particularly to the conferences seeking an agreement between the federal and provincial authorities on financial relations. Upon such an agreement depend to a large degree the taxation structure and other factors essential to stability and general economic welfare. Future fiscal needs must enter very largely into the discussions at these meetings. The problems that arise are not easy to solve. It is encouraging to hear that progress is being made, for this conference must not fail.

I should like to speak briefly about the industries with which I am most familiar—industries which engage the attention of our primary producers, who comprise about one-third of our people.

The primary producers of Canada have a proud war record, both as to enlistments in the active service forces and as producers. In the last full year of active warfare the gross value of all agricultural production reached a record of $2,250,000,000. Increased food production has filled all available shipping space to the United Kingdom, and has made possible an 8 per cent step-up in domestic consumption. Canada has led the world granaries in wheat exports since 1939. Feed grain production was stepped up to allow a 37 per cent increase in live stock feed. Owing to curtailment in hog production and unfavourable weather conditions, farm production in 1945 was about 15 per cent less in volume and 8 per cent less in value than in 1944. The wonderful increase in wartime agricultural production—40 per cent over that of pre-war times—was accomplished with 23 per cent fewer men available for farm work.

Hon. Mr. HOWARD: Hear, hear.

Hon. Mr. McDONALD: This great record shows that farmers will produce in needed quantities and will earn sufficient to improve their standard of living, provided prices are high enough to give them the stimulus for an all-out effort.

And may I say that the production record of lumbermen and fishermen is equally good. We must never again permit the existence of those most unfortunate conditions of pre-war times, when in too many instances farmers and fishermen were producing and marketing their goods at less than cost. We can all remember when butter for instance was selling at from 22 to 24 cents a pound, a price quite a bit below the cost of production, and when eggs were a few cents a dozen, and fish brought from 75 cents to $1.50 a hundredweight. I should point out that at the time when fish was selling at those prices in our ports, the price paid to fishermen in New England ports was about $3.50.

Hon. Mr. DUFF: There is a lot of duty on our fish going over there.

Hon. Mr. McDONALD: Yes, the duty is heavy.

Now, honourable senators, I am going to deal for a few moments with some of the problems of Canada's primary producers to which I have given considerable thought over a comparatively long time. I was born on a farm; I have worked on farms of my own. For twelve years I had a fairly wide experience in the Department of Agriculture at Halifax.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. McDONALD: It is because of my experience that I am going to mention a few things which I think would help to correct some of the problems of primary producers. I am also going to suggest what I think would be at least a partial solution of our housing and unemployment problems.

During the war years it was not difficult to predict the course of agriculture, as there was an almost certain market for all the primary products that we could produce. This was true of the products of the farm, the sea, the forest and the mines. Now that the war has ended, it is very difficult to predict what is ahead. Unfortunately for the welfare of all other classes in the dominion, as well as of the primary producers, the uncertainty of the future is a most unhealthy state of affairs. I contend, and I think honourable senators will agree, that it is our responsibility —and it is a heavy one—to render every help possible to the government in working out such a primary producers' price policy for properly standardized products as would give our people, as far as humanly possible, their rightful place in a properly balanced national economy.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. McDONALD: In endeavouring to work out such a policy we should keep in mind the fact that we cannot have a prosperous people and a progressive country unless our primary producers are placed in a position to earn fair wages, through fair prices for their graded products, so that they can maintain a satisfactory standard of living. The economic welfare of most of our cities and towns, as well as of most of the industries located within their bounds, is dependent on our primary producers.

During 1919, after the close of World War I, prices were good; but costs of production were high, as inflation was rampant. By the fall of 1920 prices were declining, and the longer agricultural products were kept, the less farmers received for them. At the close of World War II we find that some of the difficulties of primary producers have been lessened materially, if only temporarily, by government control, and through payment of federal subsidies. It should also be kept in mind that the prices of most of the products that primary producers had to sell were not allowed to be increased, as were wages in some instances. We should remember too that the dominion treasury has been paying an appreciable part of consumers' food bills. For instance, the treasury is paying two cents on every loaf of bread, three to three and a half cents on every quart of milk, and eight cents on every pound of butter purchased by consumers. Farmers are naturally uneasy about how the change-over to peacetime conditions is going to be made. During the war they accepted a subsidy programme because it seemed necessary to the success of price control, which, in turn, was necessary to the making of an all-out national effort. For instance, to help keep the price index down, a direct consumers' subsidy of two cents per quart on milk was paid, and is still being paid. Milk consumers in Halifax, for example, are getting their milk today for ten cents a quart, which is two cents less than the price before the war, when, as I have already intimated, farmers were in too many cases producing at less than cost.

As I have suggested, success in farming depends on the maintenance of fair prices for graded agricultural products. Farmers are most grateful to the government for the recent assurance of a fair price for wheat for a term of five years. I want to say here that I think the government is to be commended for its wheat policy. Some honourable senators probably will not agree with that statement, but I know that many western farmers would rather produce wheat than hogs, because, although perhaps as much profit can be made from one as from the other, there is less drudgery connected with the growing of wheat. The government has heavy commitments in pork products, and I feel sure that our farmers will do everything possible to see that these commitments are fulfilled. There was a good deal of criticism last year of the price set for wheat, but I believe that there again the government was right. Honourable senators will realize what would have happened in other countries if the Canadian price had been set too high. A determined effort would have been made in Britain, in Belgium, in France, and possibly in other European countries, to increase the production of wheat, and once that programme was undertaken it would have been maintained for years to come. Canada must continue to be a large exporter of wheat, for in the long view I think it would be a very unsound policy to put our price so high as to encourage European countries to increase their wheat production when it would be more economically sound for them to produce other staple products.

Farmers are also thankful for the agricultural and fishery prices support acts passed in 1944. We earnestly hope that some assurance can be given to the producers of primary products other than wheat that they will receive cost of production after the present agreements with Britain are ended. We must find a fairly remunerative market for our exportable surpluses. This being so, the initiative and activity of the government as a whole, and that, particularly, of the Minister of Trade and Commerce, the Minister of Agriculture, and the Minister of Finance, is to be commended.

It is to be hoped that in the interests of our people in Eastern Canada and British

Columbia the government can continue to equalize costs of production across Canada by continuing live stock feed assistance. Our farmers are deeply grateful to the government for this help, which enabled them so materially in stepping up their live stock production. The record production which I have mentioned could not have been achieved without this help. It will be remembered that in pre-war years our competitors in Europe were buying Canadian grain delivered to them at less cost than our Maritime farmers had to pay.

Besides fair prices and the equalizing of production costs, I should like to mention several more important matters to which we should give increased attention, if we are to have a satisfied and progressive rural Canada.

In some provinces, if not all, there should be an improvement in our educational systems, including the establishment of more rural high schools, taught by more better-trained teachers having the right perspective and background. There should be more of our boys, and girls too, taking regular and short courses at our agricultural institutions. In this connection it is indeed encouraging to learn of the increased number attending this college-year session. More civics and history should be taught in our schools. Some of our Normal College courses should be revised, giving two years for training of teachers. Salaries of teachers should be increased in many places, to encourage the right class of young men and women to enter the teaching profession.

As has been said, the soil is our greatest asset. We must more generally adopt farm practices which will put back into the soil as much plant food as we take out of it. If this is not done, poor farmers will become poorer, and in many cases consumers will not get in their food the minerals essential to health. You may, for instance, be getting milk from a farm where the soil has not been kept in proper condition by rotation of crops, the addition of stable manure, chemical fertilizer, and lime, in which case your milk will probably lack the minerals necessary to sustain good health.

There should be an extension of the provisions of the Prairie Farm Rehabilitation Act to include all provinces. Much of our best land in the provinces adjacent to tide waters is waterlogged. To properly dyke and drain these areas involves expenditures which without government assistance are far too heavy. It is just as important to dyke and drain these areas as it is to irrigate arid lands in Western Canada. I am sure that those of us who do not come from the prairie provinces are very pleased that the government has assisted irrigation projects there; and I feel that our western friends would wish the farmers in other areas to have comparable assistance. This would be economically sound, as it would result in greater production of live stock feed, and so render unnecessary the continued importation of such large quantities. Many farmers and their friends will be very appreciative if, during the session, the government introduces legislation for this purpose.

A sound long-term policy for the organized marketing of graded products of primary producers is a first essential to meet post-war conditions. Since Canadian primary producers depend to a large extent on export markets, especially in Britain and in the country of our neighbours to the south, this problem is not only national but international in scope. Members of local farmers', fishermen's, and lumbermen's organizations, as well as of their efficient national organization, the Canadian Federation, are all anxious to have a sound marketing policy worked out in order to assure an orderly flow of products to the markets. Such a policy would also help consumers, as it should assure a continuity of supply of quality products. I believe that dominion marketing legislation, complementary to that which is now on the statute books of seven of the nine provinces, is needed if this nation is to provide producers with an assured market for certain quantities of their products at prices that would enable them to plan their production without having to take undue risks in the financing of their operations after present controls and agreements are terminated.

Under marketing legislation, boards would be set up to help in carrying out orderly distribution. In all probability control of certain products will be found necessary to carry on efficient marketing. Control in some cases will also be necessary to enforce price-floor regulations. Where such control is maintained there will have to be government marketing boards, such as the Canadian Wheat Board. While the present government controls and marketing arrangements exist there is not the same need for dominion marketing legislation as there will be after these controls and agreements terminate; although I believe that the provisions to be incorporated in marketing legislation would be found helpful under present controls and agreements. I think that if these local boards were already set up, it would be much easier for the Minister of Agriculture to carry out the marketing under agreements and controls.

I am quite certain that a large percentage of our primary producers would support dominion marketing legislation. I would suggest that such legislation should become

effective in the marketing of any commodity only after a substantial majority of the producers had voted in favour of trying out the system of marketing under peacetime conditions for a term say of three or four years; then another vote could be taken to decide whether or not controlled marketing of their commodity should be continued.

Primary producers without organization or controlled marketing cannot prevent ruinous cut-throat competition. That statement may seem rather radical. I firmly believe we must have organization among our farmers—something very difficult to secure, because they are so widely dispersed throughout the country. If such organization is not possible, then I believe that control of marketing is all the more necessary in order to raise the standard of living of our people in rural communities.

In the provincial field of organized marketing of graded agricultural products considerable experience has been gained in handling several commodities, particularly fruit. In this matter the growers of British Columbia tree fruits have given leadership. In Nova Scotia, where the fruit industry is credited with bringing about five million dollars of new money into the province in the average year, besides furnishing employment for many persons both inside and outside the fruit belt, fruit has been handled by the Nova Scotia Apple Marketing Board under a centralized marketing policy.

Although mistakes have been made, I believe that even the opponents of centralized control would say that during the war years the marketing of fruit has been a success. It should be remembered that Canada was a large exporter of apples in pre-war years. Nova Scotia found a market for about eighty per cent of her crops in Great Britain. After war was declared, even if transportation had been available, the people of Britain had not the money to buy apples in large quantities. To save this industry our government came to the rescue, and under the War Measures Act treated it as a war casualty. It was only with considerable government assistance that most fruit growers were able to make a living during the war years. Last season unfavourable weather conditions caused a serious loss to producers in eastern Canada. This loss amounted to about $4,000,000 in Nova Scotia, and many producers did not make their expenses. Unfortunately, in too many orchards the fruit buds do not promise a good crop this year. An announcement recently made by the secretary of the Nova Scotia Fruit Growers Association that the government would favourably consider the giving of assistance in the producing and marketing of this year's crop has given the producers fresh encouragement; but I am fearful for those who, through no fault of their own, did not have a crop last year, and who may not have enough marketable fruit to meet last year's deficit and this year's expenses.

In the years to come Canadian fruit growers must cater more to the markets on this side of the Atlantic. It is therefore sounder policy than ever to continue the destruction of old and unprofitable varieties of trees when it is not practicable to graft them into good dessert varieties. Still more care will have to be taken in the proper handling and the better grading of fruit. Much more cold storage space will have to be provided, especially in Nova Scotia; and more of the fruit will have to be packed in smaller packages. During the next several years, when a fair share of the money loaned by Canada may be used in the purchase of our fruit, the growers should make every effort to strengthen the market by selling to Britain fruit of a kind and condition that will be most attractive to buyers. At this time, when it is generally thought wise to remove trade barriers, or at least to lower them as much as possible, it is more important than ever that Canada, with her large surpluses, should give increased attention to export marketing.

The Government of the United States has invited the governments of other allied nations to send representatives to a meeting this Spring, for the purpose of considering an arrangement for the relaxation of tariff and trade barriers, preliminary to its consideration by a general international trade conference which it is proposed should be held later on. Much careful thought should be given to the representations to be made at this meeting.

It is hoped that when the long overdue International Farm Organization meets in London this Spring there will be sufficient time for a thorough discussion of the representations of the primary producers.

Many of the problems of agriculture are also common to the fishing industry. It is hoped that the recent merger of fishing interests in the provinces of New Brunswick and Nova Scotia may bring beneficial results. Such an organization, working with co-operatives and privately-owned fishery interests, should make it possible to install modern cold storage equipment at production heads and in the markets, and to provide artificial dryers and proper transportation equipment for this most perishable product, thus making it possible to market a larger quantity of fish both at home and abroad.

Living around the shores of the two larger maritime provinces are some 30,000 people—17,000 in Nova Scotia and 13,000 in New Brunswick—who are largely dependent on fishing for their livelihood. Of these 30,000 fishermen, 26,000 are termed in-shore fishermen, and only 3,000, mostly from Nova Scotia, are off-shore fishermen. The terms "in-shore" and "off-shore" do not refer to the distance from shore at which the fishing is done, but rather to the length of time required to make a fishing trip. An off-shore fisherman usually remains at the fishing grounds for several days, and operates a boat which is more expensive than the in-shore fisherman can afford and larger than he needs for much of his fishing. The in-shore boat returns with its catch every day.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. McDONALD: In 1939 78 per cent of the total catch, and 79·8 per cent of the total value, was made by in-shore fishermen. The off-shore boats produced 22 per per cent. It is worthy of note that, of the total production, 54·9 per cent in volume and 61·4 per cent in value is producible only by in-shore fishermen. It is obvious, therefore, that from the standpoint of the people involved and volume produced, the in-shore fisheries are of surpassing importance to these two provinces, and that upon the success of this branch of the industry depends to a large extent the welfare of the fishermen of the Maritime Provinces.

In the past, and especially during the period from 1923 to the beginning of the late war, the fishing industry of the Maritime Provinces was in a state of chronic depression. Ample evidence of this is to be found in the fishery statistics. The figures indicate that in 1939, which was not one of the worst years, 30,000 fishermen in Nova Scotia and New Brunswick received for their total landings of fish the sum of $7,000,000 gross, an average return to each fisherman of $233. Out of this small sum had to come his operating expenses. I think honourable senators will agree that any industry which is so unremunerative is not in a healthy condition, and that Maritime Canada cannot enjoy any degree of prosperity while the industry upon which one-sixth of its population depends for a livelihood is, in normal times, in a condition of economic distress. In view of these facts we sincerely hope that those connected with the recent merger of the fishing interests have well-prepared plans to put the industry on a sounder basis. If this is done it will mean close co-operation with the United Marine Fishermen, which is an association of fishermen of the Maritime Provinces and the Magdalen Islands for the purpose of promoting the social, educational and economic welfare of those engaged in the fishing industry. It is important that the governments concerned make sure that the fishermen operating with larger boats and more expensive equipment do not unduly interfere with the large majority of fishermen who engage in in-shore fishing.

Through co-operative organizations, first started in our province by the Extension Division of St. Francis Xavier University, much has been done to assist this struggling industry. The Department of Agriculture for the province of Nova Scotia and the Dominion Department of Fisheries, working through the U.M.F. co-operatives, have done a great deal to educate fishermen in the proper preparation of their product for market, and to help them to overcome certain market conditions. For instance, as to lobsters, we have taught the fisherman to take better care of his product, and have shown him how in sending it to the New England markets some wrongs are corrected. Fishermen used to ship their fish on consignment without knowing what they were to be paid. They now know what they are to receive days in advance. The provincial Department of Agriculture also co-operates with the fishermen by helping them to grow all or part of their vegetable requirements.

The fishermen of our shores are an industrious people, and will produce their commodity in sufficient quantities if they can get a price which will provide a decent living for themselves and their families. If this industry is to prosper, the government must do everything possible to enlarge the export market. The Canadian market cannot absorb more than a small percentage of our total production. In negotiating future trade agreements we must keep in mind the importance of fisheries.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. McDONALD: Co-operatives and credit unions have done much to assist farmers and fishermen in several of our provinces. From past experience I feel that the government should encourage these non-political and non-sectarian organizations. They have given hope and encouragement to many primary producers in Nova Scotia; they have helped greatly to stimulate the production and marketing of graded products. By encouraging these organizations our governments can do much to help primary producers help them-

selves to a better standard of living; which in turn will contribute to the maintenance of sound government.

The aims of those who organize sound co-operatives are the reverse of those who believe in state control. Members of the co-operatives hope through their organizations to perfect their work, improve their economic position and build up their homes. In passing it should be said it is unfortunate that the word "co-operative" forms part of the title of a political organization.

An Hon. SENATOR: Hear, hear.

Hon. Mr. McDONALD: The two uses made of the term do not stand for the same things in any respect.

I would not wish anyone to think from what I have said about co-operatives that I am opposed to free enterprise—call it what you will. There is room for both. Is it not true that in this country living standards are higher and that under our system freedom is more general than under other systems in other countries? Nevertheless, there are many unorganized primary producers who can be helped by cutting down costs of production and marketing. If we can accomplish this by encouraging co-operatives where they can be helpful, we should encourage them, for in so doing we shall be building a better and more prosperous Canada.

I wish it were possible for honourable senators to visit some of these co-operatives in the more sparsely settled districts of Nova Scotia, and learn at first-hand how they work. Some honourable senators here will know Larry's River, on the rock-bound shore of Guysborough county. In the early thirties most of the people in Larry's River were on direct relief. It was not long, however, before a clergyman who lives there at the present time succeeded in getting the people of the district to work together to establish a co-operative. They studied their problem for a long time, and finally decided on a course of action. They did not have much money to their credit, but the clergyman used what little credit he had, and they purchased a second-hand sawmill. He took his men into the woods. First they sawed the lumber for a canning factory, then for a store, a schoolhouse, and finally for a community hall. While the men were fishing the women were at the canning factory, canning lobsters. After the lobster season was over the men and boys were taken into the bush to pick blueberries, which were to be canned by the women when the foxberries were picked and canned. As a result, largely through the leadership of the clergyman, the people were taken off direct relief. I could mention many cases in which co-operatives have been a great help, though probably none of them is quite as outstanding as Larry's River.

In closing I wish to thank honourable senators for the attention they have given me. I hope that others will give us the benefit of their ideas as to how the problems of the primary producers can be solved.

I have not touched on other industries, many of which are very important, but I have thought we might well follow the example set by Britain, and appoint a national industries commission whose duty it would be to co-operate with firms in England and other countries which find it advantageous to establish branch industries in Canada. Such a commission might be charged with the responsibility of seeing that these branch industries were settled in the places where it was most economically sound for them to operate. For instance, in order to avoid excessive freight costs, they should be not too far from the source of their raw materials or the markets for their finished products. Some industries would be closer both to their raw materials and to their markets if they were located on the seaboard. Others would find it more convenient to operate a considerable distance inland.

Unity in Canada would be strengthened by a better distribution of industry. It would also be strengthened if our people visited one another more frequently—if more easterners went out to see the West and more westerners came down to have a look at the East. We must have unity if Canada is to be a progressive country.

I realize that many houses must be built now to relieve the immediate shortage, but in taking the long view, honourable senators, I know of no more effective and sound economic way of solving the nation's housing and unemployment problems than by assuring primary producers a satisfactory living.

Hon. Hr. HAIG: Hear, hear.

Hon. Mr. McDONALD: Let us do what we can to encourage them to make their homes more attractive by the installation of electricity, running water and other modern conveniences. If, in addition, good highways and better educational facilities can be provided, and a fair price obtained for graded products, our young men and women from the rural districts will not be overcrowding our cities and the industries within their bounds.

Hon. F. W. GERSHAW: Honourable senators, may I first of all congratulate the mover and seconder of the Address (Hon. Mr. Hurtubise and Hon. Mr. Burchill) upon their eloquence and the subject-matter of their speeches.

I should like to take a little time this afternoon to deal with a subject which is of paramount importance to the people in a large area of western Canada Last autumn I had the honour of addressing this house and pointing out that for three years the grass and grain crops in southern Alberta have been so light as to constitute complete and disastrous failures. I reviewed the history of the crops in that part of the country from the days of 1856-57, when Captain John Palliser examined and reported on the situation for the British Government. In the last thirty years since settlers located there the area has had only about eight or nine paying crops. Honourable members will be able to picture the situation that exists in several places when I mention one as an illustration. In this district there are 7,300 people, spread over half a million acres. They have no flowers and no gardens and take no pride in their homes; they cannot get a balanced diet; their buildings are in poor shape; and since they have no neighbours within a reasonable distance there is no social life. These unfortunate conditions could be remedied by irrigation. Even if the district were only partially irrigated—and ample water is available for this—its population would, I am sure, soon increase from 7,000 to 37,000. Then attractive homes would be built, surrounded by gardens and small fruit trees; cattle would be raised; the dairy products, together with vegetables, fruits and other home-grown foods would help to provide a balanced diet; and there would be the schools, churches, hospitals and roads necessary to a thriving community.

Census figures show that in the non-irrigated districts there are only 3·5 persons per square mile; in the partly irrigated districts, 5·7, and in the fully irrigated districts, 12·7. In southern Alberta the area now under irrigation is about half a million acres. This could be increased to two million acres, with great profit to the whole nation. We learn from the pages of history that the Egyptians made parched land fertile by irrigating it with water baled out of the Nile. Surely we can do as good a job as the Egyptians did four thousand years ago.

Some irrigation schemes have been partly built at the expense of private capital, and it would not take much time or money to complete them. Irrigation of the Redcliff-Ronelane district, for instance, could be completed quickly and water spread over some 150,000 additional acres at a cost of about $20 per acre. The people of that district have endured very hard times because of lack of water.

We need to bring the non-irrigated lands of Alberta into production in order to increase the supply of food for the starving people of Europe, to whom we owe a great obligation. And on these lands homes could be provided for the returned veterans and other sons of the pioneers who have suffered so much privation while contributing greatly to the wealth of our country. The young people want to settle down in the district where they were born and where their friends and acquaintances live. Railway service, roads, hospitals, city markets, telephones and all other modern conveniences are available there.

Great credit is due to the Department of Agriculture which, even in the strenuous days of the war, found time to make complete surveys of those districts in southern Alberta. At the last session half a million dollars was voted for the St. Mary reservoir, which will be the key structure in a scheme designed to preserve for Canada her share of the waters flowing down the international streams.

It may be asked why private capital should not be used for the development of irrigation projects. Millions of dollars have been expended in this way by the Canadian Pacific Railway and by British investors, and most of the money has been lost. One result of the experiment has been the gaining of a good deal of experience, which will be a guide for the future. It is recognized now that the capital cost of these irrigation schemes must be borne by some Government body, which will be repaid by increased production and tax revenues.

In my hand I have a record of the annual rainfall, snowfall and total precipitation at Medicine Hat, Alberta, from 1887 to 1945. The average rainfall here in the east is from 25 to 40 inches, but in southern Alberta the average over the fifty-nine years was 9·40 inches. The average snowfall out there during that period was 37·7 inches. If 10 inches of snowfall are equal to 1 inch of rainfall, the total precipitation was 13·7 inches.

At one time we imported a rainmaker into Medicine Hat. If he had remained there and produced the hoped-for results, we might have had a series of good crop years. Our chief trouble out there arises from the fact that much of our moisture has come in other than the growing season. Sometimes we have had a deluge, and the water has run off the land; and of course a great deal of snow is absorbed by the chinook winds. So the land has not had the full benefit of even that low average precipitation of 13·7 inches.

From the beginning to the end of the growing season in southern Alberta the chief subject of interest, of hope, of fear and of anxiety is moisture. From dawn till dark the sky is watched for the appearance of a cloud, but

all too often no moisture comes, so the crops wither and the fields turn brown. No one who has not lived through this experience can fully realize the disappointment it brings.

I mentioned before that many small lakes, sloughs and running streams of twenty-five years ago are now completely dried up. Since the total precipitation has been fairly constant there clearly is another factor at work. That factor is the destruction of forests and vegetable cover on the eastern slope of the Rocky mountains. As the trees have disappeared the flow of water has dropped rapidly. In order to protect not only Alberta, but Saskatchewan and Manitoba, from disastrous drought, some action must be taken to preserve the vegetable cover upon the mountains.

I should like to read into the record a brief statement that I received from the Department of Mines and Resources:

There is no doubt but that forests have a marked influence in controlling run-off and also in increasing the ground water supplies. This point has been amply demonstrated not only on this continent but also in several European countries. In the spring of the year the snow under forest conditions melts at a later date than it does in the open, and consequently reduces the hazard of high flood levels in the streams and rivers. Perhaps an even more important influence is that with respect to ground water supplies. Under forest conditions the litter of leaves and twigs lying on the forest floor absorbs water and allows it to percolate into the underlying soil.

This increases the amount of water stored in the ground which gradually filters out through springs and finally into the small streams which feed the main rivers. It is a well established fact that under favourable forest conditions there are many springs and that the small streams which they supply run throughout the year. This condition is in marked contrast to a non-forested area on which the surface conditions are unfavourable for the penetration of water, where there are very few springs and where the small streams dry up during summer.

As to the trend of conditions on the eastern slope of the Rockies, a comparison is given to show the effect of reduced fire protection. These figures are applicable to the high-hazard portion of the area, namely, that covered by the Crowsnest, the Bow river, and the Clearwater forests.

Forest Fire Losses

Crowsnest, Bow river and Clearwater Forests

Area Burned	1925-30 incl. acres	1931-36 incl. acres
Merchantable timber	4,221	131,226
Young growth	37,029	58,498
Cut-over lands, muskegs, etc.	17,280	45,431
Total	58,530	235,155
Value merchantable timber destroyed	$20,628	$1,418,385

These figures tell their own story.

In addition to the destruction by fire, insect pests and uncontrolled lumbering operations have taken their toll. People who fly over those areas are the first to note that they are denuded of trees, and that the seed bed having been destroyed by fire the snow melts quickly. Consequently during middle and late summer there is a drought where formerly there was an ample supply of water. The United Farmers of Alberta have urged that the forest and vegetable cover be conserved so that the waters of the streams from the eastern slope of the Rocky mountains may be available for irrigation and for generating power for rural electrification.

There should be no delay in bringing this matter before the Dominion-Provincial Conference, for if preventive measures are not soon taken the present rapid destruction of the forests will have a disastrous effect not only on Alberta but on Saskatchewan and Manitoba. I realize, honourable senators, that there may be a taxpayers' strike in Canada. Irrigation costs money, but I do not believe that the taxpayers of this country will object to an investment which will bring returns, enrich the lives of so many of our people, and preserve for future generations the valuable assets of which we are the custodians.

In closing I desire to mention briefly the advantages of this proposed investment:

1. Ordinarily in that area it takes from forty to fifty acres of land to provide pasture for one cow. If two million acres were irrigated, the adjoining twelve million acres would have a greater carrying capacity for cattle, and with feed and water available there would be no need to sell cattle at sacrifice prices. Instead of having one animal on forty acres probably three or four head could be kept there.

2. During the last ten years there has been a loss of $20,000,000 because of uncollectable taxes.

3. Some relief would still be required, but if that district was put under irrigation there would be much less occasion for relief.

4. In the years 1936 to 1945 the beet sugar crop alone produced $25,000,000 worth of new money for the people there.

5. The average yield of wheat in ten dry districts is 8·1 bushels per acre. In ten irrigated districts the average yield is 19·8 bushels to the acre. So at a dollar a bushel we have approximately an additional twelve dollars annually from each acre of land. Wheat probably is the cheapest food that can be produced, but in itself it is not sufficient to preserve good health; meats, eggs, poultry, dairy products, fruits and vegetables are necessary for a balanced diet. Live stock, poultry, fruits and vegetables do well on irrigated land.

6. People are moving out of that district. They are real Canadians and will be hard to replace.

7. A prosperous West means prosperity for the East, because there will be a great demand for the manufactured goods of the eastern cities. In American districts where they have established canneries and beet sugar factories, the taxes collected annually amount to almost 5 per cent of the construction cost.

I believe that if we are to make a smooth shock-proof shift into peacetime economy the improvements which I am suggesting are of vital importance. If we are to provide employment, and farming and business opportunities, this irrigation must be proceeded with. As Herbert Hoover has said, "Every drop of water that runs to the sea without rendering a commercial return is a public waste."

On motion of Hon. A. L. Beaubien the debate was adjourned.

The Senate adjourned until Tuesday, March 26, at 8 p.m.

THE SENATE

Tuesday, March 26, 1946.

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

Prayers and routine proceedings.

CANADA'S NATIONAL FLAG

MESSAGE FROM HOUSE OF COMMONS

A message was received from the House of Commons as follows:

Resolved: That in the opinion of this house, it is expedient that Canada possess a distinctive national flag and that a joint committee of the Senate and the House of Commons be appointed to consider and report upon a suitable design for such a flag.

That Messrs. Beaudoin, Blanchette, Castleden, Emmerson, Gingues, Gladstone, Hackett, Hansell, Harris (Grey-Bruce), Herridge, La-Croix, Lafontaine, Macdonnell (Muskoka-Ontario), MacNicol, Martin, Matthews (Brandon), McCulloch (Pictou), McIvor, Reid, Smith (Calgary West), Stanfield, Stirling, Thatcher, Warren, Zaplitny, be members of such committee on the part of this house;

That Standing Order 65 of the House of Commons be suspended in relation thereto;

That the said committee have power to send for persons, papers and records to aid in the discharge of its functions; to report from time to time; and

That a Message be sent to the Senate to inform their honours that the House of Commons has appointed this committee and to request their honours to appoint members of the Senate to act thereon with the members of the House of Commons as a joint committee of both houses.

The Hon. the SPEAKER: When shall this message be taken into consideration?

Hon. Mr. ROBERTSON: Next sitting.

EXPORT BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill C, an Act to amend the Export Act.

He said: Honourable senators, I beg to move the second reading of this bill, and would ask the honourable senator from Northumberland (Hon. Mr. Burchill) to explain it. When the bill has received second reading, I shall move that it be referred to the Standing Committee on Banking and Commerce.

Hon. G. P. BURCHILL: Honourable senators, the purpose of this bill is very simple. It concerns the export of deer and game. The wild-life resources of Canada are largely administered by the provinces and territories, which have enacted legislation to protect these resources. In the course of years it was found possible for a man to violate provincial game and fur laws and to avoid payment of royalties by shipping fur and game to another province, where it was not subject to seizure. This whole matter was discussed at the dominion-provincial wild life conferences, and by resolution it was agreed that dominion legislation was needed to protect provincial revenues. Accordingly the Game Export Act was passed in 1941. That act enabled the provinces to do two things: first, to control the shipment of game from one province to another, and, second, to adequately control the shipment of game from Canada.

This measure, the purpose of which is to eliminate sections 5 and 6 of the Export Act, which overlap certain provisions of the Game Export Act passed in 1941, was requested by the ninth conference of dominion-provincial wild-life officials in 1942; but due to the exigencies of war, action was deferred until the present time.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CRIMINAL CODE (RACE MEETINGS) BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill D, an act to amend the Criminal Code (race meetings).

He said: Honourable senators, I have asked the honourable senator for Toronto (Hon. Mr. Hayden) to explain this bill.

Hon. S. A. HAYDEN: Honourable senators, this bill contains three amendments. Two of these give statutory effect to a provision passed by order in council. Under the Criminal Code only one racing association could carry on race meets on any one race course. During the war some of these properties were required for war purposes; others were abandoned because of transportation problems and scarcity of gasoline; therefore, by order in council it was made permissible for more than one racing association to operate on the same track. As a result, there were two operations on the same track in Winnipeg, four on the same track in Vancouver, and four on each of two tracks in Toronto. Administratively, this has proven to be of great advantage to the Department of Agriculture in looking after the operation of the pari mutuel system of betting, from which the government collects the revenue. As I say, what was formerly done by order in council is now made statutory. That applies not only to running races, but also to trotting and pacing races, for there was the same prohibition with respect to both.

The other amendment is for the purpose of making clear that the benefit of section 235 of the Code, which would permit the operation of a pari mutuel system of betting, does not extend to trotting and pacing races or to a company possessing a charter entitling it merely to operate a driving park. This amendment is just a clarifying one.

I understand that our Law Clerk wishes to suggest a slight change to one of these amending sections, and that the department has another amendment to propose. For that reason I believe that at the appropriate time a motion will be made to refer this bill to the Committee on Banking and Commerce.

Hon. Mr. HAIG: Before the motion is put, I should like to ask the honourable member a question. What he said applies only in places where there is more than one race track. Two charters could not be obtained, thereby making it possible to operate a track two or three times a year.

Hon. Mr. HAYDEN: I should have added that the effect of these amendments will not be to increase the number of racing associations. As a matter of fact, the effect will be the opposite, by reason of the restricted interpretation of charters. That is, charters which provide for trotting and pacing races and for operating a driving park will not cover running races. A racing association will not be able to use a track other than its own, unless it is an association qualified under the Code to run races. The net result will be, not an increase in the number of racing days or the number of racing associations, but a decrease in the number of race courses in use.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Thursday, March 21, the consideration of His Excellency The Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Hurtubise for an Address in reply thereto.

Hon. JAMES P. McINTYRE: Honourable senators, the Speech from the Throne is supposed to forecast the legislation of the session, and the debate on the Address provides honourable members with an opportunity for a general discussion of matters that they may consider to be of public interest, especially to the particular province which each speaker has the honour to represent. I come from the province of Prince Edward Island, in whose legislature I had the privilege of sitting for more than twenty years. I listened to all the debates on the Address in reply to the Speeches from the Throne during that period, so I have had some experience in appraising such debates. Let me say with all sincerity that I congratulate the honourable senator from Nipissing (Hon. Mr. Hurtubise) and the honourable senator from Northumberland (Hon. Mr. Burchill) upon the manner in which they respectively moved and seconded the Address in reply to the Speech delivered by His Excellency at the opening of the present parliament. These honourable gentlemen did honour to themselves, to this chamber and to the provinces to which they belong. I wish also to congratulate the honourable leader of the Government (Hon. Mr. Robertson) and

the honourable leader opposite (Hon. Mr. Haig) upon their splendid contribution to this debate.

My remarks will be directed chiefly to matters which concern Prince Edward Island. Agriculture and fisheries are the principal industries of the Island. Fox farming is also carried on to some extent; in fact Prince Edward Island is the world's headquarters for silver fox farming. Lobster fishing is the most profitable of any of the fisheries in the Maritime Provinces. It is confined chiefly to those provinces and the Gaspé Coast. In 1943 New Brunswick had 42 lobster canneries, Nova Scotia had 35, the Gaspé Coast 9 and Prince Edward Island 44, a total of 130.

The Maritime Provinces fisheries tripled in value in the five years from 1938 to 1943. In 1938 the gross value of the fisheries of Prince Edward Island was less than a million dollars —in round figures, $930,000—and five years later, in 1943, it was $2,860,000. The figures for Nova Scotia in the same years were, respectively, $8,800,000 and $21,600,000; and those for New Brunswick were $3,900,000 and $11,280,000. These fluctuations from time to time cause great hardships to those making their livelihood out of the industry. Let me give a few instances. In 1926 the total value of the fisheries of the Maritime Provinces was only $19,000,000; ten years later it had dropped to $14,000,000. In 1926 there were 28,222 persons engaged in the industry, but in 1936 this number had increased to 35,659, although there was a drop in value of approximately $5,000,000. These figures honourable senators, will give you some idea of the lean years which the fishermen went through, and why it became necessary for the provincial governments and the dominion government to come to their assistance.

I trust honourable members will bear with me while I give a brief account of the conditions in the lobster industry of the Maritime Provinces in the years 1940 and 1941. In 1940 the federal government took action to avert the consequences of an acute emergency threatening the industry, and so saved the lobster fishermen from disaster. The war closed the door to the export markets which in time of peace had absorbed by far the greater part of our lobster output. Trade with Great Britain was still physically possible, notwithstanding Germany's boast that no shipping would ever reach British ports. However, the imperial government found it necessary to impose import controls on certain commodities, including canned lobster. Having been barred from the British market, our lobster fishermen and canners had to rely on Canada and the United States to absorb their product. These two markets had never taken more than a relatively small part of our lobster catch. Unless, therefore, something could be done to increase the North American demand, many of the canneries would have been compelled to operate on a limited scale only, and this in turn would have meant that the lobster fishermen would be without an outlet for a large part of their catch. Such a state of affairs would have been ruinous for many of our fishing communities on the Atlantic coast, for normally the lobster fishery is one of the main sources of employment for over 40,000 persons. Fortunately the government stepped in to meet the emergency. It appointed a controller of canned lobster, with authority to buy all the 1940 catch at approximately 80 per cent of the average price of 1936 to 1938; but he was instructed to buy only from packers who paid the fishermen not less than a minimum of $5.25. The rigid standards which the controller set for his inspectors created dissatisfaction among the packers, and in 1941 these standards were modified. The price paid was satisfactory, and brought about a better feeling between packers and fishermen. As a result of the government's action the canners were enabled to find an outlet in our domestic market and in the United States for all their 1940 pack. In 1941 the pack of slightly less than 60,000 cases was smaller than the average of the immediate pre-war period. Until this control went into effect there had never been a year when the North American market absorbed anything like 60,000 cases. For instance, as compared with 1939, the sales in the dominion and in the United States increased by 400 per cent. As I have said, the dominion government by its prompt action saved the lobster canning industry from disaster. This was publicly recognized at a conference of representatives of packers and fishermen who declared that but for the action then taken the future of the industry would have been gravely jeopardized. I must say that the government did a real job in handling the situation.

I hope honourable senators will pardon me if I appear to direct attention too often to the affairs of Prince Edward Island. An honourable member may represent a division in which agriculture, hydro electric development, gold mining, forestry, or fisheries may be the main industry, and I believe it is his duty to bring to the notice of the government and the country generally those things in which his province is principally interested. We have in my province an organization known as the Prince Edward Island Fisheries Federation. Its directors are appointed from all parts of the province. They, with their president and secretary, meet periodically to discuss pro and con all matters

affecting the fishing industry. After a thorough discussion they may reach the conclusion that, for instance, some regulation which the Department of Fisheries puts into effect is detrimental to the industry. They forward their conclusion to the Fisheries Council of Canada, which in turn take it up with the department. In this way many difficulties are ironed out. As an example of what effective work can be accomplished in this way, I may say that last session the federation brought to the attention of a parliamentary committee a conflict between the departmental regulations and the law in regard to lobster paste containers. Under the regulations the content had to be four and a half ounces, while the law called for only three ounces. I am happy to report that as a result the manufacturer is now allowed to turn out a can holding three ounces net.

Another ground for dissatisfaction has been the export restriction on canned lobster. I have always maintained that this policy was altogether wrong. For instance, the assemblers are obliged to sell at a reduced price 25 per cent of the pack of the Maritime Provinces in our domestic market. Canned lobster is a luxury, not an item of family food. If another country is willing to pay more for our product, I submit there should be no restriction on its export, because, as I have said, canned lobster is a luxury and we can do without it, just as the people of Europe had to for six years. Now I understand that England and France are in the market for our canned lobster, but I am afraid the United States will outbid them, because when our neighbours want anything they are willing to pay for it.

I am very much in accord with the regulations that the government passed in 1940 and 1941; they saved the situation. However, certain regulations are coming into force from year to year that in my opinion are not in the best interests of the industry, and the industry is not consulted. One of these, with which I do not agree, is coming into force this year. I do not know where these regulations originate, whether in Halifax or in Ottawa. At all events, they reach the government, an order in council is passed, and they become law for the year. Here is one such regulation:

> Export permits will continue to be available to packers only but they may assign their rights to export to any assembler named and recognized by the Administrator of Fish and Fish Products. Further information may be obtained from R. A. Harlow, Issuing Officer, Wartime Prices and Trade Board, P.O. Box 815, Halifax, Nova Scotia.

Now a lobster packer is not an exporter; the business of assembler is a business by itself. The packer supplies the fisherman with his gear and packs the lobsters. The assembler has connections in all principal towns in the United States and Canada. In the days when exports went to Great Britain and Europe, he had brokers in the principal cities of Europe. He has machinery, and hundreds of thousands of labels for years ahead, something which the packer has not got. The packer has no connections in the different cities of the United States, as has the assembler. We have three assemblers in Charlottetown—the Windsor Fisheries, Fisher Brothers, and DeBlois Brothers. These firms buy lobsters from Nova Scotia, New Brunswick, Gaspé coast, Prince Edward island and the Magdalen islands. Regardless of where they are bought, they are taken to the assembler in Charlottetown. He has no export permit to ship the commodity. If he buys the lobsters from a packer in Nova Scotia, he has to go to that packer and get a transfer of the export permit; then he has to go to the Wartime Prices and Trade Board in Halifax to confirm it before he can ship out any of those lobsters. The same procedure must be followed if the lobsters are purchased in New Brunswick: he has to go to the Wartime Prices and Trade Board to get the transfer confirmed. If the lobsters are purchased on the Gaspé coast or in the Magdalen islands, he has to go to the Wartime Prices and Trade Board at Quebec to get the sanction of the board. Why all that red tape?

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. McINTYRE: That procedure, I say, is not in the interests of the industry. I am pointing out these things in the hope that they may be rectified. Last year in a committee of the Senate, I pointed out the discrepancy in the quarter can. This year that difficulty has been satisfactorily settled.

Honourable senators, much has been said both in this chamber and in the House of Commons regarding transportation between Prince Edward Island and the mainland. The sinking of the icebreaker S.S. Charlottetown a few years ago off the coast of Nova Scotia was a severe shock to the people of Prince Edward Island. Notwithstanding the great loss, the service was maintained fairly well, and this fall it was announced that a new boat would soon be in use.

I should like to call to the attention of those in authority the inconvenience experienced by the public travelling from Montreal to Charlottetown. A pullman service is provided between Montreal and Moncton, where it is taken off, much to the inconvenience of

travellers, especially women and children. Mothers with two or three small children, and carrying their baggage, get off the train at Moncton and wait for a train to take them to Tormentine. At Tormentine the operation is repeated. At these places there are no red caps, as in Montreal or Ottawa, and the good-natured passengers have to assist those with children and baggage. The same inconvenience is suffered again at Borden. While it is only approximately 115 miles from Moncton to Charlottetown, it takes about nine hours to cover the distance.

Hon. Mr. HAIG: A shame.

Hon. Mr. McINTYRE: Very few, if any, complaints were heard during the war, but now that the war is over the public is demanding better transportation and the return of pullman service from Montreal straight through to Charlottetown at least three times a week, as it was before the war.

Hon. Mr. LEGER: Why not every day?

Hon. Mr. McINTYRE: Well, every day would be much better. I was only getting in the thin edge of the wedge.

Prince Edward Island has few resources from which to collect provincial revenues. The Fathers of Confederation expected the public domain to be an important source of revenue to the provinces, but in the Maritimes substantial natural resources are not known and very little is collected in the form of royalties. In Nova Scotia they amount to from $500,000 to $900,000 a year, mostly from coal; in New Brunswick, from $450,000 to $1,200,000, mostly from forests. Prince Edward Island has no public domain such as mines and forests; therefore no royalties are collected. If the people of the Maritime Provinces are to enjoy the same social services as the people of the other provinces, the governments of the Maritimes will be called upon to spend large sums of money on such services and on development projects of various kinds. The expenditures required for these undertakings are too great to be borne entirely by the provincial governments. It was believed by the supporters of Confederation that the Maritime Provinces would become the manufacturing and service industry centre for the new Dominion. For a few years preceding 1890 this hope was in part realized. In those days Prince Edward island had such industries as carding, spinning, blacksmithing, tanning, leather working, and sawmilling. Now, owing to what we call mass production in the central provinces of Canada, those industries have almost entirely disappeared.

Prince Edward Island has the smallest income per capita of any province in Canada. British Columbia has the highest income, and is the richest province in the dominion. Ontario comes next, followed by Quebec, after which come the other provinces, including Prince Edward Island, which is at the foot of the list. When the Dominion-Provincial Conference sets up its financial arrangement, I claim that Prince Edward Island should get special consideration. I am not in any way advocating that the Maritime Provinces break away from the union. We have been as loyal to Canada as any of the other provinces, and far be it from me to suggest that we should take any other attitude than that; but I do want to say that, in my opinion, the people of the Maritimes did not benefit from confederation as they were led to believe they would.

The idea of confederation was initiated in Ontario and Quebec, and it was done for the purpose of settling a long and outstanding dispute between those provinces. The statesmen of Ontario and Quebec knew that confederation could not be complete without the co-operation of the Maritime Provinces, so they resolved themselves into a delegation and proceeded to the Maritimes. Among the delegates were Sir John A. Macdonald, Sir George Cartier, George Brown, Sir Charles Tupper and other notables. The convention was held at Charlottetown in 1864. The delegates were well aware of the adverse conditions under which they were to meet. They knew that the Maritime Provinces had established a satisfactory trade among themselves, that their market was close at hand and easy of access, and that traffic with that market was mainly by sea. Our American neighbours bought all the fish, lumber and agricultural products that the Maritime Provinces had to offer. In fact, before confederation the United States was not only our nearest but our most profitable market.

The delegates knew this; they also knew more. They knew that the geographical difficulties of the Maritimes prevented trading with the central provinces of Canada. They knew that the State of Maine obtruded itself across British territory and that a large tract of unpeopled and uncultivated land lay to the north of New Brunswick and prevented intercourse with Quebec and Montreal. To offset this, certain inducements were held out to the people of the Maritimes to consent to confederation. After confederation the New England markets would of course be lost, but a better and more profitable market, that of the central provinces, might be substituted therefor. The Maritime Provinces, lying at the extremity of the Dominion, were to be

brought into close contact with the central provinces by the construction of the Intercolonial Railway, which was to be operated exclusively for the benefit of the Maritimes. The coal of Nova Scotia was to find a market in Toronto; the fish, lumber and agricultural products were to find a market in Quebec and Montreal. These were some of the inducements held out to the people of the Maritimes if they would consent to union.

But as time went on it was found almost impossible to fulfil those promises. It turned out that the coal of Nova Scotia did not find a market in Toronto; and the fish, lumber and agricultural products did not find a market in Montreal. In the meantime the New England markets had been lost. It is true that the Intercolonial Railway was constructed, but it was not operated exclusively for the benefit of the people of the Maritimes. It was linked up with the Canadian National Railways, and its freight and passenger rates were made as high as those on any railway in Canada.

It is a strange thing, and perhaps an unhappy circumstance, that we have not on record a verbatim report of the speeches made by the delegates to the conventions which took place before confederation. But in two very rare documents—so rare that one almost has to be under bond to secure a loan of them from the Parliamentary Library here at Ottawa—one may find, in more or less narrative form, reports of what was said by various delegates at these conventions. According to one of these reports, Sir John Macdonald, speaking at a banquet in Charlottetown on September 1, 1864, said that he had every reason to believe that the result of the convention which had held its sittings in Charlottetown for the past week would lead to the formation and establishment of such a federation of all the British North American provinces as would tend very materially to enhance their individual and collective prosperity politically, commercially and socially, and also give them in their united manhood that national prowess and strength which would make this the fourth greatest nation on the face of the globe.

At the adjourned meeting held at Quebec in October, 1864, proposals were made to Prince Edward Island to enter the union; but these were rejected, mainly for two reasons: that they did not provide a satisfactory and immediate solution of the land question, and that the representation to be allowed to the province in the federal parliament was not satisfactory. In 1869 Canada held out new inducements to Prince Edward Island, but these also were rejected. Then in 1873 the Haythorne administration conferred with the Canadian government, and terms were once more offered to the Island. At the ensuing provincial election the Haythorne government was defeated. The new government appealed to Ottawa and succeeded in obtaining somewhat better terms, which were accepted, and we entered the union on July 1, 1873. The main and practically the only difference between the terms of Haythorne and those received by his successor, Pope, was an increase in the Island's debt allowance from $45 to $50 per head of population. The method of computing this debt allowance was as follows. To the net debt of Canada in 1873 was added an estimate of anticipated expenditure, which sum, divided by the population of Canada, resulted in the round figure of $45. Owing to the isolated position of Prince Edward Island and the fact that a general arrangement was about to be made in the debt allowances of other provinces, this was increased to $50 by the terms of 1873.

Another authority who corroborates those statements is J. H. Grey, who reported word for word some of the utterances of Sir John A. Macdonald and other delegates at certain meetings prior to confederation. Sir John is reported as having said at a banquet in Halifax:

> If we could only obtain that object—a general, vigorous government—we would not be New Brunswickers, Nova Scotians or Canadians, but British Americans under the British Sovereign.

And in discussing colonial union he is reported to have spoken to this effect:

> What is desirable and what is practical? We must consider local prejudices and aspirations. It is our duty to do so. We are united as one man. There was no difference of feeling, and no sectional prejudices were exhibited by any one. All approached the subject feeling its importance, feeling that in their hands lay the destiny of the nation, and great would be the sin and shame if any different motive should interfere to prevent us from carrying out that noble object by becoming a great British monarchy in connection with the British Empire and under the British king.

Hon. Mr. PATERSON: May I ask the honourable senator a question? Prince Edward Island was the first province to reach its quota in the Ninth Victory Loan campaign. How can that be reconciled with the statement that it is the poorest province in Canada?

Hon. Mr. LEGER: It is not.

Hon. Mr. McINTYRE: I can tell my honourable friend that the per capita income of Prince Edward Island last year was $385, and that of British Columbia was $836.

Hon. Mr. DAVIES: May I ask the honourable gentleman a question? Can he explain why the government should pass an order in council which is a handicap to the lobster fishery, when the present minister in charge of fisheries is a Maritimer?

Hon. Mr. McINTYRE: These orders in council are all arranged before being presented to the cabinet. They may be arranged in Halifax, or partly there and partly in Ottawa or somewhere else. Then they come to the deputy minister, who goes through them.

Hon. Mr. EULER: May I also call a matter to the attention of the honourable gentleman? He spoke about the Intercolonial Railway, saying that it had been absorbed into the Canadian National Railways and that its rates were made as high as those on any other railroad. I think that is the effect of what my honourable friend said; I am trying not to misquote him. Is it not true that for a good many years now the freight rates to the Maritimes have been tremendously reduced, and that the railways have been reimbursed out of the federal treasury to the extent of many millions of dollars?

Hon. Mr. McINTYRE: That is true, but the same thing can be said with respect to the freight rates all over Canada.

Hon. Mr. EULER: No.

Hon. Mr. McINTYRE: The railways have been reimbursed from the federal treasury, but that was to cover reductions in freight rates throughout Canada.

Hon. Mr. EULER: No. There have been special rates for the Maritimes.

Hon. Mr. QUINN: But since the concessions were made to the Maritimes the rates for other parts of Canada have been lowered.

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

The senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 27, 1946.

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

Prayers and routine proceedings.

DAIRY INDUSTRY BILL

FIRST READING

Hon. Mr. EULER presented Bill G, an Act to amend the Dairy Industry Act.

Hon. Mr. HAIG: May I ask the honourable gentleman a question? Is that to increase the price of butter?

Hon. Mr. ASELTINE: A more important question is whether it is to increase the supply of butter.

Hon. Mr. EULER: No. Butter may come into the discussion, but in brief I may say the intention of the bill is to repeal a portion of the act which prohibits the manufacture, importation and sale of oleomargarine and similar products.

Hon. Mr. HAIG: They are better than what we have now, which is nothing.

The bill was read the first time.

BUSINESS OF THE SENATE

LEGISLATIVE PROGRAMME

On the Orders of the Day:

Hon. W. McL. ROBERTSON: Honourable senators, before the Orders of the Day are called I wish to make a statement for the information of honourable senators, particularly those whose homes are at a considerable distance from Ottawa. It is my intention to ask the Senate to approve of our adjourning on Thursday, April 11, until Tuesday, April 30, unless something arises—and I think this is hardly likely—to make such an adjournment undesirable or impractical.

As to our immediate plans, I intend to move tomorrow that we adjourn until Tuesday evening next. My reason for suggesting Tuesday evening rather than the afternoon is that the Committee on Banking and Commerce and the Committee on Public Health and Welfare are to meet that afternoon to consider bills which probably will be ready for them by that time. On Tuesday morning there is to be a meeting of the Special Committee on the Income War Tax Act and the Excess Profits Tax Act. Of course, if an interim supply bill is brought down in another place and passed tomorrow, and the Government desires to have it assented to without delay, we might have to sit on Friday. But I think that is most unlikely.

Hon. Mr. QUINN: Is the honourable gentleman referring to next Friday?

Hon. Mr. ROBERTSON: No; Friday of this week. As I say, I think it is most unlikely that an interim supply bill will be ready for us by then, so in all probability we shall be adjourning tomorrow afternoon.

CANADA'S NATIONAL FLAG

MOTION TO RECONSTITUTE COMMITTEE

Hon. WISHART McL. ROBERTSON: Honourable senators, with leave of the Senate, I move:

That in the opinion of the Senate it is expedient that Canada possess a distinctive national flag. That the Senate do unite with the House of Commons in the appointment of a joint committee of both Houses to consider and report upon a suitable design for such a flag. That the honourable Senators David, Davies, Gershaw, Gouin, Howden, Johnston, Lambert, Léger, McRae, Quinn, Robinson and White be appointed to act on behalf of the Senate as members of the joint committee.

That the said committee have power to send for persons, papers and records.

That a message be sent to the House of Commons to inform that House accordingly.

You will recall the message received from the House of Commons yesterday in relation to this subject. I may say that this resolution is similar to the one which we passed last session. Its purpose, of course, is to reappoint the committee then set up, but which naturally went out of existence with the prorogation of parliament.

Hon. Mr. DUFF: Honourable senators, I would ask the honourable leader of the government to let the resolution stand until tomorrow.

Hon. Mr. ROBERTSON: Very well.

The motion stands.

OPIUM AND NARCOTIC DRUG BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill B, an Act to amend The Opium and Narcotic Drug Act, 1929.

He said: Honourable senators, I would ask the honourable senator from Queens-Lunenburg (Hon. Mr. Kinley) to explain this bill.

Hon. JOHN J. KINLEY: Honourable senators, it will be observed that this is an amending bill. I may say that I have received from the department the following information in regard to the proposed amendments:

Upon the outbreak of war the supply situation in relation to narcotics presented many difficulties, and it became necessary to place everything with a narcotic content upon a prescription basis. This was effected by means of regulations issued under the War Measures Act.

Upon the cessation of hostilities and the gradual improvement of the supply situation, it was desirable to decide upon an appropriate peacetime standard for exemption from the prescription requirement. The Department of National Health and Welfare therefore consulted the advisory committee of the Canadian Medical Association, as also the Dominion Council of Health. The standard embodied in the amendments now submitted is that recommended by both bodies, and the appropriate medical and narcotic control officers of the department.

Effective January 1, 1946, the War Measures Act regulations were relaxed to precisely that standard, so that if same is now included in the Narcotic Act, there would be no difference whatever in the present prescription requirements as affecting the public, and would permit of cancellation of the War Measures Act regulations.

The remainder of the proposed amendments are of comparative unimportance, and include the changing of definitions of "Minister" and "Department" to conform to the new Department of National Health and Welfare.

The Narcotic Schedule is re-arranged in accordance with the new standard above referred to, and is no longer divided into two parts.

The only change affecting the enforcement of criminal clauses is in Section 4 (1) (e), where the word "administers" is substituted for "distributes".

In a word, honourable senators, this bill embodies in statutory form what is now covered by order-in-council. I have been informed that certain societies interested in this measure are anxious to present their views, and it seems to me that at the appropriate stage the bill should be referred to one of our standing committees, where representations can be received.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Public Health and Welfare.

The motion was agreed to.

EXPLOSIVES BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill E, an Act respecting the manufacture, testing, sale, storage and importation of explosives.

He said: Honourable senators, I would ask the honourable senator from King's (Hon. Mr. McDonald) to explain the bill.

Hon. JOHN ALEXANDER McDONALD: Honourable senators, this is a bill for the revision of the Explosives Act of 1914, which has not been changed since it was proclaimed in 1920. The act is based on the British act of 1875, which also forms the general basis for the explosives acts of Australia, New Zealand, Africa, Belgium, and some other countries. The proposed amendments are mostly minor in nature, and result from experience in the administration of the act and certain administrative changes in the department.

As honourable senators well know, I am not an explosive expert; however, since the honourable leader of the government has asked me to explain the bill, I have tried to learn from the Chief Inspector of the Explosives Division of the Department of Mines and Resources what I could about the original act and the amendments. My only personal experience with explosives has been gained while breaking the land and trying to round out the back part of my farm.

In common with many honourable senators, I do know something of the ill effects resulting from explosives getting out of control. At least two explosions of this nature have taken place in Halifax. The first of these occurred during the first Great War, when two ships collided in the Narrows leading from the Harbour into Bedford Basin. One of the ships was loaded with heavy explosives, and the blast destroyed a large section of the north end of the city with much loss of life and property. The second such incident happened last summer, when the south end of the magazine on the east side of Bedford Basin caught fire and a number of explosions occurred. On this occasion the residents in the north end of the cities of Halifax and Dartmouth had to vacate their homes, many of them in expectation that they would never go back to them again.

I recall another incident in Halifax when a ship loaded with over a million dollar cargo of high explosives caught fire. In an attempt to prevent a severe explosion a large naval vessel was brought up, and the burning ship was sunk by heavy gun-fire. When the people of Halifax heard the heavy guns thousands of them went to their windows. Had there been an explosion at that time, it would have resulted in great loss of life.

I thought honourable members might find it interesting to hear a review of this subject, and that I might also express the hope that the explosives of the Department of National Defence, which do not come within the scope of this bill, would be as carefully taken care of as those of the Department of Mines and Resources have been during the years the act has been in effect.

Hon. Mr. QUINN: And as provided for in this bill.

Hon. Mr. McDONALD: Yes, and as provided for in the amendments contained in this bill.

I should like to digress long enough to say that while I am not a Haligonian I have my head office in Halifax, and for the last twelve or thirteen years I have lived in that city. From what I have seen, I should say the people of Halifax have suffered more from the effects of the war than have the people of any other city in Canada. Despite this, a very large percentage of them have opened their homes to the men and women of our services. As I said in this house last Thursday, I should like to have honourable senators come to Halifax to learn at first-hand of the hospitality of our people.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McDONALD: The future development of explosives has not been forgotten in this bill. The bill is entitled "An Act respecting the manufacture, testing, sale, storage and importation of explosives." Recent developments have shown that explosives are now made not only from chemical compounds and chemical mixtures, as was previously the case, but may be made from elements or even less than elements. As an instance, I cite the atomic bomb. For this reason the words "whether chemical compound or mechanical mixture" have been deleted from paragraph (c) of section 2 of the act.

I asked the Chief Inspector of the Explosives Division why gasoline was not included. His answer was that it was not practical to include gasoline, as it would involve the inclusion of every internal combustion engine and every motorcar.

Section 3 provides that the servants of the Crown, both dominion and provincial, except for those under the direction of the Department of National Defence, are to be brought within the application of the act. This change was necessitated by a decision of Chief Justice Hazen of the Supreme Court of New Brunswick, in an appeal from a magistrate by an official of the Department of Highways who was charged with improperly keeping blasting powder and detonators or caps. Following that decision it was thought wise to include the Crown in both dominion and provincial fields.

A second major change is found in section 4, which authorizes the Governor-in-Council to make regulations controlling the sale of explosives.

Another important change is to be found in section 18, subsections 5 and 6. Here it is provided that an inspector may seize and detain an explosive which he believes is not authorized. Further, section 27, subsection 1, provides for the forfeiture to the Crown of any explosive which is not declared an authorized explosive after a conviction has been obtained.

Subsection 2 of that section authorizes the minister to seize and destroy abandoned or deteriorated explosives which may become a danger to the public. In some instances it has been found that an industry has moved away

from a location leaving behind a quantity of explosives, thus endangering those who afterwards occupy the property.

There is also provision for certificates for registered premises. This takes the place of an order-in-council, passed as a war measure, to control the sale and use of explosives during the war. Before the war hardware stores could keep blasting powder in unlicensed premises, if it was for the use of farmers and highway foremen. It was deemed desirable that such premises should be registered, so that the inspector of the Explosives Division could exercise some control and thus help to reduce the number of accidents from explosions. Notwithstanding the fact that in recent years explosives have been manufactured in much greater quantities than previously, the number of accidents has been reduced. Last year about 84,000,000 pounds of explosives were produced as compared to approximately 21,000,000 pounds twenty years ago.

I find a number of mistakes in the printing of the bill, both in spelling and punctuation. This means that the bill will have to be amended, and I would suggest that it be sent to committee, where it can be examined in detail.

Hon. Mr. BALLANTYNE: I should like to ask the honourable senator whether the proposed amendments have been submitted to the manufacturers of explosives in this country—and one firm in particular which operates on a large scale—and if their advice has been sought in the matter. I would think it not only wise but very necessary to do this. I understood the honourable senator to state that the Governor-in-Council would control the sale of explosives. What is meant by that?

Hon. Mr. McDONALD: I said that the Governor-in-Council is to have authority to make regulations controlling the sale of explosives.

Hon. Mr. BALLANTYNE: What does that mean?

Hon. Mr. McDONALD: It means that authority would be given to make regulations by order in council, as has been done during the recent years since the proclamation of the act in 1940. I have here a list of the orders in council passed during recent years, and would be glad to pass them over to the honourable senator if he cares to see them. I am sorry that I have not the answer to the first question raised by my honourable friend. It is my opinion that the chief inspector of the Explosives Division, or some other official of the department, would have discussed the matter with Canadian Industries Limited and other leading manufacturers. They probably know about it. From my talk with the Chief Inspector of the Explosives Division, I should say that he was a very efficient officer and would not be making these recommendations unless they were for the good of the industry and of the country.

Hon. Mr. BALLANTYNE: I do not doubt that for a moment. It may be that departmental officials have been in contact with Canadian Industries, but if not I think it would be well to notify Canadian Industries to have a representative present at our committee.

Hon. Mr. ROBERTSON: Section 4 of the bill, on page 3, under the heading "Regulations," says:

> The Governor-in-Council may make regulations for any purpose for which regulations may be made under this act . . .

It would appear that the Governor-in-Council could make only such regulations as are authorized by the statute.

Hon. Mr. BALLANTYNE: The honourable gentleman from King's (Hon. Mr. McDonald) spoke of controlling the sale of explosives.

Hon. Mr. ROBERTSON: Section 4 goes on to specify the kind of regulations that may be made.

Hon. Mr. CRERAR: I would like to ask a question. The administration of the Explosives Act, as the honourable senator from King's (Hon. Mr. McDonald) stated, rests with the Department of Mines and Resources. In a general way I had some familiarity with the administration of the old act during the period when I was at the head of the department. I notice that in the interpretation section the definition of "factory" is broadened to include:

> any building or place within a factory site in which a finished explosive is stored.

I would suggest that that definition be scrutinized when the bill goes to committee. If a small merchant in some outlying region was keeping in stock a hundred shot-gun or rifle cartridges—which I think are regarded as explosives under the act—would he require a licence, and if so on what terms could he secure it? Perhaps my honourable friend can give us some information.

Hon. Mr. McDONALD: On page 2 of the bill sub-section (h) of section 2 defines "magazine," and then goes on to say that this does not include various kinds of places set out in six following paragraphs. The places mentioned in the fourth paragraph are "registered

premises," which would cover premises where the proprietor of a country store would be allowed to keep a small quantity of explosives, say up to 175 pounds, for the use of farmers, men on highway work, and so on. The fifth paragraph goes on to exclude from the definition of "magazine":

any store or warehouse in which are stored for sale authorized explosives to an amount not exceeding that authorized by regulation.

Proprietors of stores and warehouses are not obliged to have a magazine for storing such things as fire-crackers, Christmas crackers and other explosives of that kind. I remember the Chief Inpector saying that it would cost the merchants a considerable sum of money to build a magazine, and it was not practical to require them to do so.

Hon. ANTOINE J. LEGER: Honourable senators, I have studied this bill and I find it is substantially the same as the original act. The only material difference is in section 3, which, with a certain exception, makes the law applicable to the Crown in the right of Canada and the Crown in the right of any province. The explanatory note opposite this section suggests that the Crown was unintentionally excluded from the provisions of the original act. I do not agree with that. I believe, and I think I may be able to show, that the Crown in the right of Canada and the Crown in the right of the provinces were purposely omitted. The proof of this is in section 26, which is exactly the same as section 27 of the original act. It says:

Nothing in this act shall relieve any person of the obligation to comply with the requirements of any license law, or other law or by-law of any province. . . .

This shows definitely, to my mind, that the provinces were not intended to be brought within the purview of the act. Yet section 3 would bring them under the act and deprive them of power to legislate with regard to explosives. If we pass Section 3 we certainly should have to delete section 26, because there is a material discrepancy between them. A provincial by-law or regulation might conflict with one made by the federal department, so that a person conforming to the provincial law might commit an offence under the federal law. That would be an undesirable state of affairs. I am familiar with the case of The King v. LeBlanc, which is cited in the explanatory note opposite section 3. In that case Chief Justice Hazen based his decision on an old principle of law. He said:

It has been determined time and time again beyond question that a statute would not apply to the Crown unless special mention is made in it to the Crown.

Since, therefore, the original act did not mention the Crown in the right of the province, Chief Justice Hazen simply based his decision on the old principle of law that the Crown as such would not be liable. The purpose of this bill is to make the Crown liable in the right of the province. I am not now expressing any opinion on whether or not that is desirable, but I certainly wish to point out that the omission from the original act was intentional.

Hon. Mr. McDONALD: If honourable members will refer to page 2 of the bill they will see that places where explosives are kept for mining purposes are excepted from the definition of "magazine" if the provinces have regulations for efficient inspection. I wonder if that exception meets my honourable friend's objection?

Hon. Mr. LEGER: No. The section will certainly have to be amended.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PRECIOUS METALS MARKING BILL, 1946

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill F, an Act respecting the marking of articles containing gold, silver or platinum.

He said: Honourable members, I would ask the honourable senator from Central Saskatchewan to explain this bill.

Hon. J. FREDERICK JOHNSTON: Honourable senators will observe that the purpose of this bill is to amend the act respecting the manufacture, import, quality marking, sale and advertising of articles made of gold, silver, or platinum, and also of articles plated with any of those metals. It is safe to say that the ultimate consumer knows less about such articles than about any others he buys, and therefore has to rely on the honesty and integrity of the dealer. In these circumstances government standards are set up for articles made of precious metals in order to protect the interests of the public.

On July 13, 1907, there came into force what was known as the Gold and Silver Marking Act, which established standards for gold and silver articles as well as for gold and silver

plated articles. The increasing use of platinum in the manufacture of jewellery necessitated its being brought under the provisions of the act, which accordingly was amended in 1928, the title being changed to the Precious Metals Marking Act. I might add that this change was made by the Senate, which also made a number of other amendments. The minister in charge in the other house stated that these were a real improvement on the original drafting.

The act defines certain standards of quality, provides for the application of registered trade-marks, and sets forth regulations for their control.

Subsection 3 of section 6 of the bill will permit the use of a trade-mark once application has been filed, and without waiting for official registration. In some cases the Unfair Competition Act of 1932 does not permit of official registration before the expiration of a period of six months from the date of application. Commercial Standard CS67-38 promulgated by the National Bureau of Standards of the United States Department of Commerce reads, in part, "shall have applied a trade-mark duly applied for or registered under the laws of the United States".

Subsection 2 of section 8 reduces the leeway on assay of silver articles. It is considered that a leeway of twenty-five thousandths on assay is too high. This has been reduced to ten thousandths, thus reducing the quality of sterling silver to nine hundred and three thousandths—a fineness which should not rightly be described or sold as sterling silver. I may say that under title 15, chapter 8, section 296, the United States Code provides for the same leeway.

Subsection 7 of section 9 permits the application of a fractional quality mark to articles 1/10-12K. The use of the quality mark "gold filled" is restricted to articles 1/20-10K or better. The difference in quality is readily seen.

Section 15 is amended to except precious and semi-precious stones and watch movements from forfeiture. It seems only fair that, where there is a conviction under the act, diamonds and other precious stones and watch movements should not be forfeited to the Crown but should be returned to the defendant. This is the purpose of the amendment. I think honourable senators will agree that, for instance, an expensive diamond ring worth probably several hundred dollars should be returned to the person or firm from whom it was originally taken.

The other suggested amendments do not make any material changes in the act.

Hon. Mr. JOHNSTON.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

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

Hon. JOHN J. KINLEY: Honourable senators, before speaking to the motion I desire to take this opportunity of paying my tribute to the late Senator Charles E. Tanner, a fellow Nova Scotian. Mrs. Tanner's brother was a physician in the town of Lunenburg, and through him I became quite well acquainted with Senator Tanner and his family. He was then very active in public life, being leader of the Conservative party in the province. For years he carried its banner against the strong forces of Liberalism. He never succeeded in leading his party into office, but he was always elected in his own riding—convincing testimony of the confidence and respect which he inspired in those among whom he lived. He was a ready and forceful speaker. In those days the daily press printed his speeches verbatim, and as a young man I always read them with great interest. Politically we were opposed, but personally we were always close friends. He had great length of days and did his duty in his day and generation. I was grieved to hear of his death. I feel that in his passing we have lost an able and loyal Nova Scotian and a great Canadian, and I should like to join my colleagues in their message of sympathy to Mrs. Tanner and the family.

I should like also to join in the tributes to the late Senator Duncan Marshall. I did not know him as well as I knew Senator Tanner. As I recall, I first saw Duncan Marshall at the convention which nominated Mr. Mackenzie King as the leader of the Liberal party. The late senator was then a delegate from Alberta, and made what I—then a young man—thought was a good speech. I still think it was. One passage stands out in my memory. He was criticizing the educational system, and said he had noticed in our school primers such sentences as "This is a cat," "This is a fat cat", and he contrasted them with the sentences in the school books of Belgium, "This is

a horse," "This is a good horse". These appealed to him strongly as being more appropriate, and he urged that our farm boys should be told something about horses rather than cats. He felt that from the very first day of their school life the young farmers of the west should be made conversant with horses and live stock, so that they might be better equipped to play their part on the farm. He gained eminence in two political fields—Alberta and Ontario—in each of which he became Minister of Agriculture. On his appointment to the Senate he took an active part on the floor of the house and in committees, and I am sure that the service he rendered was appreciated by all his colleagues. I regret his passing, and would like to join in the message of sympathy to his relatives.

May I add my compliments to those already extended to the mover (Hon. Mr. Hurtubise) and the seconder of the address (Hon. Mr. Burchill) on their fine speeches, which gave every evidence of careful and painstaking preparation. I should also like to congratulate the other honourable senators who have preceded me in this debate, for I think we should in this chamber encourage more and more discussion of the issues facing our country. In this body there is supposed to be wisdom and experience, but if we do not talk, how will anyone know the important part we are taking in the affairs of our country? The great difference between this house and the other is that more talking is done over there. Yet it is clearly indicated that in performing our duties of assisting and advising the government we should discuss matters vigorously. Therefore every member should take part in and contribute to our debates.

Honourable senators, we are assembled here for a session of parliament which may well be the most momentous in the history of Canada. Many of the problems confronting us are the aftermath of the war. We cannot escape the fact that we are living in wonderful and turbulent times. Five years of anxiety and sacrifice during the war have left their mark on the mentality of people everywhere. Now that the war is over we stand in awe and amazement at what has been achieved by science and industry. The splitting of the atom has made possible the use of atomic energy, with all its complications; the speed of the airplane has almost eliminated distance, and the development of electrical appliances has made the world an open forum. All these new devices can be used for good or for evil, to produce or to destroy. It is the will and mind of man that must decide which it shall be.

With all our advancement there is abroad today a feeling of fear, confusion and feverish impatience. This is a hazard which is the duty of everyone to control. It is especially important that those in public office and public life should think clearly and act justly, so that we may attain and preserve our way of life as a free people.

People of good will think the time has come when nations should settle their differences without armed conflict. A few years ago, when we were in the midst of perhaps the most threatening phase of the war, the President of the United States and the Prime Minister of Great Britain met on the ocean to create the Atlantic Charter. That charter was the enunciation of the ideal for which we fought. Today there seems to be a healthy determination on the part of the peoples of the earth to do something practical in the way of bringing about a better world.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. KINLEY: This determination has culminated in the creation of the United Nations Organization—a great and timely achievement. It is the abiding hope of the world. It is the only real over-all protection for the peace and happiness of the world at large. It must not fail.

The creation of the U.N.O. does not permit us to neglect our own security; our first duty is to our own country. To protect ourselves we must have at least two virtues, strength and good will. To be strong in her own right, so that she can assert her dignity and influence, Canada must keep step with the progress of events and be ready to assume the obligations placed upon her. To promote harmony among the nations she needs good will.

The other day we bade farewell to the Earl of Athlone, who is leaving us, and, as was most appropriate, we passed a resolution of appreciation of duty well done. His successor is to be no less a personage than Field Marshal Viscount Harold Alexander, who distinguished himself as a great soldier during the recent war. The choice of Viscount Alexander by His Majesty's advisers is indicative of their desire that in these critical times we should be strong from the top down. I am confident that our new Governor General will be a good adviser and will contribute much to the efficiency and safety of Canada in the future.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. KINLEY: Honourable senators, I now wish to say a few words about our loan of $1,250,000,000 to Great Britain. It is not so long ago that for her own development Canada was borrowing money both from Great Britain and the United States of America. But that time has passed. Since then Canada has borne

alone the financial burden of her war effort and has lent billions of dollars and made substantial material contributions in order to assist her allies. After all this it should be highly gratifying to her people that Canada is still strong enough to be able to make such a substantial loan to the mother country.

The lending of money is nothing new. People and nations have lent and borrowed through all generations. We recall the family of Rothschilds, the great money lenders of Europe, who became extremely rich and powerful. Great Britain became strong industrially, as she lent money to Canada, the United States and other countries. In earlier days she financed projects in the Far East; her money was spread all over the world. While she always had an unbalanced budget it was the unseen revenue flowing in from her money abroad that made her prosperous.

So that everybody will understand the subject, let us bring it down to the experiences of an individual. What could be better for a successful country merchant than to lend his money to his neighbours, that they in turn might trade with him to the benefit of all concerned? This system of circulation is the very foundation of financing. Our loan to great Britain is based on the same principle, but goes a little farther afield.

Before lending money one should be reasonably sure of its return. Where could Canada place her money with greater security than with the government of Britain—a security that is enhanced now that we have an international bank dealing with loans of this kind? Also, since the money is to be spent in Canada to buy our products, we shall soon have it back, and we shall still have the security. From an economic and business standpoint, is there anything that could be more beneficial to Canada's future than to be a lender nation? There is also the humane side of the question to be considered. Who will say that after Britain has spent much of her life and substance in battle we should not come to her aid and try to restore her so that later she may be a help not only to us but to the world?

I recall a story that was told to the young members of a class some years ago. Two young men in the United States did not have sufficient funds to enable them to complete their college courses. They heard that the great pianist, Paderewski, was coming to town, and since they had a flare for music they conceived the idea of hiring a hall and having him play. For this they undertook to pay him $1,000. Unfortunately the night was stormy, and they collected only $600. They went to the great musician and explained their predicament: they said they would give him $600 and a note for the remaining $400. When Paderewski had heard the story he said, "Boys, I commend you for your zeal and ambition." Then he tore up their note, gave them back the $600 they had paid him, saying, "Go on with your education." Later, during World War I Paderewski became president of Poland; and as you will recall, the United States sent great quantities of grain to feed the people of that country. While the men in charge of the project were visiting Paris, Paderewski sent a telegram saying that he would like to come and see them; he wished to thank the representatives of the people who had saved his countrymen from starvation. He came to Paris, where he met these representatives and expressed his appreciation of what had been done. Then one of them asked, "Do you recall, when visiting America, once helping two boys?" Paderewski said that he did, whereupon he was astonished to hear the response: "Well, I am one of the boys, and I have already been repaid for anything that I have done." Then we all remember the biblical injunction: "Cast thy bread upon the waters: for thou shalt find it after many days."

Hon. Mr. DUFF: Good Presbyterian doctrine.

Hon. Mr. KINLEY: We believe, even in the light of cold economic reasoning, that the loan is justified—it is justifiable that we should help our best friend and also be of service to humanity.

Honourable senators, I think we have all been interested in the events of the last few weeks, and the leakage of information through the public service. Naturally it has caused great concern. Personally I am glad the government is dealing with the matter in a strong and, I hope, effective way. A great deal has been said about the method of handling the case, and some legal minds seem to be very much perturbed by the fear that there has been infringement upon the liberty of the subject. In Canada we have always been careful to preserve the liberty of the subject, and as a layman I think in this case it has not been greatly impaired. I recall an incident of some years ago, when I was a member of the legislature of Nova Scotia. The liquor laws were under consideration, and there was a provision that a man charged with committing certain offences must prove his innocence. I said to my seat-mate, who was an eminent lawyer, and is now a judge of the province of Nova Scotia: "I do not like this legislation because it interferes with the liberty of the subject. I thought a man

was supposed to be innocent until proven guilty." He said: "That is true, but we are dealing here with organized crime, so we must take drastic measures." I do not think it was ever intended that the laws safeguarding the liberty of the subject should protect organized criminal gangs. Some years ago Peter Verigin, a Dukhobor, was being deported from Canada, presumably by the Government. At Halifax his counsel got an order for the issue of a writ of habeas corpus. Verigin was then brought before Judge Mellish, a prominent member of the Nova Scotia Bench, who would not permit him to be deported under the circumstances. That was an instance where the liberty of the subject was protected.

I take it that the liberty of the subject has to do with individuals. When you are dealing with a fifth column it might be disastrous to the state if technicalities were allowed to interfere with the course of justice. During the war we were supposed to lay our liberties aside so that the state might carry on as best it could. Now the storm is over, but the seas are still running high and much care is necessary to maintain the safety of the ship.

We must not forget that those arrested were protected to the extent of not being prematurely advertised throughout Canada as traitors to the state. We must not forget either that in association there is great power, both for right and wrong. A man by himself can do very little. I am free to make proposals in this chamber, but I can do nothing more unless other members agree with me. Evidence can be made and evidence can be destroyed by people in association, so the wisdom of keeping these accused people apart is clear to every thinking person. Further, honourable senators, it must be borne in mind that, after months of investigation, they were apprehended just before parliament reassembled, and that since then the whole matter has been discussed at some length, particularly in the other house. Did any honourable member propose a resolution of want of confidence in the government because it had done its duty in this serious situation?

What has happened should teach us one or two lessons. One is the need for more care in selecting those members of our public service to whom important secrets are to be entrusted.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. KINLEY: I do not think that scholastic attainments should be the controlling qualification. The ability to speak a number of languages is no guarantee of a person's loyalty. For their own preservation many Europeans are obliged to become proficient in more than one language. Recent happenings should be an incentive to Canadians to learn at least the two languages of this country, so as to fit themselves to take a more active part in public affairs.

Something has been said about unemployment. I was sorry to note that the leader opposite (Hon. Mr. Haig), in mildly criticizing the government with regard to unemployment, included in the aggregate of unemployed those who are attending educational institutions in Canada.

Hon. Mr. HAIG: I beg the honourable gentleman's pardon. I said there were 250,000 unemployed people, but that this number did not include some veterans attending universities.

Hon. Mr. KINLEY: I will read the Hansard report of the honourable gentleman's remarks:

> Today we are facing a very grave problem of unemployment. The most recent report indicates that there are 250,000 unemployed people in Canada, of whom 145,000 have made application for unemployment insurance relief. In addition, some 37,000 veterans are receiving unemployed veterans' relief, and this number does not include all the veterans in Canadian universities.

If the implication is not that these people are unemployed, I do not know what it is.

Hon. Mr. HAIG: If you check at the unemployment insurance office you will find that there are 250,000 people unemployed, in addition to those others I mentioned.

Hon. Mr. KINLEY: I do not dispute the honourable gentleman's figures, but I do say that any implication that men attending universities are unemployed is unfair.

Hon. Mr. LEGER: The inference is simply that if they were not attending universities they would be unemployed, because there would be no work for them.

Hon. Mr. KINLEY: I quite agree that that is the inference, but I do not like that inference.

Hon. Mr. HAIG: Is it true?

Hon. Mr. KINLEY: They are attending universities, yes, but I do not know how the youth of the land could be better employed. At our universities just now the number of students is larger than usual because many young people are completing the education which they interrupted in order to go overseas. In this age of science and machines it is vital to the safety and welfare of our nation that as many as possible of our young people be given a good education.

Hon. Mr. LEGER: Nobody disputes that.

Hon. Mr. DUFF: Don't carry it too far, though.

Hon. Mr. HAIG: Talk about the 250,000 unemployed.

Hon. Mr. KINLEY: I am concerned about those who are unemployed. Most of them are unskilled people who have not qualifications to fit them for employment. I do not think that any skilled men are unemployed at present. I know that industry is tuning up. There is a buoyant economy in this country, and I believe that when industry gets into its full stride it will make an effort comparable to that made during the war.

The honourable gentleman also mildly criticized the government's agricultural policy, and in particular he questioned the value of summer-fallow. I cannot speak with authority on that subject, for I am not well versed in western farming conditions; but after having heard it debated often in another place I came to the conclusion that it is a good thing. We were told recently that the government's policy in this regard is unassailable, and that annual production is increasing.

Now I come to taxation. That is something which can very well be left until the Budget is brought down. Of course, taxes are never popular, and we should all like to see them reduced. But our country is strong and we have a more abundant life than is to be found in almost any other country of the world. Those are the tests of taxation. It is the over-all picture of the condition of our people that must be accepted by those of us who have to do with the affairs of Canada. Our system is the subject of envy and admiration of people abroad. The Minister of Finance has been made a member of the Imperial Privy Council and created a Right Honourable for his efforts, skill and achievements in the field of finance in Canada during the war. While we hope for lower taxation, we must be willing to assume our obligations and pay our bills, realizing as we do that our people are living better than Canadians ever lived before.

Now I want to say a word about the Dominion-Provincial Conference. I think we all agree that owing to the great burdens imposed upon us by the war, our financial affairs are abnormal. In this century Canada has taken part in two wars and assumed obligations that never before were thought possible for the people of this country.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. KINLEY: During the last war the burden on the dominion was very heavy. On the other hand, the obligations of the provinces were in reality lightened, and they profited by the wartime economy. Anyone who reads their financial statements will see that the provinces are in better condition than they have been at any time in the past. Their treasuries are overflowing. That is particularly true of Ontario. The Siroir report, made prior to the last war, represented a splendid attempt to adjust matters between the dominion and the provinces for the benefit of all concerned. But since the war the situation has changed and the federal government is bearing the burden of a great wartime expenditure. The people who provide taxes for the provinces are also the source of the dominion's taxes, and surely some arrangement can be made for simplifying and reducing the over-all taxation. If an agreement between the provinces and the dominion had to be irrevocable, I should say that no one could be blamed for being very cautious before entering into it; but the suggestion is that an agreement be made for only three years. By that time the provinces may be in a position to present an even better case than they can now. Who will say that in these days it would not be beneficial to Canada to have some co-ordinated and less complex system whereby the necessary federal revenues could be raised without subjecting the people to excessive taxation?

I want now to say a word on foreign trade, a very important subject. People are thinking more liberally about this matter. We talk about "free trade," but I think what we mean is "freer trade." Trade is a two-way road. How can Canada be a free trade country in a high tariff world? It seems to me that a better thing to advocate is reciprocal trade, that is trade with those who trade with us. In any case, tariffs should no longer be governed by political slogans, but rather should be adjusted on a economic basis for the mutual benefit of the countries concerned. The producers of coal in Alberta and Nova Scotia would be in a difficult position if the home market was not protected by tariffs and subsidies against importations from other countries. On the other hand, the primary industries of agriculture and fishing are looking for world markets.

Coming, as I do, from Queen's-Lunenburg, honourable members would naturally expect me to say something about our fisheries. Last night it was my privilege as a guest to attend the banquet given by the Fisheries Council of Canada. I was very happy because it was the first time for me to see in this part of the country evidence of prosperity among those connected with the fishing industry. That is as it should be in any self-respecting industry. As long as that prosperity extends to the humblest fisherman on the coast of Nova Scotia I am quite content. I may

tell honourable members that our fishermen were never doing better than they are at present. For the first time in their lives they are beginning to get worried about the income tax, because they are reaching the point of earning sufficient to support their wives and families.

The Fisheries Council of Canada is a strong organization. It is composed of fourteen regional bodies representing various parts of the dominion, and they were assembled here for the purpose of improving the industry. The meeting was attended by the executive officers of a kindred organization in the United States, and the discussion centred around subjects pertinent to the industry. I am confident that such meetings will bring substantial benefits to our fishermen. I was glad to see that Lunenburg was well represented by Mr. C. J. Morrow, the president, and Mr. Homer Zwicker, a member of the executive. Both gentlemen are big producers and exporters of Nova Scotia fish. I felt my county was in the forefront of the fisheries business, and that this strong organization could do much for the benefit of the industry.

Our fisheries are successful at the moment because, in the first place, fish are abundant—the result probably of enforced conservation during the war. There was a great wartime demand for fish and there are plenty of markets today. We have better organization, and the co-operation that always comes with prosperity, because we are in a position to spend money to improve our organization. Fish being a highly perishable product, quality is all important. Marketing may be one of our problems of the future, for there will be keen competition. Certain countries of Europe with low standards of living will be our competitors. Even now they are sending fish to the United States in order to get dollars to purchase the things they need. So you can see that as to our American market, the most sought after in the world, we shall have to put forth our best efforts to hold it.

I think our lobster fisheries will stand up against almost any adverse conditions imaginable—and certainly they were bad enough during the war. But arising out of wartime conditions, we have found the North American market able to absorb every lobster we can catch.

The other day the honourable senator from King's (Hon. Mr. McDonald) spoke about our shore fishermen. As individuals they have not much bargaining power, and they are a long way from the market with a perishable product. They need more co-operation, and more stimulation to improve their methods, to enable them to succeed. I am glad to see that the country is conscious of the fact that a small holding is a great advantage to a farmer in carrying on part-time fishing, for it helps him out and gives him a background, which is very important.

When a year or two ago the bill to provide family allowances was enacted I was enthusiastic, for I believed then as I do still that it would abolish poverty in the midst of plenty. It has been a great encouragement to the shore fishermen of the province of Nova Scotia. Such an excellent measure should commend itself to everybody in this country.

Hon. Mr. ASELTINE: Is that the speech we heard from Prince Edward Island?

Hon. Mr. KINLEY: Our economic system was attacked and the question was asked: Why should we have this poverty in the midst of plenty? We are trying to abolish that distressful condition.

Honourable senators will recall the legislaton dealing with floor prices. When the price of fish drops to an unprofitable level the fishermen need assistance. Thereupon the government can fix a floor price and protect the dealers by a subsidy. These measures were taken in order to stabilize our economy. I may be told I am painting a rosy picture and there should be no room for any complaints. I would say in reply: Yes, there are some complaints. We are told that the export restrictions are too stringent—

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. KINLEY: —and that the margin to the dealers is too high. Well, I think it is too soon to appraise the situation. The attitude of our public men should be one of constant vigilance. I believe that in time the expansion of present markets and the opening of new ones for our fish will be of great concern to this country and a problem difficult of solution. So we must encourage efficiency and be ready to take advantage of every opportunity to promote trade. With strong organization and proper leadership the fisheries of this country should not be a Cinderella but, should be a great industry for the benefit of the whole of Canada.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. KINLEY: I have come to the conclusion, honourable senators, that in the national interest and also in the interest of our fisheries we should try to induce the dominion of Newfoundland to come into Confederation.

Hon. Mr. DUFF: Absolutely.

Hon. Mr. KINLEY: In the Maritimes there is a feeling that Newfoundland is a competitor

in the fishing business, and that we should be inviting trouble by bringing her into Confederation. I do not think there should be much fear of that, because her fishing vessels have equal privileges with our own. True, the fishermen of Newfoundland have a little advantage in that they have no income and corporation taxes to pay. But I do think the very fact that they are producers of the same kind of goods as we produce, and competitors with us in world markets, should encourage us to work together as one great country.

Hon. Mr. DUFF: They are our best customers for manufactured goods.

Hon. Mr. KINLEY: I will come to that. The same sentiment is now becoming prevalent in Newfoundland: the people there feel they should be part of the Canadian nation. The union would entail some cost to Canada, but let us not forget that Newfoundland includes also a considerable part of Labrador. Newfoundland, now a market for much of the goods of central Canada, would, I am sure, become a better market as an integral part of a wealthy and virile country that now lends financial aid to the Mother Country. We in the Maritimes would have a stronger influence in the Parliament of Canada because we would have another dominion added to the provinces of Confederation. From the national standpoint we cannot afford to do without this frontier dominion. The result of the union would be a stronger Canada, and Newfoundland would be raised to the social and economic standards we enjoy so abundantly in this country.

I think, honourable senators, it is apparent that I am supporting the resolution before the house.

Some Honourable SENATORS: Oh, oh.

Hon. CYRILLE VAILLANCOURT: Honourable members, my first words are for our former Governor-General and his charming consort, the Princess Alice. May I be permitted to express to them my sincere gratitude for and admiration of their fine work during their stay among us? They may rest assured that their memory will always live in the hearts of Canadians.

I offer my congratulations to my honourable friends, the mover, (Hon. Mr. Hurtubise) and the seconder (Hon. Mr. Burchill) of the address in reply to the Speech from the Throne. Their sound and well-planned speeches show that these two new senators will be valued members, upon whose ability and wisdom we may count in the fulfilment of our task.

Some find the Speech from the Throne rather pessimistic. In my opinion it is realistic, because it tries to show the situation as it really is. Those who have eyes to see can only say that the situation is serious. We need not be surprised, for if we study history we shall find that the same thing has happened after every war. It sometimes took months, even years, to re-establish countries that had been devastated by war.

We must therefore endeavour by work, and the exercise of caution to bring back normal conditions, not only as regards economic matters, but above all among men. The task will not be an easy one, because for years we have been training men for war and instilling into them the idea of destroying the enemy. Such a mentality cannot be changed overnight. In order to return to normal conditions and restore our economy, each one of us will have to place his energy, his intelligence and his good will at the service of his country. Therefore, let us rid ourselves of niggardliness, and work without respite for the moral, economic and social restoration of each individual group that makes up our country.

At the present time the world is in a nervous state. Let us look back to the years of 1937, 1938 and 1939 and see if we are not again living in a condition similar to that which existed when Hitler was waging his war of nerves. That dictator told the world that he was being persecuted and that nobody could doubt his good will. If he invaded Austria it was to protect himself; if he seized part of Czechoslovakia it was for the same reason; later, when he took over all the Czech countries it was to ensure peace. He complained that he was misunderstood by the other powers, but that his intentions were pure. However, in September, 1939, he invaded Poland, then Russia, Denmark, Holland, Belgium, France, Norway and so on. Is not the same thing happening today? The leader of an allied country complains that we suspect him and we do not realize that he has good intentions. If he controls the Balkans or Iran, it is to protect himself. How can Iran and Iraq threaten the Russian bear? Will this new war of nerves last two or three more years and then result in a new disaster? We hope not.

We have fought during ten years so that democracy may be free. Today another war threatens us, the economic war, which is more relentless than ever. Why, after such a terrible war, cannot men who are supposed to be intelligent find means of understanding each other instead of trying to dominate one another? The main reason is that in certain quarters God has been cast aside and replaced by pride. God can save the world, while pride will lead men only to perdition.

The history of the world teaches us that no war has ever improved the morals of a

nation. Every mighty armed conflict has lowered moral standards. We must therefore, meet the moral crisis, which is an even more disastrous evil than the social or economic ills which beset us. To cope with this crisis men must retrace their steps towards God. When a nation no longer believes in divinity nothing can restrain its passion for domination, since it has replaced the worship due to God with the passion of pride, which attempts to subjugate everything to its power. Pride stands for hatred; God is the symbol of love and charity. If the ills of the human race are to be cured, man must realize and remember that above him reigns a supreme and all-powerful Being who has created and bestowed all things in existence. Man must recognize that he is altogether insignificant, and that he is helpless without God's assistance.

How can man succeed in his undertakings if he refuses to co-operate with Him who, in a flash, can create and annihilate the universe? Why do we begin our meetings with prayer, if not to implore light and wisdom from the All-powerful? The Creator, if forgotten by man, will no longer lean towards His creature, and men will be left to live like the beasts and to devour one another like wolves.

This moral and all-important restoration must be supplemented by social and political re-establishment. In the economic sphere we must attempt to develop among men a greater degree of kindliness, and make life easier for them by providing a more thorough education and a wider knowledge, as well as by promoting more agreeable and more cordial relations. Finally, we must organize the life of nations as we do that of the family. This social economy must be supplemented by a sound political economy which plans production, distribution and consumption in such a way that not only our own people and country, but the peoples and countries of the whole world, will enjoy in reasonable measure the good things this earth has in store for all of us.

It is unthinkable, for instance, that we in Canada should have so much wheat that we would not know what to do with it, while in certain countries in Europe people were starving. If we were to keep for ourselves all that wheat and other surplus goods we should not be happy, because we would have too much goods and not enough money to trade with. That very idea is probably expressed in the following excerpt from the Throne Speech:

> The maintenance of a high level of employment and national income is a fundamental aim of government policy.

Further on it adds:

> The government has steadily pursued its efforts to restore former markets, to secure new markets and to expand peace-time exports. In pursuit of this policy, export credits, for which additonal provision was made at the last session, have been extended to several of our wartime allies.

And further still:

> At this session you will be asked to approve an agreement, recently concluded, for a loan to the United Kingdom which will help maintain the British market for Canadian food products and other exports. The agreement will also contribute to the steady development of trade between the two countries, the removal of trade barriers and the free use of currencies for international trade.

(Translation) May I be permitted to discuss briefly this matter of a loan to the United Kingdom? In some circles the loan has scandalized people who believe that we have already been over-generous with the United Kingdom, and that the rate of interest is lower than that paid on our own Dominion of Canada bonds. We already gave two billions, it is true, but we gave it in goods which our people were paid to produce. Our farmers were paid for their products and our workingmen were remunerated. If that effort on our part has contributed to victory the gift will not have been made in vain.

Now, let us suppose that through abstention on our part, and consequently on the part of other countries—because an example, good or bad, is always contagious—Hitler had won the war. What would have become of us? Let us not deceive ourselves! The Germans would have seized something else besides money in our country, as they did in all the countries which they conquered. Hitler would have done here what he did everywhere else; he would have taken all the food to feed Germany. Was it not Goering or one of his ilk who said: "Before the Germans suffer from hunger, all the other countries of the world will starve."

But you might say that we are not sure that Hitler would have won the war, even if we had not helped to defeat him. Stalin and his Russians might have beaten him. Would Stalin and the Russian domination be preferable to the German domination? For my part, I do not hesitate to say that I prefer the way of life which I now enjoy.

Let us consider that loan of $1,250,000,000, and let us suppose that it might not be granted. England and the sterling block (which includes Belgium, Italy, Greece, Iraq, Egypt, etc.) could not buy anything from us. What would we do with our production? Would we sell it to the Americans? Perhaps we could do so for a year or two, but what would happen then? Have we forgotten the lessons of the past? The Americans, being in a position to produce in their own country everything

they need, have set up barriers and have placed embargoes on our livestock, our butter, our wheat and many other items.

Prior to the outbreak of the war our imports from the United States exceeded the amount of our exports to that country by 300 millions. Tomorrow, the same situation will obtain. On the other hand, before the war, in 1936, our exports to the United Kingdom amounted to 395 millions, compared with imports worth 122 millions. In 1940, the last year during which the operations were not too much affected by the war, our sales to the United Kingdom amounted to 508 millions, compared with purchases aggregating 161 millions. If we no longer sell our goods to the sterling block, we shall be compelled to keep them and curtail proportionately our economic activity, which will result in future unemployment.

Is it not preferable to lend even for a fifty-year period a billion and a quarter to the United Kingdom and, as stated by the Minister of Justice, take an insurance policy against unemployment, rather than reject that insurance policy, and having tomorrow hundreds of thousands of unemployed, whom we will have to save from starvation without being able to give them some constructive work and then losing, not only for a few years but most likely forever, a market which has always been profitable?

Some might say, "Let us find other markets". A market cannot be developed overnight. For instance, will South America buy our livestock and our wheat? They are, like us, exporters of such products. In regard to manufactured products we must, in the markets of South America, face stiff competition from the Americans. Sometimes a business firm, in order to retain a trade which it expects to be profitable in the future, makes sacrifices and even sells at a reduced price, because it is convinced that in a few years it will recoup those losses; and, it knows that that trade which it strives to maintain and develop during those difficult years will increase two-fold or more. Why should not our country do likewise?

Others say, "With that money we could, for instance, build houses, which give employment to thousands of workmen and thus reduce unemployment." By proceeding thus, we would assist a certain portion of the population; we would help quite a number of skilled workers, but what of the others. Everybody cannot be a skilled worker; everyone cannot work in factories. We must also think of the farmers. If the farmers do not enjoy prosperity, neither will the country. What about those houses built with the utmost speed? Let us not proceed too hastily. There were a few years ago similar financial and building booms. Soon, those houses built hastily can hardly be sold for half their cost, because when they are re-sold the housing shortage has ended. It is said, "Not only would the construction of those houses require lumber and would provide work for our people, but they would also require cast-iron and iron materials which would have to be purchased?" If such materials are to be found, it is necessary that strikes should come to an end. It is claimed that in steel plants it takes a month to make up for the production lost by a week's strike. As the strike lasted six weeks, this means a six-month delay. The government is not solely responsible for the shortage of goods. There are many other related causes, and we must admit it.

Finally, there is something else which appears illogical in this loan: The government borrows at 3 per cent interest and lends to the United Kingdom at 2 per cent. As I stated at the beginning, it is no longer possible today for a country to live in isolation. We are inter-dependent, and we are specially dependent on our neighbours. No one can imagine that Canada may, alone, save the commonwealth and the whole sterling block. Such a claim would be preposterous. Therefore, we must have the co-operation of our American neighbours.

The United States is prepared to lend $4,400,000,000 to the United Kingdom, and Canada $1,250,000,000. It is to be hoped that with this sum of five and a half billion dollars it will be possible to reorganize the economy of the Commonwealth and of the countries belonging to the sterling block. Our neighbours, the Americans, have made their loan at 2 per cent interest, or rather, we hope that they will do so—no final decision has been arrived at—and the agreement with England provides specifically that the latter cannot borrow from any other country at a higher rate of interest than that agreed upon by the American people. If we demand 3 per cent interest we will be unable to make the loan, for the United States would object. Alone, we cannot restore the whole economy of the Commonwealth, but, in co-operation with the United States, we can do so. This is the reason why we are forced to accept 2 per cent interest.

As the Minister of Justice said, by way of illustration, in granting this loan we are taking out an insurance policy against unemployment; and, as in all cases where a policy is issued, a premium must be paid. Without this loan we would have to consume a large proportion of our products, which are so abundant that it is impossible for us to absorb them all, and our national revenue would decline pro-

portionately. It stands now at 9 billion dollars, and if reduced to one-half of this amount unemployment would prevail over the whole of Canada. It would be infinitely preferable that the situation be the same as prevailed before the war, that is such that it would suffice to maintain our trade and increase our exports to a large extent. However, we have to choose between unemployment, destitution, etc., and the loan.

A third argument advanced by certain people against the loan is that we are lending proportionately much more to the United States. At first, I was impressed by this. However, before arriving at a conclusion, I procured the following information. The United States exports from 9 to 10 per cent of its total production, while Canada sells on foreign markets more than 40 per cent of its products. Once this comparison is established the conclusion becomes evident.

Let us revert once more to this smart idea of an insurance policy that we intend to take against unemployment, and let us consider what happened in the whole world during the depression of 1930 to 1938. The United States was exporting but 9 to 10 per cent of its national production. As soon as this production was reduced by half, the country suffered a fearful depression when millions upon millions of workers became unemployed.

As for us, our exports represent 40 per cent of our total production. You can imagine what the consequences would be if this proportion declined by one-half. On the other hand, were our national production to total only 3 or 4 billion dollars instead of 9 or 10 billion, you would have no trouble to realize what the results would be on our economic set-up. Our leaders are just as devoted to Canada as we are ourselves, and in taking their decision they have thought first and foremost of Canada. If they have reached such a conclusion, it is because they have realized that such a solution was the best. I do not say that is the most advantageous, but, in the circumstances, it has the least drawbacks.

Honourable senators, such is the problem as I understand it. I have endeavoured to show you a feature which few people have seen.

The Speech from the Throne also refers to housing and the building of houses. On all sides we hear complaints. Houses are scarce, building materials are unavailable, and there is a shortage of this and that. Let us at least be logical. We should realize that building has been more active than ever. Therefore, it is not surprising that materials should be lacking somewhere, since the demand is greater than the supply. Statistics concerning certain cities show us that for the last four years more houses have been built in seventeen cities than during the twenty years which preceded the war. According to figures recently quoted in the other house, 44,000 dwellings were built in 1945, of which 39,000 were new houses. Out of that number 36 per cent of the new dwellings are in twelve cities only, while 27 per cent were built in rural municipalities. Now, in 1929, which was the pre-war record year, only 34,000 dwellings were erected.

In the light of those figures it is not surprising that materials, especially lumber, should be in short supply. The men in logging camps are not appreciably more numerous than before, and it is impossible to use more lumber than can be obtained. According to statistics, from 1934 to 1944 there were used in Canada on the average 2 billion feet of lumber, and during that period 48 per cent of Canada's cut was exported; whereas in 1945, 41·5 per cent of the Canadian production was exported and the domestic consumption reached 2 billion 860 million feet. We are told that in 1946 the lumber cut will amount to 5 billion 200 million feet—a peak that has never been reached before—and that more than 3 billion feet of lumber, board measure, will remain in Canada.

Moreover, the same situation can be seen everywhere. Merchants are complaining that they have no goods for sale. When asked whether their trade is as considerable as it was in 1941 they invariably answer: "Yes, it has become two, three, and even five times greater than in 1941." Therefore, it is not surprising that some goods should be scarce.

If a housing shortage has developed, it is chiefly because of a shift in the population. If a census were to be taken in our rural areas, the result would be alarming. I wonder whether much more than a quarter of the population lives in rural sections, whereas the opposite was true forty years ago. One quarter of the population then lived in cities. The exodus from the land is the evil that must be deplored. Young people leave the land to invade the cities where they imagine they will find pleasure, satisfaction and prosperity. Yet, in the rural areas, on the land, a quiet and peaceful life is possible. With all the conveniences that can be enjoyed today, thanks to electricity, how much happier, to my mind, could young people be if they lived on the land!

It is imperative that our leaders should launch a widespread "Back to the land" campaign. Let all men of good will pool their efforts with a view to stopping that exodus from the land. If it is not soon checked, we can ask ourselves whether mankind will in the future find enough food for proper nourishment.

(Text): Last Thursday two of our honourable colleagues spoke of the land and of life in the country. The honourable gentleman from King's (Hon. Mr. McDonald) concluded his fine speech with a plea in favour of co-operation. If we wish to organize without delay a better world to live in, I believe that our salvation lies in going back to the land and relying upon co-operation as our support and bulwark. In certain quarters every possible means of opposing co-operation is used. Some say it is a means of destroying capitalism, while others contend that it is a movement to annihilate private enterprise. Some even say that co-operation is a form of socialism, if not communism. Co-operation is nothing of the sort. It is not a means of destruction working against anyone. On the contrary, it tries to ensure peace and prosperity for all. The co-operatives' motto or slogan is not "Compete to live", but "Unite to live". In co-operation we have good, realistic and creative achievements; each member of the movement helps his neighbour and prompts him to do good. Everyone tries to raise to his own level the neighbour who, yesterday, was smaller and weaker. In a word, everyone tries to help his neighbour without ever doing him any wrong. As our colleague from King's said, private enterprise may get along perfectly well and prosper side by side with co-operative enterprise, provided each works in a spirit of justice and charity.

Co-operation is not equalitarian socialism nor dictatorial communism. On the contrary, co-operation tends to develop in each individual a sense of responsibility and initiative, because in co-operation each individual is rewarded in proportion to his effort. But co-operation does more than that: it develops in its members a benevolent, productive and educational spirit. In fact, in order to succeed in co-operation each member must be an honest man. Finally, co-operation brings together the rich and the poor, the weak and the strong; and it develops among all a spirit of charity and mutual assistance, which may help to render man better.

I, therefore, ask everyone to do his utmost to help the development of this beneficial movement. In order to achieve a better world, let us pray God, Creator of all things, asking Him to guide our intelligence so that we may devote our energy to help our neighbours in a spirit of charity, co-operation and mutual assistance. If each one of us is better, the world of tomorrow will be better.

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

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, earlier this afternoon I gave notice that, subject to approval of the house, I would move on April 11 that we adjourn until the 30th. I apologize for having omitted to state that the ceremony of swearing-in the new Governor-General is to take place at 10.30 on the morning of Friday, April 12. The motion will therefore be that the Senate adjourn from Friday, April 12, until Tuesday evening, April 30.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 28, 1946.

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

Prayers and routine proceedings.

FIRST CLERK ASSISTANT

RETIREMENT OF DR. L. P. GAUTHIER

Hon. G. V. WHITE, Chairman of the Committee on Internal Economy and Contingent Accounts, presented and moved concurrence in the following report:

Your committee recommend—

(1) That Louis Philippe Gauthier, First Clerk Assistant, be retired on superannuation effective from the 31st March, 1946, and that he be granted a gratuity equal to the difference between four months' salary and the superannuation allowance for that period, namely, the sum of $1,020.

All which is respectfully submitted.

Hon. Mr. ROBERTSON: I should like to place on Hansard the following resolution, which was unanimously adopted at this morning's meeting of the Standing Committee on Internal Economy and Contingent Accounts:

Resolved—That the Committee desires to extend its sympathy to Dr. L. P. Gauthier, in the illness which has necessitated his retirement, and to assure him of the Senate's appreciation of his many years of faithful service as First Clerk Assistant.

Hon. Mr. HAIG: I have much pleasure in supporting the proposal of the honourable leader opposite.

The motion for concurrence in the report was agreed to.

PRIVATE BILL

FIRST READING

Hon. CAIRINE WILSON presented Bill H, an Act to amend the Act incorporating the National Council of Women of Canada.

The bill was read the first time.

CANADA'S METALLIFEROUS MINES

MOTION

Hon. A. D. McRAE moved:

That the Standing Committee on Natural Resources be instructed to examine into the economic value of metalliferous mines in Canada and report to the house its findings, and to that end have power to call and examine witnesses and keep a record of its proceedings.

He said: Honourable senators, I think that we are all aware how important the development of our mineral resources is to our internal and external situation. Last session the honourable senator from Churchill (Hon. Mr. Crerar) suggested that a useful purpose would be served by an inquiry into the development of the natural resources of Canada, and in line with this suggestion I later announced my intention of presenting early this session a motion such as the one before you.

Canada is richly endowed with many natural resources and an inquiry into them all under one motion would probably extend over such a long period that it would not be completed before prorogation. Other motions, however, covering sections of our natural resources could, and I think should, be introduced into the Senate during the present session. It will be observed that this motion refers to metalliferous mines, and therefore covers not only precious and base metals, such as gold and silver, copper, lead, zinc and nickel, but also a few other more or less important minerals.

In taking up the development of metalliferous mines at this time, I think we shall have a major opportunity to consider the possibility of extending employment and increasing exports. There is no sales problem connected with our precious metals, and the situation with respect to base metals is also strong. Canada has great undeveloped reserves of these metals. The world wants them and a ready market is available. The problem which confronts us today is how best we can increase the production of our metalliferous mines.

I have already stated that I think the product of our mines represents the best avenue for development which the country could take. Probably I should support this statement by some figures relating to production at the beginning of the war.

The latest report available is from the Canada Year Book for 1940. During that year the war had interfered but little with the production of our mines. In 1940 our total exports amounted to $1,178,000,000. Our mineral output aggregated $529,000,000 in round figures; our mineral export, including gold, was $431,500,000, or 37 per cent of our total exports. Perhaps a better impression could be obtained from comparison. In 1940 our agricultural exports were roughly $250,000,000, a figure which includes $119,500,000 for wheat. The newsprint industry, with its associated products of pulpwood, paperboard and other by-products, comes third, with exports of roughly $215,000,000. Honourable senators will note that while our mineral export did not quite reach the combined exports of agriculture and newsprint in 1940, it did far exceed either one of them.

I think it is accepted by all of us that the mineral resources of our country are as yet far from fully developed. Let us examine the situation and see what the effect would be on the problem of unemployment if we were to double our mineral production of 1940. In that year, according to the Canada Year Book, 108,886 men were employed in our mines. On the basis of the estimate of the United States Bureau of Mines at Washington that one miner provides a livelihood for twelve other citizens, the mining industry of Canada in 1940 would have provided a livelihood for 1,300,000 Canadians, or one-ninth of our population of 11,500,000. Honourable senators will see, therefore, that if it were possible to double our mineral production the benefits which would accrue with respect to employment and export trade would be very great.

It may interest honourable senators to know that in 1940 we had a capital investment of practically $1,000,000,000 in our mining industry. Wages and salaries paid in that year were $164,489,000, and the amount paid for fuel, electricity, heat and power reached the surprising total of $302,000,000. These are colossal figures in a commercial industry. I regret that I cannot give the house a complete breakdown of the expenditure of the $529,000,000 produced by our mines in 1940. That is something the committee would undoubtedly consider, and I am confident it would find that such a development as I have referred to would not only be of benefit to labour, but would go far towards solving the employment problems of agriculture, lumbering, coal mining, and transportation, as well as those of the iron mills, machine plants and various other industries throughout Canada, thus helping to create new capital. In the end the government would get from many sources,

by way of taxes, the major portion of this newly-created capital. The new capital created would turn over many times and pass through many arteries before being siphoned off to find a final resting place in the vaults of the Dominion of Canada. The revenue which the country would derive in the meantime, would of course far exceed the amount paid in taxes by the mines themselves.

I have long contended that a Canadian does not need to own a single share in a mine to be interested in mining development. It is important that Canadians generally should get a true picture of our mineral resources, and what their development would mean to every citizen. The Canadian people should be mining-conscious. I feel that these resources are not generally appreciated by the Canadian people, and I believe that the adoption by this house of my motion would result in a much better understanding of the mining situation.

After six years of war our national business, faced with problems of reconstruction, is tired, hesitant and sometimes sick. It needs a blood transfusion. In our undeveloped natural resources we have a great industrial blood bank; but it is of little value unless we are prepared to draw on it for the stimulant so necessary to our peacetime business recovery. I am sure that the investigations of the proposed committee would be very complete, and at least would call attention to what under present conditions is perhaps our most important national industry. I trust that other honourable senators will add a word to this rather hastily prepared introduction of the motion, of which I hope the house will approve.

Some Hon. SENATORS: Hear, hear.

Hon. THOMAS CRERAR: Honourable senators, there is a good deal of concern and anxiety today about taxation and public expenditures generally. The probabilities are that the requirements of the federal government will approach $2,000,000,000 a year. On all sides—in the parliament of Canada, in the legislatures, and in the larger municipalities—pressure is being brought to bear to bring about greater expenditures in various directions. This being so, it seems to me quite clear that we must give some intelligent thought to the resources of the country and how they can most wisely and profitably be developed.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. CRERAR: The motion on which the honourable senator from Vancouver (Hon. Mr. McRae) has just spoken relates to one narrow segment in the development of our resources. There are few countries in the world as fortunately situated as Canada is, with her great variety and extent of natural wealth.

Mining is a comparatively new development in Canada. For many years at the turn of the century the natural product that was most widely discussed both in eastern Canada and in the West was our wheat. The eastern manufacturer and wholesaler was deeply interested in the annual wheat crop of the prairie provinces, because if it turned out well it meant that several hundred millions of dollars would be spent on goods and services provided by people in other parts of the country. Now, the public imagination has not been seized in the same way with the value of our mineral products. One of the benefits to come from a committee of the kind that has been proposed would be the bringing home to the minds of the Canadian people the fact that in our metalliferous mines we have a very valuable resource.

Practically all the development of metalliferous mines has taken place in the northern parts of the provinces. Immense potentialities in metal mining have been shown in the northern parts of all the provinces except the maritimes and Alberta. As a general rule, in Canada we need a larger domestic market for our agricultural produce. At the moment, because of the heavy credits which the government is giving to European countries—wisely, I think—we are assured of markets for our agricultural products over the next few years; beyond that the future is a closed book. But in the northern parts of Quebec, Ontario, Manitoba and Saskatchewan, and in the North West Territories, the demand for agricultural produce of all kinds will increase with the development of mining, since few of the mining districts are capable of producing even the simplest of food products.

So I think the importance of mining developments to the farmer is clearly indicated. It is of importance to others as well—to subsidiary manufacturing industries of all kinds, and to the timber industry, for example.

Last session in the debate on a motion made by my honourable friend from Vancouver (Hon. Mr. McRae) with respect to gold production, I quoted some figures on the economic value of the wealth produced by the International Nickel Company at Sudbury. The company's total expenditures in one year—1937, if I recall rightly—was more than 40 million dollars. A large part of that huge sum went to pay the wages of miners and other employees, who in turn used it to pay for commodities produced in factories scattered all over Canada and for services of one

kind and another. Several million dollars were expended by the company on railway freight charges, and large amounts were paid out for electrical energy, lumber, and other goods and services required in carrying on the mining operations.

What is true of that mine is true in different degree of every metal mine in Canada. For instance, in 1938, I think it was, the Noranda copper and gold mine used more than 600,000 tons of Nova Scotia coal in its smelting operations.

Adoption of the motion will give the Committee on Natural Resources an opportunity to gather data, to classify it and to set it forth in clear and concise terms. I should like to see a first-class report prepared and distributed not only to senators, and members of another place, but to every newspaper office in the country, to every public library, to the university libraries and to high schools, so that all the people, both old and young, would have authentic information on this important subject. I do not think the committee would be put to much expense in gathering this information. I feel certain that in the Bureau of Statistics there is a vast amount of material which, if studied and classified—and this is work which the Bureau would be glad to do—would show clearly the economic value of mining to the general welfare of the country. I am sure also that the managers of the larger mines would willingly appear before the committee, at their own expense, and furnish whatever data might be required. So outside of the printing of the reports and a record of the proceedings, probably a few hundred dollars would cover all expenses.

It occurs to me that we might well ask the Ministers of Mines of the various provinces to give the committee the benefit of their judgment on the economic aspects of the development of our metalliferous mines.

I do not know any body of men better fitted to undertake the proposed inquiry than a committee of this honourable house, for we have both time and opportunity to study, digest, and classify the information submitted to us and then make a report thereon. For this and the other reasons I have advanced, honourable senators, I warmly support the resolution.

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

CANADA'S NATIONAL FLAG

MOTION TO RECONSTITUTE COMMITTEE

On the order:

Debate on the motion of the Hon. Mr. Robertson that it be—

Resolved,—That in the opinion of the Senate it is expedient that Canada possess a distinctive national flag.

That the Senate do unite with the House of Commons in the appointment of a Joint Committee of both houses to consider and report upon a suitable design for such a flag.

That the honourable Senators Aseltine, David, Davies, Gershaw, Gouin, Howden, Johnston, Lambert, Léger, Quinn, Robinson and White be appointed to act on behalf of the Senate as members of the joint committee.

That the said committee have power to send for persons, papers and records.

That a message be sent to the House of Commons to inform that house accordingly.—(Hon. Mr. Duff.)

Hon. Mr. DUFF: I think there is a little mistake on the order paper. All I asked yesterday was that the resolution stand.

Hon. Mr. HAIG: That is what was done.

Hon. Mr. DUFF: If honourable members wish to go on with the motion today, I have no objection.

Hon. Mr. HAIG: Question!

Hon. Mr. DUFF: There is no debate at all.

Hon. NORMAN P. LAMBERT: Honourable senators, unless there are good reasons for having the resolution stand over, I would very strongly urge that it be adopted so that the joint committee may proceed with its work. From reports I have received from some of the members of the Commons section of the committee appointed last session—which of course went out of existence with prorogation—I am quite certain there is a great deal of interest in the subject, and eagerness to proceed with the inquiry. As honourable members have noticed in the press, the more than 1500 designs submitted for a national flag have been classified and placed in position for consideration by the new joint committee. Again I would urge that we adopt the resolution as soon as possible.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

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

Hon. W. M. ASELTINE: Honourable senators, when I left the West to attend here it was not my intention to take part in this debate, but since my arrival several matters have come to my notice and I have decided to make a few observations in reference to them. I intend to deal briefly with divorce, more briefly with butter, at a little greater length with wheat, and very briefly with air mail service.

Before proceeding further I wish to add my congratulations to those which have been already extended to the mover (Hon. Mr. Hurtubise) and the seconder (Hon. Mr. Burchill) of the Address, and also to the other members who have taken part in this debate. I do not recall any similar occasion when we have had more informative and strictly non-political speeches.

With regard to divorce, honourable senators will have noticed that on Tuesday of this week I presented 202 petitions for bills of divorce. As this is the beginning of the session there are likely to be further petitions, and the total will probably reach from 250 to 275. The cases based on these petitions will have to be heard and dealt with by our Committee on Divorce. I was rather disappointed when I found that the Speech from the Throne contained no reference to divorce. Honourable senators will recall that last session I advocated the setting up of a royal commission to investigate the whole question of divorce in Canada. I then stated that our divorce law was out of date and needed to be re-vamped and remodelled, and that I hoped some method would be suggested whereby parliament would be relieved of this recurring burden. I reiterate those remarks, and I hope that in the near future a royal commission will be set up to study and bring in a report on the subject of divorce. If this course is not taken, I would suggest that a joint committee of both houses be appointed for the purpose, and failing a joint committee, that a committee of this house be instructed to take action. The province of Saskatchewan has a population of less than one million people, and last year the courts of that province heard 337 actions for divorce. If honourable members will compare the population of Saskatchewan with that of Quebec—one million as against between three and four million people—I do not think they will be astounded by the fact that parliament at this session will have to deal with upwards of 200 divorce cases from one central province. In the other provinces the courts are busy with a large number of divorce cases. I am told that in the city of Toronto there were at one time more than 500 divorce actions set down for trial. I am informed that the list has been built up gradually and that it will be some considerable time before the cases have all been disposed of. I mention these facts to show honourable senators that the question of divorce in Canada presents a very vital problem, and that the whole situation is one that should be discussed and dealt with at the earliest possible date. I know gentlemen, both from the East and West, who are anxious to come to Ottawa to give evidence as to what they think should be done.

May I speak for a moment about the question of butter. When I left western Canada there seemed to be plenty of butter, and one had only to take his coupons to the store to get butter to the full value of whatever coupons were valid. On coming to Ottawa I found the situation was not so good. At the present time we have butter in the parliamentary restaurant only on Tuesdays and Fridays, and very little on those days. However, I find that the public restaurants in Ottawa serve it almost every day. I wonder why the management of our own restaurant is unable to secure butter.

I was under the impression, along with some other senators, that our export butter was being sent to England and Europe, where fats for food are very scarce. Yesterday I discovered an article in a newspaper which said that in January and February of this year 500,000 pounds of Canadian butter had been shipped to the West Indies. Now, I want to know why that butter was sent to the West Indies. Was it because the people who sent it there obtained a higher price than could be obtained in Canada? If this food is scarce in England and in Europe, why is it not sent there? When we need butter so badly ourselves I am not in favour of sending it to the West Indies unless there is some valid reason for doing so.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ASELTINE: The honourable leader of the government in this house should inquire into the matter, and at some early date give us an explanation of what is taking place.

Honourable senators, my main reason for addressing the house today is, that I want to deal briefly with the question of wheat. As you know, for many centuries wheat has been the principal food of all nations. We read about it in the Bible, and it was grown on the banks of the Nile River and in the valley of the Euphrates for many centuries. Wheat is a peculiar cereal. If it is kept in a dry place it will be preserved for years, and will lose nothing of its qualities of germination, or of its value as a food. I am told that

when the tomb of King Tut was opened, wheat was found which had been in the tomb for several thousand years. This may or may not be true, but a few years ago I had occasion to visit an area a hundred miles north of the city of Edmonton. Before I went I was asked to call on a man there who had won world prizes for the production of wheat. I visited this man and found that he had a very interesting farm. He showed me fields on which, without the benefit of summer-fallowing, he had grown crops of wheat for twenty years in succession, with an average yield of over twenty bushels per acre. He also showed me certain plots of wheat.

The grain in one of these plots, he hold me, had come from King Tut's tomb. I had reason to believe that he was more or less bluffing me, although the wheat certainly looked as if the seed might have come from the tomb. The heads were about three or four inches long, two to three inches in circumference, and they had long dark beards—

Hon. Mr. HUGESSEN: Like King Tut?

Some Hon. SENATORS: Oh, oh.

Hon. Mr. ASELTINE: —and they looked very much like pictures I had seen in the old family Bible.

Hon. Mr. MacLENNAN: It was not a spy was it?

Hon. Mr. ASELTINE: I make these remarks to illustrate that wheat, if stored properly, can be preserved almost indefinitely and can be used for seed or food many years after it is produced. For that reason wheat can be transported to all parts of the world under almost any conditions, and if kept in a dry place will arrive safely at its destination.

We are told that in England, on the continent and in parts of Asia, the food situation at the present time is very grave. The Speech from the Throne draws attention to this fact in no uncertain terms. We are now being asked to tighten our belts and to produce more food for export.

I was quite pleased to hear Mr. Pearson and Mr. Lehmann say over the radio the other day that during the last three years Canada had exported 1,000,000,000 bushels of wheat. We only have to consider that figure carefully for a moment to discover that for three years wheat was shipped at the rate of 1,000,000 bushels per day. I was proud when I heard of that record; and I believe we can keep it up if we sow enough of our wheat lands in the prairie provinces.

I should like to deal briefly with the question of surplus wheat on the farms in western Canada. In some districts there is not much wheat on hand, but in other areas millions of bushels are held in the farmers' granaries. This is the result of educating the farmer over many years to build up a reserve—two years' seed and two years' feed. You have to have to have sufficient wheat on hand to meet your obligations for a couple of years. If a farmer sells his wheat and gets the money, it will not be long before a high-pressure salesman takes it from him; but if the wheat is in the granary on the farm, it is comparatively safe. The question is: Should we market these reserves of wheat?

The Minister of Agriculture for the Province of Saskatchewan was quoted in the press recently as follows:

> Farmers should not completely clean out their bins until they are certain they have new grain to put in them. This is sound agricultural policy, and we earnestly hope all farmers will face their individual problems of feed and seed needs should drouth occur in the coming year.

The Minister goes on to stress the world demand for wheat, and states that we should do everything possible to provide food by growing all the wheat we can. I agree generally with that statement, and think that the grain in districts where there are large surpluses should be marketed.

The day before I left home to come to Ottawa I met a farmer who had several thousand bushels of wheat on hand. The reason he had not marketed it was that to do so would put him in the excess profits tax bracket, and he would be required to pay a good deal in income tax. He said: "When you get to Ottawa will you find out if the government will let us market this grain and cancel all income tax on it? If they do, we will market it immediately." I told him that was rather an impossible task for me; but he seemed to have a great deal of confidence in my ability to persuade the government on the point. Since my arrival in Ottawa the government has announced a policy which will help out the farmer in this respect. The effect of the new policy is this: if the present stock of wheat is marketed the farmer, for income tax purposes, can spread the proceeds over a period of three years. I think the government should have offered a further incentive by increasing the price. If that had been done a great deal more wheat would be marketed.

Hon. Mr. HORNER: Hear, hear.

Hon. Mr. ASELTINE: Like many other farmers I am not satisfied with the present price of wheat.

I wish to deal next with the question of the number of acres to be sown in wheat this year. Perhaps some honourable senators do not understand that in many parts of western

Canada it is necessary to practice what is known as "dry farming." It is true that around the city of Winnipeg, in that famous province of Manitoba about which we hear so much—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ASELTINE: —and in some parts of northern Saskatchewan and Alberta, a good deal of spring and fall ploughing is done, but there is not much land in summer-fallow. In other parts of western Canada one cannot be certain of a good crop unless one-third to one-half of the wheat-producing land is summer-fallowed each year. In Rosetown district we summer-fallow almost half the land. The farmers find that this practice conserves moisture, keeps down weeds and in a dry year gives reasonable assurance of a crop.

Some honourable senators may not know what summer-fallowing means, but I think it is generally understood that it is the ploughing or surface cultivation of land in the spring, after the crops have been planted on the other lands. Summer-fallowed land is kept cultivated during the summer. The weeds are kept down, and where rain falls it soaks into the soil, and in the fall it freezes. When spring comes the winter's snow melts, and a good deal of moisture is stored up to supply the growing plants, even though the season may be dry.

A few years ago when more wheat had accumulated in our granaries than we knew what to do with we were encouraged to do more summer-fallowing and grow less wheat. Honourable senators will remember what was called "wheat acreage reduction"—that a bonus was paid to farmers to summer-fallow more and sow less. As a consequence there is a great deal of summer-fallowed land on the prairies at the present time. Let me give some figures. In 1931 the prairie provinces had 26·5 million acres in wheat and 12·5 million acres in summer-fallow. The summer-fallow that year was 48·5 per cent of the acreage in wheat.

In 1939 there were 25·8 million acres in wheat and 14·7 million acres in summer-fallow. For that year the summer-fallow was 57 per cent of the wheat acreage.

Now I will pass over some years when the wheat acreage reduction was in effect and come to 1945. That year there were 22·6 million acres in wheat and 19·4 million acres in summer-fallow. The acreage in summer-fallow was then 86 per cent of that in wheat.

The point I am trying to make is that there seems to be a desperate need for food, and we can produce a great deal more wheat in western Canada this summer by reducing our summer-fallow. For instance, to go back to the 1939 level and summer-fallow only 14·7 million acres, would give us 5 million acres more in wheat this year than in 1945. If it happens to be a comparatively good year and the yield is 20 bushels to the acre, that would mean an additional 100 million bushels. If we have a comparatively poor year, with a yield of only 10 bushels, we still would have an additional 50 million bushels by reason of reducing the summer-fallow.

But I think we can do better than that, by going back to the level of 1931, when we had 12·4 million acres in summer-fallow. That would give us seven million acres in wheat more than we had last year.

Hon. Mr. McRAE: May I ask the honourable senator a question? Those seven million acres would be on spring ploughing, would they?

Hon. Mr. ASELTINE: No; we do not spring-plough in the west. I will explain the process. You sow your wheat on black land, which is summer-fallowed. The height of the stubble on the land after the wheat is cut in the fall may be two feet or more, if you cut with a combine, or about one foot, if you cut with a binder. The snow stays on the ground all winter and in the spring it melts into the soil. Now if we fall-plough we do not get the full benefit of the snow; and if we spring-plough we dry out the land too much. Therefore we use what is called a tiller-combine or a disc or a cultivator to work up the stubble land on which the crop grew the year before, and we prepare the seed bed. Most of the stubble is on top of the ground in a loose form and prevents the evaporation of moisture from the soil. That type of land will ordinarily yield a crop half as large and sometimes fully as large as a crop grown on summer-fallow.

In 1946 we can sow seven million acres of stubble land, and if that happens to produce 20 bushels to the acre we shall have an additional 140 million bushels for export to Europe. Even if we got no more than 10 bushels, there would be an additional 70 million bushels.

I come now to the question of income tax.

Hon. Mr. HAIG: Before the honourable gentleman goes on to talk about income tax, may I ask how he knows so much about farming? I thought he was a lawyer, and I was not aware that lawyers farmed.

Hon. Mr. ASELTINE: I cannot see in the chamber at present anyone who has grown as much wheat as I have. I should like to inform the honourable gentleman that I have been very much interested in dry farming since 1919. Not only have I given close attention to the farming done on the land that I own, but in my law practice I am constantly dealing with matters affecting farmers. Nine-tenths of the

business in my law office has to do with farm contracts, leases, agreements for sale on a cash basis and on a bushel basis, the making up of farmers' income tax returns, which show the number of bushels they grew and the expense of carrying on business, and all that kind of thing. So I think I can safely say I know something about the subject.

Hon. Mr. QUINN: Do you grow much wheat yourself?

Hon. Mr. HAIG: That is what I want to know.

Hon. Mr. ASELTINE: What do you mean by that? Do you want to know if I go out and do the ploughing?

Hon. Mr. QUINN: No. How much wheat do you produce on your farm?

Hon. Mr. ASELTINE: In 1940 we grew, on the land which I own, 80,000 bushels of wheat.

Hon. Mr. McRAE: That is enough.

Hon. Mr. ASELTINE: In 1942 we grew more than that.

When I was interrupted I was coming to the point that the big problem facing the farmer when he is considering an increase in his wheat acreage is not the possible harm that would be done to his stubble land by sowing it to wheat, but the amount of increased income tax he would be obliged to pay by reason of his greater production. I do not think there is any area in Canada that pays more income taxes than our district does. Many of our farmers pay an annual income tax of anywhere from $5,000 to $10,000, and some of them pay excess profits taxes in addition.

Hon. Mr. HORNER: You are in the Palliser triangle, where farming is said to be unprofitable.

Hon. Mr. ASELTINE: Since 1939 more wheat has been grown in the Palliser triangle than in all the rest of Canada. That may sound strange, but it is a fact.

Hon. Mr. VIEN: Will the honourable senator tell us how individual farmers become subject to excess profits taxes?

Hon. Mr. ASELTINE: If, after deductions have been made for expenses and so on, a farmer's net income is more than $5,000, he has to pay the excess profits tax on the amount above $5,000.

Hon. Mr. VIEN: That does not apply to an individual?

Hon. Mr. ASELTINE: Oh, yes. Hundreds of farmers pay excess profits taxes.

Hon. Mr. VIEN: Are you speaking of the graduated income taxes?

Hon. Mr. ASELTINE: No. Anybody who has a business of any kind that makes a net profit of more than $5,000 a year has to pay the excess profits tax on the excess over $5,000. This applies to everybody in business, but not to people in professions, such as lawyers, doctors and so on. It applies to farmers and all other individuals who run businesses.

Hon. Mr. VIEN: Individual farmers?

Hon. Mr. ASELTINE: Oh, yes. It does not matter whether a business is run by a corporation or by an individual.

Hon. Mr. GERSHAW: In the determination of what are excess profits the standard years are 1936 to 1939, are they not?

Hon. Mr. ASELTINE: My honourable friend is correct; but in those years we had very poor crops and $5,000 is the standard applicable to us. Now, if our farmers produce more wheat this year they will get into the excess profits bracket, and most of the extra money they get will go in income taxes. Farmers will therefore hesitate before sowing more acres. My suggestion is that the extra income tax levied against the farmer be spread over a ten-year period. He could make an affidavit as to the extra area of land sowed and the crop grown on it, and he should be allowed to spread his income from that extra crop over the next ten years.

Now I want to say a few words about the price of wheat.

Hon. A. L. BEAUBIEN: May I ask the honourable gentleman a question? Regardless of whether we advocate more or less summer-fallow, or more or less wheat acreage, will not the average farmer in western Canada sow the land which according to his own best judgment is fit to be sown?

Hon. Mr. ASELTINE: No. I think the farmer will be influenced quite a bit by the information he gets over the radio and in the newspapers. I am quite satisfied that a lot of farmers in our district who have been summer-fallowing half of their land may put all of it in wheat this year.

Hon. Mr. LAMBERT: What would induce the farmers to sow a greater acreage than they did last year?

Hon. Mr. ASELTINE: The need for wheat, the market.

Hon. Mr. LAMBERT: The market is the same as it was last year $1.55. What would induce them to increase their production this year?

Hon. Mr. ASELTINE: They are desirous of producing all the food they can to help out the people in England and on the European continent and in India. Besides, the price is not so low that farmers cannot make a profit on wheat. The need for more food has been publicized so extensively in the press and over the radio—we hear appeals every day—that farmers will naturally want to increase their wheat acreage, unless the government tells them not to do so.

Hon. Mr. EULER: May I ask the honourable senator a question about the income tax? He states that the excess profits tax is levied against the net profits in excess of $5,000 made by a farmer or a man in any other business. My understanding is that the excess profits tax is levied only on the net profit in excess of a certain base sum, which is arrived at by averaging the net profits for a certain three years. If that average is, say, $20,000, the excess profits tax applies only to the net profit in excess of that sum. If a farmer's average for the three years in question was $10,000, let us say, then he would pay the excess profits tax only on his net profits above $10,000, not on the amount above $5,000. Is that not correct?

Hon. Mr. ASELTINE: There is a standard period. During the standard period from 1936 to 1939 the crops were so poor that no farmer had a net annual income of $5,000.

Hon. Mr. EULER: That is the answer to my question.

Hon. Mr. ASELTINE: Yes. I am not satisfied with the price of wheat at the present time. The initial price of $1.25 is paid to the farmer when he gets his certificate from the Wheat Board. Later he will receive a further sum after all the expenses of the Wheat Board, with its thousands of employees, have been deducted. The export price is $1.55 per bushel: The world market price is $2.02 per bushel. The farmers of the west are selling wheat at $1.55 per bushel for humanitarian reasons. That is a very high-minded gesture on the part of Canada, as I think all honourable senators will agree. I submit that if Canada wants to sell her western wheat to Europe at $1.55 per bushel the farmers should not be expected to bear the whole burden. Either they should be paid the market price or Canada as a whole, rather than the farmers of the west, should make up the difference.

Hon. Mr. HORNER: Hear, hear.

An Hon. SENATOR: What do the American farmers get?

Hon. Mr. ASELTINE: They get $2.02 a bushel. Since 1914 the price of wheat has increased by 60·5 per cent. In 1944 hourly wages to industrial labour had increased 161·9 per cent; the percentage is considerably higher today. If the price of wheat paid to the farmers had gone up at the same rate as industrial wages, it would now be $1.93 per bushel, or very close to the open market price of $2.02. The difference between $1.55 and $2 is what the wheat farmers are losing, and this loss should be borne by the whole dominion and not by the wheat farmers alone.

Hon. Mr. KINLEY: What about industrial prices?

Hon. Mr. ASELTINE: What does my honourable friend mean by "industrial prices"?

Hon. Mr. KINLEY: My honourable friend said that if the price of farm products had increased by the same percentage as industrial wages, wheat would be at a certain price. The fact is that industrial prices have been under a ceiling since 1941.

Hon. Mr. ASELTINE: I am not an industrialist and therefore I fear I cannot answer my honourable friend's question.

Hon. Mr. KINLEY: The very same thing applies to industry. The condition is general.

Hon. Mr. ASELTINE: If the price of wheat had been raised to $2 a bushel—and I am in favour of its being raised that high—quite a large sum would have been collected in income tax, and Canada as a whole would not have been prejudiced by the higher price. That is all I have to say on wheat unless honourable senators have any further questions.

Hon. Mr. DONNELLY: The honourable gentleman is talking about the price of western wheat?

Hon. Mr. ASELTINE: Yes.

Hon. Mr. DONNELLY: Ontario wheat is quoted at from $1.12 to $1.14 a bushel, and our farmers do not get any further payment later on. It looks as if the western farmer has always to be considered in fixing the price of wheat.

Hon. Mr. ASELTINE: I believe the honourable gentleman told me that the farmers of Ontario get the same price for wheat as we in the west do.

Hon. Mr. DONNELLY: That is the quotation in today's papers.

Hon. Mr. ASELTINE: That is a mistake.

Hon. Mr. HORNER: The price of western wheat is f.o.b. Fort William.

Hon. Mr. ASELTINE: My honourable friend from Saskatchewan North gives the explanation. The price of $1.25 per bushel is f.o.b. Fort William. When you market your wheat you have to take off 18 cents a bushel for handling, elevator charges and freight. So that brings the net down to the price in Ontario.

Hon. Mr. DONNELLY: My point is that the price fixed for Ontario wheat is based on $1.26 f.o.b. Montreal. When a western Ontario farmer sells a carload of wheat he has to deduct freight from his local station to Montreal.

Hon. Mr. EULER: Ontario wheat is a different grade.

Hon. Mr. DONNELLY: When used for pastry flour it has been at a premium of 5 cents a bushel.

Hon. Mr. ASELTINE: The Ontario farmer gets more than we do.

Hon. Mr. DONNELLY: No.

Hon. Mr. ASELTINE: At any rate there is not very much difference.

Hon. Mr. KINLEY: May I ask the honourable member a question? He has told us that more and more land has been put into summer-fallow. Has he any figures on the comparative yield in the years when the acreage summer-fallowed was increased?

Hon. Mr. ASELTINE: As a matter of fact we had larger crops in 1939, 1940 and 1942 than in any of the other years, because we had more rain; but generally speaking summer-fallow will give a heavier yield than stubble.

Hon. Mr. KINLEY: I have heard it stated that by leaving land in summer-fallow the yield would be largely increased.

Hon. Mr. ASELTINE: On summer-fallowed land in our district the average yield of wheat from 1911 to 1930 was 33 bushels to the acre. Naturally the yield varies, depending on the rainfall.

Hon. Mr. KINLEY: Summer-fallowing is most valuable in dry years.

Hon. Mr. PATERSON: For thirty years I have heard the Rosetown district referred to as the garden of the west. May I ask the honourable gentleman whether there has ever been a crop failure in that district?

Hon. Mr. ASELTINE: Yes. In 1937 we could not grow anything. In that year virtually nothing was grown anywhere in the west—unless it was around Winnipeg.

Hon. Mr. A. L. BEAUBIEN: There has never been a crop failure in the Red River Valley.

Hon. Mr. HAIG: Never.

Hon. Mr. ASELTINE: I can give you the poor crop years.

Hon. Mr. HARDY: Do not hurt us with that.

Hon. Mr. ASELTINE: I know them all. They were 1914, 1917, 1919, 1924, 1933, 1937; 1941 was average, 1944 light. In only two or three of those years were there what you would call crop failures.

Honourable senators will recollect that last session I referred to the unsatisfactory air mail service in the west. I am glad to say that since then the service has been somewhat improved. But several persons who read newspaper reports of my remarks have written informing me of instances of slow service. For example, a letter sent by air from Barrie, Ontario, was not delivered at Kamloops, British Columbia, until six days later. According to the writer, the delay could not have been due to the planes being grounded, for delay frequently happens irrespective of weather conditions. The air mail service between Toronto and Vancouver, Montreal and Vancouver, or from coast to coast is more or less satisfactory; but I do know that if I post an air mail letter in the Senate post office between 4 and 6 o'clock in the afternoon, it is very seldom despatched from Ottawa until the next day, notwithstanding the fact that the plane leaves at 9.30 p.m. The Senate Postmaster advises me that the mail is picked up in good time and taken to the main post office behind the depot. It is there that the delay occurs. It appears that the air mail, being mixed with the other mail, is not sorted in time to be taken out to the air field and put aboard the plane. As a result my correspondence with my office is one day, and sometimes two days late. I would suggest that the trouble might be overcome in the Senate post office by keeping the air mail separate from the other mail. All air mail should be taken to the main post office and sorted immediately. I appreciate what the honourable leader opposite (Hon. Mr. Robertson) did to improve conditions after I directed his attention to the delay last session. The service is improving, but it is still not satisfactory. I believe many of my fellow members have had reason to complain of delay in air mail service. The general experi-

ence seems to be that air mail does not arrive on time, except when it is sent from one large centre to another quite a distance away. The time lag is in between somewhere. I think the reasons for such delay should be investigated at the earliest possible moment, so that the necessary measures may be taken to expedite air mail.

Hon. JEAN MARIE DESSUREAULT (Translation): Honourable senators, in addressing this honourable house for the first time, I think it proper, that I, as the representative of a division that includes the city of Quebec, the chief French centre in Canada, should first make use of my mother tongue, which is spoken by an immense majority of the Quebec people.

In my own name and on behalf of my fellow-citizens, I must first convey to the Prime Minister my sincere gratitude for having raised me to the dignity of a member of the Senate. I also desire, since this is the first opportunity I have had of doing so, to offer His Honour the Speaker, the leader of the government, and the leader of the opposition, my compliments on their courtesy, dignity and efficiency in discharging their respective duties. May I be permitted also to join with honourable senators who have spoken before me in congratulating the mover and the seconder of the Address; they have fulfilled their task in a dignified and admirable manner.

Finally, with all Canadians, I should like to say that I have hailed with joy the honour which was conferred on the Minister of Justice and the Minister of Finance when they were recently appointed to His Majesty's Imperial Privy Council.

(Text): I wish to thank all the honourable members of this house for their kind welcome when I first had the honour to share with them in the work and duties of this house. I must say that I shall always do my best to be equal to the task ahead, and to uphold the great traditions of this honourable house. I have been greatly impressed by the evident spirit of understanding and co-operation displayed by members on both sides.

The events which have occurred in this country since last session could very well disrupt the unity of our country if they were not considered from a truly Canadian viewpoint. On the other hand, we all have an opportunity to work for a stronger and more prosperous nation. The Speech from the Throne seems to me to outline a vast and comprehensive program for the future of Canada. When the war ended we were all looking forward to a long era of peace; but when the present session opened, all sorts of news reports and rumours were in the minds of Canadian citizens everywhere. We heard fantastic tales of spying, which we hoped were much exaggerated. We must now come to the conclusion that there was much bitter truth in these rumours. However, it seems evident that the government was, and is, taking good care of the security of the country; and we are all convinced, I am sure, that law and order will prevail and that no harm will befall our good relations with our wartime ally, Russia. Everyone must remain calm and trust the government, which already is emerging from the whole affair with even more prestige than before.

May I now say a few words about the projected loan of $1,250,000,000 to Great Britain. It can be said that at first the news of this loan was looked upon by some Canadians as a mere gift to a country which many regard —erroneously, perhaps—as being imperialistic. But such feelings are rapidly changing. In the province and in the city of Quebec people think before taking sides on any question, whatever their first reactions may have been, and I believe this loan is now being considered in its true perspective. I have no doubt whatever that if there is a continuation of the good educational work already started, public opinion will favour the loan.

I live among workers. I have spent all my life with them, and I know the tremendous efforts and sacrifices they made to the winning of the war. They have every right now to a good standard of living; and on their behalf I would surely object to a loan that would seem to be a pure gift to Great Britain, although I am well aware of the splendid behaviour of the British people both during and since the war.

If I study the proposed loan from the viewpoint of a realistic and business-like Canadian, I cannot but favour it. I think it is truly imperative if we are to have continuous and wholesale employment in Canada. I believe the loan to be in the interests of Canadian farmers and other workers in general. In Quebec a few days ago I had the pleasure of listening to the Minister of Justice, who endeavoured to explain the reasons for this loan. While I listened to him it seemed to me obvious that in order to maintain in Canada a high level of employment, to improve and increase our industries, trade, commerce and finances, we must lend this tremendous amount of money to Britain.

No one among us, I am sure, wishes to return to the unhappy thirties, when so many Canadians were out of work and we were forced to put all sorts of restrictions on our trade—restrictions which could only worsen

the situation. In my division as much as anywhere, and perhaps more than elsewhere, people do not want charity; they want to earn the good things of life that they wish to enjoy. They understand that a loan can be an investment, especially if it guarantees—as it does in this instance—jobs for most if not for all Canadians.

With my feet on the ground and without looking at facts from too lofty a pinnacle, may I venture to suggest another viewpoint from which we might consider this projected loan? We all know that the masses in many countries are moving more and more to the left. The Canadian and the English peoples must not be driven to despair, for this would only throw them into the arms of agitators and, perhaps, eventually lead them to communism. A great Canadian from Quebec used to say "The best way to fight communism is to make a success of our way of life and of our economic and political institutions." I think I have said enough on the subject. I feel certain we all agree that we must support the government in this matter.

The Speech from the Throne announces the government's intention of centralizing all the housing agencies under a single administration. We can come to the conclusion, I believe, that the housing bill will be one of the most important pieces of legislation to come before us this session. The shortage of lumber is a direct cause of the housing shortage. I believe that we must export as much lumber as possible and must try to find new outlets for our raw materials; we must also use all means possible in order to fight unemployment. At the same time, I believe it would be wise to export only our surplus lumber, at least until such time as Canadians are comfortably housed. During the war we could understand the action of the government in taking over most of the lumber production; but now that the war is happily ended, it seems to me that we must give our own citizens every facility for proper housing. That means they must get all the lumber and building materials they need. Surely a country as rich as Canada can afford to give them that.

This brings me to the question of government controls. Many of them already have been lifted, and properly so. The government is patiently doing its best in this matter. Like my honourable friend from Northumberland (Hon. Mr. Burchill) and many other businessmen, I have at times disapproved of several controls that I deemed uncalled for. Yet I know that there are good reasons for the Wartime Prices and Trade Board, and I believe that for some time to come we must put up with price ceilings on building materials. But controls must be real, they must be put into effect and must be respected. Otherwise they are useless—worse than useless—they hinder the lumber and building trades and harm the whole country. I am sure I voice the opinion of all retail lumber dealers when I say ceilings are too often ignored and that there is a tremendous amount of black market dealing, especially with small producers. If prices are not high enough to meet increased wages and costs of production, let them be raised. In the meantime, ceilings should be respected or abolished.

(Translation): Honourable senators, I hope you will not object if I conclude my remarks in my mother tongue. I wish to keep them within certain limits, but I do not want to resume my seat without pointing out to the government some projects which are of special interest to Quebec. I believe that particular attention should be given to our problems, and for a good reason. We had no heavy industries in our district during the war; therefore we cannot, like others, derive any benefit from the government's reconstruction and re-establishment projects. That is why unemployment affects Quebec perhaps more than other parts of the country. We already have an alarming number of unemployed. The Quebec authorities naturally feel some concern about the problem and are endeavouring to solve it. In co-operation with the district committee on reconstruction, and with its approval, they have submitted to the government comprehensive plans for important and urgent public works. In the best interests of Quebec, such works could be undertaken to relieve unemployment. Among others I shall mention particularly the construction of a canal and locks on the St. Charles river. These projects were approved and work had been started in 1914, but it was interrupted by the first World War. It is imperative that work on these projects be resumed. This development is part of a plan that involves the enlarging of the Quebec harbour, and it would facilitate the operation of small and medium sized vessels.

Let me again express my thanks to you, Mr. Speaker, and to my colleagues. I feel that in my remarks I have only stated the views of a great majority of the worthy citizens that I have the privilege of representing in this honourable house.

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

BUSINESS OF THE SENATE

COMMITTEE MEETINGS

Hon. Mr. ROBERTSON: Honourable Senators, I move that when the house adjourns today it do stand adjourned until Tuesday, April 2, at 8 o'clock in the evening.

I should like to remind honourable senators that on Tuesday next the Standing Committee on Banking and Commerce will meet at 3 o'clock in the afternoon to consider four bills which have already received second reading. At 4.30, the same afternoon the Standing Committee on Public Health and Welfare will meet to consider the Opium and Narcotic Drug Bill.

The motion was agreed to.

The Senate adjourned until Tuesday, April 2, at 8 p.m.

THE SENATE

Tuesday, April 2, 1946.

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

Prayers and routine proceedings.

APPROPRIATION BILL NO. 1

FIRST READING

A message was received from the House of Commons with Bill 11, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1947.

The bill was read the first time.

SECOND READING

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

Hon. WISHART McL. ROBERTSON: Honourable senators, with leave, I would move second reading now.

This bill grants interim supply of $273,197,945.73. This is one-sixth of the total estimates of $2,769,349,815.66, less statutory expenditures. These estimates, compared with those of the previous fiscal year, show a decrease of almost two billion dollars.

Hon. JOHN T. HAIG: Honourable senators, the total of $2,769,000,000 is, I think, much higher than was generally expected. If the budget is to be balanced there is absolutely no hope of holding the line on taxation, and probably the rate of income tax will have to be increased at least 50 per cent. I know I shall be told that a substantial part of this total is made up of demobilization and similar expenses; but we must remember that the war in Europe has been over now for about eleven months, and we took very little, if any, part in the war in the Pacific.

I presume this is not the proper time to discuss financial arrangements, because we do not yet know what the budget has in store for us. Undoubtedly we shall not get the estimates for the current fiscal year until near the end of the session, when, the budget debate having been concluded in the other place, there will be no further public interest in any similar debate here. Many people appear to think that we in this chamber have no knowledge of finance or taxation. I have always felt that some arrangement should be made so that simultaneously with the presentation of the budget by the Minister of Finance, the government leader here should present it to us, and we could proceed to discuss it just as they do in the other place.

No matter how you look at it, we are spending a tremendous amount of money. It is all right to say we are lending $250,000,000 to European countries, and so forth, but the cold hard fact is that that money has to be raised by 12,000,000 people. You may tell me that the government can sell bonds bearing two and half per cent interest. Maybe so, but in my judgment that is bad financing.

Money is not going into industry or business because people are afraid; many today are ready to invest in bonds because they do not know where else to put their money. Unemployment is staring us in the face, and cheap money presents one of the problems that is challenging us.

This year we are spending $2,769,000,000. At the present rate of our national income I do not see how, without a change in taxation, it will be possible to raise over $2,000,000,000 in the coming fiscal year. That means that we will have a deficit of at least $769,000,000. Prior to the war the total expenditure of this country was $600,000,000. It is shocking to think that this year we will go behind more than we spent in a whole year prior to the war.

I admit that we have to pay interest on our debt, which now is close to $20,000,000,000. It is also true that we are doing a great deal to re-establish the members of our armed forces. We also have other expenditures that we must assume; we have not yet reached any settlement with the provinces. We only have to observe what British Columbia is doing to realize the difficulties that lie in the way of

settlement. That province wants the same proportion of money as she would have got had the old system of taxation remained in effect. The rich provinces will want similar treatment and the poor provinces will want a more favourable arrangement, and there will be no settlement at all.

I have said before, and now repeat, I do not believe the Minister of Finance knows the challenge that is being thrown out in this country today to his system of high taxation. It is easy for him to say that he can raise money by floating a loan this fall; but just as sure as he does, he will be piling debt on us for years to come.

Unemployment is rampant! Quite apart from the boys who are going to colleges and those who are receiving unemployment benefits that will soon die out, there are still hundreds out of work.

Hon. Mr. BALLANTYNE: Two hundred and fifty-thousand of them.

Hon. Mr. HAIG: No solution is offered to help unemployed men and women today. Only last night the Minister of Reconstruction surrendered, put up the white flag, and said in effect, "I give up the housing business and turn it over to the municipalities."

Some Hon. SENATORS: No, no.

Hon. Mr. HAIG: He turned it over to the municipalities. I was in the gallery of the House of Commons and listened very carefully to the reading of the order-in-council.

I do not like this heavy budget. I thought it could have been kept down to $2,000,000,000. But apparently that is not to be done. Obviously we are not going to have any reduction in taxes; in fact, it is my belief that without increased taxation the budget will not be balanced.

I am quite willing to vote two months supply. That is all we can do. But I want to say again for the benefit of the Minister of Finance that I do not believe he is aware of the feeling there is in Canada today against the high expenditures of this government.

An Hon. SENATOR: Hear, hear.

Hon. Mr. HAIG: I am very sure that unless the budget can be balanced and taxes reduced we are riding into the storm. It is all right to justify the lending of $2,250,000,000 to Great Britain by saying that we are going to sell her goods. Of course we can sell goods to people as long as we lend them the money to buy those goods. But some day we will reach the end of the road, and will have so many unemployed that we can no longer continue to carry on under the present system.

In conclusion, I emphasize again that the budget ought to have been kept within the $2,000,000,000 mark. Perhaps I should repeat what I said to the honourable senator from Waterloo (Hon. Mr. Euler)—that in order to get industry and enterprise going in this country, and to encourage people to go into business, we should reduce taxes. Such a policy would cause a deficit; but I did not anticipate that without a reduction there would still be $760,000,000 to be made up, and I feel that we in this chamber ought to draw the government's attention to the seriousness of the situation confronting us.

Hon. THOMAS VIEN: Honourable senators, for some time the estimates have been available and we have had an opportunity of going through them, so we all know why such a large amount as 273 million dollars is necessary to defray the expenses of the public service at this time. A look at page 3 of the estimates suffices to show that the sum required for demobilization and reconversion, as detailed on pages 65 to 78, is 1,515 million dollars. So the budget appropriation for all other purposes is only 1,253 million dollars. This is a very substantial sum, it is true, but in the light of all the circumstances through which we have lived in the last six years, I think the sum is small enough to indicate a sincere desire on the part of the government to follow the course that has been urged by the honourable leader opposite (Hon. Mr. Haig), namely, to reduce expenditures as rapidly as possible.

The honourable leader opposite is taking a fundamentally strong position in urging that we should have full opportunity for studying and discussing the financial appropriations for the coming year instead of being called upon to vote such a large sum of money as this is in the very opening days of the session. To give us that opportunity it would be necessary either to open the session of parliament much earlier or to postpone the end of the fiscal year. If parliament is to begin its work as late as it did this year, then it would seem that the end of the fiscal year should be postponed. There is no reason why the fiscal year should not end as late as the 31st of May, for example. If that change were made we could meet in February or March and have an opportunity to study the budget properly without having recourse to a provisional or interim supply bill such as we now have before us. However, I think we will all admit that the practice of bringing down an interim supply bill has been followed by governments of all political shades ever since Confederation. Of course, it does not follow that the practice is right. I agree

with the honourable gentleman that we should devise some method that would enable us to study estimates thoroughly before being called upon to pass an interim supply bill for two months, because one of the fundamental functions of parliament is the careful study of the budget and the estimates. We are dealing with the people's money, and we should not be asked to vote such a large sum without our having an opportunity to scrutinize the bill.

This bill contains one feature which is not altogether common. Section 3 empowers the Governor in Council to raise sums required for redeeming maturing loans or obligations

I find no fault with this, except that I should like to have attached to the bill a statement of the loans that are to mature before the 31st of March, 1947. At it is, we are asked to give the government blank authorization to borrow whatever sums may be required for the payment of maturing bonds, or the conversion of maturing bonds which cannot be paid. I suggest that bills of this kind should have attached a statement indicating the maturities that are covered.

Hon. Mr. ROBERTSON: Does my honourable friend mean a statement in addition to the one given on page 3 of the estimates?

Hon. Mr. VIEN: Is that what the bill refers to?

Hon. Mr. ROBERTSON: I am not sure, but I assume it is.

Hon. Mr. VIEN: If section 3 refers only to the maturing debt as indicated on page 3 of the estimates, that is good enough for me; but as I read it there is nothing in that section which links it up with the estimates. Parliament should be given some detailed information, either by way of an explanatory note or by a statement in the bill itself, as to the maturities which the section is intended to cover.

In view of the long parliamentary practice of introducing interim supply bills, I am in favour of the passage of this one. But in support of what was said by the honourable leader opposite, I would like to urge that some change be made in our parliamentary practice so as to give us an opportunity for thorough study and discussion of the estimates before we are called upon to vote an interim supply bill. Of course, we shall have the right to go into all the details later on, but that does not obviate the need for our careful scrutiny of the estimates before we vote such a large sum as is asked for here.

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

Hon. Mr. VIEN.

THIRD READING

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

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

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

APPROPRIATION BILL No. 2

FIRST READING

A message was received from the House of Commons with Bill 12, an act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1946.

The bill was read the first time.

SECOND READING

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

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

Honourable senators, this bill covers expenditures of $4,938,873.32 over and above those granted by the Appropriation Act of last session. The items are contained in the further supplementary estimates, copies of which are before honourable members. I will refer to the details briefly, and should any honourable senator require further information on any item I will try to supply it tomorrow.

These are the details: Department of Finance, $365,000; Fisheries, $100,361; Justice, $5,000; Legislation, House of Commons, general, $35,000; Mines and Resources, $163,000; National Defence, $800; National Revenue, $65,000; Post Office, $1,234,720; Public Printing and Stationery, $45,000; Public works, $549,000; Secretary of State, $1,490; Trade and Commerce, $6,463.33; Transport, $99,128.84; Veterans Affairs, $722,000.

Hon. Mr. McRAE: Can the honourable leader obtain for us information with respect to the $100,361.34 for expenses under the provisional fur seal agreement? Canada's share of the revenue under the agreement has for a number of years been very small.

Hon. Mr. ROBERTSON: I will endeavour to get the information.

Hon. Mr. McRAE: It was the subject of discussion in the other house some years ago. This item seems quite a large additional appropriation.

Hon. Mr. VIEN: Honourable senators, in this bill we have a schedule of the various items, based on further supplementary estimates. If you refer to the main estimates for, say, item 648, "Agriculture, departmental administration — further amount required, $14,795," you will find full details; but no such details are given in the supplementary estimates.

Hon. Mr. HAYDEN: They will be given next year.

Hon. Mr. VIEN: But this bill covers supplementary estimates for the fiscal year ending 31st of March, 1946. These are expenditures incurred over and above the main estimates of the fiscal year, and I would suggest that when the government brings down the supplementary estimates it should furnish details, as in the main estimates, so that we may be able to discuss the various items intelligently. As I have already said, by reason of long parliamentary practice, the estimates are brought down in this way; but that does not alter the fact that we are voting large amounts without knowing the details of the items in question.

Hon. Mr. ROBERTSON: I shall endeavour to secure the information required by the honourable gentleman.

The motion was agreed to and the bill was read the second time.

MOTION FOR THIRD READING POSTPONED

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

Hon. Mr. ROBERTSON: With permission of honourable senators, I will move third reading tomorrow. I may say that if this bill and Bill 11 are passed, they will receive the Royal Assent at 5.50 tomorrow afternoon.

BUSINESS OF THE SENATE

EASTER RECESS

Hon. Mr. HAIG: Would the honourable leader of the government make a statement as to the sitting of the House on April 12th?

Hon. Mr. ROBERTSON: Honourable senators, some little confusion has arisen in respect to this matter of adjournment. It is the present intention to have the swearing-in ceremony of the new Governor General take place in the morning of Friday, April 12th. There will be a short session of the Senate in the afternoon of that day, and then we will adjourn for two weeks, over the Easter recess.

CANADA'S NATIONAL FLAG

REPORT OF COMMITTEE

Hon. Mr. LAMBERT presented and moved concurrence in the first report of the joint committee of the Senate and the House of Commons appointed to consider and report on a suitable design for a distinctive national flag, as follows:

Your committee recommend:

1. That the quorum of the Senate section of the Joint Committee be reduced to three members.

2. That authority be granted to the Senate section of the Joint Committee to sit during sittings and adjournments of the Senate.

Hon. Mr. DUFF: God save the King!

The report was concurred in.

EXPORT BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD, Chairman of the Standing Committee on Banking and Commerce, reported Bill C, an Act to amend the Export Act, without amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

THE IMMIGRATION ACT

NOTICE OF MOTION

Hon. Mr. ROEBUCK: Honourable senators will recall that towards the end of last session I moved that certain matters respecting immigration be referred to the Standing Committee on Immigration and Labour. I was advised then that there was not sufficient time remaining before prorogation to give the subject of my motion due consideration, whereupon I withdrew the motion on the understanding that I would move it again this session. I now give notice that on Wednesday, the 3rd day of April 1946, I will move:

That the Standing Committee on Immigration and Labour be authorized and directed to examine into the Immigration Act (R.S.C. Chapter 93 and Amendments), its operation and administration and the circumstances and conditions relating thereto, including (a) the desirability of admitting immigrants to Canada; (b) the type of immigrant which should be preferred, including origin, training and other characteristics; (c) the availability of such immigrants for admission; (d) the facilities, resources and capacity of Canada to absorb, employ and maintain such immigrants, and (e) the appropriate terms and conditions of such admission—

And that the said Committee report its findings to this house;

And that the said Committee have power to send for persons, papers and records.

Hon. Mr. HAIG: Would the honourable member permit a question before he hands in his notice? I think two days' notice is required. That would bring it to Thursday.

Hon. Mr. ROEBUCK: I have given notice for Wednesday, but if the house insists on two days' notice, I presume the motion will be called on Thursday.

The Hon. SPEAKER: It is necessary to give two days' notice, otherwise the consent of the house is required.

Hon. Mr. HAIG: I am not raising the question of consent; but I think we should have two days' notice of all these motions. I am not going to raise objection in this particular case, but in future I will do so. I am not pressing the point, but I think the honourable gentleman should accept my suggestion and give notice for Thursday instead of Wednesday.

Hon. Mr. ROEBUCK: If there is any objection, I shall be glad to give notice for Thursday instead of Wednesday.

PRIVATE BILL

SECOND READING

Hon. CAIRINE R. WILSON moved the second reading of Bill H, an Act to amend the Act incorporating the National Council of Women of Canada.

She said: Honourable senators, it has been discovered that the practice adopted by the National Council of Women of Canada goes in some respects beyond the authority given in the original act of incorporation. For instance, the provincial councils which have been established throughout the country are not authorized under the act. The bill is intended to give the National Council the powers it requires. After second reading I will move that the bill 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

Hon. Mrs. WILSON moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Thursday, March 28, the consideration of His Excellency the Governor-General's Speech at the opening of the session and the motion of Hon. Mr. Hurtubise for an Address in reply thereto.

Hon. DONALD MacLENNAN: Honourable senators, at the outset I wish to follow the usual rule and congratulate the mover (Hon. Mr. Hurtubise) and the seconder (Hon. Mr. Burchill) of the Address. I do this not because it is a custom but because I really think they deserve to be congratulated both upon what they said and upon the way in which they said it. And to all the other honourable senators who have taken part in this debate may I extend my sincere congratulations upon the excellence of their speeches, which in my mind were not only interesting but informative. I think that possibly senators, like wine, improve with age.

I desire to say a few words on a matter that is of considerable importance directly to the Maritime provinces, and indirectly to the rest of the dominion. I am not going to bore you by talking about confederation, nor do I intend to give utterance to the hackneyed saying that the Fathers of Confederation built better than they knew. On the contrary I will say that in so far as the Maritime Provinces are concerned I think they unintentionally built a little worse than they knew, and I leave it at that. In the Maritime provinces, particularly in Nova Scotia, there is a notion that the central provinces legislate for themselves and for all other provinces as well. It is said that they go on the principle of

> . . . the good old rule . . . the simple plan,
> That they should take, who have the power,
> And they should keep who can.

To dissipate that notion I bespeak the sympathy and support of honourable senators from all sections of the dominion when I ask for a remedy for a condition that obtains in the strait of Canso, in Nova Scotia. As everybody knows, the island of Cape Breton is separated from the mainland of Nova Scotia by that strait. Passenger and freight service across the strait, which is about a mile wide, is furnished by two huge scows or ferries, the replacement cost of which, I am told, would be about $4,000,000 each. These are very cumbersome craft, and in winter when ice is in the strait it is nothing unusual for them to be detained on one shore or in mid-stream for eight or ten hours. The railway cars are taken on board the ferries, but the locomotives are not; consequently, while the cars are being trans-

ported in this way they are unheated. I distinctly remember that some years ago a lady from North Sydney, who was suffering from tuberculosis and on her way to the sanatorium, spent about eight hours in one of these cars out in mid-stream. The poor lady died shortly afterwards, but I do not say this was as a consequence of her experience on the ferry. I know that while she was there other passengers shed their coats and wrapped them around her. Only this winter—and it was a comparatively mild winter—one of the ferries was taken down stream by the current and ice for a distance of about four or five miles, and was in imminent danger of being piled upon the rocks around the coast of the Gulf of St. Lawrence.

I venture to say, honourable senators, that if the condition which obtains in the strait of Canso had obtained in either Quebec or Ontario, let us say, a bridge or a causeway would have been built fifty years ago. I feel pretty sure about that. It is strange to me that notwithstanding the very able men the Maritime provinces have sent to parliament—present company always excepted—they have not insisted on having this condition remedied. I cannot give an explanation of that. Down in the Maritime provinces we know that in a material way we cannot compete with the provinces of Quebec and Ontario, but we always have felt that spiritually and intellectually we equal them, if we do not surpass them.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MacLENNAN: I have given a slight indication of the ridiculous bottle-neck that obtains at the strait. Two years ago a man holding a pretty high office with the Canadian National Railways told me that so long as that condition existed it would prevent the establishment of any other industry in Cape Breton. His statement was borne out by what happened in Inverness county just a year or so ago. An American company went down there and did some boring for oil. After they bored some feet it appeared that they needed heavier machinery; in any event the manager or one of the men in charge said that on account of the condition existing at the strait of Canso they were not keen to reach oil.

In testifying before the Reconstruction Committee of the House of Commons last session, Mr. Fairweather, Vice-President of the Canadian National Railways, said, as reported at page 401 of the committee's proceedings:

We distribute a payroll down there that has been estimated at half a million dollars a year.

Figures for costs other than wages were not placed before the committee, but it may be reasonably assumed that replacements and repairs of the boats, maintenance of the docks and piers, materials and necessary supplies at the roundhouse machine shops, and general servicing would bring the total expenditure to at least a million dollars a year.

Hon. Mr. LEGER: Will the honourable gentleman pardon me? I only wish to make sure that I understand him. The annual payroll of half a million dollars is expended in connection with the operation of the boats, which are needed because there is no bridge across the Strait?

Hon. Mr. MacLENNAN: Yes.

Mr. D. W. McLachlan, Chief Engineer of Design and Construction for the federal Department of Transport, gave the committee an estimate of what it would cost to build a causeway or a steel and concrete bridge. He proved conclusively that the capital expenditure on even a bridge would cost less to finance than the operation of the present ferry system.

At page 391 he said:

For the causeway, $8,000,000, and for the lock $4,000,000, but remember if you build a smaller lock it would cost less. There are many reasons which would indicate it would be unwise to build a big lock there. I think a small lock, one adequate to take care of the bulk of the boats would be sufficient. I do not think any big lock will be called for there, but rather a small one would be preferable.

With this smaller but quite adequate lock, therefore, the cost of the whole causeway by Mr. McLachlan's showing would be less than $9,500,000. The interest on that sum at 3 per cent would be $285,000 a year as against the $1,000,000 a year now spent on the Canso ferry. Mark you, at that cost we would have the bridge. Even after allowing another 2 per cent, or $190,000 for a sinking fund, the total annual outlay would be only $475,000—less than half the present annual cost of the ferry. On the same page will be found this further statement by Mr. McLachlan:

I would say a bridge would certainly cost around $20,000,000 for a bridge like you have at Quebec. I do not think you would have to build a double-track bridge, just the railway and two narrow lanes on either side of the bridge. That would save a little on the width of it.

This is obviously an outside figure, but even so a capital outlay of $20,000,000 at 3 per cent would amount to only $600,000 as compared with the ferry operation costs of approximately $1,000,000 a year. A sinking fund provision of 2 per cent would mean another $400,000, or a total of $1,000,000 a

year for the bridge. This would be about the equivalent of the annual cost of the ferry that every transportation expert condemns.

At page 403 Mr. Fairweather was asked this question:

> You would say that the developments being asked for are quite advisable if the money could be found?
>
> Mr. Fairweather: Oh, yes.

In addition to this million dollars expended by the federal government, the government of Nova Scotia contributes an additional $60,000 a year. Transportation is very badly needed in the wintertime, but there are weeks when the car ferry cannot operate. Therefore I would ask some honourable members to speak on behalf of the people of the Maritime provinces in support of the Causeway Bill, for I fear there are not too many of us to impress upon the people of Canada the necessity for this bridge. There would not be very much difference between the cost of the proposed bridge and that of bridges built in other provinces. The Maritime provinces are asking for only one bridge of this kind, and I really think the government or the powers that be should be urged to build it at the earliest possible opportunity.

While a member of the local legislature I used to get letters complaining about the neglect to repair little highway bridges here and there, and I recall that the writers invariably wound up their letters with these words, "The condition of this little bridge is a disgrace." Evidently they thought the stronger the language they used the sooner would their complaint be attended to. But, honestly, I submit that this long-standing lack of adequate transportation is a national disgrace.

Hon. FELIX P. QUINN: Honourable senators, I should like to endorse everything that the honourable member from Margaree Forks (Hon. Mr. MacLennan) has advanced in favour of the building of a bridge across the strait of Canso. For many years this project has been advocated by members from the Maritime provinces and by the provincial press, and it has been and is still looked upon as a necessity for the advancement of transportation, particularly with regard to the island of Cape Breton.

The honourable gentleman has told of the cost of operating the present unsatisfactory ferry—unsatisfactory, only, may I be permitted to say, as to irregularity of service in the wintertime because of ice conditions in the strait. In view of the fact, as he has stated, that this causeway or bridge could be built at a capital expenditure, the financing of which would cost less than the operation of the present inadequate ferry, I cannot understand why the Canadian National Railways or the government, or whoever is responsible, does not take action, unless they prefer to ignore the people of the Maritimes. I hope that is not so; but since similar arguments in favour of the bridge have been advanced so many times by public men in the Maritime provinces, I cannot see why the government or the railway system should hesitate to proceed with the building of this bridge.

Hon. Mr. EULER: Who is operating the ferry now?

Hon. Mr. QUINN: The Canadian National Railways. It is a railway ferry.

Hon. R. B. HORNER: Honourable senators, before the debate closes I wish to avail myself of the opportunity to make a few remarks, since this is an occasion when a member can talk on many subjects of interest to various parts of Canada. At the outset I would congratulate the mover and the seconder of the Address on their excellent speeches.

Honourable members may recall some remarks I made last session in connection with the price of hogs. I advocated that the price be raised. That was in December, when there was time to take action. Now I understand that at last the price has been increased too little and too late. Everyone engaged in farming in Canada is well aware that about 95 per cent of the hogs produced are what we call spring litters. It takes an expert with proper equipment to raise winter hogs. So if we desired to increase our bacon supply, last December was the proper time to raise the price. I did say something then about the men who in a general way were finding the excess profits tax running them into debt. A great many hogs are raised by men who pay no income tax at all. But the price at that time was not sufficient to encourage them to continue in the hog business, nor is it sufficient today, and we are losing not only millions of dollars but also, probably, a future market for our bacon.

I do not take any pleasure in criticizing the government, but I firmly believe that in a democracy the only protection the man in the street has, and the only thing that really makes our political system work successfully, is criticism by the opposition. That is the only hope for the ordinary man. I enjoy my associations with honourable members on both sides of the house, and while I wish to be as pleasant as possible, I think I have a duty to perform in representing the people of Canada who cannot be here themselves.

The Minister of Agriculture, who comes from my province, professes a great knowledge of farming in general, and of hog-raising in particular. But looking back over the years of his public life I do not know of a time when he was forced to live on the proceeds from his agricultural pursuits. I must admit that he was right on the question of summer-fallowing; in fact, I will say that he has been right about one-third or one-half of the time—let us say forty per cent.

Hon. Mr. COPP: That is a pretty good record.

Hon. Mr. HORNER: The great fault I see in him is that he is just as stubborn when he is wrong as when he is right. For instance, he was entirely wrong as to the handling of bacon prices, and also in solving the butter problem.

There is an interesting story in this evening's paper of the long trek of my honourable friend from West Central Saskatchewan (Hon. Mr. Aseltine) through Ontario in search of a pound of butter. I can tell honourable senators why Canada is short of butter today. I do not know that this government is to blame for it, but through the years Canada has never had a large surplus of butter, and the small percentage that was produced for export controlled the price. In most years the people who made the butter never received enough for it. One reason for our difficulty today is the bonus system which provides number one butter to the consumer at 32 cents a pound. The man who ordinarily would raise young cattle and go into the dairy business says, "If the government is going to let the price fall back to 32 cents I am not going to make butter for that." So the young dairy cows go to market. The government should say that butter will never sell in Canada under present conditions at less than 50 cents a pound.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. HORNER: Perhaps I have been particularly fortunate in having a wife and a mother who could make good butter.

Hon. Mr. COPP: The honourable senator might distribute a little of it to the rest of the members.

Hon. Mr. HORNER: I will be glad to bring some down here. What a spectacle it is that Canada, with all its produce should be without butter. and what a disgrace that we must sit down to a meal in the parliamentary restaurant without butter.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HORNER: It is a situation that every public man should take note of. For my part, I would not graduate a student, boy or girl, from our universities or colleges unless he or she could milk a cow.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HORNER: Every university should have a farm in connection with it, so it would not be necessary to run down the street for butter. I think a bill has been presented here concerning margarine.

Hon. Mr. EULER: Order!

Hon. Mr. HORNER: Anyway, this is the way to prepare fried potatoes.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HORNER: Take good western potatoes and float them in a pan with half a pound of butter—or maybe a pound.

Hon. Mr. COPP: You must have lots of it.

Hon. Mr. HORNER: Then you take a slice of whole-wheat bread, baked in a clay oven, and put it with the potatoes fried in butter. When I get up in the morning I like to prepare my own breakfast. I put in the pan about an eighth of a pound of butter and three eggs.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HORNER: If anyone tells you that any type of pork fat or grease is equal to good butter, do not believe him. Gentlemen, it is a national disgrace that we should find ourselves with such food problems today. Let me quote my famous text—perhaps I should have it copyrighted—"This is a land flowing with milk and honey; let us go out and possess it." We are told that there is nothing new, so I imagine that in biblical times there were a great many communists and other people who wanted to work only six or eight hours a day. Probably they would not milk the cows or attend to the bees. So we have the parable of the men who were sent up to view the new land and who came back to report that it was a land flowing with milk and honey, and that all the men were giants. There were no giants, but the people were too lazy to milk the cows and attend the bees, and everybody wanted an eight-hour day. I believe that old parable has a practical application today. It is a national calamity that we in this country do not enjoy an abundance of good food. I blame the Minister of Agriculture for many of our difficulties. During the last session of parliament I raised the question of farmers killing their own pigs. Every honourable senator who has raised any hogs knows that

sometimes it is impossible to get them in condition to bring the best price. The packer may cut you as much as $8 on a hog because of over-weight; but the meat is just as good as if it had been killed at five months. No one has ever heard of a packer selling pork cheap; but he docks the farmer.

The farmers around Saskatoon were going to be arrested for killing their own meat. I wonder why Saskatoon was chosen, because you can go out to the first concession from Kingsmere, at the end of the Ottawa glorification scheme—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HORNER: —the Ottawa beautification scheme, or anywhere else between Prince Edward Island and Victoria, and find 95 per cent of the farmers killing their own meat. My only suggestion to the remaining 5 per cent is that they get off the farm, because they will be off it sooner or later. There was one man who tried to make the farmer account for every pig he killed. But now he is dead, and I hope his friend Eva is also gone.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HORNER: It is because of regulations that we are in difficulties with our farm produce. The farmer is expected to get up at 5 o'clock in the morning, milk his cows and feed his hogs, and yet go without butter and meat. May I quote another biblical passage to prove my point. "Thou shalt not muzzle the ox when he treadeth out the corn." It is not possible to muzzle the mouth of the man who produces the food.

During this past winter I had a trip up the P.G.E. Railway to Squamish. It is a remarkable railway, and has the cleanest trains I have ever travelled on in Canada. The coaches are old and quaint; the dining cars are a foot wider than the ordinary railway cars, but the sleepers are narrower. They are all painted red like a circus train. The upper berths have windows, so that one can lie in his berth and look out at the countryside. The trains are on time at every station; they make 15 miles an hour in spite of many stops.

Hon. Mr. HARDY: They should be on time.

Hon. Mr. HORNER: It is a very beautiful country, and the people are interested in having the road extended.

I also visited the Abitibi lumber camp and had my first experience of watching German prisoners of war at work. As a matter of fact, they were driving some of my horses. I do not know what the government proposes to do about returning these men to Germany, but many of them are anxious to stay in Canada. I should like to place myself on record as being strongly in favour of allowing them to remain here. Many of them would make first-class Canadian citizens. I said to the superintendent of the Abitibi company, "If these men return to Germany this summer you will miss them." He replied, "We certainly will. A lot of them have become very useful." One of the prisoners was a former banker, and he is now taking full charge of a huge warehouse. Another man is in charge of the yard. They are a fine type of men, and I think it would be to the benefit of Canada to permit some of them to stay here.

Hon. Mr. BALLANTYNE: Before the honourable senator resumes his seat, I should like to hear what he thinks about the government's advance of four cents on creamery butter, but no increase on dairy butter.

Hon. Mr. HORNER: I am very glad the honourable senator has raised that point. Of course I do not approve of such discrimination. Dairy butter is so much better than creamery butter that the premium should go the other way. There is a lot of butter made in the home because it is not always possible for people to take their cream to creameries. The farmer who sells his cream gets 80 per cent of the value of the butter, but he loses the buttermilk. Any honourable senator who has tasted good home-made buttermilk will appreciate this loss. Under the bonus system there are some people who ship their cream, get a bonus and then buy the butter back. At my house I said: "We are making our own butter and we will have our buttermilk." To have a lower price for dairy butter than for creamery butter is a discrimination against people who are not near a ready market. They may be living in a district where it is not possible to get to a creamery.

At the market in Winnipeg recently I was talking to a commission man who was explaining why I could not get more for my cattle. He said: "You know the packers bought all kinds of good steers for six and seven cents." I replied: "I don't see why they would do that; it would put them in a high-income tax bracket. But I suppose they have to contribute to party funds, and that costs a lot of money." He said that one packing house was supposed to have given $1,000,000. The Minister of Agriculture was out at the University of Saskatchewan, where the C.C.F. had been winning elections. The young people had ganged up on the Liberals and Tories and beat them. I am told that when the Minister heard that he said: "No more of

that or you will get no help from me," and he put his hand on his pocket. It was election time, you see.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HORNER: The poor kids were "in wrong."

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, April 3, 1946.

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

Prayers and routine proceedings.

THE ROYAL ASSENT

The Honourable the Speaker informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Honourable Patrick Kerwin, acting as Deputy Administrator, would proceed to the Senate Chamber at 5.50 p.m. this day for the purpose of giving the Royal Assent to certain bills.

DEPARTMENT OF EXTERNAL AFFAIRS BILL

FIRST READING

A message was received from the House of Commons with Bill 6, an Act to amend the Department of External Affairs Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, I will move second reading at the next sitting.

APPROPRIATION BILL NO. 2

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 2, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1946.

He said: Honourable senators will recall that last evening the honourable genetleman from Vancouver (Hon. Mr. McRae) asked for an explanation of the item in the fisheries estimates:

—to provide for transportaton, dressing and dyeing and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to the provisional fur-seal agreement between Canada and the United States by exchange of notes and dated December 8 and 19, 1942—further amount required, $100,361.34.

For the information of honourable senators I may say the purpose of this item is to provide for a book-keeping entry. When fur seal skins have been processed, dyed and sold in the United States, it has been the practice of the department to receive the net proceeds, with a statement showing the gross proceeds and the expenses. The treasury officers have ruled that expenditures should really be shown as such in the record, and this item is to cover expenses on skins sold in the United States during 1944 and 1945. The gross revenue was $242,537.53, showing a net gain to Canada of $142,176.19.

DAIRY INDUSTRY BILL

MOTION FOR SECOND READING

Hon. W. D. EULER moved the second reading of Bill G, an Act to amend the Dairy Industry Act.

He said: Honourable senators, in rising to ask for the second reading of this bill, which proposes to repeal that section of the Dairy Industry Act prohibiting the manufacture, sale and importation of oleomargarine and other products of the kind, I realize that I shall probably revive a controversy that agitated the House of Commons almost a generation ago. In the sessions of 1922 and 1923 the discussions that followed upon the submission of certain resolutions in that chamber were, I might say, rather warm and at times almost bitter, both proponents of and opponents to the resolutions holding strong opinions with regard to them. At that time I was a member of the Commons and participated in the debates of those two sessions. I felt strongly that the prohibition of the sale of oleomargarine was entirely wrong in principle; that in a general way and quite apart from any other consideration, it was wrong that a Canadian citizen should not have a free choice as to whether he would buy butter or oleomargarine. The vote taken in the other chamber in 1922 was favourable to oleomargarine, but that situation was reversed at the next session. As a matter of fact, prior to 1918, it had been illegal to manufacture, import or sell oleomargarine; but with the coming of the war and the scarcity and high price of butter, the production of

oleomargarine was made legal from year to year and by virtue of the suspension of a clause in the act continued to be legal until 1923.

A moment ago I said that to me it seemed wrong that a Canadian citizen should not have freedom of choice as between butter and oleomargarine, and in a sense that will be the burden of the observations I am going to make this afternoon. I was reminded today of a parallel situation. We all remember that a year or so before the late war a certain eminent Nazi told the German people they had no choice as between paying for guns or for butter. It was to be guns, and guns it was. The Canadian people also have been deprived of a choice. For twenty-three years they have had no oleomargarine, and now they have no butter.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: I feel pretty strongly as to the need of protecting the interests of the Canadian consumer, but at the same time I want to give due weight to what may be said by opponents of this measure. The debate to which I have referred in the other place cut entirely across party lines, and I am sure that, with the sense of independence that has been developing in this house, the matter will be discussed here also entirely on its merits. I have every confidence that if that is done the bill will pass.

On the side opposed to oleomargarine in 1922 and 1923 were such stalwarts as the then Minister of Agriculture, the Honourable Mr. Motherwell, who, as everyone knows, was a doughty fighter. With him was the then Prime Minister, who is also the present Prime Minister, and also Mr. Neill, from British Columbia, as well as a number of others. Indicative of the utter freedom of the discussion from party politics was the fact that although the Minister of Agriculture and his leader, the Prime Minister, were against oleomargarine, the then Minister of Finance, the Honourable Mr. Fielding, strongly supported it. Other supporters included such men as Mr. McMaster—later the Honourable Mr. McMaster—who was known as "the Free Trader from Brome." The mover of the resolution in favour of oleomargarine was Mr. Carroll. The man best qualified to speak on the subject, I think, was the Honourable Dr. Tolmie, and perhaps the house will pardon me if a little later I quote rather copiously from his speech in support of the resolution. Dr. Tolmie, as members of this chamber who sat with him in the House of Commons will recall, had been Minister of Agriculture in the Union Government of Sir Robert Borden. My honourable friend sitting diagonally opposite me (Hon. Mr. Ballantyne) was also a member of the cabinet. Dr. Tolmie was particularly well qualified to give an opinion on a matter of this kind, not only because he had been Minister of Agriculture, but because by profession he was a veterinary surgeon, and also was the owner of several large herds of dairy cattle. So it seems to me it was particularly significant that such a man should support the manufacture and sale of oleomargarine in this country when this might have been regarded as entirely against his interest.

I shall read some selections from his speech, and while possibly I may present them somewhat disconnectedly, I shall do so because I intend to refer to the speech again and again. He said:

What is oleomargarine?

I too have been asked this question since the introduction of the bill.

In the first place it is made from selected beef fats, neutral lard, vegetable oils, pasteurized milk, salt, pure water, and sometimes includes butter. It is all churned together and then made into blocks and offered for sale. It is manufactured only under the strictest sanitary conditions. It is first necessary for anyone desiring either to import or to manufacture oleomargarine in Canada to obtain a licence from the Minister of Agriculture for that purpose, and the minister may at any time cancel that licence for cause. It is made under the very closest inspection, the inspection of our Meat and Canned Foods branch of the Department of Agriculture, and their certificate and brand on any goods sent out of this country is accepted in all parts of the world.

Those were the conditions under which oleomargarine was manufactured in Canada from 1918 up to 1922 or 1923. Someone in a critical mood may say, "Well, this is all twenty-three years old." That is perfectly true, but I contend the conditions calling for the manufacture and sale of oleomargarine in Canada today are, if anything, more extreme than they were in 1923, and in my opinion what I shall read is just as pertinent today as it was twenty-two years ago when the speech was made. Dr. Tolmie continued:

Many families throughout the country are from time to time using oleomargarine in order to keep down family expenses. We have the man who gets out of work; we have the man who has sickness in his family and who has to incur an extra expense; we have those families where economy is an absolute necessity, and this occurs from time to time in the everyday life of the people of this country. The people have every right to decide for themselves in their own intelligence whether oleomargarine is to be purchased by them or not, and this house is taking upon itself a very great responsibility when it tells the people that they should not have the same privileges as are enjoyed by the people of every other country in the world.

There is not another civilized country in the world today that does not permit the use of oleomargarine. Canada is the only exception. Dr. Tolmie goes on:

We have also had the argument put forward that if the manufacture of oleomargarine is once made permanent in this country, oleomargarine will greatly increase in quantity.

I think that is the main contention today by those who oppose the use of oleomargarine; they are afraid that later on, even if not now, it may seriously compete with butter. That contention was combated by Dr. Tolmie. He said:

I think that argument is not borne out by our experience since 1918 when it was first introduced. We find that we have had free access to the American market, and not only the ingredients which are made up into oleomargarine in this country, but the manufactured article can be imported from the United States absolutely free of duty. So, if there had been a greater demand in this country for oleomargarine, we would have had it entering Canada in very much greater quantities. The truth is that since 1918, when oleomargarine was first introduced into Canada, there has been a steady falling off in the quantity consumed in this country; but it has been very clearly shown that when butter gets cheaper in price, the consumption of oleomargarine lessens to a very considerable extent.

Then he gives some figures which I will not quote here.

In the meantime creamery butter has shown a steady increase, and only last year it increased something over 15,000,000 pounds.

That was during the period when oleomargarine was being made and sold in Canada.

At the present time the consumption of oleomargarine amounts to only about 2 per cent for the spreads used for bread in this country. That is, 98 per cent of the spreads consists of dairy products as compared with 2 per cent of oleomargarine. This shows that the situation is not at all a dangerous one. The dairyman of this country, therefore, might very well look at this question in a broad, liberal way.

Liberal is spelt with a small "l". I am dwelling on this particularly because the only argument that I think will be advanced will not be with regard to the wholesomeness of oleomargarine. This is no longer questioned.

Hon. Mr. HAIG: What about the price?

Hon. Mr. EULER: I will come to that a little later. Here is another extract from Mr. Tolmie's speech:

Let us glance for a moment at the question as to how oleomargarine has affected other countries where dairying has been carried on to any great extent.

That is, countries that produced both butter and oleomargarine.

These figures are exceedingly interesting. In 1880 Denmark, one of the greatest dairy countries in the world, exported 27,057,726 pounds of butter. In 1882, the first co-operative creamery was introduced into Denmark, and in the same year oleomargarine factories were established in that country: and the increase in the manufacture of oleomargarine has steadily continued at a rapid rate. Now, judging by the argument advanced by those people in Canada who are opposed to the manufacture and consumption of oleomargarine in this country, we ought naturally to expect that Denmark's dairy industry would be absolutely ruined by this time through the influence of the manufacture of oleomargarine in that country. Well, let us look into that question just for one moment. Denmark in 1921 had increased her exports of butter to 19,584,863 pounds, or nearly 800 per cent. That is an indication of the way in which oleomargarine has "ruined" that country. On the other hand, Canada in 1880,—

This is the corresponding year.

—exported 18,535,362 pounds of butter, while in 1921 the same country, carefully protected against oleomargarine up to 1918, not a pound of that substitute having been sold here up to that time, had suffered a reduction in its exports of butter which then amounted to just 9,739,414 pounds, or a reduction of nearly 47 per cent.

That is, Denmark a country in which both commodities were being manufactured increased its exports of butter 800 per cent; while Canada, in which there was no so-called competition from oleomargarine, because its manufacture and sale was not being permitted here, lost nearly 47 per cent of her butter export. Mr. Tolmie continued:

Did oleomargarine interfere with prices in Denmark? We shall see. In 1880,—

These are old figures, but I think they are valuable.

In 1880 the average price for Danish butter was 24·12 cents per pound and in 1921 it had risen to 57·25 cents. . . . Denmark has a population of only 3,000,000—against Canada's 9,000,000.

Of course, those figures are not correct now.

Canada can grow the finest foods for dairy cattle of any country in the world, and our people should be able to produce, on that account, cheaper dairy products than any other country. But the figures I have quoted show that while Denmark increased her dairy exports nearly 800 per cent, ours declined 47 per cent. If Denmark has been ruined by oleomargarine, then for goodness' sake let us be ruined in the same way.

Another reason, or a contributing factor at least, for the scarcity of butter is that while we produced more milk last year than we did four or five years ago, we made less butter. The explanation is that the farmers' view is that it is to their advantage to sell the milk. Perhaps more fluid milk is consumed, and probably the farmers are going into the manufacture of cheese and other products. Mr. Tolmie goes on to say:

I think we should encourage our dairymen in every possible way, and if I for one moment

thought that this oleomargarine manufactured in Canada would interfere with the dairy industry—last year there was the miserably small quantity of less than 4,000,000 pounds of oleomargarine manufactured compared with 240,000,000 pounds of butter—I would certainly oppose its continued manufacture.

Dealing with the safeguards and protection of the dairyman, he has this to say:

To indicate how carefully the dairyman is protected in this country with regard to the manufacture of oleomargarine, I will quote the regulations. I do not say that this protection is ample, and I have already intimated that there may be further restrictions we can apply so as to prevent the sale of oleomargarine for anything other than what it actually is. Before oleomargarine can either be manufactured or imported the dealer or manufacturer must have a licence from the Minister of Agriculture. The minister may cancel this licence at any time for cause. All packages must be clearly marked "Oleomargarine." I have a package here on which will be noticed the word "Oleomargarine" is clearly marked. We also have the word "Oleo" stamped directly into the material itself in letters one and a half inches high. Oleomargarine must be manufactured in an inspected establishment and, as I pointed out, the inspectors are highly qualified men who in addition to being skilled veterinarians have also passed a further examination before being taken into the employ of the Department of Agriculture. The sanitary arrangements must be first-class in every respect. The manufacture of oleomargarine in butter establishments is strictly prohibited. All materials must be inspected and analyzed if thought necessary. Oleo oil and neutral lards used for this purpose must be from inspected establishments. Importations of any of these materials must be accompanied by certificates from recognized authorities in the country from which they come.

I quote at length to show that in Mr. Tolmie's opinion butter was well-protected from any danger that might come through the sale of oleomargarine. The speaker is then interrupted by Mr. Carroll who was the mover of the resolution under discussion, and who said:

Is the honourable gentleman himself engaged in dairying?

Mr. Tolmie replied:

Oh, yes, I am engaged in the dairy business, and I also have two pure-bred herds of very valuable dairy cattle. My principal customers are dairymen. However, I feel that when I come down here as the representative of Victoria City I would not be justified in allowing my private interests to interfere with my public duty.

In his concluding remarks Mr. Tolmie said:

At the last session of the Alberta legislature a resolution was brought up to wipe out oleomargarine, that is, to recommend that the manufacture, sale and importation of oleomargarine in this country be made to cease. This resolution was put to a vote and that farmers' legislature voted it down by a majoriey of 30 to 12. I want to congratulate those farmers on the broad-minded view they took of the situation.

Honourable senators, I come now to my final quotation from Mr. Tolmie's remarks. He said:

I know it would do me more good to take the other side of the question, as I said before in reply to an inquiry by an hon. member—to take the side of the dairyman. But I do not feel justified in doing so; I feel that this House has no right to tell the people of Canada that they have not the same intelligence as the people of other countries and that they cannot be allowed to buy oleomargarine if they wish to do so. The whole thing hinges on that one point; in my opinion we have to leave a little to the people.

This next reference I do not quite understand. He continues:

We told them a while ago what they should do with their money when they went to a certain place of entertainment; now we are going to tell them what to put in their mouths, and in doing so I think we are going a little too far. Last year the hon. Minister of Agriculture (Mr. Motherwell) expressed great astonishment at my stand in this connection. I studied this question very thoroughly, both when Minister of Agriculture—when I was able to get information more easily than now—and subsequently; I have examined it carefully from all points of view, and I have come to the conclusion that the manufacture and sale of oleomargarine in this country is not hurtful to our dairy industry at the present time and will not hurt it in the future.

May I read an extract from the speech of Hon. Mr. Fielding, where he says:

No, the real question is not as between oleomargarine and butter. The people who want oleomargarine only want it when they cannot get butter at a reasonable price. If they cannot afford to use butter they will use oleomargarine; they want a substitute which is wholesome. Do not let anybody be deluded by the cry that oleomargarine is not wholesome. The highest medical authorities tell us that it is wholesome. I cannot for the life of me see why the intelligent Canadian people cannot be trusted to decide for themselves what they want. If we are as intelligent as any other people in the world give us the right to exercise our intelligence.

The only real objection that is left is that oleomargarine might compete with butter to the detriment of butter. I believe Dr. Tolmie has very well met that objection. I can understand the demand for protection against foreign commodities, but the matter of protection against other countries is pretty much a dead issue today. Yet the question can again be revived, as I expect it will be some day, and I can understand the people believing they should be protected against a foreign country. But I cannot see any justice in trying to protect one industry within the country against another in the same country. If we ever try to adopt that principle we will get into the most absurd situations.

For instance, in my own town, there are said to be the largest tanneries of leather in

the British Empire. Some years ago an enterprising chap started the manufacture of what he called "leatherette." It was a good product and served a purpose, but it was not as good as leather. Yet I have never heard of the tanneries in my city or anywhere else in Canada trying to stop the manufacture of "leatherette" because it was interfering with their business. Nor does one hear of the builders with wood and stone attempting to stop the manufacture of concrete blocks.

I should like to see the man who, when the ladies cannot get silk or wool, would attempt to stop the manufacture of nylon stockings because they were interfering with his business.

Some Hon. MEMBERS: Oh, oh.

Hon. Mr. EULER: My advocacy of the manufacture of oleomargarine is concentrated on three points. May I briefly review them again.

In the first place, no government or parliament—and they are not always the same—has the moral right to interfere with the inherent right of the individual to buy any legitimate article of commerce. That seems to me to be a fundamental right of a democratic people.

Hon. Mr. HOWARD: The honourable senator means in peacetime.

Hon. Mr. EULER: The war is over.

Some people seem to think that if the law were amended to permit the manufacture and importation of oleomargarine, everybody would have to buy it. Needless to say, that would not be so. Every person would be free to buy butter to his heart's content, if he had the price and if he could get the butter. My second point is that no government should interfere to prevent any citizen from purchasing a less expensive but satisfactory article when he cannot afford to buy a more costly and better article. That seems to me so fundamental as to require no argument, and in any event the point was well made in the portion of Dr. Tolmie's speech that I read. In the third place, we have not enough butter. Then, why should we prevent people from buying a wholesome substitute?

In this debate it will probably be contended that if we legalize oleomargarine now, when there is a temporary need for it, later on it may injure the dairyman of this country. That argument reminds me of an incident that occurred when I was the head of the Department of National Revenue. While in British Columbia, in the course of a trip of inspection through western Canada, a deputation of fruit growers came to see me to ask that an embargo be placed upon the importation of strawberries from the United States. It was then the off season in Canada, and I said to them: "I could understand a request for a bar on the importation of American berries when our own are on the market, but since ours are not ready for the market, why deprive the people of the opportunity to buy imported ones?" What do you suppose their reply was? They said: "If you allow American strawberries to come in now the appetites of the people will be jaded by the time our berries come on the market, and we will not be able to make any sales." Well, to me that seemed to be protection gone mad.

May I read extracts from a few newspaper clippings that I have here. One, under the heading "Butter shortage prospect for April," quotes the National Dairy Council of Canada as having said:

> That butter supplies now were so short in Canada that stocks would be "almost non-existent" by the end of March.

On Monday I read in one paper that our butter reserve is now less than two pounds per capita.

Another clipping, headed "Butter stocks fading in 9 principal cities," says:

> Seriousness of Canada's butter situation was reflected in figures released by the Dominion Bureau of Statistics, showing holdings of creamery butter in nine principal cities on April 1 as 1,894,659 pounds compared with 5,569,-156 the previous month. Stocks totalled 6,280,-256 pounds on April 1, 1945.

In view of these facts—I suppose they are facts—I cannot understand what ground there was for the recent announcement that the butter ration would shortly be increased.

Hon. Mrs. FALLIS: Would the honourable senator permit a question?

Hon. Mr. EULER: Certainly.

Hon. Mrs. FALLIS: When I first heard of this bill I thought it was intended as a temporary measure to take care of the present shortage of butter, but from what the honourable senator has said so far I am afraid that I was wrong and that the intention is to have a permanent amendment to the act. Is that correct?

Hon. Mr. EULER: So far as I am concerned, yes. On principle I do not think there ever should be any prohibition of the manufacture of oleomargarine. Some people may be willing to have the temporary measure; that would be better than nothing; but for my part I should like to see the manufacture of oleomargarine made permanently legal.

Hon. Mr. QUINN: Would the honourable gentleman permit me a question? He has

stated that a month ago the creamery butter in stock amounted to something more than five million pounds, but that now it is down to only about one and a half million pounds. My observation is that very little butter has been consumed in Canada lately, particularly here in Ottawa, and also in Halifax, where my home is. My wife tells me that during the whole month of March she was able to buy only one pound. Can the honourable gentleman tell us where that stock of five million pounds has gone?

Hon. Mr. EULER: I cannot answer that question.

Hon. Mr. ASELTINE: To the West Indies.

Hon. Mr. EULER: I do not know what quantity was shipped to the West Indies. The last paragraph of the newspaper article quoting National Dairy Council of Canada says:

> The only hope of enough butter to honour April (ration) coupons at the reduced rate lies in the weather. The early spring may help.

Honourable senators may take what satisfaction they can from that.

I contend that the absence of butter or of a good substitute for it is detrimental to every person. Surely there is not the same enjoyment, to say nothing at all of nutrition, in a meal without butter, oleomargarine or something of the kind. For some months the larger hotels of this country have had butterless days, and so perhaps the smaller ones, unless some of them patronized the black market. And lately, even when butter has been available, you have been served a sliver so small that it was just an insult to your appetite.

Recently I spent about a month in the United States, and I noticed that on the menus of some of the hotels over there a notice to this effect:

> In the absence of butter we may be obliged to serve oleomargarine.

My honourable friend to my right (Hon. Mr. Hardy) was with me. We felt quite certain that we sometimes must have eaten oleomargarine, but we never knew when it was. The product is palatable, and the best authorities say it is about as nourishing as butter itself. Nevertheless, I believe that the people of Canada still have a bit of a prejudice against oleomargarine, if only because of the name—I myself will admit to having a little prejudice—and I am convinced that if butter is available at a price that is not too high, our people prefer it to any substitute.

Hon. Mr. ASELTINE: Would you give oleomargarine another name?

Hon. Mr. EULER: You might give it another name. "A rose by any other name would smell as sweet." An honourable member of this chamber who was in one of the services overseas, told me that our soldiers in England had been complaining about the quality of the butter served to them. Then without anything having been said about it, oleomargarine was substituted, and all the complaints promptly ceased.

Hon. Mr. ASELTINE: Before the honourable gentleman sits down, I should like to ask him a question. Has he any idea what the price of oleomargarine would be if it were manufactured and sold in Canada?

Hon. Mr. EULER: I am not an authority on that, but I would expect the price to be 15 or 20 cents a pound less than good butter.

After I introduced this bill in the Senate I received a good many letters and telegrams, all favouring the manufacture and importation of oleomargarine. When the bill was introduced the National Dairy Council of Canada was in session in Ottawa, and next morning a deputation from that body came to meet me to protest against the bill. With that one exception, I have had nothing but expressions of approval of the bill. With permission of the house I will read a telegram that came from St. Catharines addressed to me:

> Heartily endorse proposed bill to legalize sale of oleomargarine in Canada. Sponsored resolution adopted by St. Catharines City Council February twenty-fifth urging Government action in best interest of Canadian people. Good luck.
>
> Alderman W. R. Bald.

Here is a letter from St. Thomas:

> I wish to at this time take this opportunity to voice my personal appreciation to you with regard to your effort to re-introduce the sale of margarine in Canada. I have wondered for some time during this butter shortage why this product has not been made available to us as it is to the people of the United States. The dairy interests are evidently against it, but I do not believe if it were made available to the consumer even in normal times it would greatly affect the sale of butter.
>
> Wishing you success in this endeavour and adding my thank you . . .

One letter is from a former member of parliament, who in 1922 was opposed to oleomargarine. He says the situation has changed and he is in favour of the bill.

And the last one which perhaps impressed me as much as any; it comes from Port Stanley and is written in lead pencil in these words:

> Here's hoping you get the ban on margarine lifted. I live alone and am tired of eating bread without butter as half a pound don't last me two weeks.

To sum up, it is my opinion that in a free country there should be no interference with

the individual citizen in his choice of what he desires to buy with his own money. My honourable friend from Quebec has interjected "except perhaps in wartime". I am quite willing to agree with him on that point. But the war is over, and we cannot say now, "Don't you know there is a war on?"

Second, the man who cannot afford to buy an expensive article should not be denied the right to buy a less costly substitute.

Third, when the superior article can be purchased only in inadequate quantities, or not at all, the people should not be prevented from buying a good substitute.

In conclusion, I should like to suggest to the honourable leader of the government that this bill, if given second reading, should be referred, not to any standing committee but to Committee of the Whole, where it can be more fully discussed and intelligently considered than in any other committee.

I have pleasure, honourable senators, in moving the second reading of this bill.

Hon. WISHART McL. ROBERTSON: Honourable senators I take the earliest opportunity to speak on this bill in order that I may clear up any misapprehension as to the government's attitude with respect to it.

So far as I am aware, the manufacture and importation of oleomargarine were first prohibited by legislation passed in 1903, and only became legal on December 1, 1917. This state of affairs continued until August 31, 1923, when manufacture and importation were again prohibited by the government under the leadership of the present Prime Minister. On February 29, 1924, sale also was prohibited. Since that time the government has not, to my knowledge, considered taking any further action, and in no way is it directly or indirectly concerned with this bill, which is introduced by a private member acting in that capacity.

Hon. Mr. EULER: Surely.

Hon. Mr. ROBERTSON: The Prime Minister, speaking to a delegation from the Canadian Federation of Agriculture, stated that the subject never had been discussed by the government, and that the introduction of this bill in the Senate had nothing to do with government policy.

I do not think I need to deal with this as a matter of normal peacetime policy, but I believe it is relevant to point out that even if the present prohibition were suspended it is not likely that any appreciable amount of oleomargarine would become available in the immediate future. Various countries have for some time been trying to assure as far as possible an equitable distribution of food supplies. Canada, perhaps to a greater extent than any other country, has secured her share of edible fats in the form of butter.

I think honourable senators will be interested in the figures I am about to give. The civilian per capita consumption of butter in Canada during 1945 was 27·6 pounds; in the United States, 10·6 pounds; in the United Kingdom, 7·6 pounds. As to oleomargarine, during the same year Canada's per capita consumption was nil; that of the United States, 4·2 pounds; and that of the United Kingdom, 16·7 pounds. With respect to the per capita consumption of lard and shortening in 1945, the figures were, Canada, 14 pounds; the United States, 27 pounds, and the United Kingdom, 15 pounds. The total per capita consumption figures for these three categories of edible fats and oils for 1945 were: Canada, 36·5; United States, 38·9; United Kingdom, 35·6. In other words, the average consumption of edible fats and oils from one source or another is to all intents and purposes the same.

I am informed that oleomargarine is now made of oils extracted from coco-nut, cotton-seed, soya bean, peanut, sunflower and the whale, the chief source of supply being outside of Canada. I am advised by the Oils and Fats Administrator of the Wartime Prices and Trade Board that the world's supply of oil is only 60 per cent of screened requirements. Previous to the outbreak of war Europe produced approximately 50 per cent of its edible oil, but at present production is nil, and every effort is being made to try to meet at least a portion of the amount required in these items. It is the opinion of the administrator that for the next two years Canada's chance of obtaining an increased supply of edible oils is practically nil, and that even if we did get a supply it would be at the expense of some other consumers.

It seems to me that this bill, if passed, would provoke a considerable controversy and might have a detrimental effect on our butter production, a situation which from all points of view would be most undesirable. At the same time, it would not be likely to bring about any marked increase of edible fats.

I cannot see that any useful purpose would be served at the present time by passing such a measure; therefore it is my intention to vote against the bill.

Hon. Mr. BALLANTYNE: Do I understand that the honourable leader has statistical information to prove that, should this bill pass, Canada could not import oleomargarine?

Hon. Mr. McRAE: In any appreciable quantity.

Hon. Mr. ROBERTSON: I did not say so. The information I have indicates that the amount of food available for various countries is the subject of negotiation between their respective governments, which are endeavouring to maintain a reasonably balanced distribution. Canada secures a much larger share of her fats from butter than do the United States and the United Kingdom. Should either the ingredients of margarine or margarine itself be imported and added to our existing supply of fats, to that extent the result would be detrimental to some other country. I did not say that importation would be prohibited; I have no such authority.

Hon. Mr. BALLANTYNE: I understood the honourable leader perfectly in regard to fats pertaining to Canada. But if this bill were passed and a sizable order were placed in the United States, has my honourable friend any reason to say we would not get the oleomargarine?

Hon. Mr. ROBERTSON: I am not in a position to say that the United States would either permit or prohibit export.

Hon. Mr. EULER: If this bill passes it will simply repeal the prohibition on the importation and manufacture of oleomargarine. If there is no supply available the enactment of this measure will do no harm. I am informed, however, that in the United States you can get all the oleomargarine you want to consume.

Hon. Mr. COPP: If you are there.

Hon. JOHN ALEXANDER McDONALD: Honourable senators, since the honourable senator from Waterloo (Hon. Mr. Euler) is much my senior in public affairs as well as in membership of this chamber, it is with some diffidence that I rise to oppose this bill, which would legalize the sale of oleomargarine made from oleo and other animal fats. But should I do otherwise, I would be shirking my responsibility.

The great dairy industry of this country has been built up over many years at a cost of millions of dollars. Besides, from the information supplied by the honourable leader of the government it does not appear that very much in the way of fats and oil will be available for the making of oleomargarine for some time to come. Further, if this bill were to pass it would go on our statute books and be a threat to the dairy industry of Canada.

I feel very keenly that this is a time when we should lend as much encouragement as possible to all branches of farming in this country. In a recent speech before this honourable house I pointed out that prior to the late war our primary producers were in a very unfortunate position so far as prices were concerned. I mentioned that the farmers and dairymen were called upon to sell their butter-fat for as little as 22 to 24 cents a pound. Today butter-fat is being marketed at 44 cents a pound, from which one can readily see that previous to the war it was being sold well below cost.

We are hoping to encourage more men and women to leave our overcrowded cities and towns and return to the land; but this bill, if passed, will tend to discourage such a movement. They are afraid that if they go back to the farms they will find themselves in circumstances similar to those that existed before the war.

We have heard a good deal during recent months about the consumption of butter-fats. In order to get a true picture of the situation I telephoned the Co-ordinator of the Foods Administration Branch of the Wartime Prices and Trade Board and asked him if he would give me the latest information on the subject of butter. What he has to say is this:

> You will observe that production has been running about 2,000,000 pounds a month below normal. This has been a somewhat unexpected development because up until the end of September, 1945, production had been running equal to or ahead of production for the comparable months of the preceding years. Adverse autumn conditions which affected total milk flow, added to sharp increases in demands for fluid milk in the towns and cities, seem to have been the principal factors causing the sharp downward trend in butter production since last October.
>
> The increase of about 1,500,000 pounds in monthly butter consumption is a reflection of our increased population, due in part to natural increase but more largely to returning servicemen and their families. We estimate that the increase in population as compared with twelve months ago is more than 600,000 persons.

Attached to the letter from which I have just read is a table of butter statistics. This information may be of interest to honourable senators. It is as follows:

Butter Statistics

	Average 1941-45	1946
Production		
January	11,600,000	9,640,000
February	10,800,000	8,632,000
Total stocks in storage on first day of month		
January	37,800,000	36,299,000
February	27,900,000	22,836,000
March	18,600,000	9,870,000
Domestic disappearance of butter (i.e. apparent consumption)		
January	21,000,000	22,739,000
February	19,800,000	21,340,000

I further consulted this representative of the Wartime Prices and Trade Board regarding the supply of oils and fats for the making of oleomargarine and margarine. On this phase of the subject he sent me a copy of a letter that he had previously sent to the city clerk at Port of New Westminster, B.C. It says:

The production, importation and sale of margarine has been prohibited in Canada for about forty years, with the exception of a short period of time about 1917 to 1922. Into the justification of this, as a normal peace-time policy, I do not need to go at this time but it is relevant to point out that even if this prohibition were suspended, it is not likely that any appreciable quantities of margarine could be made available for the following reasons:

(1) The civilian per capita consumption of butter in Canada under rationing is very much greater than that of any other country in the world, with the possible exception of Australia and New Zealand.

(2) Canadian civilian per capita consumption of all edible fats and oils throughout the war period and at present, has been practically as large or larger than any other country in the world, again excepting Australia and New Zealand.

(3) Of the three countries, for which we have detailed figures, Canada has taken the smallest cut below pre-war consumption (the United Kingdom per capita consumption has been cut 10 pounds; the United States, 6 pounds; and Canada, about 5 pounds).

(4) With these figures in mind, we can hardly ask through the Combined Food Board for a larger allocation of edible oils, which are the bases of margarine, for additional supplies could only come by diverting fats and oils from other countries which are worse off than we are. To divert existing Canadian supplies of edible oils to margarine would only aggravate the already difficult situation that both housewives and industrial users are experiencing in getting the lard and shortening they want.

(5) You will also note from the attached table of figures that Canadian butter consumption exceeds by a wide margin the combined butter and margarine consumption in both the United States and the United Kingdom.

Honourable senators, to the reasons already given for the shortage of butter may I add that the government has entered into heavy contracts for the supplying of cheese, and a good deal of the milk that otherwise would have gone into the manufacture of butter has been absorbed in that way. Also our home consumption of fluid milk has greatly increased. I am sure the farmers of this country want to meet the demands made upon them to increase the food supply of the war-ravaged countries of Europe. It is my belief that they will meet those demands. From correspondence I have received I know that the farmers greatly appreciate the recent increase allowed them on pork and butter products.

Dairying is a basic component of agriculture, and the general welfare of the industry is essential to Canada. I trust therefore that the sponsor of this bill will not press it, because it certainly will bring discouragement to a very important section of our population, which includes many of the finest and best people in Canada.

Some Hon. SENATORS: Hear, hear.

Hon. J. J. DONNELLY: Honourable senators, I would hesitate as much as any other member of the Senate to support a measure which I thought would permanently injure our dairy producers. But we are dealing at the present time with a very extreme situation.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DONNELLY: We who go to the parliamentary restaurant for our meals know that we do not get much butter there.

Hon. Mr. HAIG: We get none.

Hon. Mr. DONNELLY: I have not much sympathy for mature men, like members of the Senate, who can get along without butter, but there are in this country many poor families of working people, with a half a dozen children who require a certain amount of fats if they are to maintain their normal growth and become useful citizens. For that reason I am in favour of at least a part of the bill introduced by the honourable member from Waterloo (Hon. Mr. Euler).

It has been acknowledged that if the rule against the importation of oleomargarine were suspended there would be plenty of it available from the United States. I do not believe we need be very much concerned about the manufacture of this product, for by the time we got into production it would not do much to relieve the present situation. I should be pleased to support the second reading of the bill if somebody will move that it be referred to the appropriate committee—always provided that the rule against the importation of oleomargarine be suspended only until we have a sufficient quantity of butter in this country to do away with present restrictions.

Hon. FELIX P. QUINN: Honourable senators, I feel much like the honourable senator who has just taken his seat (Hon. Mr. Donnelly), because I too would be one of the last in this country to support legislation which would do the slightest injury to the interests of the farmers, particularly those in the dairy industry.

The honourable senator who introduced the bill informed us that the only objection to the proposed measure came from the dairymen's association. I would point out that since the dairymen of Canada are not supplying our needs we would be doing them no

injustice by supporting this bill. As the honourable senator from South Bruce (Hon. Mr. Donnelly) has said, throughout this country there are families whose children are growing up without getting a sufficient quantity of butter. In my own home I am told that although we have coupons we are unable to buy butter—just one pound in a month. Edible fats in the form of butter or a suitable substitute are not only desirable in a country like Canada, but are essential in our daily diet. If we are unable to obtain these food elements in the form of butter, then we should have a substitute, as provided for by this bill.

In a recent speech by an honourable member of this house reference was made to the discouraging effect that the low price of butter has had on dairymen in Canada. However, another speaker told us that 47,000 head of dairy cattle were exported to the country to the south of us. This to me suggests a disposition on the part of our dairymen to get out of the dairy business, and is another argument in favour of the bill.

It has also been said that the soya bean is one of the elements that go to make up oleomargarine. During the last few years our farmers have been encouraged to produce very large acreages of this crop.

The honourable senator for Kings (Hon. Mr. McDonald) quoted figures for corresponding months in 1945 and previous years, showing the surplus of butter. These figures prove conclusively that the dairymen cannot supply the needs of the country. Therefore I consider his argument to be in favour of the bill rather than against it. If the dairymen cannot give us butter, then let us get something else as a substitute. That is my point.

I am heartily in favour of the bill and I will do everything possible to support it.

Hon. SALTER A. HAYDEN: Honourable senators, I think it is about time that someone on this side of the chamber raised his voice in support of the measure, and that I am prepared to do.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAYDEN: I have been trying to appreciate just how the dairy industry could be adversely affected by passage of this bill, since we find that the industry, though presumably working at full capacity, is unable to meet the consumer demand for butter in Canada. Then I find it difficult to accept the statement that any large number of the people will buy a substitute for butter if butter is available at a price that they can pay. Thirdly, so long as there are people in Canada who cannot obtain butter, either because the supply is short or the price is too high for them, I fail to see why they should be deprived of an opportunity to get a good substitute.

Why should we not take the same attitude towards oleomargarine that we took during the war, and in fact are still taking, towards ice cream, for instance? The wartime ice cream was not the pre-war product, nor is it yet. The butter-fat content was cut down, and there was a substitution of dextrose, honey and other sweetening ingredients for cane and beet sugar; but the ice cream makers and the sugar refiners and the public did not say, "If we cannot get the pure unadulterated product we will not tolerate any substitute."

Hon. Mr. QUINN: The same thing can be said about table cream.

Hon. Mr. HAYDEN: Yes. Our pure food laws recognize that there is a place for wholesome substitutes. So long as a substitute is wholesome and nutritious, I cannot see why it should not be made available to the people. Is it not about time that we approached this question from the point of view of the consumer?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAYDEN: I have heard people complain of inability to get butter at their meals. Perhaps some people, including myself, would be benefited by doing without it for a time.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAYDEN: However, most of our people need butter for themselves and their families, and if there is none available they should be allowed to purchase a nourishing substitute, such as oleomargarine, which satisfies the requirements of the pure food laws. I am supporting this bill because it would legalize and probably lead to the marketing of such a substitute. To say that the ingredients essential to the making of oleomargarine may not be available is, in my opinion, only to beg the main question. If anyone in Canada wants to purchase a wholesome substitute for butter, why should he not be as free to do that as he is to purchase substitutes for a large number of other commodities?

So, honourable senators, on all points I am in favour of this bill.

Hon. CYRILLE VAILLANCOURT: Honourable senators, the situation we have been discussing this afternoon is an abnormal and temporary one. From speeches made in another place in 1922 and 1923 the honourable

gentleman who is sponsoring this bill (Hon. Mr. Euler) quoted figures purporting to show that the manufacture of oleomargarine had not injured the dairy industry of Denmark. Well, in 1922, 1928 and 1932, when I was connected with the Department of Agriculture in Quebec, I visited Denmark, Holland and Belgium, and discussed agricultural conditions there. The fact is that as a result of the manufacture of oleomargarine the dairy industry in those countries was absolutely ruined after the last World War. Then, in an endeavour to help the industry get back on its feet, laws were passed restricting the manufacture of oleomargarine to certain specified quantities.

Hon. Mr. EULER: May I ask the honourable gentleman a question? Will he not admit that the smaller production of butter in Denmark and certain other countries that were occupied by the Germans is attributable to the fact that large numbers of people were transported to Germany?

Hon. Mr. VAILLANCOURT: I am speaking of conditions after the first world war, in 1922, 1923, 1924, 1928, and so on. And we had one experience with oleomargarine in this country, from 1918 to 1923.

It would be a dangerous thing to permit the manufacture of oleomargarine and thereby injure our dairy industry now, when already too many people have left the farms to live in the cities. Look at conditions as they are to-day!

As I said at the outset, the present situation is an abnormal one. In normal times the production of butter is sufficient to supply the needs of all our people. The reason for the reduced production of butter is to be found in the comparatively higher price of cheese. Cheese production more than doubled during the war, whereas butter production increased by only one-third. Now that the government has authorized an increase of four cents a pound in the price of butter, the supply will become larger. An abnormal situation cannot be remedied by the substitution of another abnormal situation. In order to build our agricultural economy on a sound basis it is necessary to take a long view and proceed in the light of normal conditions.

If the manufacture of oleomargarine were permitted, it would be necessary to import certain oils and other ingredients. These importations would be very profitable for a few importers, no doubt, but the sale of oleomargarine would have a disastrous effect upon the dairy industry in Canada, just as it did in Belgium, Denmark and Holland. Farmers cannot be expected to remain on the land if it becomes impossible for them to make a reasonable living there.

Hon. A. D. McRAE: Honourable senators,—

Hon. Mr. LACASSE: Another consumer?

Hon. Mr. McRAE: I have been rather surprised to note from the debate how well honourable members are taking the recent shortage of butter. Having regard to conditions all over the world, I am sure we are entitled to sympathy for this latest deprivation that we have had to endure. The butter shortage we are experiencing is undoubtedly accounted for in large part by the shipment to Britain of a large quantity of cheese—600 million pounds, if my memory serves me. That of course has resulted in a decreased production of butter.

Then we shipped overseas some 128 million pounds of evaporated milk. We can be proud of the great effort our dairy farmers have made.

Hon. Mr. HOWARD: Hear, hear.

Hon. Mr. McRAE: For some time the price of butter has been too low, and it has been more profitable to produce cheese. I say advisedly to the house that I think a price of 50 cents a pound is necessary in order to encourage farmers to produce butter. But that was not the programme during the war; nor would such a programme today meet with the approval of my friends in the urban centres. There seems to be on the part of my friends in the cities an almost entire disregard for the welfare of the agricultural population of Canada. I find them complaining about prices, but not in the slightest degree concerned whether the man who produces the commodity is making ends meet or not. In this respect the dairy industry particularly has had a very hard row to hoe, because labour costs have advanced at least 150 per cent, and in some cases even more. In my province we are paying a dairy hand $100 a month plus board, which is worth another $25 a month, and with the ordinary dairy herd you are lucky if you have anything left from your butter sales after you have paid your feed bill.

I do not think the public appreciate the importance of our dairy industry, and I propose to give a few figures to show its magnitude. But before doing so I want to deal with the commodities which go into the manufacture of oleomargarine. The honourable senator from Waterloo (Hon. Mr. Euler) referred to a period twenty odd years ago. At that time I was somewhat interested in the oil business, and I know that the sale of whale oil was ruined by the advent of the soya bean.

Hon. Mr. EULER: Its importation should have been prohibited.

Hon. Mr. McRAE: Not for my business, but maybe for the butter business. Then coco-nut oil came on the market. I predict now that when transportation returns to anything like normal, and Manchuria is again on a peacetime basis, its soya bean production will be even greater than it was before the war. With the opening up of the East Indies, which the war has accelerated, coco-nuts and soya beans will be exported to this continent in such quantities as we would not have dreamed of a few years ago. Then we shall, if you wish, have a cheaper commodity to take the place of butter, the oils from these sources forming the man constituents of oleomargarine. It has been said, and I have no reason to doubt the correctness of the statement, that the commodity will sell at about twenty cents a pound below the price of butter. Well, if that ever happens I can tell honourable senators that the dairy industry of Canada will be through.

Now, to show the magnitude and importance of our dairy industry, let me give you a few figures furnished by the Dairy Council. It is estimated that we have in Canada 3,900,000 cows, or one cow for every three head of population. These cows represent a value of $397,000,000—so the Dairy Council says, but in my opinion that is below the present-day value. The value of equipment on the farms and in the distributing centres amounts to $350,000,000. A lot of people who today are complaining about not being able to buy butter get their wages from supplying that equipment. Five hundred thousand of our farmers are dependent, either in whole or in part, on the dairy business. The value of their farms, implements and live stock is estimated at three and one-third billion dollars. These are gigantic figures. It is said that 17 per cent of our population depend on the dairy business, and this does not include those engaged in some 4,500 milk processing plants.

In my opinion, honourable senators, this bill is introduced at an inopportune time, for if it raises any doubts in the minds of our dairymen as to what the future may hold in store for them, the decrease in the number of dairy cows will proceed at a more rapid rate than it has in the past year or two. This is not the time to arouse uncertainty and so undermine the foundation of one of the great industries of Canada.

Hon. ARTHUR W. ROEBUCK: Honourable senators, my remarks on this bill can be put into very small compass. It is rather curious that the attitude adopted by those discussing the bill is reminiscent of the great clash between the Protectionists and the Manchester School.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. ROEBUCK: I congratulate the senator from Waterloo (Hon. Mr. Euler) on introducing this bill, and particularly on the three points which he made in support of it. His first point is conclusive so far as I am concerned. I think the most valuable thing we have in Canada is freedom, and I am for the right of the individual to use his own good judgment when it comes to choosing his diet.

An Hon. SENATOR: Quite right.

Hon. Mr. ROEBUCK: I object to any government, with the impertinence of most governments,—

Some Hon. SENATORS: Oh, oh!

Hon. Mr. ROEBUCK: —interfering with the individual and telling him what he shall or shall not do. It is true that the government must protect the individual when protection is necessary, but in connection with this measure there has been no necessity shown either for the protection of the dairy industry or of the individual himself.

An Hon. SENATOR: What about New Zealand butter?

Hon. Mr. ROEBUCK: We heard something about New Zealand butter on one occasion. I have every sympathy for the dairy industry, and I assure you I would do it no harm. But what is the proposition before us? It is stated that at the present moment our dairy industry cannot supply the Canadian demand for butter, but that at some time in the future it may be able to do so. This implies that the bill should be rejected for the purpose of continuing to force the individual to take something which perhaps he does not want. I repeat, I have every sympathy for the dairy industry, but I am not prepared to starve the people of my district in order to force them to buy butter.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. ROEBUCK: The purpose of production is consumption, and consumption should be the dominant consideration. If the dairy industry does not serve the best interests of the consumer, it should be so much the worse for the dairy industry. But that is not so; the dairy industry can stand on its own feet, and has for many years, and I am inclined to believe that it would be very much better off if it relied on a free market instead of resorting to statutory powers in order to drive the individual to buy its product. This compulsion on the individual is not necessary

to protect the dairy industry, and it is inadvisable. I am for freedom of the individual, I am for freedom of trade—

Some Hon. SENATORS: Hear, hear

Hon. Mr. ROEBUCK: —I am for freedom of conscience, and I am for free enterprise. Free enterprise means just what it says. If there is a call for this commodity, let it be made unless it can be shown that its manufacture and sale is inimical to the best interests of the people, particularly of those who will eat it. I intend to support the bill.

Hon. C. C. BALLANTYNE: Honourable senators, my good friend the honourable member from Vancouver (Hon. Mr. McRae) has expressed himself—as he usually does—with great clarity and eloquence in behalf of the dairy interests. No one in this chamber wishes to do the dairy industry any harm, but since it is unable to supply the necessary butter requirements of the consuming public, I for one can see no reason in the world why this bill should not pass.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. BALLANTYNE: My good friend from Vancouver has spoken, as he has every right to do, in behalf of the dairy interests. Only on rare occasions is it my privilege to speak for the masses of the people. As you know, I live in the commercial metropolis of Canada. Day by day I hear from taxi-drivers and others that butter is unobtainable. Why should this house refuse the poor man and his wife and children the opportunity of obtaining oleomargarine as a substitute, providing we can get supplies from our neighbours to the south? None of us suffer personally from the lack of butter. We can go to our club and get a small piece—

Hon. Mr. DUFF: Small?

Hon. Mr. BALLANTYNE: —and we can get sufficient in our homes. But honourable senators will please bear in mind that when the poor man's wife goes to the store with her butter coupons, since she has not the same prestige as those who buy on a large scale, she may find there is no butter to be had. From a humanitarian point of view it is the imperative duty of this house to pass the bill in order that the poor and their children may be able to get a substitute while butter continues so scarce as to be well-nigh unobtainable.

Hon. A. C. HARDY: Honourable senators, I am only too glad to join with the honourable senator from Waterloo (Hon. Mr. Euler) and the honourable senator from Toronto (Hon. Mr. Hayden) in saying a few words from this side of the house in favour of the bill.

When butter rationing first came in two or three years ago I committed the rash act of writing "a letter to the editor"—something that no prudent man should ever do, of course—advocating the sale of oleomargarine in Canada. I was rather surprised at the comments that followed. I thought perhaps someone might pay a little attention to my letter, but I found press comments critical from one end of the country to the other. The principal criticism of my suggestion, especially in the editorials in the Ottawa papers, was that certain fats and other ingredients of oleomargarine would not be available because they were in great demand for the manufacture of explosives and ammunition. Well, judging by the enormous output of these war supplies, the volume of oils and fats so used must have been something gigantic. Where are those fats and oils going today? Surely some portion of them can be put back into edible commodities.

My honourable friend from Vancouver (Hon. Mr. McRae) said that a difference of twenty cents a pound between the price of butter and oleomargarine would mean the death knell of the dairy industry. During the first Great War and immediately after there was a very much wider spread; oleomargarine was selling at 33 cents a pound and butter at from 55 cents to 60 cents a pound. It did not take very long for butter to come back on the market; in fact the sale of oleomargarine had not the slightest effect on the dairy industry. Neither do I think it would have today, according to what my honourable friend from Waterloo has said, for his statement is borne out by facts.

I can speak as a dairy farmer. I run a fairly large farm in the great dairy farming county of Leeds. I have a Jersey herd of about 160 head. The Jersey is essentially a butter-producing cow. I know from what I see about my own district that it would not make the slightest difference if over a certain period of years we sold a few million or even ten million pounds of oleomargarine in Canada. Some years ago when oleomargarine was on the market we had in my district the almost incredible situation of farmers selling their butter at 50 to 60 cents a pound, and buying oleomargarine for their own consumption at 30 to 35 cents a pound. If I made butter on my farm, which I do not, and needed the money, I would do the same thing.

The honourable senator from Alma (Hon. Mr. Ballantyne) said that the consumer

should be considered. The farmer today does not constitute the majority of the total population. About 47 per cent of our people belong to rural communities, and perhaps half of those are directly engaged in the dairy industry. I do not underestimate the great value of the dairy industry, but when the suggestion is made in this house that it is something on which the foundations of Canada are built, I entirely disagree. There are states in the union to the south of us, Wisconsin, for example, that make more dairy butter than is made in the whole of Canada; and there are other states that follow very closely. I am in favour of the public at large sharing in the products of our dairy industry, and of sending what we can abroad. But when only the well-to-do and those with pull and influence can get butter, while the rest go without, it is time a suitable substitute was allowed to be sold.

My honourable friend (Hon. Mr. Euler) referred to a short visit we had in Florida. Except for one or two instances we had no difficulty in getting butter at the large hotels. But in the smaller eating places where we stopped at mid-day, some of them not too savoury and others not bad, we could get no butter at all. That experience bears out what the honourable senator from Alma (Hon. Mr. Ballantyne) has said, that the well-to-do people with influence and pull can get it but the great mass of the working people must go without. Even some of those who have plenty of money to buy it have great difficulty in supplying their needs.

The honourable leader on this side of the house has sounded what I might almost call a sinister tocsin—a warning on behalf of his government to whip up the representatives on this side of the house. May I say that as far as I am concerned the time has not yet come when a tocsin of that kind will stop me from free speech and free action in this chamber.

Hon. Mr. ROBERTSON: With the permission of the house, may I remind my honourable friend who has just spoken that I prefaced my remarks by saying that I was making a statement for the government, and then expressed my own personal views. This does not concern the government, and all honourable senators have as much right to express themselves as I have. I have no intention of influencing anybody, and I greatly resent the remarks of my honourable friend.

Hon. Mr. HARDY: It is the tocsin that I resent.

Hon. Mr. HARDY.

Hon. Mr. ROBERTSON: Perhaps my honourable friend placed that interpretation on my remarks, but he is not entitled to do so.

Hon. Mr. LAMBERT: May I ask the honourable leader on this side a question? In his statement he referred to the case which the Federation of Agriculture presented to the Governor-in-Council the other day. I read in the press the statement that was presented, and I do not remember that it contained any recommendation regarding oleomargarine. Will the honourable senator please enlighten the house on that point?

Hon. Mr. ROBERTSON: Honourable senators, I think the observation of the honourable member from Ottawa (Hon. Mr. Lambert) is correct. As I remember the brief prepared by the delegation there was no reference to oleomargarine.

Hon. Mr. LAMBERT: It came up in discussion.

Hon. Mr. ROBERTSON: My memory is—and the honourable senator from Waterloo will correct me if I am wrong—that the day before the delegation appeared, and after the brief had been prepared, the bill now before the house was introduced; and I think the chairman of the delegation verbally asked the Prime Minister at the time of the meeting whether or not this bill had the sanction of the government. The honourable senator is quite correct; there was no reference to oleomargarine in the presentation.

Hon. THOMAS CRERAR: Honourable senators, in rising to speak on this important question I hope I am not taking the place of someone better qualified than I am to discuss it.

Some Hon. SENATORS: No.

Hon. Mr. CRERAR: I understood the honourable leader on this side to state that this was not a government measure, but one introduced by a private member, and that every member in this honourable house would come to a decision on his own good judgment.

Hon. Mr. ROBERTSON: That is always so.

Hon. Mr. CRERAR: By that I mean the restrictions of the whip are not contemplated so far as this debate is concerned.

Hon. Mr. HOWARD: Whoa!

Hon. Mr. CRERAR: I have considerable respect for the whip on this side of the house, but I trust no one will gather from what I say that I am always a respecter of whips. There are times when I think perhaps the

whip and even the government may be wrong, and as private member I reserve the right to differ if I choose.

May I say that I am not very much impressed by the arguments so far presented against this measure; I am least impressed by those put forward by the honourable member from Vancouver. (Hon. Mr. McRae).

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CRERAR: There was a shadowy argument that this measure should not be proceeded with because, forsooth, the raw materials that enter into the production of oleomargarine would not be available. If the raw materials are not available, then we will not have oleomargarine. The honourable senator from Vancouver (Hon. Mr. McRae) painted a rather grim picture of tremendous amounts of soya beans produced in Manchuria, and considerable quantities of coco-nut and other oils from the West Indies, flooding into Canada and destroying an industry in which, according to his figures, millions of dollars are invested. Now, really, is that a very sound argument?

Hon. Mr. EULER: No.

Hon. Mr. CRERAR: If we import vegetable oils from the West Indies and soya beans from Manchuria, are we not in step with the loud professions we hear from all governments, including our own, that if this poor old world is to survive there must be a great increase in multi-lateral trade.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: That is good Liberalism.

Hon. Mr. CRERAR: I am delighted to have the approval of the grand old veteran and freetrader, the honourable senator from Lunenburg (Hon. Mr. Duff).

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: If we import these raw materials from the West Indies and Manchuria, we will send them something in exchange.

Hon. Mr. ASELTINE: Why not send them butter?

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CRERAR: I am rather surprised to hear any voice raised in this chamber against the great humanitarian movement among the nations of the world towards greater freedom of trade.

The only real argument that could possibly be advanced against this bill is that oleomargarine is not a healthful food, and the weight of evidence from every source is all to the contrary. Even since the debates of some twenty years ago, to which the honourable senator from Waterloo (Hon. Mr. Euler) referred important advances have been made in the science of nutrition and the proper balancing of foods. It is quite possible now to produce an oleomargarine that is just about as healthful and nutritious as butter.

Hon. Mr. EULER: And just as palatable.

Hon. Mr. CRERAR: If that is true, then why deny me, an ordinary citizen of this country, the right to buy that kind of food?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: Surely that is an interference with my rights as a private citizen, and should not be tolerated. From that angle I strongly support the bill.

There are one or two other reasons why I support this bill. The honourable senator from Kings (Hon. Mr. McDonald) presented a very clear argument, but it was based wholly on the principle of protection—that is, some people in this country might be hurt if we permitted the manufacture or importation of oleomargarine even under proper regulation. I have been too long on the other side of the fence, opposing restrictions on trade, to be told where I must buy my shoes, my farm implements, or my food; and I am too old now to change my point of view, even in the face of the eloquent plea made by the honourable gentleman.

The present need for something to supplement butter is great. I am of the opinion, rightly or wrongly, that that need will continue. To get a proper estimate of the position of the dairy industry we must first look at the total amount of fluid milk produced in the country, because that is the great reservoir from which is drawn not only all the milk that is sold to consumers, but all that is used in the production of butter and cheese and ice cream. The work carried on by health agencies and other organizations has tremendously stimulated the consumption of fluid milk everywhere. In some of our cities the school boards are providing a daily ration of milk for the pupils. The consumption of fluid milk in homes all over the country has increased and will continue to increase. It is desirable that it should be so.

Hon. Mr. HUGESSEN: Hear, hear.

Hon. Mr. CRERAR: No food is more beneficial to school children than milk. Recognizing this fact, some school boards in the Old Country also make a daily distribution of milk to pupils. I think we can take it for granted that in the years ahead there

is going to be an expanding consumption of fluid milk. So unless the dairy industry is able to step up production much more rapidly than it has done in the past, there will continue to be a deficiency of certain milk products.

There is another point to be considered. As those who are familiar with the dairy industry know, the most profitable form in which dairy products can be sold today is whole milk. If you equated the financial return from butter to the return from whole milk today, you would have to make a substantial increase in the price of butter. That being so, why should there be in the law a prohibition depriving people of the low income groups of the right to buy a nutritious and health-building substitute for butter?

I am wholly in accord with the view put forward by the honourable senator from Alma (Hon. Mr. Ballantyne) who was my colleague in former days also. The vigour and logic with which he argued his point this afternoon encouraged me to hazard the hope that he will see the light on other matters of international trade as well.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CRERAR: For the reasons stated, honourable senators, I feel it is my duty to support the bill introduced by my honourable friend from Waterloo (Hon. Mr. Euler).

Hon. J. A. LESAGE: Honourable senators, I had not intended to take part in this debate, but desire to do so now, as I feel that this question involves a principle.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. LESAGE: We are faced with the question whether passage of the bill would make it impossible for our farmers to dispose of their products at a reasonable profit. Well, I believe it has been proved that industry and science can cope with every situation that arises.

As I said, I feel there is a principle involved. Are we going to prohibit the manufacture and sale of one product in order to protect the production and sale of another? The honourable senator who just preceded me is better qualified to discuss this situation than I am, for he is informed as to farming conditions in the whole country. But as a farmer's son, who now lives in the city of Quebec, I think I am able to analyse the situation fairly well. Should we try to keep pace with science or to stop its development? I believe in the ability of the scientists and other officers of the federal and provincial departments of agriculture to devise methods whereby our farmers will be able to produce more cheaply and meet competition that may arise from manufactured products.

Probably peanut butter has at times been on the table in the homes of some honourable senators, and their children may have looked upon it as a treat and preferred it to ordinary butter. If the sale of this substitute for butter is legal, why should the sale of another substitute be prohibited? A substitute which can be placed on the market at about half the price of butter may be preferred by many young people and others. If that is so, then why should they not be able to get it? Sometimes our young people like things that we dislike. We may be inclined to think they are wrong, but they may be right.

Why grow old, honourable senators? Why not keep abreast of the times? Why not go out to meet progress? We must have freedom of trade—freedom to buy butter, if we like it, or a butter substitute, if we prefer that.

Though I had made no preparation to take part in this debate, I felt that as a Liberal I should express my belief in freedom of trade.

Hon. JACOB NICOL: Honourable senators, I have listened with a great deal of interest to the debate this afternoon. When the bill was placed on the order paper for second reading I expected that the discussion would be more or less academic. The bill proposes that the law be amended to permit the manufacture of oleomargarine in Canada. Almost every honourable senator who has spoken so far has admitted that certain fats and other ingredients necessary to the manufacture of oleomargarine are not available in this country at present. I read in a magazine or somewhere else that during the awful war just ended the people of Canada were better fed than those in any other part of the world. We all know that the supply of fats has been distributed among various nations, and that if we start to make oleomargarine here it will be necessary to deprive some countries of a portion of the fats which they need to provide their people with a nourishing diet.

If we pass this bill we shall not improve existing conditions, and we may do a great deal of harm. I agree with the honourable senator from Vancouver (Hon. Mr. McRae) that industry and the whole world are perturbed. The last few years have been years in which the industrialists had their say. The farmer has had to take a back seat, so to speak; he has been made to obey all kinds of restrictions. I was surprised to hear how harmful

the honourable senator from Churchill (Hon. Mr. Crerar) considers certain restrictions to be. During the war the government imposed some restrictions that we did not altogether like, but we submitted to them because we felt they were in the best interests of the country.

Honourable senators, I do not think that at this time our farmers should be disturbed by a proposal to amend the Dairy Industry Act. I share the honour with the whip on this side of representing what I think is the finest dairy district in Canada.

Hon. Mr. HOWARD: Hear, hear.

Hon. Mr. NICOL: As has been said, there is a reason for the shortage of butter. In my own district a firm from Wisconsin has established a powdered milk plant. The proprietors looked over certain sections of Ontario, the Western provinces and the Maritimes, and they decided to locate their plant in Sherbrooke. To their great surprise this is now their largest producing plant in Canada, and I believe it even surpasses their parent plant in Wisconsin. They never expected to receive so much milk for processing. This means milk withdrawn from the production of butter. During the war tons of powdered milk were sent from the Eastern Townships to Italy, North Africa, Greece, and other countries. Apparently we shall have to feed Europe for a few more months, and then the farmers of this country will find the situation back to normal. The first effect of legalizing the production and sale of oleomargarine will be to kill the home market—the only market our farmers may have for their butter.

Some of my colleagues have referred to the price of milk. At the outset the proprietors of the factory at Sherbrooke paid $1.80 a hundred pounds for milk, later the price went to $2. I happen to be a farmer in the Eastern Townships. I sent my milk to Montreal. There I received $2 plus a bonus of 25 cents per hundred pounds, but of course I had to pay express or freight to Montreal.

Hon. Mr. BALLANTYNE: My honourable friend would get a little more for his milk if its butter fat content was increased, would he not?

Hon. Mr. NICOL: I think my honourable friend wants to cast a slur on my breed of cattle.

Hon. Mr. BALLANTYNE: Oh, no.

Hon. Mr. NICOL: Now, what is the situation within thirty miles of Sherbrooke? In Vermont the dairy farmers get from $3.50 to $4 a hundred for similar milk, as against my return of only $2.25.

Reference has been made to the number of dairy cattle exported to the United States. I happen to have sold some myself. The man who came to buy mine admitted that he was selling his milk at Concord, Massachusetts, for $5 a hundred pounds. Of course, it was a specially high grade of milk.

A great deal of milk from our cattle has gone across the line, some of it legally, and some, I am afraid, through the black market. But how can you expect our farmers to refrain from selling their cows when purchasers on the other side can offer a price that we cannot meet here on account of the lower price that we receive for our milk. The farmers of the Eastern Townships have responded to the request of the government that they produce milk, butter and pork. In my country it takes milk to produce pork, and a lot of milk was fed to hogs. Speaking for the Eastern Townships, I submit that we should not disturb the farmers at this time, when they are uneasy, not knowing what tomorrow will bring forth. A few years hence when present difficulties have disappeared will be time enough to decide whether a measure of this kind should be put on the statute books.

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

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Patrick Kerwin, the Deputy Administrator, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Administrator was pleased to give the Royal Assent to the following Bills:

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

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending 31st of March, 1947.

The House of Commons withdrew.

The Honourable the Deputy Administrator was pleased to retire.

The sitting of the Senate was resumed.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills, which were read the first time:

Bill I, an Act for the relief of Juliana Edmonda Isabella Ferdinanda Becquaert de Beaujeu.

Bill J, an Act for the relief of Margaret Penelope Brown.

Bill K, an Act for the relief of Marion Cruikshank Isaac.

Bill L, an Act for the relief of Malvina Angelina Sequin Gascon.

Bill M, an Act for the relief of Nora Kathleen Loury Cheverton.

Bill N, an Act for the relief of Elsie Fisher Armitage.

Bill O, an Act for the relief of Florence Mabel McIntosh Simpson.

Bill P, and Act for the relief of Francis Gordon Sullivan.

Bill Q, an Act for the relief of Minerva Jane Cory.

The Hon. SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 4, 1946.

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

Prayers and routine proceedings.

GOOD-WILL VISIT OF CRUISER UGANDA

MESSAGE FROM SENATE OF URUGUAY

The Hon. the SPEAKER informed the Senate that he had received a communication addressed to the Senate of Canada from the Vice-President and Secretary of the Senate of the Republic of Uruguay, as follows:

Montevideo, 1st April, 1946.

To the Senate of Canada,
Ottawa, Canada.

The Senate of the Republic of Uruguay has resolved unanimously to express to the Senate of Canada its gratitude for the cordial good-will visit of the cruiser *Uganda*, representative of the great Canadian democracy.

We assure the Senate of our high consideration.

Alfeo Brum, Vice-President
José Pastor Salvanach, Secretary.

Hon. Mr. NICOL.

He said: I presume that honourable senators will wish me to send, in the name of the Senate of Canada, an appropriate acknowledgement of the telegram which I have just read to the House.

Some Hon. SENATORS: Carried!

THE SENATE—PLAN OF ORGANIZATION

REPORT OF COMMITTEE ON INTERNAL ECONOMY AND CONTINGENT ACCOUNTS

Hon. G. V. WHITE presented and moved concurrence in the fourth report of the Standing Committee on Internal Economy and Contingent Accounts:

That the present plan of organization of the Senate be cancelled and the following be substituted therefor:—

1. Clerk of the Senate.
2. Law Clerk and Parliamentary Counsel.
3. Assistant Clerk.
4. Second Assistant Clerk and Chief Translator.
5. Gentleman Usher of the Black Rod.
6. Assistant Gentleman Usher of the Black Rod.
7. Chief Clerk of Committees.
8. Assistant Chief Clerk of Committees.
9. Senior Clerk of Committes.
10. Head Clerk (Part Time)
11. Head Translator.
12. Editor of Debates and Chief of Reporting Branch.
13. Parliamentary Reporter.
14. Parliamentary Reporter.
15. Parliamentary Reporter.
16. Committee Clerk and Clerk of English Minutes and Journals.
17. Clerk of French Minutes and Journals.
18. Chief of Stationery Division.
19. Postmaster.
20. Assistant Postmaster.
21. Curator of Reading Room.
22. Curator of Reading Room.
23. Clerk Grade 3.
24. Speaker's Steward.
25. Chief Parliamentary Messenger.
27. Clerk Grade 4.
28. Confidential Messenger.
29. Confidential Messenger.
30. Committee Clerk.
31. Clerk Grade 4.
32. Parliamentary Housekeeper and Chief of Char Staff.
33. Sergeant of Protective Staff.
34. Sergeant of Protective Staff.
35. Sergeant of Protective Staff.
36. Sergeant of Protective Staff.
37. Secretary, Law Clerk's Branch.
38. Clerk Grade 4.
39. Secretary to the Clerk of the Senate.
40. Senior Committee Clerk.
41. Clerk Grade 3.
42. Chief of Protective Staff.
43. Constable.
44. Constable.
45. Confidential Messenger.
46. Confidential Messenger.
47. Confidential Messenger.
48. Confidential Messenger.

49. Confidential Messenger.
50. Confidential Messenger.
51. Confidential Messenger.
52. Confidential Messenger.
53. Confidential Messenger.
54. Confidential Messenger.

Hon. Mr. LEGER: Honourable senators, will the honourable gentleman please explain the effect of this report? I am not sure that I know what it is about.

Hon. Mr. WHITE: Honourable senators, there has been no reorganization of the staff of the Senate for some years, and it was felt that—in keeping with the reorganization in another place—the present would be an opportune time to submit proposals to the Civil Service Commission, with a view to having the necessary changes made within the present fiscal year.

Hon. Mr. LEGER: Are any new offices being created?

Hon. Mr. WHITE: One or two, but I am advised that there will be no increase in the expenditure.

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

CRIMINAL CODE (RACE MEETINGS) BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill D, an act to amend the Criminal Code (Race meetings).

He said: Honourable senators, the committee have in obedience to the order of reference of March 23, 1946, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 1, line 4. For "twenty" substitute "thirty-five."

2. Page 1, line 5. For "twentieth" substitute "thirty-fifth."

3. Page 1, line 30. Insert the following: "such association upon races being run thereon: Provided that as to race-meetings at which there are running races no such race-meeting continues for more than seven days of continuous racing on days on which such racing may be lawfully carried on, and that there be not more than seven races on any such day; and provided that no such association holds, and that on any one race-track there be not held, except as hereinafter provided, in any one calendar year more than two race-meetings at which there are running races and that there is in interval of at least twenty days between meetings; and provided that as regards race-meetings held upon the race-course of any association incorporated after the fourth day of May, one thousand nine hundred and ten, the said race-course be located in or within three miles of a Canadian town or city having a population of not less than fifteen thousand people;"

All which is respectfully submitted.

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

THIRD READING

The Hon. the SPEAKER: When shall this bill, as amended, be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, now.

The motion was agreed to, and the bill, as amended, was read the third time, and passed.

EXPLOSIVES BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill E, an Act respecting the manufacture, testing, sale, storage and importation of explosives.

He said: The committee have examined this bill and now beg leave to report the same with the following amendments.

1. Page 3, line 29. Leave out "for any purpose for which regulations may be made under this act and"

2. Page 4, line 10. Leave out "sale"

3. Page 5, line 15. Insert the following as sub-paragraph (n): "(n) respecting the sale of explosives."

4. Page 8, lines 26 to 30, both inclusive. For clause 16 substitute the following:

"16. Where the holder of any licence, permit or certificate issued pursuant to this act, has been charged with any violation of any provision of this act or any regulation, the Minister may, forthwith suspend the licence permit or certificate of such holder until the said charge or charges has or have been disposed of. and in the event of the conviction of such holder on such charge or charges the Minister may cancel such licence, permit or certificate."

5. Page 10, line 13. Leave out the words "such" where they appear in this line.

6. Page 11, line 6. Leave out the words "such" where they appear in this line.

7. Page 11, line 13. Leave out the words "such" where they appear in this line.

8. Page 11, line 17. Leave out the words "such" where they appear in this line.

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

THIRD READING

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

Hon. Mr. ROBERTSON: Honourable senators, under the rules, the third reading should stand over until the next sitting. In the case

of the preceding bill I was informed that its passage should be expedited. I have not been so advised with respect to this bill, but I am not objecting to the procedure.

Hon. Mr. HAIG: Pass the bill now.

In order that there may be no misunderstanding, my reason for suggesting that the bill be passed now is that for two days its provisions were very fully discussed in committee. As this is the second bill to originate in this house, I think it well to send it over to the other house without delay so that the members there may have something to do.

Hon. Mr. BEAUREGARD moved the third reading of the bill, as amended.

The motion was agreed to, and the bill, as amended, was read the third time, and passed.

PRECIOUS METALS MARKING BILL 1946

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill F, an Act respecting the marking of articles containing gold, silver or platinum.

He said: The committee have examined this bill and now beg leave to report the same with the following amendments:

1. Page 1, line 22. Leave out 'in"
2. Page 1, line 23. After "retail" insert "in,"
3. Page 2, line 6. For "material" substitute "any substance"
4. Page 3, line 12. Leave out "may"
5. Page 4, line 39. For "four" substitute "two."
6. Page 6, line 32. Leave out the second word "one"
7. Page 6, line 32. For "thousandths" substitute "thousandth"
8. Page 7, line 26. Leave out "and one-half one-"
9. Page 7, line 26. For "thousandths" substitute "thousandth"
10. Page 8, line 5. For "of" substitute "or"
11. Page 8, line 8. For "twelve" substitute 'ten"
12. Page 8, line 9. Leave out "if the weight of such gold is less than one-tenth of the gross weight of such part"
13. Page 10, line 30. For "the dealer" substitute "a dealer"
14. Page 12, line 35. In the sub-title. For "Inspector" substitute "Inspection"
15. Page 13, line 4. For "proof" substitute "evidence"
16. Page 13, line 8. Leave out the words "for any purpose for which regulations may be made under this Act and"
17. Page 13, line 12. After "foregoing" insert ", for"
18. Page 13, line 12. Leave out the words "may make regulations"

Hon. Mr. ROBERTSON.

Hon. Mr. LEGER: Honourable senators, the last words of the main part of paragraph 19 are struck out and the word "for" is substituted therefor. As I heard the amendments read, I do not think those words were struck out. They make a great deal of difference.

The Hon. SPEAKER: Is it the pleasure of the Senate to concur in these amendments?

Hon. Mr. BEAUREGARD: Stand.

STANDING COMMITTEES

CHANGE OF PERSONNEL

Hon. Mr. ROBERTSON: Honourable senators will recall that after the report of the Committee of Selection was prepared I said that I should be happy to take cognizance of any suggested changes, and with leave of the Senate I would now move as follows:

(1) That the names of the Honourable Senators Hugessen and McDonald (Kings) be dropped from the list of senators serving on the Standing Committee on Divorce.

(2) That the name of the Honourable Senator Vien be dropped from the lists of senators serving on the Standing Committees on Natural Resources and Immigration and Labour.

(3) That the name of the Honourable Senator Vien be added to the list of senators serving on the Standing Committee on Finance.

(4) That the name of the Honourable Senator Kinley be added to the list of senators serving on the Standing Committee on Divorce.

(5) That the names of the Honourable Senators Crerar, Hayden and McRae be added to the list of senators serving on the Standing Committee on Natural Resources.

The motion was agreed to.

THE IMMIGRATION ACT

MOTION

Hon. ARTHUR W. ROEBUCK moved:

That the Standing Committee on Immigration and Labour be authorized and directed to examine into the Immigration Act (R.S.C. Chapter 93 and Amendments) its operation and administration and the circumstances and conditions relating thereto including (a) the desirability of admitting immigrants to Canada; (b) the type of immigrant which should be preferred, including origin, training and other characteristics; (c) the availability of such immigrants for admission; (d) the facilities, resources and capacity of Canada to absorb, employ and maintain such immigrants, and (e) the appropriate terms and conditions of such admission;

And that the said committee report its findings to this house;

And that the said committee have power to send for persons, papers and records.

He said: The motion which I make this afternoon, honourable senators, is for a committee of inquiry into a subject of the utmost importance, for upon the solution of the

problem of immigration depends the future of Canada; whether we are to remain for an indefinite period a third-rate power, wielding at most a secondary influence in world councils and depending for our existence as a nation upon the favour and forbearance of more populous states, or, by breaking open the vast treasure-trove of our resources-laden wilderness, are to become one of the most pregnant and powerful of nations. That is the issue. The prophecy of Sir Wilfrid Laurier that the twentieth century belongs to Canada still remains to be fulfilled. We have not, in my judgment, taken advantage of the twentieth century as Laurier had expected.

Some figures would probably be of interest to honourable members in considering the great problem involved in my resolution. According to the 1941 census, Canada has a population of 11,506,655. This is about a one-forty-fourth part of the population of the British Empire, which is estimated at 500,-774,000—or roughly half a billion—in a world population of more than two billions. But although Canada has only one-forty-fourth of the population of the British Empire, she occupies one-quarter of its area. Canada's areas is given as 3,466,882 square miles—so that our population averages roughly 3·32 persons to the square mile. How much of Canada's great area is habitable is, of course, another question. But who, honourable senators, will say that any of it is potentially uninhabitable?

There are a number of classifications into which our territory should be divided. To commence with, let us take the farming area. Mr. J. F. Booth, an Associate Director of the federal Department of Agriculture, has recently estimated that an area of 549,660 square miles, or 16 per cent of our vast territory, is at present occupied as agricultural land or is land having agricultural possibilities. Roughly, one-half of this area, he says, or 175 million acres, is now in farms. The other one-half awaits a marked increase in population or greatly expanded export markets. Mr. Booth quotes W. Burton Hurd as authority for the estimate that, outside the Yukon and the North West Territories, the extent of unused and reasonably accessible land suitable for agriculture is from 25 to 27 million acres. This is enough for approximately 158,000 to 168,000 additional farms. There must necessarily be considerable differences of opinion on the question of potential agricultural land, but it is apparent that a large number of farms could be established on land not now occupied.

It must be realized that these estimates are based upon current ideas as to availability, and one should bear in mind that the margin of cultivation has for years been shifting steadily northward. A great deal of land which some years ago was considered unsuitable for agriculture is today regarded as good farming land. Most honourable members, I am sure, will be able to support that statement from their own experience. Moreover, one has but to look about him to observe how incomplete is the use made of the greater portion of the territory now classified as occupied. This is not a pleasant subject and I need not dwell upon it. In the province of Ontario, which those of us who live there consider to be the banner province, farms are standing idle and abandoned, which under favourable economic and labour conditions could be brought again under cultivation.

According to the 1941 census, the rural population of Canada was 5,254,239, an increase of only 449,551 over that of the preceding decade. I should like to have some inquiry into the question as to whether it is altogether impossible that during the next ten years the increase might be twice as large. Is that beyond the range of possibility?

But I would point out that agricultural land is only one of Canada's vast resources. Canada's forests cover 1,220,400 square miles, or more than one-third of the total land area of this country. The productive portion of this great forest area is 430,000 square miles, of which about 340,000 square miles are not presently accessible, and form a reserve for the future, to be brought into use when increased manpower makes development possible.

Speaking in this chamber only last week, the honourable senator from Vancouver (Hon. Mr. McRae) stated that according to the latest figures available, those of 1940, our total mineral output aggregated $529,000,000; and he added, as is accepted by all of us, that the mineral resources of our country are as yet far from fully developed. In my judgment this is an understatement. I would say that as yet the mineral resources of Canada have hardly been scratched. None of us will know how great they are until, for instance, we pierce the great pre-Cambrian shield covering northern Ontario.

But, even so, the mining industry in 1940 afforded employment to 108,886 men, and provided a livelihood for 1,300,000 Canadians. The honourable senator did not think it unreasonable to speak of doubling that number. I need say no more as to the possibilities of mining development in this country. As every honourable senator well knows, vast areas privately owned, are still to be prospected.

The potentialities of the basic industries of farming, forestry, mining and fishing are most readily visualized; but even more important to Canada are the possibilities for urban expansion. Of Canada's total population of 11,506,655 in 1941 more than one-half, or 6,252,416 persons were urban dwellers. This represents an increase of 680,358 during the previous decade. As the standard of living rises there is an ever-decreasing proportion of the population devoting itself to the production of food. That is in the nature of things. As science and invention become more effective and our demands grow more complex, there is an inevitable increase in urban population. What Canada requires for her industrial, financial and social security in a turbulent world, is a better balanced economy. In my judgment, this may be achieved by an expansion of our towns and cities, and by the exchange of products of both farm and factory in local markets. We are too dependent on markets abroad. More could be achieved by a greater exchange of farm products in adjoining towns and cities.

Who in this honourable chamber has not visualized the industrial growth of Canada upon the completion of the St. Lawrence deep waterway, and the attendant hydro-electric development? What must be the result of the union of these two tremendous potentialities? —ocean shipping and an additional million horsepower of electrical energy. Honourable senators, can we not see in our mind's eye a vast population of happy, prosperous and industrious artisans, supplying human direction to a billion turning wheels in as many urban centres as there are port facilities on the Great Lakes and their connecting rivers —processing the raw materials of the mines, forests, and farms, and exchanging Canada's finished products via the cargo shipping of the seven seas? That is my vision of the Canada that will result from increased hydro power and an industrious population led by enterprising management—trading freely abroad. That picture puts to shame the little Canadians who fear that this great land of ours with all its potentialities, developed and undeveloped, is already overcrowded, and who would hide trembling behind their Chinese walls. "Oh ye of little faith!" Seldom in the history of the world has so small a group of people been presented with so great an opportunity.

No argument is necessary to convince the young in mind—and that is common to all honourable senators—of Canada's future greatness. I have visualized, as have all honourable senators, a prosperous and powerful Canada in the future, happy in her domestic economy and powerful in her foreign relations. To those who lack the vision, may I sound a warning? To them I say that we cannot hope to retain our 3,500,000 square miles indefinitely in the exclusive possession of a mere 12,000,000 people.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: I am not posing as a prophet when I say that if we continuously and fatuously refuse to develop our material resources others will develop them for us. History has proven the truth of this statement. We cannot continue forever to bury our talents in the sand.

May I give this honourable house some comparative figures? Our 3,500,000 square miles of territory with its 12,000,000 people, exceeds by fifty per cent the area of continental Europe, which supports a population of 400,000,000 people. Before the war, the Netherlands had a population of 720 persons per square mile; the United Kingdom, 507 persons; Japan, 495; Germany, 381; India, 245; China, 104; the United States, 45; the U.S.S.R., 21; and Canada 3·32. The fraction assumes some importance when the figure is so small. Excluding the North West Territories, which are a very large part of our country, Canada has a population of only 5·47 persons to the square mile.

Some honourable senators may remind me that all this land is not suitable for agriculture; some of it may not produce forests, and much of it may have no mineral wealth. But in even the settled regions of our country our resources are much more effectively monopolized than they are used, while in the great northern territories, excluding perhaps northern Ontario, they are practically untouched.

In Russia there are industrial centres bordering on the Arctic Circle. In populous Leningrad one can see the midnight sun. Russia is turning her attention to far-northern development. A word to the wise should be sufficient. The Alaskan straits are not difficult to cross, and economically it might be easier to pioneer southward in an empty Canada than northward in an ice-bound Russia. I am not forecasting any unfriendliness on the part of Russia. I am speaking of the inevitable shifting of population as years and even centuries go by. Nature rather than politics will see to it that, if we leave our own acres untilled, in due season they will be tilled for us. We cannot hold vast areas uninhabited, neither using them ourselves nor opening them up for the benefit of others. The dog-in-the-manger has been despised since Aesop wrote his fables.

No one will dispute that the finest immigration Canada can have comes by way of

the stork; our best immigrants are our own children. But this alone does not solve the problem. Had North America followed such a policy from the beginning, this great country would still be in the hands of the Indians. If the United States had waited for the natural growth of its population it would not today be the most powerful nation on earth, with a population according to latest figures, of 140,000,000 souls—a great country with a tremendous population.

In America we are all "immigrants," but when in Canada we speak of immigrants we usually think of the people who came to this country from central Europe during the regime of Sir Wilfrid Laurier—people whom we now call "new Canadians." One is indeed ignorant of modern Canada who is not aware of the contribution made by these people to our present social and industrial life. They did much of the heavy pioneering work against which our own native sons rebelled. They built our roads and railroads; they dug our mines and piled the bricks of our homes and factories; they contributed no small share of the effort which made the prairies blossom and bear crops. They did still more for Canada when they brought with them to our shores the culture of their own countries, their literature, art and music. In time they will enrich our blood and language. Let no one spurn the humble immigrant, or seek for him a place in Canadian life in any way inferior to our own.

In spite of all that we have gained from immigration from central Europe, for the past fifteen years general immigration to this country has been steadily declining, and against the particular class of people about whom I have been speaking we have all but closed our doors. One would have expected the war to have opened our doors, but it seems to have had the opposite effect. In this country we have always had space for all and natural resources for the employment of all; but unfortunately, because of artificial limitations and restrictions on enterprise, we have not always had work for all. War economy swept away those artificial obstructions to industry, so that instead of unemployment we had a shortage of manpower. During the war some 3,500 refugees were admitted to Canada on a temporary basis, which was made permanent in October last, but, except for this, immigration into this country during the last five years has been the merest trickle—and this, honourable senators, despite the desperate conditions prevailing in Europe. When Hitler commenced his dastardly policy of extermination, there were nine and a half million Jewish people in territories which he later dominated, both in and out of Germany. When he finally committed suicide, there were only four million remaining, and more than one million of those were impoverished, homeless and workless—a pitiable condition of affairs.

It is interesting to observe what Canada did in face of that terrible crisis. In 1942 she admitted via ocean ports Hebrew immigrants to the number of 111. In 1943, when the murder camps were operating on an overtime basis, she admitted 31. In 1944 the number of overseas immigrants rose to 56; and in this last year, 1945, the latest year for which figures are obtainable, the number had grown to the magnificent figure of 95.

Somebody asked the other day whether Canada would not at some time in the future pay the price of that heartless policy, and I answered, "She is already paying the price".

One has only to read the history of the refugee in centuries gone by to realize how much he has done for the countries to which he migrated. No better illustration can be cited than England, whose silk trade and wool trade and many other skilled trades have been based on the knowledge and industry brought to her shores by people who fled their home lands because of religious and other persecution. But Canada has closed her doors against the blessings that such people could have brought to us. The average number of immigrants of all kinds into Canada from overseas during the last five years has been 4,900 per year, of which 4,677 have been of British nationality. That is to say, the average annual number of non-British immigrants into Canada from overseas in that period was only 233 per year.

Now I ask you by way of contrast to note the policy that Great Britain has adopted with regard to refugees. Some little time ago an announcement was made that she would admit immediately the survivors of the Nazi camps who have close relatives in Britain able and willing to look after them.

Honourable senators, there are in Canada simply thousands of people ready to bring European relatives and friends to this freedom-loving country and to take care of them until they are employed and able to stand on their own feet. There is practically not one of our municipalities but has some citizens anxiously looking to this parliament to give them such an opportunity. Who can doubt that the people who could come to us in this way would contribute to the future development of Canada?

England admits not only survivors of the nazi camps, but distressed persons, such as those who have been hiding from the Gestapo,

and others who for one reason or another are specially in need of care. As I have already pointed out, England is a thickly populated country, without the vast resources and open spaces which we have here, but her traditional policy has been to provide sanctuary to the oppressed. The number of refugees which she had accepted up to April 1943 was no fewer than 150,000, and in June 1944 she was still receiving an average of 800 refugees a month. In other words, more non-British people were allowed into Britain in one month than we permitted to enter Canada during the last five years. We pride ourselves on being a Christian Country.

In addition to this stream of refugees into England, many others entered the country under various schemes designed to meet special circumstances. For example, after D-Day, accommodation was extended to 10,000 French refugees. In March of last year, 2,000 Dutch children were brought over for a three months' holiday which it was hoped would offset the horrors of nazi occupation. The British government has spent $5,000,000 in subsidizing private organizations caring for refugees. Honourable senators, what a striking contrast is this to the cold neglect of the Canadian people in this world crisis.

I realize that since the close of the war our shipping space has been completely utilized by our home-coming troops. For that I have not a word of criticism. It is only right that returning members of our armed forces should be given priority in shipping space. But we were not bringing home an army during all of the last five years.

Hon. Mr. LACASSE: We were sending one abroad.

Hon. Mr. ROEBUCK: True. And thousands of tons of materials were sent overseas in ships which brought but small cargoes back on their return journey. However that may be, our soldiers will soon be home, and the question that presents itself to us now is: What about the future? That is why I have thought it wise at this time, with the assistance of my seconder, to bring this question to the attention of the house.

I should like this committee, after examining the facts and considering the problems, to answer a number of questions: 1. Do we want immigrants?; 2. Can we get them?; 3. Can we take care of them should they arrive?

As to whether or not we can get immigrants, Cardinal McGuigan who has recently returned from a notable trip to Europe, says that Canada stands high in the estimation of the world, and that very large numbers of people in different countries are anxious to settle here. The Honourable James Gardiner, Minister of Agriculture, says that wherever he went in Europe the question most frequently asked him was, "May we come to Canada?" The Honourable James MacKinnon, Minister of Trade and Commerce, says that 25,000 Netherlanders have asked permission to come to this country. On the other hand, the Right Honourable Herbert Morrison has intimated that there will not be a flow of immigrants into Canada from Great Britain such as there was after the first Great War—"Our blessed birth rate is not what it should be", he says. Nevertheless, Great Britain would assist ex-service men who wish to migrate to the dominions.

In attracting immigrants the quality or the extent of the nation's resources do not count as much as the completeness with which they are monopolized by those already here, and the price at which they are held. In this connection I would point out that, in Europe, land values are depressed, and great estates are being broken up into 12½ acre holdings and handed over to peasant workers. Unless we can make our resources available to industry at moderate rates, people will not come here, and we would not know what to do with them if they did.

If business and industry are to be crushed with a load of taxation, and ownership and speculation are to be specially favoured, as they have been in the past, then perhaps it might be just as well if we forget about immigration, rather than bring people here to join in a national stagnation and to seek for work where no work is to be found. If we lack the wisdom to use the resources which nature has given us, it would be just as well perhaps not to glut the labour market with additional unemployed. That is the problem—not whether we have the resources and the space, but whether we have the wisdom to use those resources for the benefit of mankind. I submit that in the main our problem is to make attractive and available the grand resources which the Creator has given us.

There are many phases of an immigration policy. They are partially covered in the resolution, and I would urge that they are of sufficient importance to the country, both today and in future, to be studied by a committee of this house.

Hon. WISHART McL. ROBERTSON: Honourable senators, what I am about to say will be applicable not only to the motion now before us but also to the motion which the honourable senator from Vancouver (Hon. Mr. McRae) presented to the house last Thursday. At that time I adjourned the debate because, having been advised that the present motion

would come up, I felt that my remarks would be applicable to both. I am sure the honourable gentlemen from Vancouver and Toronto-Trinity impressed us with the importance of the subjects which they have brought to our attention. For my part, I commend them for their initiative and industry in making available to us much valuable information.

In my official capacity, however, I would request the honourable senators to defer final action on their motions until after the Easter recess. I do so because we have a very full programme on our hands. Already we have a special income tax committee at work; these two motions mean two further inquiries, and next week I hope to introduce a somewhat voluminous bill for the revision of the Bankruptcy Act. Further, in due course I shall move for the appointment of another joint committee and another special committee for the purpose of referring to them subjects of great interest and importance to this house. As you are aware, we enlarged the membership of our standing committees last session, and several honourable senators have asked me when their committees are going to meet for the purpose of organization as distinct from the consideration of specific legislation that may be referred to them.

I do not think we should undertake more work than we can handle satisfactorily. I know some senators are particularly interested in the functioning of certain committees. In this connection I may say that when I spoke to the Prime Minister in regard to more legislation being introduced in the Senate he told me he would welcome increased activity on the part of our Committee on External Relations. Doubtless the chairman of that committee (Hon. Mr. McRae) could initiate an interesting programme; and I am sure the chairman of the Committee on Trade Relations, my honourable friend to my left (Hon. Mr. Euler), will have a busy time. I have not had any intimation from the chairman of the Committee on Natural Resources (Hon. Mr. Donnelly) as to what programme he has in mind. Already the work of the Income Tax Committee has won general approval.

As honourable senators probably know, after the Senate adjourns tomorrow I shall be absent from the city until the 12th instant, when I shall return to this chamber for the swearing in of the Governor General-elect. So before we adjourn next week I should like to ascertain from the chairmen of the various committees what demands, as far as they can reasonably be anticipated, will be made upon our clerical and stenographic services, in order that we may consider the timing of all this work and make the necessary arrangements for handling it as expeditiously and efficiently as possible.

If it meets with the wishes of honourable members I am prepared, when the Senate resumes at the end of this month, to sit every week from Monday afternoon until Friday, if necessary, in order to accommodate the activities of honourable senators. I do not wish to interfere with their work; indeed, I commend their industry; but, as I say, I shall have to consult with the chairmen of the committees before we make a definite start on this expanded programme.

Hon. THOMAS VIEN: Honourable senators, I agree with the honourable leader of the government that a little time should elapse before this motion is finally considered and dealt with. The subject matter developed this afternoon by the honourable senator from Toronto-Trinity is of great magnitude, and we are very much indebted to him for the masterly way in which he has presented it to us. It is one of the major subjects at present engaging public attention. The question of immigration is far-reaching, and has been considered both in this house and in the other place. Sir Wilfrid Laurier said that the twentieth century would be Canada's century, and he visualized considerable increase in her population within a short term of years. When Sir Wilfrid made this pronouncement he could not foresee that two world wars early in the century would turn the tide of events and delay the growth he contemplated.

May I make a few further remarks on this question before I move the adjournment of the debate? It is true that the ever-increasing burden of taxation weighs heavily on the shoulders of Canadian taxpayers today. That burden would be lightened by spreading it over a greater population. That is well and good; but is only one aspect of the problem. If Canada needs more people to develop her natural resources, increase her wealth and national revenue, it is important that the immigrants admitted to her shores be carefully selected. Wholesale immigration to the United States during the last century was not an unmixed blessing. Today that country is confronted with scores of problems which spring directly from an indifferent selection of immigrants.

Those of us who belong to the two major stocks which go to make up the Canadian nation have traditions and ancestral principles, and new-comers must be such as can be assimilated into the structure of our nation

and become true Canadians. Carefully chosen immigrants will help us build the country visualized by Sir Wilfrid Laurier.

I concur in the very eloquent tribute paid by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) to the newcomers who are now scattered across the country. But in the selection of immigrants let us be no less careful in the future than we have been in the past. Because of gradual development, Canada is more happy and prosperous than she would have been had we thrown our doors wide open to immigration irrespective of its character or quality.

Our primary duty is to re-establish the returned members of our overseas forces. We also owe a duty to our war workers, who for five or six years gave up their regular vocations and must now be re-integrated in their former employment. It has been said that Canada has now 250,000 unemployed. Surely we have a responsibility to provide them with the opportunity to work.

Canada still has to repatriate more than 50,000 members of her armed forces. Only recently I read that 28,000 wives and children of our soldiers have yet to come to Canada. Not long ago in the armouries of the city of Hull there was a celebration in honour of returned veterans. Whilst it was in progress one could hear the noise of the kitchen utensils used by veterans' families who occupied cubicles in the building as emergency shelter, and at times it made the voice of the speaker inaudible. That is another side of the immigration picture.

I do not intend to speak further to this motion today, but will move the adjournment of the debate.

Hon. MURDOCK: Mav I ask the honourable gentleman to look at the back page of yesterday's report of the debate in another place and say whether he agrees with the statement appearing there, that there is no room for immigration in Canada.

Hon. Mr. VIEN: I do not agree with that statement. In a country like Canada, whose resources have been scarcely scratched, there is room for fifteen or twenty million people—perhaps even twenty-five million—to live happily and prosperously together. I am quite sure that we can build up a great nation by opening our doors to a select class of immigrants.

I rather doubt the accuracy of some of the figures submitted by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). He said, if I mistake not, that Canada has 3,500,000 square miles of territory. He said also that the 12,000,000 people of this country constitute about one forty-fourth of the 500,000,000 who go to make up the population of the British Empire. I should like to ask first, what proportion of the 3,500,000 square miles is habitable, arable and open to industry and to new immigrants; and second, how many of the 500,000,000 people in the British Empire are white.

Hon. Mr. MURDOCK: Will the honourable senator excuse me. I did not intend that he should start on another speech.

Hon. Mr. VIEN: My honourable friend need not excuse himself. I do not need his suggestion to continue my remarks, which are exactly along the lines of my previous observations. If there is anything the honourable gentleman should excuse himself for, it is the interruption.

Hon. Mr. MURDOCK: I do not know of anyone who does more interrupting than the honourable gentleman now speaking.

Hon. Mr. VIEN: I do not remember ever having interrupted my honourable friend.

Hon. Mr. MURDOCK: I do.

Hon. Mr. VIEN: Be that as it may, I simply wish to suggest that these figures must be considered in the light of comparable data. I do not believe that 3,500,000 square miles is a proper basis in calculating the habitable area of Canada.

Hon. Mr. COPP: Will the honourable gentleman pardon me one moment? I should like to ask him whether he is speaking to the motion made by the honourable member from Toronto-Trinity (Hon. Mr. Roebuck) or to his motion to adjourn the debate.

The Hon. SPEAKER: There is a motion to adjourn the debate.

Hon. Mr. VIEN: I said that I was about to move the adjournment of the debate.

Hon. Mr. COPP: The honourable gentleman made the motion.

Hon. Mr. VIEN: If it is the desire of the Senate, as it appears to be the wish of my honourable friend, I shall move the adjournment of the debate, and when we resume I shall satisfy the curiosity of honourable members with respect to points they have raised.

The motion was agreed to, and the debate was adjourned.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. HAIG: Honourable members, before the Orders of the Day are called, I have a suggestion to make. I concur in what the honourable leader of the government said a few

moments ago as to the resolutions now before the house, but I think the debates on them should be allowed to continue. I am sure the house would consent to the honourable leader taking part at a later date if he so desires. I am sure that could be arranged.

Hon. Mr. ROBERTSON: The order will stand in my name.

Hon. Mr. HAIG: Yes.

Hon. Mr. ROBERTSON: I had arranged the matter with the honourable senator from Westmorland (Hon. Mr. Copp) and had no intention of shutting off discussion.

Hon. Mr. HAIG: Honourable senators, if I am repeating myself it is to lend emphasis to my remarks. I agree wholeheartedly with the honourable leader of the government that when bills are introduced in this house they should be advanced as fast as possible.

Hon. Mr. McRAE: We did pretty well today.

Hon. Mr. HAIG: At the same time, for the benefit of the senate and the people of Canada, I think full and complete consideration should be given not only to the resolution moved by my friend from Vancouver (Hon. Mr. McRae) but also to the motion of the honourable gentleman from Trinity (Hon. Mr. Roebuck).

I agree with the honourable leader of the government that the committee chairmen should get together and discuss the work of committees. The honourable gentleman did not mention the committee on Tourist Traffic under the chairmanship of the honourable senator from Lethbridge (Hon. Mr. Buchanan). With all due respect to my friend from Vancouver and my friend from Toronto-Trinity, I really believe that the benefits to be derived from tourist traffic outweigh almost everything else. Our future tourist trade will be a source of unlimited wealth. I should like to see the discussion on the two resolutions before us concluded April 30, so that the committees can get down to work after the recess. I am not suggesting that these committees should push the income tax committee off the map. One only needs to have heard the presentation of the Chartered Accountants' Association the other day to realize the opportunity this house has, through this committee, to make valuable suggestions as to the laws affecting income tax and excess profits tax.

Hon. A. D. McRAE: Honourable senators, I am thoroughly in accord with what my honourable leader (Hon. Mr. Haig) says about the importance of tourist traffic and the standing committee which deals with that matter. The tourist business, if looked after, is a sure crop with an annual value of 500 million dollars.

Having in mind the remarks of the honourable leader of the government (Hon. Mr. Robertson), I want to say a word about the Committee on External Relations. Lately I have heard a number of references to it. I do not know that it is up to the chairman to devise ways and means of bringing business before his committee. If any honourable member wishes to have a matter referred to it, he should move in the Senate in the proper way.

But after all, any such matter is likely to be of an abstract nature, and I believe that this house can do more useful work by dealing with current matters affecting employment and prosperity in our country. The tourist business is one of these, and immigration is another. I make no apology for my motion to have the Committee on Natural Resources inquire into the economic value of metalliferous mines. Before a committee can begin such an inquiry, there is about a month's preparatory work in the making of arrangements for the appearance of witnesses and that kind of thing.

I was pleased to hear the honourable leader of the government say that our working week in the Senate was going to be lengthened.

Hon. Mr. ROBERTSON: If the proposal is approved by the Senate.

Hon. Mr. McRAE: I am sure that if this proposal is adopted, the business done in this house can be increased by 100 per cent. May I suggest here that at any time when the house is adjourning until Tuesday, it would be better to specify the afternoon rather than the evening. Those of us who have been on committees called for Tuesday morning know it is almost impossible to get a quorum when the house is not meeting until evening.

The Special Committee on the Income War Tax Act has done excellent work, and I judge that before long a sub-committee will be appointed to draft a report. We are rapidly nearing the end of the witnesses. The chairman (Hon. Mr. Euler) probably has a few more in mind, but I would point out to him that with our longer week we shall make more progress.

Hon. Mr. EULER: There will be at least five hearings after Easter.

Hon. Mr. McRAE: Then the report will probably be delayed too long to be useful to the government.

After the Committee on Natural Resources is authorized to get down to work, it will probably be able to finish its inquiry in five

or six sittings. These could no doubt be dovetailed in with those of other committees so as not to cause any congestion. It would appear that the Senate and its committees are going to handle a lot of business with dispatch—and that is a good thing. I am rather disappointed, though, that some committees will not be authorized to make arrangements to proceed until after the Easter recess.

Hon. Mr. ASELTINE: I think we shall be here all summer.

DAIRY INDUSTRY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Euler for the second reading of Bill G, an Act to amend the Dairy Industry Act.

Hon. NORMAN P. LAMBERT: Honourable senators, the motion for second reading of this bill created so much interest yesterday afternoon and made strange bed-fellows among so large and notable a section of our membership that I felt justified in adjourning the debate; but now, in view of the lateness of the hour and the probability that many other honourable members wish to speak on the bill, I am constrained to abridge and synopsize what I had in mind to say.

I have no alternative but to support the bill, even though in so doing I must differ from my much respected and thoroughly qualified agriculturist colleagues the honourable senators from King's (Hon. Mr. McDonald) and Kennebec (Hon. Mr. Vaillancourt). In the years of the war it was my privilege to be associated with them on a committee investigating proposals for post-war agricultural reconstruction, and I know that their knowledge and experience are such as to command for their views the greatest respect —which I am sure they will receive from every member of this house. Also I feel impelled to ask once again the indulgence of my honourable friend the leader opposite (Hon. Mr. Haig) for seeming to usurp his place in this debate. In view of the observations he made here a short time ago upon the state of unemployment in our industrial centres, I was disappointed that he did not speak early in this debate. The subject-matter of this bill is not unrelated to the question of unemployment in the industrial cities and towns of Canada; nor, I submit, is it unrelated to the condition which, as pointed out by my honourable friends who oppose the bill, exists in the dairy industry. In a word, I believe that the real problem facing the dairy industry in Canada today is the difficulty of obtaining sufficient labour for carrying on that industry successfully. I feel that if that one difficulty could be overcome, the principal complaints expressed yesterday by those who oppose the manufacture of oleomargarine would be met effectively.

My support of this bill, however, is based upon the ground of broad economic policy for this country rather than the practical human need of the moment in our closely populated communities.

I feel that the point of view of my honourable friend from King's (Hon. Mr. McDonald) on this matter has been influenced largely by negative rather than positive factors in the case. He, and I think also the honourable senator from Vancouver (Hon. Mr. McRae), have discovered that the present over-all supply of those edible fats and oils which enter into the manufacture of oleomargarine is much smaller than it was a year ago, and that the world-wide demand for those fats and oils is so insistent that the manufacture of oleomargarine in Canada could be carried on only by curtailing the production of such commodities as shortening and salad dressing, the distribution of which is now subject to the rigid regulation of the Wartime Prices and Trade Board. There is not enough raw material available to enable manufacturers to embark upon the production of oelomargarine at once. Therefore my honourable friends who oppose the bill advance the negative argument that it is inopportune, that its provisions cannot be applied now, and that consequently the bill should not be passed. I submit that this is no ground upon which to decide an important principle of national policy. The statement of the honourable leader of this side has given point to the whole matter. It is from the point of view of economic policy that I am supporting this bill.

In the first place, although I am not stressing the argument at the moment for the meeting of emergent human needs, it must be said that if the amendment which this bill proposes is adopted a certain amount of immediate relief could be afforded to the consuming public of this country by importations from the United States, where more than 300,000 tons of oleomargarine are consumed annually. In time, I think it reasonable to assume, the countries which can supply peanut, cottonseed, coconut and soya bean oils will come back into production and make it possible for our own manufacturers to produce oleomargarine.

Referring to the broad ground of national policy upon which I support this bill, I think it is essential to remember that dairying is

only one branch of our agricultural industry. While it is an important and valuable branch, it is inseparably linked up with agriculture as a whole. One might go even further and say it is only a truism that the welfare of our agriculture is basically dependent upon that great common economic denominator—the consuming public. To illustrate what I mean by the interlocking and inter-dependent character of the agricultural industry as a whole, and to bear particularly upon the interests of the dairy industry in the eastern part of Canada, I should like to quote figures relating to the shipments of feed grains from western Canada to the eastern provinces from October, 1941, to February 28, 1946, covering almost completely the war years in which the great growth of output of all dairy products took place. These are the figures:

Province	Tons
Ontario	5,158,587
Quebec	4,251,068
New Brunswick	528,396
Nova Scotia	631,404
Prince Edward Island	174,525

A total of some 10,650,000 tons of feed grains at a total cost in prepaid freight charges of $56,500,000, borne by the people of Canada as a whole, went to support the dairy and livestock industry of these eastern provinces.

I believe it would have been absolutely impossible for the dairy industry to have done the great job of production that it did do if it had not been for the interdependent factors represented in the shipment of feed grains from the middle west to these eastern provinces. That is why I was so interested the other day in reading the report of the presentation of the Canadian Federation of Agriculture to the government. As behooved the spokesmen of an organization with the national scope of that body, they made reference not only to the increase of four cents per pound for butter, but to the critical farm labour shortage, to the tax on gasoline for farmers, to the inequalities of the income tax, to wheat marketing and to other cereal feed grains and mill feeds for cattle, to rural electrification and prairie farm rehabilitation.

If I may be permitted a personal reference, I should like to say that I have always thought that I owed a great deal to an experience of four years as Secretary of the Canadian Council of Agriculture at a time when organized agriculture exercised a considerable influence in this country. It was a body similar in its set-up to the federation which was represented before the government last week. I can well remember the approach that was made by the dairy interests to the council of agriculture at the time of the discussion on oleomargarine in the other house, to which the senator from Waterloo (Hon. Mr. Euler) has referred, and I can remember too the refusal of that body to support the claims of the dairy industry at that time on the ground that its policy in the interest of all agriculture in Canada was unalterably opposed to special privilege of any kind. The policy of organized agriculture then was expressed briefly in the words: "No fears, no favours." Apropos of that, I was pleased to hear the remarks of the honourable senator from Churchill (Hon. Mr. Crerar) yesterday, because they showed that he had not forgotten the distinguished position he occupied twenty-five years ago as the leader of organized agriculture and broad liberal thought in this country.

I do not believe that the manufacture of oleomargarine would do harm to the dairy industry of Canada. As a matter of fact, indirectly I think it would do good.

As was pointed out yesterday, fluid milk is the basic product of dairying. Butter does not by any means represent the fruitful source of profit to the farmer that some people may imagine. We have very large manufacturing and distributing concerns intervening between the producer and the consumer of butter. The place of the creamery butter factory in the dairying industry is a very important factor in this whole question. The demands of expanding urban industry in the manufacturing centres of Canada will influence greatly the character of the output from the dairy industry and the profit for the dairy farmer. If the working man's family in a factory town can effect an economy at a time like this by buying oleomargarine, an economic benefit will result from the consumption of dairy products in other forms, such as pure milk and ice cream. I think the important thing is to see to it that every reasonable chance is given to that local industrial community to survive and expand, and thereby stimulate all branches of our economy.

"Expanding economy" is a phrase that many of us have become accustomed to in recent years. We have been told that the only way in which Canada and the other great producing countries of the world can maintain the economic and financial position into which the war has placed them is by maintaining an "expanding economy". This has been expressed in terms of full production, full employment, and maintenance of a sufficient national income to provide a proper standard of living for every person willing to work. I think—and if I am mistaken I am sure the honourable leader on this side will correct me—that the last general election was fought and won on that sort of policy.

There are many other aspects of this question which I should like to discuss, but time will not permit me to do so. I will conclude by making this appeal: If the reasoning is sound and these facts are as stated, let us adopt a positive and constructive attitude of mind towards our problems of production and trade, and not a negative and isolationist point of view.

Hon. JOHN P. HOWDEN: Honourable senators, I would crave your indulgence for a moment or two while I clear my conscience in regard to this motion. As a matter of fact, I am very happy indeed to be able to support it, and as a medical doctor and a legislator I would feel that I was failing in a moral obligation if I did not give my reasons for taking this stand.

As to the desirability of and the objections to adopting this motion, I would consider the subject from two standpoints. First, what harm could oleomargarine possibly do to the people of this country? Second, what harm could it do to the dairy industry? There seems to be an idea abroad that oleomargarine is almost entirely a vegetable product. Actually, the basis of oleomargarine is oleo oil, which is made from beef fat after the undesirable and insoluble fats and other fats of low melting temperature have been removed. Oleo oil is mixed with a portion of lard, and then perhaps, though not necessarily, with fats from coco-nut, cottonseed, peanut and soya bean oils. But tons of oleomargarine have been made, distributed and sold without any of this vegetable content at all, and if it were not for the basis of these beef fats on which the product is built, it could not be built at all. As a matter of fact, oleomargarine is beef fat, and butter is beef fat. There is no doubt about the superiority of a pound of butter and its greater acceptability from the standpoint of health, but the two fats as presented to the public are identical. I have tasted oleomargarine and believe it to be as palatable as butter. Honourable senators probably know that the early pioneer settlers were in the habit of using a mixture of beef and pork drippings instead of butter. Oleomargarine must have originated from that very composition. There is no question that it is a healthful food; no harm can come from its use, and there is no shortage of the basic products. It is not even necessary to use vegetable oils as a base, because oleomargarine can be made from beef and pork lard.

At the present time, whether one has coupons or not, butter is unobtainable. There is no good reason in the world why the people of this country should be deprived of oleomargine. The consumption of oleomargarine by the people of the United States is equal to one-fifth of their consumption of butter. Surely this is proof that it is a healthful and desirable product, and harmful to no one.

I cannot speak for the dairy farmers of eastern or of western Canada, but I know something about conditions in central Canada. Whole milk is in great demand, but it must come from premises that are inspected and passed upon by the Board of Health. They must be thirty-six feet wide, with hard floors and proper gutters, and must be properly ventilated, and lighted. It is only from such buildings that milk can be distributed to the public. Hundreds of farmers throughout the country without such buildings can ship cream. I have a small milking herd myself, and in view of the demand for milk I believe there is no more likelihood of this bill endangering the dairy industry than there is of the water in our rivers flowing upstream. Since oleomargarine is badly needed and can do the people no harm, and as the dairymen will not suffer, we as Canadians demand our freedom to purchase it.

Hon. Mr. EULER: Hear, hear.

Hon. Mr. HOWDEN: It seems to me there is no question in the minds of the majority of the Canadian people as to the desirability of removing the ban from oleomargarine.

Some Hon. SENATORS: Hear, hear.

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

DEPARTMENT OF EXTERNAL AFFAIRS BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 6, an Act to amend the Department of External Affairs Act.

He said: Honourable senators, the purpose of this bill is to repeal section 3 of the Department of External Affairs Act, which was passed in 1912 by the administration of Sir Robert Borden. Section 3 provides that:

> The member of the King's Privy Council for Canada holding the recognized position of First Minister shall be the Secretary of State for External Affairs—

As it stands, this section constitutes a statutory requirement that no one but the Prime Minister shall be Secretary of State for External Affairs. The present bill would remove this limitation and make it possible for some other person to occupy the position. The effect of the present bill will be to place the Department of External Affairs in precisely

the same position as the other departments of the government in respect of which there is no requirement that any particular person must occupy the position of minister. That is all there is to the bill.

Hon. Mr. LEGER: May I ask the honourable senator a question? We know, for instance, that the Department of Transport is presided over by the Minister of Transport, and the Department of Fisheries by the Minister of Fisheries; but we do not know who will preside over the Department of External Affairs.

Hon. Mr. ROBERTSON: The explanation seems to be a simple one. The Secretary of State presides over the Department of External Affairs as does the Minister of Fisheries in the case of the Department of Fisheries. The act provided that the Secretary of State must be the First Minister. Under this bill the Secretary of State may be the First Minister or any other person.

Hon. Mr. LEGER: I understand it now, and I beg the honourable leader's pardon.

The motion was agreed to and the bill was read the second time.

THIRD READING

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

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

DIVORCE BILLS

SECOND READINGS POSTPONED

On the Order:

Second Reading of Bill I, an Act for the relief of Juliana Edmonda Isabella Ferdinanda Becquaert de Beaujeu.

Hon. Mr. ASELTINE: Honourable senators, I have been requested by an honourable member to postpone the second readings of the divorce bills that were read the first time yesterday. The evidence taken before the committee has not yet been printed. There is a typewritten copy attached to each report, but it is not as convenient to read as the printed evidence. I fear that with the delay in printing, the order paper will soon be as voluminous as the Winnipeg *Free Press*.

Hon. Mr. EULER: Not during the strike.

Hon. Mr. ASELTINE: I have agreed to allow the bills to stand until next sitting in the hope that some of the evidence will be printed by that time.

Orders No's 3 to 11, inclusive, stand.

CANADA'S METALLIFEROUS MINES

DISCUSSION POSTPONED

On the Order:

Resuming the adjourned debate on the motion of Hon. Mr. McRae:

That the Standing Committee on Natural Resources be instructed to examine into the economic value of metalliferous mines in Canada and report to the house its findings, and to that end have power to call and examine witnesses and keep a record of its proceedings.

Hon. Mr. ROBERTSON: Honourable senators, as I desire to have a further conference regarding this subject, perhaps the motion could stand over until tomorrow. I have no wish to impede progress on this or any other motion, but I must consider the effect they may have upon the general volume of business in the Senate. I would ask that the order stand until tomorrow.

The order stands.

MINUTES OF PROCEEDINGS

NOTICES OF COMMITTEE MEETINGS

Hon. Mr. HAIG: Before the Senate adjourns I should like to draw the attention of honourable senators to the page in our Minutes of Proceedings on which there appear notices of committee meetings. I think this is a very good idea.

Hon. Mr. LEGER: I asked for that last year.

Hon. Mr. HAIG: Then I compliment the honourable senator on his idea.

The Senate adjourned until tomorrow at at 3 p.m.

THE SENATE

Friday, April 5, 1946.

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

Prayers and routine proceedings.

PRECIOUS METALS MARKING BILL

AMENDMENTS CONCURRED IN

The Senate resumed from yesterday consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill F, an Act respecting the marking of articles containing gold, silver or platinum.

Hon. Mr. ROBERTSON: Honourable senators, I move that these amendments be now concurred in.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill I, an Act for the relief of Juliana Edmonda Isabella Ferdinanda Becquaert de Beaujeu.

Bill J, an Act for the relief of Margaret Penelope Brown.

Bill K, an Act for the relief of Marion Cruickshank Isaac.

Bill L, an Act for the relief of Malvina Angelina Sequin Gascon.

Bill M, an Act for the relief of Nora Kathleen Loury Cheverton.

Bill N, an Act for the relief of Elsie Fisher Armitage.

Bill O, an Act for the relief of Florence Mabel McIntosh Simpson.

Bill P, an Act for the relief of Francis Gordon Sullivan.

Bill Q, an Act for the relief of Minerva Jane Cory.

He said: Honourable senators, I may state that some of the evidence relating to these bills has already been printed, and I expect that when the bills come up for third reading next week all the evidence will be available in printed form.

The motion was agreed to, and the bills were read the second time, on division.

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills, which were read the first time, on division:

Bill R, an Act for the relief of Esther Irene Lind Booth.

Bill S, an Act for the relief of Katie Hoffman Pinsky.

Bill T, an Act for the relief of Dorothy Adams Acer McDougall.

Bill U, an Act for the relief of Helen Douglas Stewart Rankin.

Bill V, an Act for the relief of Olive Esther Rose Ewen.

Bill W, an Act for the relief of Andrew Prem-Das.

Bill X, an Act for the relief of Marie Evelyn Dormer.

Bill Y, an Act for the relief of Reginald Wesley Titcombe.

Bill Z, an Act for the relief of Hilda Forsey Pearce Johnston.

Bill A2, an Act for the relief of Ann Low Fuller Mitchell.

Bill B2, an Act for the relief of Marguerita St. Catherine McKeigan Guillevin.

Bill C2, an Act for the relief of Bessie Goldrosen Green.

Bill D2, an Act for the relief of Audrey Helen Jackson Maxham.

Bill E2, an Act for the relief of Frank Russell Yeoman.

Bill F2, an Act for the relief of Florence Joy McGibbon Lafleur.

Bill G2, an Act for the relief of Isobel Cameron McLaggan Oswald.

Bill H2, an Act for the relief of John Louis Charlebois.

Bill I2, an Act for the relief of Margaret Ruth Weir Allen.

Bill J2, an Act for the relief of Georgina Hylda Swaffield McKenzie.

Bill K2, an Act for the relief of Dorothy Ellen Cope Kimpton.

Bill L2, an Act for the relief of Vera Harriet May Kinghorn Hodgson.

Bill M2, an Act for the relief of Charles Patrick Kavanagh.

Bill N2, an Act for the relief of Irene Gertrude Carry Staley.

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

Hon. Mr. ASELTINE: Next sitting.

CANADA'S METALLIFEROUS MINES

MOTION—DEBATE CONTINUED

The Senate resumed from Thursday, March 28, the adjourned debate on the motion of the Hon. Mr. McRae:

That the Standing Committee on Natural Resources be instructed to examine into the economic value of metalliferous mines in Canada and report to the House its findings, and to that end have power to call and examine witnesses and keep a record of its proceedings.

Hon. WISHART McL. ROBERTSON: Honourable senators, I think the subject matter of this motion is very important, but I would again ask the house to give consideration to the suggestion I made yesterday that before the motion is adopted we should take into account the timing of the work ahead of us. I would repeat what I then said, that as soon as the Senate reassembles after the Easter recess I should like to confer with the chairmen of the various committees on their respective programmes, so that we may lay out our work in such a way as to cause as little inconvenience as possible. Of course, this is a matter for the Senate itself to decide.

Hon. Mr. SINCLAIR: In view of what the honourable leader has said, I move adjournment of the debate.

The motion was agreed to, and the debate was adjourned.

SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

The Senate resumed from Tuesday, April 2, the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Hurtubise for an Address in reply thereto.

Hon. WISHART McL. ROBERTSON: Honourable senators in closing the debate on the Address in reply to the Speech from the Throne, I desire to compliment the members who have spoken in the interval since I followed the honourable leader opposite, for the high calibre of their speeches reflected an extensive knowledge of the affairs of this country. I hope that to an increasing degree the Senate will have the benefit of the long experience of these honourable gentlemen in matters which are of great importance to Canada.

First, may I refer to two specific questions brought up during the debate, and which I think are of considerable public importance. The honourable gentleman from West Central Saskatchewan (Hon. Mr. Aseltine), asked for information concerning air mail services. Honourable senators will recall that he referred to the lapse of time between the posting of mail in Barrie, Ontario, and its delivery in Kamloops, British Columbia.

In replying to the honourable senator, I may say that in the absence of more specific information as to date, place, and time of mailing, a complete inquiry into the incident is of course impossible. However, generally speaking, provided all plane and train connections are made, it should be possible for air mail leaving Barrie on the 4.19 p.m. train to be delivered in Kamloops the second day after mailing. If the honourable senator will be kind enough to submit the cover of the item in question, which he says took six days in transit, the delay will be thoroughly investigated.

The second point raised concerned air mail separation. Generally speaking, air mail is given prior handling throughout the service, and for this reason specially identified bundles of air mail are made up. I am assured that air mail for T.C.A. Flight No. 7, leaving Ottawa Airport at 10.10 p.m., closes in the Senate Post Office at 7.40 p.m. Therefore anything mailed between 4 p.m. and 6 p.m., as stated, would invariably be dispatched on Flight No. 7 that evening. Such air mail is tied out under an air mail label on top of the surface mail, and is taken to the air mail section immediately the bags are opened in the Ottawa Post Office, thus removing any possibility of air mail entering the surface mail stream. Here again the absence of covers is a handicap in determining responsibility for delay.

Hon. Mr. ASELTINE: I may say that I have supplied the Postmaster General with envelopes to prove part of my case. I have not heard from him yet.

Hon. Mr. ROBERTSON: I am speaking only in the general sense. In connection with the air mail service between cities, which is superior to the service to off-line points, I may say that the slightest delay of either plane or train—due usually to weather conditions—could result in the missing of close connections, and thus cause one day's delay, especially when infrequent train service is involved.

The honourable senator from West Central Saskatchewan also asked me to secure what information I could concerning the export of butter from Canada to the British West Indies. I may say that for many years Canada has exported relatively small quantities of butter to the British West Indies, but has always had a small outlet in that market. In 1940 and 1941, at the request of the British Ministry of Food, Canada, undertook to meet the essential requirements of the British West Indies in order to allow the entire exportable surpluses of Australia and New Zealand to be shipped to the United Kingdom. This arrangement was in the mutual interest of all concerned, and also effected an appreciable saving in shipping space.

Between that time and the present, the exports of butter to the British West Indies have been as follows:

	pounds
In 1941	670,100
1942	362,500
1943	1,212,700
1944	3,766,000
1945	4,471,500

The total allocations to the British West Indies for the first six months of 1946 are 2,404,640 pounds, but I am advised that during the first three months of this year shipments of Canadian butter have been cut back by 40 per cent. The total January and February shipments, to which I presume my honourable friend referred, were 514,800 pounds.

Apparently the reason for exporting this butter is that Canada was thereby fulfilling an agreement that she made with the govern-

ments of Great Britain and the West Indies. The details of every such arrangement are regularly reported to the Combined Food Board.

Hon. Mr. DUFF: One reason is that there have been a number of our troops in the West Indies.

Hon. Mr. QUINN: They are all back now.

Hon. Mr. ROBERTSON: In addition to these shipments to the British West Indies there have been exports to the United Kingdom. In 1943 we sent that country 7 million pounds to meet an emergency; but other than that, the shipments have been relatively small, about one million pounds a year, I think.

I should like to make some reference now to two matters that have been discussed in the debate on the Address, namely, the wheat acreage and the effect of controls on reconversion and unemployment. I do not need to say to honourable senators that I have a very limited knowledge on the subject of wheat acreage. Nevertheless, I think it is my duty to make a few comments, based on such information as I have been able to obtain. I should judge that the total area of land in western Canada that is the subject of controversy is 60 to 65 million acres. For several years now an annual Dominion-Provincial Conference on Agriculture has mapped out a programme for the year ahead. That programme, of course, is not a compulsory one; I take it to be merely an indication to those concerned of what, in the combined judgment of the members of the conference, is the best thing to do. Last December, I understand, the conference recommended that approximately 24 million acres of land should be planted in wheat this year—that is, about 1,500,000 acres more than last year. As there would likely be about 20 million acres in grass and coarse grains, the area left in summer-fallow would be about 19 million acres. The recommendation of the conference was concurred in by the federal government, which in turn has made recommendations accordingly.

My honourable friend from West Central Saskatchewan pointed out that for one reason or another there has been in recent years a marked increase in the ratio of summer-fallow land to wheat acreage. As to the actual percentage and the desirability of it, opinions vary. Apparently the conference felt that this year there should be from 70 to 80 per cent as much land in summer-fallow as in wheat. I noticed that the Minister of Agriculture, expressing his personal view, said he felt a desirable year-in-and-year-out plan would be to sow one-third of the total of 60 to 65 million acres in wheat and one-third in coarse grass and coarse grains, and to summer-fallow the remaining third. I take the viewpoint of the Leader of the Opposition, the Honourable Mr. Bracken, to be that inasmuch as other countries, notably the United States, are definitely increasing their wheat acreage in order to meet the present emergency, we should reduce our proposed summer-fallow area by 3 million acres, so as to have a total of about 27 million acres in wheat. On the other hand, I understand the honourable senator from West Central Saskatchewan feels it might be possible to take 7 million acres out of summer-fallow and sow 30 million acres to wheat. I mention these figures only by way of illustrating the differences of opinion on the subject.

Of course I am not in a position to discuss the technical question of the proper ratio of summer-fallow to wheat acreage. There is, however, one thing I want to point out. The Minister of Agriculture is criticized by honourable members opposite, and in another place, not because he does not order a decrease of summer-fallow area—for of course he has no power to do that—but because he does not recommend it. As I see it—and if I am wrong honourable senators will correct me—the question of how much or how little land should be sown to wheat and how much or how little should be summer-fallowed is, after all, a matter for the judgment of the individual farmer.

Hon. A. L. BEAUBIEN: Hear, hear.

Hon. Mr. ROBERTSON: I think, honourable senators, that those who are criticizing the Minister of Agriculture for not making a recommendation are unwittingly paying him a high compliment, for surely no western farmer would be guided by other than his own judgment as to how much of his land should be in summer-fallow unless he felt that the judgment of someone else was better. I can imagine that some producers, knowing of Mr. Bracken's long experience in agriculture, would take his advice. And I am confident that those living in the same district as the honourable senator from West Central Saskatchewan (Hon. Mr. Aseltine), who know him as well as or better than we do and are familiar with the size and success of his operations, would certainly attach a great deal of weight to what he said. I also feel sure that when the time comes for my honourable friend to make a decision with respect to his own land he will exercise and rely upon his personal judgment, despite what the Minister of Agriculture, the Leader of the

Opposition or anyone else may say. I emphasize that point, honourable senators, because some people seem to be under the misapprehension that the government can make an order specifying the proportion of a farmer's land that shall be planted in wheat.

I think that over a period of time the policy of the Dominion-Provincial Conference on Agriculture has in the main commended itself to the great mass of our farmers, and has indeed been almost always along the lines recommended by the Minister of Agriculture. Speaking as a layman in regard to agriculture, I must say that the growing tendency in western Canada to increase the amount of summer-fallow in relation to the acreage sown to wheat seems to have brought very satisfactory returns. How much or how little that policy should be departed from in this emergency I am not in a position to say, but I do know that the Minister of Agriculture takes the view that the present demand for wheat was not entirely unexpected. It may have been accelerated by this or that circumstance, but since 1939 or 1940 there has been a balanced programme which, I submit, appears to have brought very successful results.

This policy is concisely laid down in two telegrams which passed recently between the Minister of Agriculture for Saskatchewan and the federal minister. Mr. I. C. Nollett, the provincial Minister of Agriculture, sent this message to Mr. Gardiner on March 13, 1946:

Note meeting Combined Food Board Washington 14th.

—perhaps February—

Growing pressure here for all-out food production to meet world needs. We suggest each farmer produce to maximum consistent with good farm practice. Your reaction to above suggestion appreciated.

This is Mr. Gardiner's reply of the same date:

Re telegram. Dominion Department of Agriculture acting on advice from the Dominion-Provincial Conference has been advising farmers across Canada each December since 1939 how to produce to maximum consistent with good farm practice. Following this plan we encouraged increase livestock production until 1944. In September, 1943, we began encouraging wheat production by increasing advance of 90 cents to $1.25 a bushel. This was done in anticipation of the present situation and was so stated at the time. We have continued in this policy in spite of criticism of reduced hog production until wheat acreage has increased by seven million acres. We are now considering three and five year agreements with Brtiain which necessitate production of other farm commodities as well as wheat. We consider that following the recommendations of last December will result in maximum production consistent with good farm practice.

I submit, honourable senators, that whatever differences of opinion there may be at the moment as to how much or how little wheat acreage should be withdrawn for the purpose of summer-fallow, the Dominion-Provincial policy, presumably concurred in by the Federal Minister of Agriculture, has brought about very beneficial results. In support of this let me quote the figures of average production in Western Canada for two five-year periods, 1935-1939 and 1940-1944. These later years cover the period when, to a greater or less extent, our farmers were guided by the advice of the Dominion-Provincial Conference on Agriculture. These figures represent the average yearly production of the commodities set out in the statement:

	1935-1939	1940-1944
Wheat (bushels)	312,000,000	426,000,000
Oats (bushels)	338,000,000	464,000,000
Barley (bushels)	89,000,000	177,000,000
Hogs	3,338,000	6,783,000
Cattle	1,031,000	1,144,000
Eggs (dozen)	219,523,000	287,447,000
Milk (pounds)	15,282,097,000	17,032,293,000
Creamery butter (pounds)	254,000,000	289,000,000
Cheese (pounds)	119,922,000	168,650,000

When it is borne in mind that the years from 1940 to 1944 cover a period when our agricultural communities were handicapped by a great shortage of labour and modern equipment, these figures reflect great credit on the farmers of this country, and indicate that the general policy was eminently satisfactory in stimulating farm production in Western Canada.

But let me deal with another angle. How has that policy affected the fortunes of the individual farmer? I desire to put on record an article which I read in the Financial Post of March 30th this year. I think it is significant if we compare the position we are in today with the position we were in after World War I. This is the article:

Farm Debt of Prairies Cut Over Quarter in 1945

One of the most significant sets of figures to reach the investor this week came from Dominion Mortgage and Investments Association. It shows a striking improvement in the finances of western farmers. Not only does this presage a healthier condition for western mortgages, but it reveals a strong basis for good sales of farm equipment and other goods to the farmer.

In 1945 farmers in the three prairie provinces reduced their mortgages and agreement for sale debts by $23·3 millions or 26·1 per cent based on experience of thirty life insurance, trust and loan companies which have such investments.

Payments of mortgage principal and interest in this area were lower in 1945 than in 1944 when payments totalled $40·6 millions. This was expected because of the lower farm cash income and because the amount owing in 1945 was substantially less than in 1944 . . .

The total amount owing to these thirty companies is as follows:

	($ millions)		
	1945	1944	1937
Manitoba	9·7	13·0	29·6
Saskatchewan	42·6	57·3	99·4
Alberta	13·7	19·1	39·7
	66·0	89·4	168·7

This table reveals that the total amount owing has been cut 60 per cent since the end of 1937. In Manitoba the decrease since the end of 1937 is 67 per cent; in Saskatchewan 57 per cent; and in Alberta 65 per cent.

During the past eight years the number of farmers in the prairie provinces who own their farms entirely free of debt has increased very materially, the report states. At the end of 1945 there were 26,751 farmers in debt to these thirty companies—a reduction of 6,339 since 1944 and over 50 per cent less than at the end of 1937.

The report also reveals that these companies sold 2,552 parcels of farm real estate in 1945 reducing their holdings to the lowest point in many years. Aggregate sale price was $8,680,370. All cash was received for 943 properties and, on the remaining $3·8 millions was still owing at December 31, 1945.

Honourable senators, I suggest that whatever difference of opinion there may be as to the amount of land to be converted from summerfallow to wheat, there can be no doubt that the recommendations of the Dominion-Provincial Conference have operated to the benefit of the country as a whole and have produced eminently successful financial returns. While there are still questions to be decided, I believe that the industry and intelligence displayed by our western farmers during the last five years will continue. I believe also that the decision as to whether they will plant more wheat or less wheat will depend—as it will in the outstanding case of the honourable senator from West Central Saskatchewan—upon individual judgment.

An Hon. SENATOR: Hear, hear.

Hon. Mr. ROBERTSON: I wish now to say a few words regarding the question of reconversion and the effect upon it of controls. The honourable leader opposite (Hon. Mr. Haig), has taken the general attitude that controls, especially rent controls and certain others, have had a very detrimental effect on reconversion. That is a view shared by many but its accuracy one way or the other is difficult of proof.

At a meeting recently held outside of parliament, the leader of the Progressive-Conservative party advocated the immediate and entire removal of controls on prices of agricultural products and the rapid removal of certain other controls. The implication is, honourable senators, that reconversion cannot be affected until controls are removed. In my official capacity I believe I should say something on this very important subject.

The government's statements emphasized the fact that the price control administration, under government policy, is determined to recognize the need for adjusting prices upwards wherever established ceiling prices are prejudicial to production.

In a number of cases it has been found necessary to admit that, with the end of the war, ceiling prices established in 1941—and in some instances adjusted upwards since that date—may be inappropriate today in view of the accumulation of cost increases during the war years. There were compensations in terms of war production which made it possible for firms to continue selling at basic period prices in war time. Now that these compensations have diminished, the Wartime Prices and Trade Board is engaged in a review of applications for price increases, and price increases have been authorized in lumber, in iron and steel, and in pulp and paper products other than newsprint, to give three examples, in order to avoid any marked deterioration in the position of these industries under price ceilings and to ensure that price ceilings will not retard production. In the recent past price increases have been granted on various building materials, particularly cast iron soil pipe and bricks, so as to stimulate additional production in these areas. Obviously the board must take all precautions to see that prices do not get out of hand, because the increase in, say, the cost of construction, is already giving rise to complaint on the part of prospective home-owners.

The problem is to steer a course between undue rigidity on the one hand and virtually no control at all on the other. An individual manufacturer can truly say that he could increase his output if the price ceiling on his product was substantially raised or entirely removed. To increase his output he would pay more for labour and materials, thereby obtaining them at the expense of other industries. The increase of supply to one industry would be achieved at the cost of a decline of supply to others. The result would be that these other industries would then have difficulty in production, and there would be further requests for price increases. This is the course that inflation always takes.

Evidence that production is increasing can be found all around us. In 1945 the number of dwellings built was about 45,000—almost an all-time record. Retail sales, which are an indication of recent levels of production, are higher today than ever before. For example, total retail sales in January, 1946,

were 12 per cent higher than in January, 1945. Furniture sales are 50 per cent above the sales of a year ago; hardware sales are up 33 per cent; radio and electrical store sales, 48 per cent; and clothing sales, from 10 to 15 per cent. These seem to indicate that reconversion is proceeding rapidly and that production is not being impeded by price ceilings.

While Canada's wartime production of steel was double her peacetime output, she is producing today more steel than at any time during the war—this in spite of the price ceiling. It is true that there has been a recent upward adjustment of the price; but I would point out that the production increase took place before the price ceiling was raised.

Lumber production has been subject to very heavy controls, as my honourable friend from Northumberland (Hon. Mr. Burchill) knows. Yet it is estimated that the production of lumber this year will reach the all-time high of over 5,000,000,000 feet. Surely there is no foundation for the suggestion of the honourable leader opposite (Hon. Mr. Haig) that because under the price ceiling someone did not get as much for his lumber as he otherwise would have received, production has been adversely affected. It is inevitable that in certain cases there should be some hardship. In such instances the board contemplates adjustment; but this is far removed from throwing the control doors wide open. If Canada can survive the present period without suffering the terrific consequences which followed the first Great War, price control will have been one of her greatest accomplishments.

The honourable leader opposite said a day or two ago that the action of the Department of Reconstruction in authorizing municipalities to refuse building permits was a sign that the department had hung out the white flag. Such a deduction, I suggest, is far from being accurate. There is an unparalleled back-log of requests for buildings of every conceivable nature. Despite the fact that steel production is greater than it was in wartime, and that more lumber is being produced than at any other time in our history, it will be absolutely impossible to even begin to meet the demand for these materials for building purposes.

It comes then to a question of priority. There are two ways in which this problem can be handled. Either the authority to deal with individual cases can be left with the department in Ottawa, or it can be given to the municipalities. The job of the department will be to allocate existing building materials to the respective communities as fairly as possible, and to stimulate additional production. Then it will be for the municipality—whether it be Winnipeg, St. John, Halifax or Rosetown—to consider the needs of the community and decide between the veteran and another person, or between the church and the moving picture theatre. Honourable senators, such a plan, I suggest, is only plain, common sense, and it has the virtue of facilitating decentralization, something which has been advocated by honourable senators on more than one occasion.

Now may I deal briefly with the problem of unemployment? The statement made by the honourable leader opposite that unemployment is rampant in this country is misleading and an exaggeration. The employment situation is infinitely better than even the most optimistic had dared to hope for. May I remind honourable senators that on June 1st, 1944, there were 784,000 Canadians in the armed forces, and 1,055,000 directly engaged in war industries. In other words, more than 1,800,000 Canadians were deriving their income from war expenditures—and their occupations would end with the war.

Between V-E and V-J day 300,000 men and women were returned to private industry by reason of cut-backs in war contracts. There was a very common impression abroad that the Japanese war would last for a year or two at least after V-E day, and it was suggested that it would act as a sort of cushion while we proceeded with an orderly reabsorption of the members of our armed forces into civil life. Unexpectedly, but fortunately, that war ended a few months after V-E Day, and the repatriation problem that faced us was much greater than had been anticipated.

There is another thing that we should bear in mind, honourable senators. Through a combination of special circumstances there became available to us a great deal more shipping space than we had expected to have, and so the return of our boys and girls from overseas was expedited to a degree that even the most optimistic of us had not dared to hope for. Their demobilization has been carried out with commendable rapidity and efficiency.

In the relatively short time since the end of the war in Europe almost two million people have been returned to civil life and industry. I suggest to you, honourable senators, if a year ago anyone had forecast that by the end of February, 1946, not only would the war with Japan be over and our repatriation programme almost completed, but that the number of unplaced applicants registered at our employment offices would total only 263,000, most of us would have felt that he was indulging in hopes that could not be realized. This number

of unplaced applicants is less than 6 per cent of our civilian labour force of about 4,750,000. And it must be remembered that because of the operation of the Unemployment Insurance Act, the list of unplaced persons contains many names which would not have been included under the standards prevailing a few years ago. In the United Kingdom, whose experience with unemployment insurance is far greater than ours, and in the United States, many authorities consider there is full employment when the number of unemployed persons is betwen 4 and 8 per cent. Because of seasonal conditons in this country there is always unemployment during January, February and March. Even when wartime industry was at its peak, there were always 75,000 people who for one reason or another could not be employed during this period of the year. I say to this honourable house that far from ridiculing and criticizing, we should be grateful to our people and to Canadian industry, under the leadership of the Honourable Mr. Howe, for having accomplished such a magnificent job in reconversion and employment.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: In another place, Mr. Howe said he feared that reconversion was proceeding even too rapidly and that a serious labour shortage in the near future was not at all unlikely.

I want to say a word, particularly from the point of view of the Maritime Provinces, in regard to the Dominion-Provincial Conference. As honourable senators are aware, one of the proposals which the federal government has made to the provinces is that the Dominion should have the exclusive right to the whole field of personal and corporation taxes and succession duties, and that in return it would pay to the provinces increased amounts towards the cost of various social security measures. In some quarters of Nova Scotia and the other Maritime Provinces there has been a disposition to attack this proposal on the ground that it would lead to increased centralization. Now, for the benefit of honourable senators who are not fortunate enough to have their domicile in Nova Scotia, I may say that in that province "centralization" is regarded as an ugly word. By tradition and instinct I am as much opposed to centralization as is anyone else in the Maritimes, but I refuse to let my judgment be influenced by the mere sound of a word.

I will try to make clear what I mean. As we in the Maritimes see it, there are two types of centralization. The first, of which I am heartily in favour, is the collection by a central authority of such taxes as I have referred to, and their equitable distribution throughout all parts of Canada. The other type, to which I am just as heartily opposed, is the centralization of industry and commercial activity.

It is my belief that equality in living standards in all sections of Canada is a goal at which we should persistently aim; but in this respect I draw a distinction between two classes in the community—those who cannot work and those who can. In the first class I would put the children, the old people and those who are disabled through sickness; and in the second class, those who can work. I unreservedly support the policy that would make the living standards of the first class to a large degree a federal responsibility. If family allowances, old age pensions and health insurance benefits were distributed fairly all over Canada, the old, the sick and the young in Nova Scotia would be able to maintain as high living standards as the same kind of people in Ontario, Saskatchewan, Quebec or any other province. I suggest that the logical and fair thing is to have these social security measures administered by the federal authority. If they are administered by the provinces, the inevitable result will be higher standards of living for the beneficiaries in Ontario and Quebec.

Hon. Mr. MacLENNAN: They would get more than their share, as they always have.

Hon. Mr. ROBERTSON: I think an increasing number of people in those provinces are coming to realize the desirability of having the social services administered exclusively by the federal authority.

Now the problem of creating equal opportunity throughout Canada for all who are able to work, can, in my judgment, be solved in only one way. Unless we are prepared to subscribe to the idea of state operation of all industry—and we are not—we must admit, particularly we in the Maritimes, that it would be absolutely impossible for the federal government to dictate in what part of the country any industry must establish itself. Of course, under the plan of our C.C.F. friends, the government would have full charge of everything and be able to order industry about freely. But in a country of private enterprise, what the government can do is to create conditions whereby no one will be placed at an economic disadvantage by establishing an industry in one section rather than in another. That is a policy I feel most honourable senators believe in. And let me say to my honourable friends from the Maritime Provinces, particularly to those from Nova Scotia, that I am as strongly convinced as it is possible to be that economic progress

in the future will depend, not so much on positive or direct assistance from any government as upon the creation of an equality of conditions favourable to industry.

If you tell me that in the years that lie ahead Canada and all other countries will tend to develop economic nationalism and self-sufficiency, then I say that the Maritimes will continue to be on the circumference of a circle, our industries will be faced with increasing difficulties, and we shall not make much progress. We may resort to all kinds of schemes, but the cards will be stacked against us. If we trade as little as possible with the outside world, Nova Scotia's position will not be a happy one. I suggest to you, honourable senators, that the great hope for the Maritimes and the whole country is that our trading area shall become as much larger than the Dominion of Canada as we can possibly make it. If within a reasonable period of time Canada, the United States and Great Britain, and the other countries intimately associated with them, would remove all idiotic obstacles to freer international commerce and become one big trading area, the province of Nova Scotia would no longer be on the circumference of a circle, but in the very centre.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: The general movement towards that great objective may be far more rapid than we realize. Public opinion in favour of the removal of barriers to international trade is perhaps stronger today than it ever was before in the lifetime of any member of this chamber. Why, only a day or two ago, a couple of my honourable colleagues whom I had always regarded as staunch protectionists—the honourable gentleman from Waterloo (Hon. Mr. Euler) and the honourable gentleman from Alma (Hon. Mr. Ballantyne)—pleaded the cause of the consumer in a way that almost moved me to tears.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. ROBERTSON: I never had any doubt as to where the honourable senator from Lunenburg (Hon. Mr. Duff) stood, and any fears that the honourable gentleman from Churchill (Hon. Mr. Crerar) had departed from the faith were entirely allayed by a speech which made it clear that he is as solid as ever. I submit that we ought to take advantage of the widely prevailing free trade sentiment in this house and, by means of a resolution place ourselves on record, for there is no country on the face of the earth that has more to gain from free trade than Canada, and no part of Canada would benefit more in turn than the good old province of Nova Scotia.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: To me it was amazing that Mr. Bracken should advocate the entire removal of price controls on agricultural products. Of course, everyone is entitled to his opinion, but, reluctant as I am to set up my opinion against his, I think he is wrong. I would point out that if you removed these particular controls immediately you might as well sweep them all away. My honourable friend from West Central Saskatchewan (Hon. Mr. Aseltine) said that he thought the wheat-grower was entitled to the world price today of about $2 a bushel. I thought he was putting the case very modestly. Upon my word, if I were growing 80,000 bushels of wheat I do not think I would have shown such restraint. But I do not think that even the farming communities want the price controls on their products swept away. The delegation from the Canadian Federation of Agriculture that interviewed the government recently did not ask for that. There is a great difference between asking for the removal of controls and the rectification of one price compared with another. For example, the delegation thought the price of butter was out of line. The honourable senator from Saskatchewan North (Hon. Mr. Horner) said that the increase of four cents a pound was too little and too late. That is a legitimate argument. But to say that because the world price is higher the control on the domestic price should be withdrawn is a very serious proposal. If it were acted on I would expect that the lumber industry—with which my honourable friend (Hon. Mr. Burchill) is so well acquainted—would call attention to the difference of from six to nine dollars a thousand feet between the export and the domestic price of lumber, and would want a free hand in fixing the domestic price. We would have to face a similar situation in regard to fisheries. Following on that there would be an avalanche of requests from labour. Immediately the whole price structure which we have struggled to control—successfully so far, though we have had to back up a little under the pressure of circumstances—would be swept away. I read the other day in a Winnipeg paper the report of a debate in the Manitoba legislature on this specific subject of price controls. The members, mostly farmers, thought it probable that with all price controls removed there would be a terrific demand for wheat and the price might go up to $3 a bushel, but they hoped

this would not happen. I can understand their point of view. They realize that there would follow what happened after World War I—wild, unbridled speculation, with all the economic troubles that follow in its train. Compare that sombre picture with the picture of agriculture in the west today. It is now almost a year since the war ended. Look at the financial position of the farmers of the west. Not only have they their mortgage obligations paid off, but they have subscribed freely to Victory loans and have increased their bank deposits. I do not say that our public men should refrain from criticizing the administration—criticism is an excellent thing—but to call for the lifting of all price controls might lead to disastrous consequences, to a wild orgy of speculation leaving us all with fingers crossed waiting for the inevitable crash and dreading the chaos to follow. The higher a public man's position the greater the attention paid to his opinions, and the more people listen to him and agree with him the more difficult it is to hold the line against inflation.

Canada is in a marvelous position today and, honourable senators, we should be very careful lest we jeopardize the national economy. Constructive criticism, yes; but do not let us do anything that may create such a condition as may bring about a financial crash and sweep away the very foundations of our economic system.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: We have too great a future before us to warrant our taking such awful risks. We have come through the war with undiminished strength, indeed, with greater strength both financially and industrially, and I believe we have never had better reason to face the years ahead with full confidence in the destiny of this great country. I compliment my honourable friends on the tone of their speeches during this debate, their criticism has in the main been fair and restrained, and I say to them: Let us have faith, let us have courage, and let us never for a moment doubt that, more than any other country on the face of the world, Canada is certain of a great, prosperous and a glorious future.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I have no right, honourable members, to speak at all, but now that the honourable leader has concluded his remarks I want to raise a point of order. Under the rules he had no right to speak again this afternoon. Having followed me in the early stages of this debate he exhausted his right to speak. I did not raise the point of order at the outset because I wanted to hear his very able speech, but I do so now to guard against a similar breach in future. In the debate on the Address in reply to the Speech from the Throne no member has the right to speak twice; only when a member introduces a bill or a resolution is he entitled to close the debate.

I am not raising this point of order as a mere technicality. If we allow the practice to continue we shall get back to the condition prevalent when the leader of the government was the late Senator Dandurand, and the leader on this side Senator Meighen. In nearly every debate they used to speak three or four times. This was absolutely against the rules and resulted in there being nothing left for the rest of us to discuss. In a word, the debate developed into a fight between the two honourable gentlemen. I do not pretend to be in their class. I think the proceedings of any chamber run along much better when the leaders are not too good and some of the rank and file are maybe a little better than their leaders.

The Hon. the SPEAKER: When the honourable leader adjourned the debate he intimated that he would speak at a later stage, and the Senate gave consent.

Hon. Mr. HAIG: I am not questioning that. The minute he moved the adjournment I could have objected. I was not misled, but I do not want the practice repeated.

The Address was adopted.

THE GOVERNOR GENERAL ELECT

RECEPTION AT HALIFAX

On the motion to adjourn:

Hon. Mr. HAIG: Honourable senators, with the permission of the house, I want to congratulate the honourable leader of the government on having been appointed to meet the new Governor General on his arrival at Halifax. I think it is a great honour to the Senate, and I am sure we all appreciate it very much indeed.

Hon. Mr. ROBERTSON: Thank you.

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

THE SENATE

Tuesday, April 9, 1946.

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

Prayers and routine proceedings.

CANADA DAY BILL

FIRST READING

A message was received from the House of Commons with Bill 8, an Act respecting Canada Day.

The bill was read the first time.

CRIMINAL CODE (RACE MEETINGS) BILL

MESSAGE FROM HOUSE OF COMMONS

The Hon. the SPEAKER informed the Senate that a message had been received from the House of Commons returning Bill D, an Act to amend the Criminal Code (race meetings), in order that certain corrections might be made therein.

Hon. Mr. HAYDEN: Honourable senators, with leave of the Senate, I should like to move:

That the Clerk be authorized to make the necessary correction to Bill D. an Act to amend the Criminal Code (race meetings); that the said bill be reprinted as corrected and that a message be sent to the House of Commons to return to that house the said bill as corrected.

I may say that two lines were omitted from the bill which left this house for the other place, and it now comes back to us to have the lines inserted.

The motion was agreed to.

PRIVATE BILL

FIRST READING

Hon. Mr. LAMBERT presented Bill O-2, an Act to incorporate the Canadian Acceptance Company.

The bill was read the first time.

PRIVATE BILL

FIRST READING

Hon. Mr. CAMPBELL presented Bill P2, an Act respecting Rupert's Land Trading Company.

The bill was read the first time.

NAVAL SERVICE BILL

FIRST READING

Hon. Mr. COPP presented Bill Q2, an Act to amend the Naval Service Act, 1944.

The bill was read the first time.

ROYAL CANADIAN AIR FORCE BILL

FIRST READING

Hon. Mr. COPP presented Bill R2, an Act to amend the Royal Canadian Air Force Act.

The bill was read the first time.

PRECIOUS METALS MARKING BILL

THIRD READING

Hon. A. B. COPP moved the third reading of Bill F, an Act respecting the marking of articles containing gold, silver or platinum.

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

DIVORCE BILLS

THIRD READINGS

Hon. Mr. HAIG, for Hon. Mr. Aseltine, moved the third reading of the following bills:

Bill I, an Act for the relief of Juliana Edmonda Isabella Ferdinanda Becquaret de Beaujeu.

Bill J, an Act for the relief of Margaret Penelope Brown.

Bill K, an Act for the relief of Marion Cruickshank Isaac.

Bill L, an Act for the relief of Malvina Angelina Seguin Gascon.

Bill M, an Act for the relief of Nora Kathleen Loury Cheverton.

Bill N, an Act for the relief of Elsie Fisher Armitage.

Bill O, an Act for the relief of Florence Mabel McIntosh Simpson.

Bill P, an Act for the relief of Francis Gordon Sullivan.

Bill Q, an Act for the relief of Minerva Jane Cory.

The motion was agreed to, and the bills were read the third time, and passed, on division.

SECOND READINGS

Hon. Mr. HAIG moved the second reading of the following bills:

Bill R, an Act for the relief of Esther Irene Lind Booth.

Bill S, an Act for the relief of Katie Hoffman Pinsky.

Bill T, an Act for the relief of Dorothy Adams Acer McDougall.

Bill U, an Act for the relief of Helen Douglas Stewart Rankin.

Bill V, an Act for the relief of Olive Esther Rose Ewen.

Bill W, an Act for the relief of Andrew Prem-Das.

Bill X, an Act for the relief of Marie Evelyn Dormer.

Bill Y, an Act for the relief of Reginald Wesley Titcombe.

Bill Z, an Act for the relief of Hilda Forsey Pearce Johnston.

Bill A-2, an Act for the relief of Ann Low Fuller Mitchell.

Bill B-2, an Act for the relief of Marguerita St. Catherine McKeigan Guillevin.

Bill C-2, an Act for the relief of Bessie Goldrosen Green.

Bill D-2, an Act for the relief of Audrey Helen Jackson Maxham.

Bill E-2, an Act for the relief of Frank Russell Yeoman.

Bill F-2, an Act for the relief of Florence Joy McGibbon Lafleur.

Bill G-2, an Act for the relief of Isobel Cameron McLaggan Oswald.

Bill H-2, an Act for the relief of John Louis Charlebois.

Bill I-2, an Act for the relief of Margaret Ruth Weir Allan.

Bill J-2, an Act for the relief of Georgina Hylda Swaffield McKenzie.

Bill K-2, an Act for the relief of Dorothy Ellen Cope Kimpton.

Bill L-2, an Act for the relief of Vera Harriet May Kinghorn Hodgson.

Bill M-2, an Act for the relief of Charles Patrick Kavanagh.

Bill N-2, an Act for the relief of Irene Gertrude Carry Staley.

He said: Honourable senators, the evidence for all these bills has not yet been printed, but we hope to have it by the time they are set down for third reading. If it is not ready then they will have to stand.

The motion was agreed to, and the bills were read the second time, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, April 10, 1946.

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

Prayers and routine proceedings.

DAIRY INDUSTRY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, April 4, the adjourned debate on the motion of Hon. Mr. COPP.

Hon. Mr. Euler for the second reading of Bill G, an Act to amend the Dairy Industry Act.

Hon. W. M. ASELTINE: Honourable senators, my remarks in this debate will naturally be brief, because I do not pose as a dairy expert. In fact, on the land in Saskatchewan in which I am interested the men have only enough cattle to supply the butter and milk they need, and a few chickens and hogs and that kind of thing. They are more or less self-supporting on the farm, but they do not go in for dairying on a large scale.

I suppose the reason for the introduction of this bill is the present great shortage of butter in Canada, or at any rate in certain parts of Canada. When I left the west for Ottawa I did not realize there was such a shortage, since in Saskatchewan we have nearly always been able to buy all the butter for which we had valid coupons. Occasionally there might be a day when a store would have no butter, but next day its stock would be ample. That state of affairs is probably due to the fact that in our province we have few cheese factories and no great outlet for raw milk. Any farmers who do a dairy business separate the cream from the milk and ship the cream to creameries, where it is made into butter, which is then distributed throughout the province. At all times we have had plenty of butter and meat, and have often wondered why it was necessary to ration these products in the rest of Canada. However, upon my arrival in Ottawa I found the situation here to be entirely different. In the parliamentary restaurant, for several days a week, there is no butter at all, and when any is served we get only a very small portion.

When this bill was introduced, I felt it would be advisable to try to obtain a few concrete facts with regard to the butter situation in Ontario, so a week ago last Saturday I accepted the invitation of a friend to drive with him in his car through one of the finest dairy districts in eastern Ontario. We spent the whole afternoon visiting in and around Winchester, Morrisburg and Cornwall, stopping at farms, stores and other places to find out the real cause of the shortage, and we had no difficulty in coming to the conclusion that the farmers in that part of the province were not making butter any more.

One farmer told us that he was no longer making butter because when he did make it he could only sell it to the merchant in town. That is, he had to sell it through the usual avenues of trade. He gave as a further reason the fact that whole milk gives him a return

equal to 61 cents per pound of butterfat, whereas from butter at the going price, which was then 40 cents a pound, he could not get any such a return. He also stated that even an increase in the price of four cents a pound would not result in any more butter being produced, it being much more profitable to sell the milk. The milk therefore was sent to dairies and cheese factories instead of being separated and made into butter on the farm.

At the first store where we called, the manager informed us that during the last month he had had only one pound of butter for sale, and he showed us his invoice to that effect. The other stores had no butter at all. One big store in Morrisburg had not had any butter for sale for ten days. In this store we met a woman who had not had any butter for herself and her children for six weeks. Since that time a lady in Morrisburg has written me to say that if we had gone to her store she could have supplied us with a pound of butter. We did not find that particular store; in fact we were so discouraged by the negative results at so many other stores that we did not make any further calls.

We were told that when the farmer takes his milk to the cheese factory or to the dairy he is paid about $3 a hundred pounds. We were also told that the milk was being shipped to the large centres, particularly Montreal, and that much more milk was being consumed in the large centres in recent months than previously because there was more money in circulation and people were drinking much more milk: for example, the ordinary family that purchased a quart or two a day was now purchasing three or four quarts. Consequently the milk was not being made into butter or cheese.

Not being satisfied with our trip into the Winchester district, last Saturday we decided to go across the Ottawa river into Quebec. So we drove to Buckingham, and much to my surprise we found plenty of butter. I do not mean to say that we bought butter at every store, but in only one were we turned down. We also called at creameries and found people buying butter right over the counter. We had a very interesting talk with some farmers who happened to be in one creamery, and also with the manager. From them I obtained certain facts that may be of interest to honourable members. For instance, butter made in Buckingham district is shipped to Ottawa and Hull, whereas milk is shipped from Ottawa to be used in Buckingham. We were told, whether it is the explanation or not, that this situation exists because the farmers in that district—being unable to erect large barns with cement floors, proper drainage and other sanitary facilities, as do the big farmers in Ontario—cannot get licences to sell their whole milk, and therefore are obliged to separate it and take the cream to the creameries to be made into butter. That is why there is so much more butter available in that district than elsewhere.

We were also told that the farmers were going broke because for their cream they were not getting as much in proportion as the Ontario farmers were getting for raw milk. Further, we learned that they received 39 cents a pound for butterfat, plus a 10 cent bonus, the equivalent of $1.96 per hundred pounds for raw milk. To this figure should be added 75 cents per hundred—the value of the skim milk fed on the farm to calves and hogs which would make the total price to the farmer $2.71 per hundred pounds. The net result shows that the Ontario farmer receives for his milk from 30 to 33 cents per hundred pounds more than does the Buckingham farmer. When we asked what the solution was, we were told that butter, to make its production profitable, would have to sell at 50 cents per pound. That would mean an increase of 32 cents per hundred pounds for raw milk, or a total return of $3.03 per hundred. This is the price received in Ontario. The equivalent price of butter fat to the Buckingham farmer would then be 61 cents.

We came away from Buckingham with our minds made up that the whole butter situation should be completely surveyed and changed considerably by the government of Canada. We were satisfied that an increase of four cents per pound would not remedy the situation. If more butter is to be made the farmer must obtain more for his cream.

We learned that during the last year 250 dairy cows from the district had been sold for export to the United States of America. If those cows had not been sold each one of them would have produced 200 pounds of butter.

Hon. Mr. HORNER: To what district are you referring?

Hon. Mr. ASELTINE: It is a small district, extending for ten or fifteen miles around Buckingham. During the year those cows would have produced 50,000 pounds of butter. I have been told that throughout the province of Quebec and in many districts in the province of Ontario we are losing many of our best dairy cattle through export. As a result we are suffering from a decrease in the production of milk and cream and a continuing shortage of butter.

We were informed the butter situation would not be normal for a matter of two years, and that even then, because of the reduction in the number of cows and the scarcity of feed, there might not be as much butter available as there was a few years ago.

Hon. Mr. BALLANTYNE: There is also the scarcity of labour.

Hon. Mr. VIEN: Is that an accurate statement of the over-all situation—that there are not as many milch cows in Canada today as there were a few years ago?

Hon. Mr. ASELTINE: I cannot prove the statement.

Hon. Mr. VIEN: The honourable gentleman has said that because dairy cows are being exported we cannot expect a greater quantity of butter to be available. We have been exporting dairy cows for a long time. Is the situation to which my honourable friend refers peculiar to Ontario and Quebec? Are there no dairy cows being exported from the prairie provinces?

Hon. Mr. ASELTINE: I do not think they are being exported from western Canada.

Hon. Mr. McRAE: They are being shipped from British Columbia.

Hon. Mr. ASELTINE: These cattle are being sold at prices as high as $125 or $150 each. That is only one reason why butter will continue to be in short supply.

Hon. Mr. BALLANTYNE: I think what the honourable senator has said about the export of cattle is quite true. I know of one farm not more than 20 miles from Montreal where the entire herd was sold to United States buyers at from $200 to $250 apiece.

Hon. Mr. VIEN: Is that a pure bred herd?

Hon. Mr. BALLANTYNE: Yes, Holsteins.

Hon. Mr. ASELTINE: The export of dairy cattle, the increased consumption of milk in the large centres, and the higher price for raw milk are three things that have interfered with the production of butter on a large scale. We have been told that the number of dairy cattle will not increase because of the feed situation. The federal government has paid a bonus on most of the feed coming from western Canada. Some of the prices of western feed are as follows: bran, $28 per ton; oats, $40; barley, $38; feed-wheat, $38 per ton, or an equivalent of $1.77½ a bushel.

That is the situation at the present time and there is very little hope of improvement. The question is, should we amend this act to permit the importation or manufacture of oleomargarine? I am told by well-informed people that in New York butter is selling at 76 cents a pound, and oleomargarine at 74 cents. From another source I learn that butter is selling at 80 cents a pound and oleomargarine at 76 cents.

Hon. Mr. HOWARD: That is right.

Hon. Mr. ASELTINE: If that is the case, I am wondering what relief we could expect if the act were amended as suggested. When I commenced my remarks I did not know exactly where I stood on the question—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. ASELTINE: —but lawyer-like, I have almost convinced myself. I have come to the conclusion that I will support the bill because, though it may not bring much relief, it will bring some. Oleomargarine, if it is not sold at a higher price than butter, can be purchased at the stores in the larger centres, and will provide people who cannot now obtain butter the fats necessary to keep their families in a healthy condition. May I suggest to the honourable senator who introduced this bill (Hon. Mr. Euler) that it should be only a temporary measure. I am not prepared to vote for it as a permanent measure. I think the bill would receive greater support if the honourable gentleman would agree to amend it so that it would remain in force for a trial period of two years. As a rule, the city people are in favour of the bill, but the country people are against it.

Some Hon. SENATORS: Hear, hear.

Hon. G. P. CAMPBELL: Honourable senators, it is not my intention to speak at any great length—

Some Hon. SENATORS: Order.

Hon. IVA CAMPBELL FALLIS: Honourable senators, as I have to leave the chamber shortly, I am grateful to the honourable gentleman from Toronto (Hon. Mr. Campbell) for allowing me to precede him. I have listened with a great deal of interest to all the speeches on this bill, pro and con. So far none but my male colleagues have spoken, and I suppose it would be running true to form for a woman to try to get in the last word.

What has struck me most forcibly is that all who have participated in the debate, with the possible exception of my immediate predecessor, have expressed themselves as being either very definitely for the bill or very definitely against it. From what they said it would seem that the bill was either

all right or all wrong. Well, that has not been my personal reaction to the bill. I have felt that a good deal could be said on both sides. As one who lived for many years on a farm and who still maintains close contact with the opinions of the people in the rural part of my own province, I find myself very much in accord with the sentiments expressed in such speeches as those of the honourable senator from King's (Hon. Mr. McDonald) and the honourable senator from Bedford (Hon. Mr. Nicol); on the other hand, as one who now lives in an industrial town and who has discussed the matter with a great many people there, I can appreciate the viewpoint so ably expressed by the honourable senator from Alma (Hon. Mr. Ballantyne). Like the honourable gentleman who immediately preceded me (Hon. Mr. Aseltine), I am prepared to support this legislation, if it is to be temporary, but not if it is to be permanent. I will give my reasons.

I agree with the statement made by some honourable senators—a statement that was scoffed at by others—that this is a time when we need to give every possible encouragement to the producers of food in our country, and when we should not pass legislation which will inevitably tend to discourage them. The Minister of Finance himself has subscribed to that idea. As reported in the press just a couple of days ago, he said that the increase of four cents a pound in the price of butter was necessary as an incentive to producers, and that without it we could not keep up even the present limited production. I believe he is quite right.

On this question of increased production I have talked to a great many farmers in the district in which I live, and their answer to me has been in effect this: "Seventy-five or eighty per cent of us who bore the heat and burden of the day on the farm during the war years were men past middle age. We are worn out physically and we can no longer maintain the pace at which we then worked. Not only are we unable to increase production, but we cannot keep production at its present level unless the younger men come to our assistance. However willing we older men may be, we are not physically able to do that." They go on to point out that the difficulty is to induce the sons of farmers, and other young men upon whom they depend for help, to stay on the farms; that the bright lights and high wages of the city are preferred to the solitary life and hard work on the farm—and the dairy farmer's work is probably the hardest of all.

If young people are to be kept on the farm, some inducement must be offered them. Unless they can see that farm life holds some promise for them in the future, they will take jobs in the cities instead of helping the older men increase agricultural production.

Hon. Mr. HORNER: May I ask if the honourable senator thinks that a bill of this kind would discourage young men from going on the farm?

Hon. Mrs. FALLIS: If the legislation is to be permanent, yes. I will come to that in a minute.

It was contended by its supporters that this measure, even if it were intended to be a permanent one, would not injure the dairy industry. That was stated over and over again. Well, I am not going to argue that point; but if the dairy farmers of this country believe in their hearts that the bill is going to hinder or hurt dairy production, then it will discourage them.

Hon. Mr. HOWARD: Hear, hear.

Hon. Mrs. FALLIS: The majority of us here have been through enough election campaigns to know that at election time what counts is not what people should think, but what they do think.

Some Hon. SENATORS: Hear, hear.

Hon. Mrs. FALLIS: If what counted was what the people should think, we in this group would be sitting to the right of His Honour the Speaker.

Some Hon. SENATORS: Oh, oh.

Hon, Mr. HARDY: Is it not largely what they are made to think, rightly or wrongly?

Hon. Mrs. FALLIS: No. I do not believe that in a democracy they are made to think; I believe that they pretty much think for themselves.

Hon. Mr. HARDY: The honourable lady is an orator who has done much to bring that about, rightly or wrongly.

Hon. Mrs. FALLIS: Thank you very much for the compliment.

To return to my point: when the honourable senator from Waterloo (Hon. Mr. Euler) was speaking to the motion for second reading of his bill he said, if my memory serves me, that the Dairy Council of Canada were opposed to the legislation. Is that correct?

Hon. Mr. EULER: Yes.

Hon. Mrs. FALLIS: The honourable senator says that is so. Then apparently the dairy farmers do believe that legislation of this kind would harm their industry. My

point is that if they believe that, then this measure would discourage them from producing butter.

Some honourable members stressed the view that legislation designed to help our farmers at the present time is class legislation.

Hon. Mr. EULER: Hear, hear.

Hon. Mrs. FALLIS: A good many people have said that to me. I disagree with that viewpoint. I think that every possible step that can be taken to encourage production of food in this country at the present time is not class legislation in its narrow sense.

Hon. Mr. EULER: Oleomargarine is a food.

Hon. Mrs. FALLIS: I think that such legislation is in the interests of every citizen of this country—in fact, of every citizen in the world. Therefore I believe that we should give every possible encouragement to the producers of food.

And now I come to the other side of the picture. As was just pointed out by the honourable senator from West Central Saskatchewan (Hon. Mr. Aseltine), we are faced with a severe shortage of butter. With a view to alleviating that shortage I would support a bill of this kind, provided it was specified that it was a temporary measure, to be removed when the farmers of this country are in a position to supply the demand for butter. But because no one can foresee what conditions will face the dairy industry of this country in the years to come, I am not prepared to support the measure as a permanent one.

Hon. DONALD MacLENNAN: Honourable senators, in expressing my opinion as to the merits of this bill I will have recourse to a remark made by that wise old philosopher Sir Roger de Coverley: that much can be said on both sides. There is no doubt that the honourable senator from Waterloo (Hon. Mr. Euler) delivered a very able address the other day when moving the second reading. However, with my limited capacity, I failed to follow his arguments. His references to Denmark would seem to be intended to prove that the more oleomargarine we import and manufacture here, the greater will be our production of butter. I cannot follow that argument at all. Then the honourable member from Churchill (Hon. Mr. Crerar) indignantly got up and discovered that after a quarter of a century his liberty was more or less circumscribed because he could not get oleomargarine. Other honourable members paid a great deal of attention and directed most of their arguments towards the iniquity of having their liberty circumscribed in any way, apparently forgetting the fact that from the rising of the sun to the setting thereof a man's liberties are circumscribed in various ways, legally, morally and physically. But, as I said before, it took them quite a long time to discover that their liberty was so circumscribed because of the lack of the importation of oleomargarine. Mark you, for many years they were in a position where their influence could be brought to bear on this proposition.

Now, as I said before, our liberties are circumscribed on every hand. We cannot buy automobiles today without paying a sum of money in addition to what they are supposed to be worth—a sum which does not add to their value. My liberty is circumscribed in that way. The same condition applies to furniture and to various other items so numerous that to list them would tax the capacity of an abler man than myself.

There is another phase that is a little amusing to me, being somewhat old. Not so very long ago, as the history of a country goes, I was led to believe that the importation of butter from a sister dominion would send the Dominion of Canada to the "demnition bow-wows".

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. MacLENNAN: That is rather interesting today.

Hon. Mr. HARDY: That was under the Bennett government, though, don't forget.

Hon. Mr. MacLENNAN: The Bennett government slid in on butter; they did not stay very long, though they did not slide out on oleomargarine.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MacLENNAN: It is really amusing to me to hear gentlemen sobbing and bewailing the fact that now we cannot import a commodity which is very much inferior to butter. My medical friends in this chamber need not set up a straw man for the privilege and pleasure and exercise of knocking him down. Nobody claims that oleomargarine is deleterious; it is accepted as a fact that it is a fairly wholesome food, but not to be compared with butter.

Hon. Mr. ASELTINE: Hear, hear.

Hon. Mr. MacLENNAN: I should like to see the two honourable gentlemen, the mover and the seconder of the bill, with a pound of creamery butter and a chunk of oleomargarine on their table. I should like to see which way their prehensile fingers would point. I am confident they would reach for the butter every time.

An Hon. SENATOR: Could you tell the difference?

Hon. Mr. MacLENNAN: Tell the difference! You can smell it.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MacLENNAN: The honourable senator from Ottawa (Hon. Mr. Lambert) put forth a few arguments in favour of the bill. I think he endeavoured to capitalize on the probability that his prestige would have great influence in promoting this measure. What he talked about most was our "expanding economy". For goodness sake! If to bring about "expanding economy" it is necessary to import oleomargarine, I see little hope of any expansion, and what his reference to mill feed has got to do with the merits or demerits of importing oleomargarine I cannot very well make out. There are honourable gentlemen who proclaim from the housetops that they own many dairy cattle. I wonder if they manufacture butter. Or do they sell the whole milk? If they do, they are not possibly as disinterested as they would make people believe.

The present butter shortage is but temporary. At this season every year there is less butter produced than at other seasons, and the season is now at hand when butter production will be greater. That cannot be gainsaid.

But this is what made me get up to speak against the bill. We are having disturbances in the coal mines, in the lumber camps, in our textile and other factories, and disturbances are even threatened in our hospitals. Well, I fear this bill will disturb our farmers. For goodness sake, while there is so much disturbance in the country let us not add to it. I ask honourable gentlemen to take these matters into consideration. The honourable leader of the government in the Senate has said that such measures are going to disturb the farmers, and that is something we should all try to avoid.

Some Hon. SENATORS: Hear, hear.

Hon. C. J. VENIOT: Honourable senators, I should like to add to this debate a few brief remarks along a line of thought which has not been presented by previous speakers.

There are some 70,000 cases of diabetes in Canada, ranging from the very mild to the severe death-producing type. In 1944 there were in Canada 2,362 deaths from diabetes. Honourable senators may well ask what is the relevance of diabetes to the discussion of oleomargarine. As a diabetic myself for over 16 years, and as a physician concerned about my own health and interested in the welfare of my patients, particularly in diabetics, I was compelled to make a special study of the disease. For that reason I may know something about the critical situation created in Canada by the shortage of not only butter but of fat-stuffs in general.

The all-important factor in the treatment of diabetes is the establishment and maintenance of a properly balanced diet, without which insulin is of little or no value. The prime requisite for a diabetic diet is that the three basic foodstuffs, namely, fats, proteins and carbohydrates, should be properly balanced in the exact proportion called for by the patient's condition as demonstrated by laboratory tests. If one of these three foodstuffs is omitted from the diet for any length of time the patient's condition is likely to become seriously aggravated.

Diabetic patients have no difficulty at any time in procuring their requirement of proteins, such as meat, fish and eggs; nor do they experience any trouble in obtaining their requirement of carbohydrates, such as bread, cereals, fruit and vegetables. But difficulty does arise for the Canadian diabetic when he tries to secure the fat requirements for his three daily meals. At the present time in Canada the chief source of fats for the diabetic is butter, and of this substance he requires a minimum of from one to two ounces per day. Therefore butter is the backbone of the diabetic diet. Bacon fat and other animal fats and rich cream are completely out of the picture as a satisfactory substitute.

About one-tenth of the cases of diabetes are to be found in young children. I leave it to honourable senators to imagine the situation created when a little child of four or five years of age, who is a diabetic—and I have seen many of them—is obliged to get along without butter on his bread. The average child is reluctant to eat any fat substance other than butter. If his bread was spread with shortening or any other kind of animal fat, he would object to it, and the parents would have great difficulty in supplying him with the fat he requires.

Every other country in the world has an abundant supply of vegetable oils and fats. They allow the manufacture of vegetable substances, such as oleomargarine, or a similar product, which can be used as a substitute for the much-needed butter in the diabetic diet. May I say that Canada alone penalizes her diabetic patients by this quarter-of-a-century-old ban on oleomargarine.

Hon. Mr. CRERAR: Hear, hear.

Hon. Mr. VENIOT: As a physician, I know dozens of families who suffer a financial strain

because they have diabetics living in the home. I have in mind one family where there are two diabetic children, who require insulin and at least two ounces of butter each day in their diet. In one day these two children use as much butter as is presently rationed to one normal person for a whole week. From an economical and financial standpoint this is not a very encouraging situation for the head of a family who is a labourer and has a small income. There are thousands of diabetics in Canada today who are suffering a lower standard of health, and who cannot carry on their regular daily activities because they are unable to procure the amount of butter they need or a satisfactory substitute for it.

Therefore, I submit that if oleomargarine were produced and marketed in Canada for no other reason than to supply fat substances to diabetics, it would be a useful and a life-saving measure.

Hon. Mr. MacLENNAN: May I ask the honourable gentleman just one question? I assume that it is not the recent scarcity of butter that has caused this diabetic condition.

Hon. Mr. VENIOT: A scarcity of butter does not produce diabetics, nor does it cause diabetes; but it is today bringing some diabetic patients close to the grave because, without the much-needed butter they cannot last long. May I give you a personal example? Four weeks ago I travelled by train from Bathurst to Toronto and back to Ottawa. The trip took four days. During that time I could not obtain the quantity of butter I required to keep in fit condition. After the trip I was not fit to stand before this house or any other gathering, but was ready for my bed. This is the problem of thousands of sufferers from diabetes throughout the length and breadth of Canada.

Hon. Mr. HAIG: Do not diabetics get a special permit to buy butter?

Hon. Mr. VENIOT: Diabetics are entitled to a special permit, but of what use is it in places where butter is not obtainable? The question of special permits for diabetics was raised in this very city three weeks ago when the butter shortage was most acute. The doctors issued certificates to the Ration Board, and extra coupons were given; but there was no butter available. If oleomargarine or vegetable oil had been available to diabetics such a problem would not have occurred.

Hon. Mr. HORNER: Might that situation not drive some of them to milk a cow? Mahatma Gandhi takes his goat along with him.

Hon. Mr. VENIOT: It might be a very good thing for the country if more people could milk cows; we would then have more butter.

For the reasons which I have already given, honourable senators, I wholeheartedly support the bill, and in doing so I believe that I represent the opinion of 70,000 fellow-diabetics in Canada.

Some Hon. SENATORS: Hear, hear.

Hon. G. P. CAMPBELL: Honourable senators, I promise not to take much time with my remarks, but I should like to summarize some of the opinions that have been expressed during this debate.

First of all may I congratulate the honourable senator from Waterloo (Hon. Mr. Euler) on the introduction of this bill? I feel that the attention given it by honourable members indicates the wide public interest taken in the bill.

There is no doubt that Canada, a land of plenty, should produce from her soil as much as possible both for her own people and to send abroad. The government has encouraged the people of rural communities to produce more and more food for themselves and for the people of other countries. In spite of that there is a greater shortage of butter today than this country has ever known. Apparently we have a larger number of milk cows throughout the country.

Hon. Mr. HAIG: Is the honourable senator sure of the accuracy of that last statement?

Hon. Mr. CAMPBELL: The statement was made; I accept it as a fact. I do not profess to be an authority on the question. If it is not true, there is something wrong with our farmers for they have been encouraged to produce, and they have been subsidized by a flow of feed from western Canada. No one will criticize us for shipping butter abroad. We have pledged ourselves to supply food to England and Europe, and other countries throughout the world. I cannot see that the situation is likely to change.

Canada is capable of producing great quantities of foodstuffs. We have added to our capacity by installing mills for the extraction of vegetable oils. This new industry, which emerged during the war years, enables us to produce from soya beans and peanuts an oil which can be used in the manufacture of oleomargarine as a substitute for butter.

The need for butter is very apparent. Even around these buildings the slogan seems to be, "Butter, butter, who's got the butter?" After the remarks of the honourable gentleman from Saskatchewan North (Hon. Mr. Horner) some

of us may have felt that we were not getting our fair share of the butter supply. However, everyone realizes that the dairy industry is not able to supply sufficient butter to meet the needs of the Canadian people. I submit that since there are more dairy cattle in the land—

Hon. Mr. HORNER: May I interrupt my friend? I do not know who made that statement, but I doubt its accuracy. One honourable senator has said that exporting has increased all over Canada. Just the other evening I saw a herd of dairy cattle which was being shipped to the United States. They would not be milked very long, but would soon be turned into beef.

Hon. Mr. CAMPBELL: As I said before, I do not profess to be an authority on the subject, but am merely repeating what has been said. The fact remains that the dairy industry of this country is producing a large quantity of milk, but much of it is being sold as whole milk, and we have a shortage of butter.

Hon. Mr. HAIG: May I ask the honourable gentleman a question? Is it fair to put the responsibility for the butter shortage on the farmers of this country when the government shipped 500,000 pounds of butter to the West Indies?

Hon. Mr. DUFF: There was a reason for that.

Hon. Mr. CAMPBELL: I do not for a moment suggest that in order to have butter on our own tables we should refuse to send it to other countries that are crying for food. I say that we are producing an inadequate supply of butter to meet the demand in this and other countries, and so there is a shortage on Canadian tables.

Hon. Mr. DUFFUS: Because of a shortage of farm help?

Hon. Mr. HORNER. The price is too low.

Hon. Mr. CAMPBELL: The honourable gentleman from Saskatchewan North (Hon. Mr. Horner) has anticipated what I was going to say. It may be that the price received by the farmer was too low and he became discouraged. I submit that instead of doing as we did in recent years it would have been better to permit the importation and manufacture of oleomargarine and to take the ceiling entirely off the price of butter. Undoubtedly if both butter and oleomargarine were available, the price of butter, if allowed to find its own level, would be higher than that of oleomargarine.

It seems to me there is no reason why we should vote against a measure which, we hope, would make it possible for our people to obtain either the butter that they so badly need or a substitute for it. The only argument I have heard here against this bill is that its adoption might frighten and injure the dairy industry. Well, so far as we can see to-day, if we permitted the manufacture and importation of oleomargarine there would still be a sufficient demand on the part of the people of Canada and of other countries for all the butter we could produce. No one here can definitely foresee a time when there will be a surplus of butter on the market. Present indications are that the demand for foodstuffs in this country will be greater than ever before. I am one of those who believe that in the future the people of Canada will consume far more food than at any time in the past.

Those who are suffering most from the shortage of butter are perhaps the men whose dinner pails contain butterless sandwiches. I submit, honourable senators, that if by adopting legislation of this kind we can make it possible for the people to obtain butter or a good substitute, we should do so, and do so immediately.

Hon. Mr. HORNER: The government should have thought about the men who carry dinner pails before it allowed restaurants to charge five cents extra for a cup of coffee.

Hon. Mr. ASELTINE: Would the honourable gentleman from Toronto (Hon. Mr. Campbell) permit me to ask him a question? He comes from a manufacturing centre. Can he tell us how much casein, which is derived from milk, is used in manufactured articles? On my trip to Winchester I was told that a great deal of casein is going into the manufacture of plastics and other goods.

Hon. Mr. CAMPBELL: I am unable to answer the honourable senator's question. The use of casein in the manufacture of plastics, of which I am aware, may be one of the factors contributing to the present shortage of butter. It is apparent that every day new uses are being found for milk and other agricultural products.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 11, 1946.

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

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. A. K. HUGESSEN presented and moved concurrence in the report of the Standing Committee on Miscellaneous Private Bills on Bill H, an Act to amend the Act incorporating The National Council of Women of Canada.

He said: Honourable senators, the committee report this bill with the following amendments:

1. Page 1, lines 11 and 12. Leave out the words "and from its incorporation shall be deemed to have had."

2. Page 2, lines 36 and 37. Leave out section 5.

These two amendments delete from the bill as presented to us ratification of acts done in the past. In other words, we have taken out of the bill any provision for retroactivity. That was done in accordance with what we considered to be proper legislative policy, and following upon a report from the Law Clerk. I move concurrence in these amendments.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall this bill, as amended, be read the third time?

Hon. Mr. HUGESSEN: If no honourable senator has any objection. I would move that the bill, as amended, be read the third time now.

The motion was agreed to, and the bill as amended was read the third time, and passed.

OPIUM AND NARCOTIC DRUG BILL

REPORT OF COMMITTEE

Hon. T. J. BOURQUE presented the report of the Standing Committee on Public Health and Welfare on Bill B, an act to amend the Opium and Narcotic Drug Act, 1929.

THIRD READING

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

Hon. Mr. BOURQUE: With the leave of the Senate, 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.

THE SENATE

TREATMENT OF PAGE BOYS

On the Orders of the Day:

Hon. Mr. JAMES MURDOCK: Honourable senators, before the Orders of the Day are called may I bring to your attention a few words spoken on April 8 at page 681 of the record in another place.

Therefore I take this opportunity, Mr. Speaker, of congratulating your honour on providing a free meal for our page boys once each sitting day in addition to a drink of good wholesome milk at 4.30 in the afternoon. This is most commendable; and if your honour continues doing this sort of thing for our page boys, it will be a fine bonus for them. On behalf of those for whom I might speak may I commend Mr. Speaker's action, and his treatment of these page boys.

Honourable members, the Senate has always been very jealous of the welfare of members of its staff, and zealous in seeing that they are treated equally as well as are the employees of the House of Commons. I hope that the proper authorities may at least take this matter under advisement.

The Hon. the SPEAKER: Honourable senators, I think we all are in accord with the suggestion of the honourable member from Parkdale (Hon. Mr. Murdock). The matter is worthy of consideration, and will be brought to the attention of the proper authorities.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE moved third reading of the following bills:

Bill R, an Act for the relief of Esther Irene Lind Booth.

Bill S, an Act for the relief of Katie Hoffman Pinsky.

Bill T, an Act for the relief of Dorothy Adams Acer McDougall.

Bill U, an Act for the relief of Helen Douglas Stewart Rankin.

Bill V, an Act for the relief of Olive Esther Rose Ewen.

Bill W, an Act for the relief of Andrew Prem-Das.

Bill X, an Act for the relief of Marie Evelyn Dormer.

Bill Y, an Act for the relief of Reginald Wesley Titcombe.

Bill Z, an Act for the relief of Hilda Forsey Pearce Johnston.

Bill A-2, an Act for the relief of Ann Low Fuller Mitchell.

Bill B-2, an Act for the relief of Marguerita St. Catherine McKeigan Guillevin.

Bill C-2, an Act for the relief of Bessie Goldrosen Green.

Bill D-2, an Act for the relief of Audrey Helen Jackson Maxham.

Bill E-2, an Act for the relief of Frank Russell Yeoman.

Bill F-2, an Act for the relief of Florence Joy McGibbon Lafleur.

Bill G-2, an Act for the relief of Isobel Cameron McLaggan Oswald.

Bill H-2, an Act for the relief of John Louis Charlebois.

Bill I-2, an Act for the relief of Margaret Ruth Weir Allan.

Bill J-2, an Act for the relief of Georgina Hylda Swaffield McKenzie.

Bill K-2, an Act for the relief of Dorothy Ellen Cope Kimpton.

Bill L-2, an Act for the relief of Vera Harriet May Kinghorn Hodgson.

Bill M-2, an Act for the relief of Charles Patrick Kavanagh.

Bill N-2, an Act for the relief of Irene Gertrude Carry Staley.

The motion was agreed to, and the bills were read the third time, and passed, on division.

DAIRY INDUSTRY BILL

DEBATE POSTPONED

On the Order:

Resuming the adjourned debate on the motion for the second reading of Bill G, an Act to amend the Dairy Industry Act.

Hon. Mr. HAIG: Stand.

Hon. Mr. EULER: Honourable senators, it is with some reluctance that I oppose the motion to further adjourn this debate. The bill has been fully discussed, and because I believe most honourable members favour the continuation of the debate until the matter is disposed of, I see no reason for further delay.

Our entire proceedings of Tuesday last cover only one sheet of Hansard. On Wednesday, out of a short afternoon, we wasted an hour and a half. Many members, not the least of whom is the honourable leader opposite (Hon. Mr. Haig), have complained from time to time that the house does not do enough work. For these reasons, honourable senators, I object to any postponement of the debate.

Hon. Mr. HAIG: Honourable senators, may I speak to a question of privilege? I ask for the adjournment of the debate on two grounds. First, honourable members on this side of the house yesterday suggested that the bill be made effective for only a short time. That is a very important suggestion, and one which I have not had time to fully consider.

Secondly, I have asked for certain information and so far have received only part of it. Manitoba is a dairy province. It produces the finest butter and wins more first prizes than any other part of Canada. Therefore, I wish to have an opportunity to consult with the dairymen of that province.

No committees will be meeting next week, so no harm will come from allowing this bill to stand.

The House of Commons will be adjourning very shortly, so even if the bill passes here and goes to the other house, it will not be considered there immediately.

Hon. Mr. MURDOCK: The honourable senator has said no harm will come from the delay. "Hope deferred maketh the heart sick." I believe this assembly is ready to vote on the bill.

Some Hon. SENATORS: Hear, hear. Question!

Hon. Mr. McRAE: Honourable senators, although I am going to vote against this bill I entirely agree with its sponsor (Hon. Mr. Euler) that the work of the house should be proceeded with. We have now been in session since the 14th of March, which was a late date for the convening of parliament, and by the time we return from the Easter recess a total of six weeks will have passed away. The session will perhaps not last more than two months beyond that time. I feel at liberty to say that I am very much discouraged by the lack of progress we have made in the four weeks that we have been here. There has been entirely too much postponing of business. If we are going to discharge our responsibility to deal with issues facing the country, we have got to get down to work on them. Really, only one committee has done yeoman service this session, namely, the special committee appointed last year to deal with income tax. It has worked strenuously and made good progress. Before long it will have heard all the witnesses who wish to be heard, and the room that it has been occupying will be available to another committee. I think something should be initiated for consideration, and plans laid, so that the Senate will be kept busy after Easter.

I am entirely opposed to the policy of delay on matters of this kind. This bill, as its

sponsor pointed out, has been before the house for a considerable time now. I want to see it voted on, and not postponed from day to day for the convenience of anyone. My honourable leader (Hon. Mr. Haig) has had ample time to communicate with Manitoba. The fact is, if he does not already know it, that a letter takes only a day each way by air mail.

From many things that have occurred, and the uselessness of the past week's performances in this house, I am led to believe that we do not know the whole story. We are busy men—we should be, anyway—and if we are not going to do any work the house should have been adjourned so that we could go home. We are supposed to be helping to the best of our ability by inquiring into and considering issues of importance to the country, and we can only fulfil that function by getting on with our work. I certainly will support the honourable senator from Waterloo (Hon. Mr. Euler) in his opposition to further delay in dealing with this bill.

Hon. Mr. LEGER: Honourable senators, I do not agree with the honourable gentleman's statement that the members of the Senate have not been busy.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LEGER: Since Tuesday I have spent an average of six to seven hours a day in committees, and I am not the only one who has done this. It is suggested that we have done nothing during the week, whereas the fact is just the opposite. In my opinion our committees have been doing good and useful work.

Hon. Mr. EULER: The honourable gentleman from Vancouver (Hon. Mr. McRae) was speaking of the work of the Senate proper.

Hon. Mr. CRERAR: Honourable senators, I dislike very much to disagree with my good friend the leader opposite (Hon. Mr. Haig), but really he was not on very tenable ground in the position he took a few moments ago. This bill has been under consideration at several sittings of the Senate. During the course of the debate, as he himself stated, it was suggested that certain amendments might be made to the measure. If the motion for second reading is passed and the bill is sent to the Committee of the Whole, amendments which do not violate the principle of the bill can be brought forward at that stage. Yesterday my honourable friend was allowed to adjourn the debate, and I really think—I say this in the most kindly way—that in asking for a further adjournment he is perhaps trespassing a little too much upon the indulgence of the house.

Hon. Mr. SINCLAIR: Honourable senators, it seems to me that the leader on the other side (Hon. Mr. Haig) is perfectly in order in asking that the debate stand until he is ready to go on. While some honourable members may believe that no work is being done, I can tell them that the committees of this house have been sitting continuously. Look at the order paper and see what the Divorce Committee has been doing. I have been sitting as a member of that committee almost every day, except when I was on the tax committee, and as a result this forenoon was the first that I have had to myself since the beginning of last week. When honourable members who avoid these committees or do not accept nomination to them say that work is not being done here, I feel they are not fully apprised of the facts.

My purpose in rising was to support the honourable leader opposite in his request for a further adjournment of the debate. I have been desirous of speaking on this motion, but until this forenoon I had no opportunity to get my facts together. I dictated them to a stenographer and have not yet received the transcript. I should like to speak for a few minutes on the principle of the bill, but this would not be possible if we passed the motion for second reading today. I hope the house will accede to the honourable gentleman's request that the matter be allowed to stand.

Hon. Mr. COPP: Honourable senators, I regret very much that, when commenting on the request of the honourable leader opposite to have this motion stand a few days longer, my honourable friend from Vancouver (Hon. Mr. McRae) made a rather veiled suggestion that there was something underhand or wrong. If the honourable gentleman has knowledge of anything of that kind I think he should impart it to the house instead of making a suggestion as he has done.

Hon. Mr. McRAE: I have no such knowledge. I naturally drew a conclusion from a number of incidents.

Hon. Mr. COPP: Then the suggestion should not have been made.

Hon. Mr. HARDY: I do not think the honourable senator from Vancouver (Hon. Mr. McRae) used the word "underhand".

Hon. Mr. McRAE: No.

Hon. Mr. CALDER: Honourable senators, I wish to say a few words in reference to the situation that has developed. In the first place, we must not forget that the bill under

consideration is one in which all the people of Canada are much interested. I have heard most of the speeches on the motion for second reading, and I am quite sure that all the facts have not as yet been placed before us. If we had an assurance that the bill would go to a committee where people could appear and express their opinions, that would be well and good; but instead the intention appears to be that the bill shall go to the Committee of the Whole House.

There is no question at all that two groups are intensely interested in this proposed amendment to the Dairy Industry Act. One is the entire farming community of Canada, and the other comprises the people in the large centres. If there is an emergency because of the shortage of butter, that emergency exists chiefly in the big cities. Now, let me ask this very simple question. Do we believe we have all the facts required to enable us to vote intelligently on the bill?

Hon. Mr. HUSHION: No.

Hon. Mr. CALDER: I doubt very much if we have. If the farming organizations throughout this country wish to express themselves on this proposed amendment, are we going to give them an opportunity to do so, or are we simply going to pass the bill without knowing whether they are for it or against it? For that reason I think we should have some assurance from the sponsor of the bill that it will be referred to the appropriate standing committee, in order that these people may be heard.

Hon. Mr. BALLANTYNE: I suppose my honourable friend from Saltcoats (Hon. Mr. Calder) has noted that in another place a much more important bill than this, a bill very seriously affecting the whole of Canada, was dealt with in a few hours.

Hon. Mr. CAMPBELL: Honourable senators, I should like to add a word or two. I am sure no honourable senator would desire to force a vote on this bill if he felt that ample opportunity had not been given honourable members interested in the subject matter to get any information they required before speaking in support of or in opposition to the bill. This measure has been before the Senate for two weeks. It is similar in form to a statute which was repealed some years ago. There should be no difficulty in getting information from the Department of Agriculture with respect to the subject matter. If the bill were referred to one of our standing committees, I fear it would be extremely inconvenient to call all those who might be interested in the bill, though possibly representatives of the dairy industry would attend. It is apparent that there must be a termination to the debate on a piece of legislation of this nature. I repeat, that we have had ample opportunity of preparing ourselves to discuss the bill and to raise any questions in regard to it. With all due respect to those who have spoken in favour of adjournment of the debate, I submit that, as suggested, it is still possible to amend the bill in Committee of the Whole. I feel that all honourable members gathered here have more or less made up their minds as to the course they are going to take, and in my opinion we should proceed with the question.

Some Hon. SENATORS: Question!

Hon. Mr. VIEN: I rise to a point of order, honourable senators. When the order of the day was called and the leader on the other side said "Stand," that was tantamount to a motion for further adjournment of the debate. Such a motion is not debatable; so this discussion, though quite interesting, is entirely out of order.

Some Hon. SENATORS: Oh, oh!

The Hon. the SPEAKER: Honourable members, the order in question is: "Resuming the adjourned debate on the motion for the second reading of Bill G, an act to amend the Dairy Industry Act." It will be recalled that yesterday the honourable leader to my left (Hon. Mr. Haig) adjourned the debate. Today he has asked that the order stand. That is tantamount to a motion for the further adjournment of the debate. The matter is now in the hands of the house.

Those in favour of the motion for the adjournment of the debate will please say "Content."

Some Hon. SENATORS: Content.

The Hon. the SPEAKER: Those opposed will say "Not content."

Some Hon. SENATORS: Not content.

The Hon. the SPEAKER: In my opinion the Contents have it.

Some Hon. SENATORS: No.

Hon. Mr. MURDOCK: Let us have a standing vote.

The Hon. the SPEAKER: The Contents will please rise.

Hon. Mr. MURDOCK: Are you not going to call the names?

The Hon. the SPEAKER: Yes, if the honourable senator so desires.

Hon. Mr. HUGESSEN: Call in the members.

The Hon. the SPEAKER: The Non-contents will please rise.

The motion to adjourn the debate was agreed to: Contents 33; Non-contents 24.

CANADA DAY BILL

SECOND READING POSTPONED

On the order:

Second reading of Bill 8, an act respecting Canada Day.—(Hon. Senator Copp.)

Hon. Mr. COPP: Honourable senators, I do not quite understand why this bill appears on the order paper in my name. This is a private bill, and when such a bill goes from one house to the other the proper procedure is for the sponsor to ask a member in the other house to take charge of his bill. I have received no such request, and therefore I am not sponsoring this bill. In the meantime, however, I would ask that the order stand.

The Hon. the SPEAKER: Stands.

PRIVATE BILL

SECOND READING

Hon. NORMAN P. LAMBERT moved the second reading of Bill O2 an act to incorporate Canadian Acceptance Company.

He said: This is a bill to incorporate a company under the provisions of part 2 of the Small Loans Act, 1939. It conforms to the pattern set forth in that statute. The capital of the company is to be $250,000, divided into 2,500 shares of $100 each. The head office is to be in the city of Toronto.

In reality, the proposed company is to be a subsidiary of an old established company known as the Canadian Acceptance Corporation, which has been doing business throughout the dominion for the past twenty-five years. The present policy of the Department of Finance, administered by the Superintendent of Insurance, is to refrain from issuing licences to dominion companies, unless they are incorporated by special act, pursuant to the provisions of the Small Loans Act. Briefly, that is why the petitioners, who are also directors of the Canadian Acceptance Company, are now asking parliament to pass this bill incorporating the Canadian Acceptance Company.

The Superintendent of Insurance has approved the name of the company, and if the Senate sees fit to give second reading to the bill, he will appear before the Standing Committee on Banking and Commerce, as will also the sponsors of the bill and their solicitors.

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

REFERRED TO COMMITTEE

Hon. Mr. LAMBERT moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. T. A. CRERAR moved the second reading of bill P2, and Act respecting Rupert's Land Trading Company.

He said: Honourable senators, I wish to move the second reading of this bill, copies of which have been distributed.

Some Hon. SENATORS: Order!

Hon. Mr. CRERAR: Honourable senators, I understand that I have in some fashion gotten astride the rules of the house, and that the motion should be put by his Honour the Speaker before any explanatory remarks are made.

The Hon. the SPEAKER: It is moved by Honourable Senator Crerar that Bill P2, An Act respecting Rupert's Land Trading Company, be now read the second time.

Hon. Mr. CRERAR: Honourable senators, now that I am properly in order may I proceed with my remarks?

The Rupert's Land Trading Company was first incorporated by act of parliament in 1912, and in 1938 certain amendments were made to its charter. A further amendment to the charter is sought under this bill.

Hon. Mr. HAIG: Would the honourable gentleman tell us something about the history of the company and where it operates?

Hon. Mr. CRERAR: I understand that Rupert's Land Trading Company was the name under which Revillon Fréres traded in western Canada. Later the Hudson Bay Company acquired the charter and took over the business.

Briefly, the purpose of the amendments now sought is to enlarge the powers of the company dealing with its properties; in other words, to give it certain powers it would have enjoyed had it been incorporated under the Companies Act. Because the company was incorporated by a special statute, its powers are limited by the express provisions of that statute.

Honourable senators, after the bill has been read the second time, I shall move that it be referred to the committee on Banking and Commerce, where the sponsors will appear to give any further information that may be required.

Hon. Mr. LEGER: The original company was only permitted to deal in real estate for its own purposes. The bill appears to give it the right to deal in real estate generally, which, I suggest, is a material departure from the original act.

Hon. Mr. CRERAR: I think the point raised by the honourable senator is technically correct. The explanation is that the company might have some buildings at a trading site in the far north which under the act could be used only for its own purposes. As I understand it, the company now seeks power to dispose of such property if it sees fit.

I move the second reading of the bill.

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

REFERRED TO COMMITTEE

Hon. Mr. CRERAR moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PROCEDURE

The Hon. the SPEAKER: Honourable senators, some doubt appears to have arisen in the mind of the honourable senator from Churchill (Hon. Mr. Crerar) as to whether he should have spoken to the bill when he first rose in his place.

The Forms of Proceedings of the Senate provide that, the Clerk having read the Order, the senator in charge of the bill rises in his place and explains it, and moves the second reading. The Speaker then puts the question, after which the bill may be discussed in all its bearings.

NAVAL SERVICE BILL

SECOND READING

Hon. Mr. COPP moved the second reading of bill Q2, an Act to amend the Naval Service Act, 1944.

He said: Honourable senators, I move the second reading of this bill. I have asked the honourable senator from De Lorimier (Hon. Mr. Vien) to explain it.

Hon. THOMAS VIEN: Honourable senators, the note facing the text of the bill explains the whole purpose of the measure in a nutshell. Already, under provisions of the Militia Act, corps of army cadets have been established. This bill authorizes the formation of sea cadet corps.

For the past fifty years sea cadet corps have been sponsored by the Navy League of Canada. During the early days of the recent war the membership of these corps consisted of some 300,000 cadets, and in 1941 under authority of order-in-council P.C. 3655, the Department of National Defence for Naval Services assumed responsibility for the training of sea cadets and the operation of sea cadet summer camps. In 1942 permission was granted to designate the corps as the "Royal Canadian Sea Cadets."

The order-in-council of 1941 was passed under the authority of the War Measures Act and continued in effect under the authority of the National Emergency Transitional Powers Act. As the powers conferred by this later act will eventually lapse, it is now proposed to make permanent statutory provision for the Royal Canadian Sea Cadet Corps.

The present bill proposes to amend the Naval Service Act, Chapter 23 of the statutes of 1944 in two particulars, by inserting therein, as sections 28A and 28B, provisions for the formation, training, administration and pay of the Royal Canadian Sea Cadet Corps.

The present strength of the corps is 12,905 cadets, and the proposed strength is 15,000. The interest in the corps now shown by Canadians in all walks of life indicates that the desired enrolment will be achieved, and that in the future it will be maintained. The corps, which number approximately 100, are established in every provincial capital and in all the larger cities of the dominion, as well as in many smaller cities and towns. Training quarters for the majority of these corps are provided by the Navy League of Canada.

The training course of the Royal Canadian Sea Cadet Corps comprises such subjects as knots, boat-work, signalling and general seamanship, naval traditions and discipline, as well as other topics, both naval and otherwise, of interest to boys. The course is designed to acquaint the cadet with the customs, usages and significance of the merchant marine and the Royal Canadian Navy, to develop his sense of leadership and knowledge of his fellow Canadians, and to make of him a good potential citizen.

To enable the cadets to put into practice the knowledge they obtain during training, the Navy League of Canada provides at least one summer camp in each province. During the past year 14 camps were operated, at which some eight to ten thousand cadets received training in naval subjects, sailing and swimming.

At present the Navy League is responsible for providing the corps with training quarters and camps and, through the local branches and committees, with citizens to act as sea cadet officers. Training of the corps is under the supervision of the Naval Service. The local branches and committees attend to the general administration and to the organization necessary to create public interest in the corps. This method of operation has been in effect since 1941 with such outstanding success that it is proposed to continue it in the future.

I have much pleasure in seconding the motion for the second reading of this bill.

Hon. Mr. LEGER: Did the honourable gentleman say that it was proposed to enrol fifteen hundred cadets?

Hon. Mr. VIEN: Fifteen thousand.

Hon. Mr. LEGER: That is different. That number is not governed by any provision in the bill.

Hon. Mr. VIEN: The number of cadets to be enrolled will be specified in regulations issued by the minister. The bill provides that the minister may:

(a) authorize the formation of Royal Canadian Sea Cadet Corps to consist of boys who have attained the age of twelve years but who have not attained the age of nineteen years and who have voluntarily applied for membership in the Corps;

(b) authorize the Royal Canadian Sea Cadet Corps, or any portion thereof, or any members thereof to drill or train for such period of time during each year as he may direct.

28B (1) Royal Canadian Sea Cadet Corps shall be drilled, trained and administered in such manner and shall be furnished with arms, ammunition and equipment under such conditions and shall be subject to the authority and command of such officers as the Minister may direct, and the members and instructors thereof shall be entitled to accommodation, medical care and pay and allowances as may be prescribed by the Governor in Council.

(2) Royal Canadian Sea Cadet Corps shall not be liable to service in the Naval Forces in any emergency.

The information I have given the house is based on the scheme outlined by the department. Although it is proposed that the corps shall have a strength of 15,000 cadets, there is nothing to prevent the minister from deciding to increase the number to 25,000 or 30,000, for instance.

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

Hon. Mr. VIEN.

ROYAL CANADIAN AIR FORCE BILL

SECOND READING

Hon. Mr. COPP moved the second reading of Bill R2, an Act to amend the Royal Canadian Air Force Act.

He said: Honourable senators, the honourable gentleman from Toronto (Hon. Mr. Campbell) has kindly consented to explain this bill.

Hon. G. P. CAMPBELL: Honourable senators, this bill is in substance the same as the Naval Service Bill which has just been given second reading. An order in council of November, 1940, passed under the War Measures Act, provided for the formation and establishment of air cadet corps. The purpose of the bill is to amend the Air Force Act so as to make permanent statutory provision for these corps, which hereafter will be known as Royal Canadian Air Cadet Squadrons.

It may be of interest to honourable members to know something of the splendid work that has been done by the Air Cadet League of Canada. Under the authority of its charter, and working in close co-operation with the department, the League has established Air Cadet Units throughout the country. The maximum annual enrolment in the corps was about 30,000. The present strength is around 24,000, of whom approximately 20,000 will be eligible to continue as cadets under the statute.

The order in council of November 1940 was similar in wording to certain sections of the Militia Act under which for a number of years army cadet corps have operated. It gave the minister power to authorize school boys who have attained the age of 12 years but not the age of 15 years, to be formed into junior air cadet corps, and boys who have attained the age of 15 years but not the age of 19 years, to be formed into senior air cadet corps. In future there are to be no junior cadets. The bill provides:

15A. The Minister may

(a) authorize the formation of Royal Canadian Air Cadet Squadrons to consist of boys who have attained the age of fifteen years but who have not attained the age of nineteen years and who have voluntarily applied for membership in a Royal Canadian Air Cadet Squadron;

Boys between the ages of 12 and 15 are considered too immature for the type of training which the Royal Canadian Air Force proposes to give.

A basic over-all course of instruction in about fifteen subjects will be given to cadets in future. These subjects include frame construction, craftmanship, airmanship, basic

radio instruction, aircraft engines, aircraft recognition, leadership, hygiene and first aid, drill and physical training.

Honourable senators will, I think, appreciate the benefits that accrue to boys who participate in the activities of the air cadet squadrons—or of either of the two similar bodies, the army cadet corps and the sea cadet corps. These organizations are particularly active in the larger cities, and I believe the records show that the training given by them has brought about a substantial reduction in juvenile delinquency.

The department will continue to give effect to its plans for the training of air cadets through the Air Cadet League, which in turn will continue to work in close co-operation with schools, churches, and groups of public-spirited individuals.

The length of the course for air cadets has been tentatively fixed at three years. Instruction in the complete course of subjects, including those I mentioned, will be given at local headquarters of the squadrons, and also at summer camps at which the boys will be entitled to spend two weeks annually. It is expected that the number of hours of instruction per year at the local headquarters will be 86, and at the camps, 55, a total of 141 hours.

Enrolment in the air cadet squadrons will be on a voluntary basis. The proposed new section 15B (2) provides:

Royal Canadian Air Cadet Squadrons shall not be liable to service in the Royal Canadian Air Force in any emergency.

At the present time no actual flying training is being given to the cadets, but the plan is to make familiarization flights available to them a little later on.

I do not think I need say anything further. In brief, the purpose of the bill is to bring the Royal Canadian Air Force Act into line with the Militia Act, and so provide by statute for the setting up of air cadet squadrons to replace the air cadet corps authorized by order in council.

Hon. Mr. LEGER: Will the honourable gentleman explain section 2, which amends subsection 1 of section 16 of the act?

Hon. Mr. CAMPBELL: The Royal Canadian Air Force Act of 1940 is not altered in any way except by the addition of these sections. Section 16 of the present act is as follows:

(1) The Governor in Council may make regulations not inconsistent with the provisions of this act relating to

(a) the organization, discipline, training and good government of the air force.

The other paragraphs I need not quote. It is proposed to add as paragraph (f):

The organization, maintenance, training, administration and efficiency of Royal Canadian Air Cadet Squadrons and the pay and allowances of instructors and members thereof.

Hon. Mr. LEGER: Thank you.

Hon. JOHN T. HAIG: Honourable senators, I have some familiarity with the statute, for since 1941 I have had the honour of being president of the air cadet squadron of the Gordon Bell high school in Winnipeg. It is the largest air cadet squadron west of the Great Lakes, and contributed the greatest number of volunteers to the Royal Canadian Air Force. Our high schools are allowed to organize groups of air cadets, sea cadets, or army cadets, and to give them so many hours of training each day. That training is taken in lieu of other school work. We found that a number of boys in the Gordon Bell squadron who had been very backward in other subjects just seemed to find their forte in air cadet training. The work of the air cadets has been very satisfactory. The officers of the squadron are teachers of the school staff who have taken a course in air force work. The boys had to buy their own uniforms and all that sort of thing, and when they went to camp for two weeks some of them found it a little difficult to get the necessary equipment. However, through the generosity of the citizens of Winnipeg the money was provided. Without that assistance some of the boys could not have secured the full equipment. We are not trying to arouse a spirit of militarism in the boys. Every year in the last three years that they have been reviewed by the air force officers the cadets have demonstrated the excellent results flowing from their training. One particular benefit is the care devoted to their sight. Their eyes were examined thoroughly and in most cases defects were remedied. The squadron leader told me that many of the boys were cured of visual defects which, if neglected, might have become permanent.

About half a dozen of the boys could not pass, and therefore were not entitled to uniforms from the organization. The citizens of Winnipeg took the matter in hand and got the required uniforms. They were certainly well repaid, for there was a wonderful improvement in the work and conduct of those boys. Since 1937 nearly every boy from that air cadet class has joined the Royal Canadian Air Force. Many of them, I regret to say, never came back; others were awarded high honours. The principal of the school, himself a keen airman, encouraged the boys to carry on the great traditions of the Royal Canadian Air Force.

There is one thing I should like to bring to the attention of the minister and his officials: the necessity of helping out air cadet classes in school districts that cannot afford some of the expenditures demanded by the department. Cities like Winnipeg, Toronto, Montreal and Vancouver can bear this expense. In the smaller towns where there are a sufficient number of high school boys it would be well worth while for the department to encourage the formation and training of air cadet squadrons. Our boys take to the air force more readily than to the other branches of the armed services. True, Winnipeg contributed a lot of volunteers for the naval service and for the army, but in the high schools the air force had an appeal that neither of the other services could offset. I heartily support the bill.

Hon. W. A. BUCHANAN: Honourable senators, I had not intended to take part in this discussion, but since the honourable leader opposite (Hon. Mr. Haig) has paid tribute to the air cadets of Winnipeg and their contribution to Canada's war effort, I should like to enlighten the house on the record of our men from the prairie provinces who joined the Canadian Navy. Probably I should have made my remarks when the bill to amend the Naval Service Act was under consideration. I have found in eastern Canada astonishment at the number of men from western Canada who enlisted in our navy—men who never saw any craft much larger than a rowboat until they moved to the Atlantic and Pacific coasts. Many of the men who gave up their lives in defence of Canada began their naval training in the sea cadet organizations, just as those who enlisted in the air force began as air cadets.

The honourable senator from Toronto (Hon. Mr. Campbell) has mentioned the importance of cadet training in overcoming juvenile delinquency, and I think this fact should be very strongly stressed. Some people criticize cadet training on the ground that it tends to promote a spirit of militarism. I do not think so; rather, the training arouses in young men a desire to improve their physique, to become better citizens, and to rally to the defence of their country should danger threaten. I am very happy to endorse the remarks of the honourable leader opposite in connection with this movement.

The motion was agreed to and the bill was read the second time.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, April 12, 1946.

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

Prayers and routine proceedings.

BUSINESS OF THE SENATE

EASTER RECESS

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Before the orders of the day are called, I should like to make a brief statement with respect to the Easter adjournment. Honourable senators will recall that some time ago I suggested that, unless some unforeseen situation developed, I would move that when the Senate adjourns today it stand adjourned until Tuesday, April 30, at 8 o'clock in the evening. As far as I can ascertain there are no matters pending which will suffer by reason of such an adjournment.

Hon. WILLIAM DUFF: Honourable senators, if there is no urgent business before the house, could not the adjournment be extended to May 7? Such an extension would give honourable senators a better opportunity to go home and look after their private business.

Some Hon. SENATORS: No, no.

Hon. Mr. ROBERTSON: I should like to accommodate any honourable senator in the matter of adjournment, but I am sure that by April 30 there will be a considerable accumulation of business to come before the house. I have asked honourable senators who have motions on the order paper to let them stand, and it is my feeling that we should reassemble not later than the date I have indicated. Most honourable senators have made their arrangements on that basis.

NAVAL SERVICE BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill Q2, an Act to amend the Naval Service Act, 1944.

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

ROYAL CANADIAN AIR FORCE BILL

THIRD READING

Hon. Mr. ROBERTSON moved third reading of Bill R2, an Act to amend the Royal Canadian Air Force Act.

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

The Senate adjourned until Tuesday, April 30, at 8 p.m.

THE SENATE

Tuesday, April 30, 1946.

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

Prayers and routine proceedings.

THE RIGHT HONOURABLE THE EARL OF ATHLONE

REPLY TO FAREWELL ADDRESS OF BOTH HOUSES OF PARLIAMENT

The Hon. the SPEAKER: Honourable senators, I have the honour to inform you that the following communication has been received from the Right Honourable the Earl of Athlone in reply to the Address of Farewell presented to him by both Houses of Parliament.

Honourable Members of the Senate,

Members of the House of Commons,

I thank you most sincerely for the kind Address of Farewell which you have presented to me on the occasion of my approaching retirement as Governor-General of the Dominion of Canada.

It is with feelings of regret that I am concluding my official relationship as the representative of His Majesty the King in this country. It has been an honour and a great privilege to have served as Governor General during the most eventful and calamitous years in the history of our time. The period of the war was fraught with innumerable difficulties many of which appeared at the time to be insurmountable. But Parliament and the Canadian people, by their unselfish and untiring devotion to the cause of freedom, played a major part in the victorious struggle of the United Nations against the implacable enemies of democracy.

My numerous tours of this vast country have enabled me to see almost every section of Canada.

I have been a witness of the efficiency, perseverance and courage displayed by the men and women of Canada, whether they served in the armed forces or were engaged in factories or in one of the numerous societies which performed such miracles of organization and effectiveness. This ready response to the call of duty was an evidence of the loyalty of the Canadian people to His Majesty the King and to the British commonwealth of nations, of which Canada is so important a part.

I am very pleased to record that my relations with the members of both houses have been of the happiest.

I shall not fail, on my return to England, to convey to Their Majesties and King and Queen the loyal sentiments so admirably expressed in your address. It will be my pleasure also to convey to Queen Mary your kind remembrances. Her Majesty the Queen Mother has the warmest interest in the people of this country.

I join with you in expressing the hope that Their Royal Highnesses the Princess Elizabeth and the Princess Margaret may pay a visit to Canada in the near future.

On behalf of Princess Alice I wish to convey to you Her Royal Highness' appreciation for the very kind references you have made to her in your address. These have touched us both very deeply.

We shall never forget what Canada has contributed during the past six difficult and testing years. She earned the admiration and true gratitude of all free peoples for her magnificent and munificent contribution to the victorious prosecution of the war and to the welfare and rehabilitation of the suffering peoples of the world.

In bidding you farewell, Princess Alice and I wish to assure you of our deep and abiding affection and at the same time to express our complete confidence in the continued prosperity of Canada and the maintenance of her proud position as the senior dominion of the British commonwealth of nations.

THE RIGHT HONOURABLE VISCOUNT ALEXANDER—INAUGURATION AS GOVERNOR GENERAL

MOTION TO INCORPORATE ADDRESSES IN THE SENATE DEBATES

Hon. WISHART McL. ROBERTSON: Honourable members, with leave of the Senate, I desire to move:

That the speech of His Excellency the Right Honourable Viscount Alexander of Tunis, G.C.B., Governor General of Canada, together with the Address of Welcome read by the Prime Minister in the Senate Chamber on Friday, 12th April, 1946, be printed as an appendix to the Official Report of the Debates of the Senate and form part of the permanent records of this Parliament.

Hon. JOHN T. HAIG: Honourable senators, I am glad to second the motion. Those of us who had the honour and pleasure of being here on Friday, the 12th of April, were delighted with the address of the Prime Minister in welcoming to Canada our new Governor General, and we were equally delighted with the reply of His Excellency. Very seldom, if ever, has Canada been honoured by having, as His Majesty's representative here, one who in a great war has proved himself to be an outstanding General of not only the nations of the British Commonwealth

but the nations of the world. I am sure that from one end of the dominion to the other our people appreciate the appointment of His Excellency to this high office.

Some Hon. SENATORS: Hear, hear.

The motion was agreed to.

(See Appendix at end of today's report.)

PRIVATE BILL

FIRST READING

Hon. Mr. WHITE presented Bill S2, an Act to incorporate the Executive Board of the Church of the Nazarene.

The bill was read the first time.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. HAIG presented the following bills, which were read the first time.

Bill T-2, an Act for the relief of Ruby Rosina Burnett Walters.

Bill U-2, an Act for the relief of Winnifred Violet Unsworth Thomas.

Bill V-2, an Act for the relief of Helen Louisa Willcox Reid.

Bill W-2, an Act for the relief of Richard Carter Eaton.

Bill X-2, an Act for the relief of Annie Coyle Frances.

Bill Y-2, an Act for the relief of Beatrice Irene Moore Hawes.

Bill Z-2, an Act for the relief of Laura Lillian Butler May.

Bill A-3, an Act for the relief of Gladys Ethel Standring Weldon.

Bill B-3, an Act for the relief of Elizabeth Maude Foy Gage.

Bill C-3, an Act for the relief of George Burley Beresford.

Bill D-3, an Act for the relief of Isabella Eleonora Cantlie Angus.

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

Hon. Mr. HAIG: Next sitting.

THE MEMORIAL CUP

CONGRATULATIONS TO WINNERS

On the Orders of the Day:

Hon. Mr. HAIG: Honourable senators, before the Orders of the Day are called, I should like to draw the attention of this house to a very important event which occurred in this part of the country during the past two weeks. A little village out west by the name of Winnipeg—

Some Hon. SENATORS: Oh, oh!

Hon. Mr. HAIG: —sent a hockey team down to Ontario and won the Memorial Cup.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: The boys on the team were not professional players; I know the fathers and mothers of every one of them. As five of these young men were writing university examinations, they had to study in the daytime and play their hockey at night. I am sure they will do as well in their examinations as they did in hockey. Honourable senators from Ontario will no doubt appreciate hearing about this event.

Hon. Mr. EULER: We know about it.

Hon. Mr. HAIG: Honourable senators from Toronto will be especially pleased to hear about it.

Hon. Mr. HUGESSEN: Page Colonel Drew!

Hon. Mr. HAIG: We of the west are particularly proud of our hockey teams, because Regina won the Allan Cup.

Hon. Mr. EULER: What about the football championship last fall?

Hon. Mr. HAIG: I am not able to remember back that far.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. SINCLAIR: The honourable senator from Winnipeg has said that Regina won the Allan Cup. I think he means Calgary.

Hon. Mr. HAIG: Yes, I meant to say that. The Calgary Stampeders won the Allan Cup.

At the conclusion of the Memorial Cup competition in Toronto, members of the losing team complimented the boys from Winnipeg. Such a demonstration of good sportsmanship after an exciting series of games shows that we need have no fear for the future of Canada. I was very proud of the Winnipeg boys for winning the series, but I was almost as proud of the boys from Toronto who came forward and showed their good sportsmanship on that occasion.

Hon. Mr. VIEN: Honourable senators, I think that we should all rejoice with the honourable leader opposite (Hon. Mr. Haig) about the success of the Winnipeg hockey team. I know that his youthful outlook would not permit him to let an event of this kind pass unnoticed. I should like to point out, however, that it might be inexpedient for honourable senators to refer in this house to hockey games and their results. Some honourable senators might have occasion to rise and refer to the success of Les Can-

adiens of Montreal. Many items concerning local and provincial organizations appear in the daily newspapers and are worthy of note, but they are scarcely of such a nature as to justify reference to them in this house. This being so, the practice of indulging in such references would seem to be inadvisable.

Hon. Mr. DUFF: Why not pass a resolution about basketball?

CANADA DAY BILL

SECOND READING POSTPONED

On the Order:

Second Reading of Bill 8, an Act respecting Canada Day.—(Hon. Mr. Foster.)

Hon. Mr. ROBERTSON: Honourable senators, in asking that this order be allowed to stand, I wish to explain to the house a chain of circumstances for which I was partly responsible.

This bill, which is not a government bill, but a private member's bill, originating in the other place, came to this chamber during my absence. It was placed on the Order Paper in the name of the honourable senator from Westmorland (Hon. Mr. Copp) without his consent. Upon my return to Ottawa I was inadvertently led to understand that the honourable senator from Saint John (Hon. Mr. Foster) was sponsoring the bill, and I so informed the Clerk. When the honourable senator from Saint John drew my attention to the error I informed him that at the first opportunity I would explain the situation and state that this was not so.

The proper procedure for the mover of a private member's bill in the other house is to secure a sponsor in this house. In this instance this was not done. Today, when the mover of the bill spoke to me about the matter, I assured him that personally I did not wish to see the bill dropped from our Order Paper on a technicality; therefore, I suggest to this house that the order be allowed to stand in my name for a reasonable length of time to enable the mover in the other place to secure a sponsor—I repeat, for a reasonable length of time.

Hon. WILLIAM DUFF: Honourable senators, I am sure we appreciate the explanation given by the leader of the government, but I submit that before bills appear on the Order Paper of this house they should comply with the proper formula. This bill should never have appeared on our Order Paper until someone here was ready to sponsor it, and the only way to deal with it now is to remove it from the Order Paper until some honourable member is willing to assume responsibility for it. A mistake was made in putting the bill in the name of my good friend from Westmorland (Hon. Mr. Copp), and the honourable senator from Saint John (Hon. Mr. Foster) says he did not sponsor it.

I therefore move that the order for the second reading of this bill should be discharged from the Order Paper until such time as some honourable member is willing to sponsor the bill.

Hon. THOMAS VIEN: Honourable senators, when a bill introduced in the other house has been passed there, the Clerk of that house brings the bill to the Senate with a message requesting our concurrence. I agree with the honourable gentleman from Lunenburg (Hon. Mr. Duff) that before a House of Commons bill is given first reading here it should be sponsored by an honourable senator, and there should be a motion, seconded by another honourable senator. However, over a period of years there has grown up a practice that when a Commons bill is presented to the Senate it is, as a matter of course, read for the first time on the assumed motion of the leader of the government. Therefore if, as in this case, the leader of the government is not ready to sponsor such a bill, I think it should be shown on our Order Paper simply as having come from the House of Commons with a request for our concurrence, and it should not be advanced beyond that stage until a motion has been made and seconded.

Hon. Mr. HARDY: If I understand the honourable senator correctly, this bill should not be on the Order Paper at all.

Hon. Mr. VIEN: It should appear on the Order Paper as standing for first reading.

Hon. Mr. HAYDEN: It has had first reading.

The Hon. the SPEAKER: This bill has had first reading. When a Commons bill comes to this chamber with a message stating that the bill has been passed by the House of Commons, and requesting the concurrence of the Senate, the Clerk reads the title of the bill and says, "This bill has been read the first time." The bill under discussion has already been dealt with in that way and has been read the first time. The honourable leader of the government (Hon. Mr. Robertson) now suggests that the bill be allowed to remain on the Order Paper in his name, for a reasonable time, in order that some honourable senator may sponsor it and move a motion for second reading, which would have to be seconded.

Hon. Mr. HARDY: I wish to second the motion of the honourable gentleman from Lunenburg (Hon. Mr. Duff).

Hon. Mr. DUFF: Honourable senators, may I say another word? The fact that this bill was given first reading—I presume with the name of an honourable senator mentioned as sponsor—

Some Hon. SENATORS: No.

Hon. Mr. DUFF: —does not alter the fact that the honourable gentleman who was first named as sponsor (Hon. Mr. Copp) repudiated it and said he had not sponsored it on first reading. Now the honourable senator who is shown as sponsor for the second reading stage (Hon. Mr. Foster) also repudiates the measure. I therefore move that the bill be removed from the Order Paper and placed in the hands of the Clerk until an honourable senator sponsors it. Notwithstanding what was said by the honourable senator from De Lorimier (Hon Mr. Vien), a former Speaker of the Senate, I submit that the bill should have remained in the hands of the Clerk until it was sponsored.

Hon. J. A. LESAGE: Honourable senators, it seems to me that the suggestion of the honourable leader of the government (Hon. Mr. Robertson) that the bill remain on the order paper until such time as the sponsor in the other house has been able to find a sponsor here, is a good one; and if that suggestion was made in the form of a motion I desire to second it.

Hon. J. W. de B. FARRIS: Honourable senators, this bill having been adopted by a large majority of members of the other house after considerable debate, and having been discussed in the newspapers and among the people throughout Canada, I believe it would be most unfortunate if it were now dropped from our Order Paper, even temporarily, on a technicality. Personally I look forward to having an opportunity to really get after the bill. I am sure many other senators are not in sympathy with this bill at all.

Some Hon. SENATORS: Hear hear.

Hon. Mr. FARRIS: I think that many people in Canada are under a misapprehension as to the effect and purpose of the bill and its other features. That at least is what I gather after having discussed the measure since it came up in another place. When I first read in the papers that the bill had been passed there I took the liberty of wiring to the honourable leader in the Senate (Hon. Mr. Robertson) to say that I thought it should be deferred here until the people of Canada had an opportunity to consider it, by which time we could get the benefit of some public opinion. I did not say that I should like to have it deferred until I could get here and make a speech about it.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. FARRIS: Perhaps I had that in my mind too. Anyway, within an hour I had from my honourable friend an assurance that the bill would not be considered in the Senate until after the Easter vacation. The situation as it now exists seems to me a simple one. The bill has been given first reading, whether under a misapprehension or not. That is a fait accompli. So far no one has sponsored the bill, and in these circumstances the honourable leader has taken it off the doorstep and said he is willing to have it stand in his name for a while. It seems to me that is the sensible thing to do. In due course an honourable senator will be found to sponsor it, and then we can have a full discussion in this house on a matter of some considerable importance.

Hon. JOHN T. HAIG: Honourable senators, this occasion may present an opportunity for us to do something about revising the practice with respect to the first readings of bills that come to us from the other house. It might be better to have such bills shown on the Order Paper simply as first readings, without the name of anyone being given as sponsor until after the motion for second reading has been made. That would get over any difficulty of the kind referred to by the honourable gentleman from Lunenburg (Hon. Mr. Duff).

I want to support what has been said by the honourable gentleman from Vancouver South (Hon. Mr. Farris). I think it would be a bad mistake to refuse, on any technical ground, to have this bill fully discussed in the Senate. A good many honourable members in the other house voted for the bill, rightly or wrongly. To be quite candid, I feel that if they had had time to think it over the bill might never have been introduced. That is all the more reason why I want to have ample opportunity for its consideration here. I dislike being opposed to my honourable friend from Lunenburg (Hon. Mr. Duff), but I believe that when he considers the matter more fully he will take the same position that I am taking. I associate myself with those who say that this bill should not be dropped because of any technicality. Let the honourable gentleman who sponsored it in the other house get some one to sponsor it here. I pray that he may

get a sponsor who will make a good speech in justification of the bill, by way of opening up a full discussion.

Hon. J. J. BENCH: Honourable senators, the comments just made by the honourable gentleman from Vancouver South (Hon. Mr. Farris) and the honourable leader opposite (Hon. Mr. Haig) remind me of some stories now coming out of Europe with reference to captured persons who are accused of war crimes. The reports say that they will most certainly be given a fair trial, and also that they will most certainly be shot. There being reasonably good ground for assuming that this bill is likely to be treated in a similar manner, I am in accord with the suggestion made by the honourable gentleman from Vancouver South.

Hon. Mr. DUFF: Honourable members, perhaps I may be allowed to speak again on this matter. I have heard with a great deal of pleasure what the honourable senator from Vancouver (Hon. Mr. Farris) has said, but I would point out that under the rules of this house any bill received from the other house must bear the name of a sponsor before it appears on our Order Paper. I do not know how this bill ever appeared on the Order Paper, for evidently nobody is willing to be either its putative or its real father.

Hon. Mr. LESAGE: That is not the point under discussion now. We are considering the suggestion of the leader of the house in regard to the disposition of the bill.

Hon. Mr. DUFF: If my honourable friend wants to make a speech he can do so after I have finished. I submit that the rules of this house should be observed. I may say that I am anxious to speak on this bill—perhaps more anxious than my honourable friend from Vancouver. I have had a speech ready now for over a fortnight.

Some Hon. SENATORS: Good!

Hon. Mr. DUFF: Yes; and if any member is willing to sponsor the bill, either as its putative father or as its father in the background, it is all right by me. When someone is prepared to sponsor the bill, I shall endeavour to show that there is no necessity for the proposed change and that Dominion Day is good enough for all of us. Until then the bill should be laid on the Clerk's table.

Hon. Mr. LACASSE: I move the second reading of the bill.

Hon. Mr. BOUCHARD: I second the motion.

The Hon. the SPEAKER: Has the honourable senator from Essex (Hon. Mr. Lacasse) made a formal motion?

Hon. Mr. LACASSE: Mr. Speaker, I have tried to move the Senate out of a difficulty. Two things in connection with this bill are not altogether clear to my mind. First, I am wondering how the bill came to be placed in the names of the two honourable gentlemen who have turned it down. There is something rather peculiar about that. May I ask what channel the bill followed in reaching those honourable senators who have closed their door against it?

Hon. Mr. EULER: I rise to a point of order. I do not wish to interrupt my honourable friend from Essex, but I would remind him of the motion submitted by the honourable senator from Lunenberg (Hon. Mr. Duff) and seconded by the honourable senator from Leeds (Hon. Mr. Hardy), and that there cannot be two motions before the house simultaneously; either one or the other must be declared out of order.

The Hon. the SPEAKER: It has been moved by the honourable senator from Lunenburg and seconded by the honourable senator from Leeds, that the bill be discharged from the Order Paper. In the interval the honourable senator from Essex has moved the second reading of the bill. This, I assume meets the objection of the honourable senator from Lunenberg. Is it his purpose to withdraw his motion?

Hon. Mr. DUFF: Mr. Speaker, I am anxious that somebody should sponsor the bill, because, as I said to my honourable friend from Vancouver, I want to make a speech on it—a speech that I have had ready for the last two or three weeks. In my humble capacity as an ordinary layman I am trying to point out that this bill never should have appeared on the Order Paper until such time as some honourable senator had sponsored it. Until that time the Clerk should have kept the bill on his table. Therefore, I submit again that the bill should be discharged tonight. Tomorrow, if my honourable friend here (Hon. Mr. Lacasse) desires to sponsor the bill, I shall be delighted, for it will give me an opportunity to state my very strong objection to the proposal to change the name of our time-honoured Dominion Day to Canada Day.

Hon. Mr. SINCLAIR: I should like to correct a statement made by my honourable friend from Lunenburg (Hon. Mr. Duff) to the effect that a bill must have a sponsor when it comes to this house. When a bill

comes from the other place to the Senate it is called by the Speaker and read the first time by the Clerk. It is not necessary to have a sponsor until it comes up for second reading.

Hon. Mr. MURDOCK: Honourable senators, surely, as requested by the honourable leader of this house, this order can be allowed to stand.

Hon. Mr. FOSTER: Honourable members of the Senate, this orphan must be looked after. With a motion before the house my remarks may be out of order, but it seems to me that the bill having passed the other house by a substantial majority, should have consideration in the proper way before this honourable body.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FOSTER: The bill at present stands in my name, and if the mover of the motion now before the house will withdraw his motion I will move that the order be discharged and be placed on the Order Paper for consideration on Thursday next. In order to bring it properly and decently before this house I will undertake to move second reading at that time.

Hon. Mr. DUFF: That is quite satisfactory to me.

The Hon. the SPEAKER: The situation would be clarified if the motion now before the house were withdrawn and we followed the procedure suggested by the honourable senator from Saint John.

Hon. Mr. DUFF: In view of what has been said by the honourable senator from Saint John, I am quite content that the order be withdrawn and be placed on the Order Paper for consideration on Thursday next. I am willing also to withdraw my motion. My point is that the bill should never have been on the order paper.

Hon. Mr. EULER: Why should it be discharged? If the honourable senator who is described as the sponsor of the bill does not wish to proceed with it tonight, why not let it stand?

Hon. Mr. FOSTER: Notwithstanding what my honourable friend has said, if the motion now before the house is withdrawn I have a perfect right to move that the order be discharged and be placed on the order paper for Thursday next.

The Hon. the SPEAKER: Stand.

The order stands.

CANADA'S METALLIFEROUS MINES

DEBATE POSTPONED

On the Order:

Resuming the adjourned debate on the motion of the Honourable Senator McRae, that the Standing Committee on Natural Resources be instructed to examine into the economic value of metalliferous mines in Canada and report to the House its findings, and to that end have power to call and examine witnesses and keep a record of its proceedings.

Hon. Mr. SINCLAIR: Honourable senators, when I moved the adjournment of this debate before the Easter recess it was not with the intention of speaking to the motion, but rather in view of the following remarks made by the honourable leader of the government on the 4th of April:

In my official capacity, however, I would request the honourable senators to defer final action on their motions until after the Easter recess.

The honourable leader said further as follows:

As honourable senators probably know, after the Senate adjourns tomorrow I shall be absent from the city until the 12th instant, when I shall return to this chamber for the swearing in of the Governor General-elect. So before we adjourn next week I should like to ascertain from the chairmen of the various committees what demands, as far as they can reasonably be anticipated, will be made upon our clerical and stenographic services, in order that we may consider the timing of all this work and make the necessary arrangements for handling it as expeditiously and efficiently as possible.

With those remarks in mind I moved the adjournment of the debate. In view of the fact that the honourable leader has called a meeting of the chairmen of the standing committees of the Senate for tomorrow morning at 10.30 o'clock, I would ask that the motion stand until the next sitting of the house, when it can be properly considered.

The order stands.

DOMINION-PROVINCIAL CONFERENCE

Hon. Mr. ROBERTSON: Honourable senators, in order to accommodate a further sitting of the Dominion-Provincial Conference I should like to move that when this house adjourns it stand adjourned until tomorrow evening at 8.30 p.m.

The motion was agreed to.

The Senate adjourned until tomorrow at 8.30 p.m.

APPENDIX

INSTALLATION

OF

HIS EXCELLENCY FIELD MARSHAL THE RIGHT HONOURABLE VISCOUNT ALEXANDER OF TUNIS,

G.C.B., G.C.M.G., C.S.I., D.S.O., M.C., LL.D., A.D.C., GOVERNOR GENERAL OF CANADA

ADDRESS OF WELCOME TO HIS EXCELLENCY THE GOVERNOR GENERAL BY THE PRIME MINISTER OF CANADA

Right Hon. W. L. MACKENZIE KING: It was with great pleasure and no small measure of pride that the people of Canada learned some months ago that the King had appointed Your Excellency to succeed the Earl of Athlone as His Majesty's representative in Canada.

We were all delighted at the word of your safe arrival at Halifax. We rejoice at your presence today in Canada's capital.

On behalf of the government and the people of Canada, I have the honour to extend to you and Lady Alexander the warmest of welcomes to our country. We in Canada have sought to make the family and the home the foundation of our national life. In Your Excellencies and your children, we recognize and welcome a happy family.

As Prime Minister it is my privilege to express to Your Excellency the satisfaction felt by members of the government, and by all Canadians that you have now entered upon the duties of your high office.

In welcoming Your Excellencies to Canada, we are reminded of the visit some years ago of the King and Queen. The fortitude and steadfastness displayed by Their Majesties throughout the long and cruel years of war are also much in our thoughts at this time. We should like our first word to Your Excellency to be one of assurance of Canada's fidelity to the crown, and of the devotion and affection of the Canadian people for Their Majesties.

We welcome you to Canada with especial warmth because of your close association with Canada's armed forces, as Commander-in-Chief of the Allied Armies in Italy, and, later, as Supreme Allied Commander in the Mediterranean. The Canadian veterans who served in the Mediterranean theatres, on land, at sea or in the air, are eagerly awaiting the opportunity to express anew the respect and affection you inspired in them.

It is our hope that, during your sojourn in Canada, Your Excellencies may have many opportunities to visit all parts of our country. You will find, wherever you go, a welcome in the homes, and a place in the hearts, of the Canadian people.

We are all proud to recognize in Your Excellency one of the great military leaders in world history.

It is of interest to recall today that in the war of 1914-18 you gave early signs of the military genius and leadership which in the recent world war you displayed in such exceptional measure. The power to anticipate developments and the capacity to inspire confidence have been outstanding characteristics of your career.

The free nations have reason to be grateful for the manner in which, in the years between the wars, you devoted yourself to preparation and training for high responsibilities. In those years you acquired a wide command of languages and extensive first-hand knowledge of geography. Your varied experiences contributed to that generous understanding of men which enabled you to lead, in the greatest harmony, the forces of many nations. This achievement in itself inspired new hope in the hearts of men and women of many lands.

It has been well said that your career touched both the depths and the peaks of the war. In the chances and changes of war, you have been neither discouraged by defeat nor unduly elated by victory. We recall your resourcefulness and gallantry on the beaches of Dunkirk; your part in rebuilding the British army in the dark days of 1940; the stubborn

rearguard action you fought in the jungles of Burma; the calm courage with which, at a moment when Egypt seemed all but lost, you assumed command in the Middle East. From that moment, from El Alamein to Tunis, from Sicily to the Alps, the forces you organized and directed moved forward, steadily and relentlessly, to final victory. Your success in welding together the fighting forces of many nations is evidence of the highest qualities of statesmanship.

During the years of war, Your Excellency commanded the confidence of armies of many nations. As a trusted servant of the crown, you also enjoyed, in full measure, the confidence of their parliaments. That confidence was shared by none more than by the parliament and people of Canada. It is with equal confidence that, today, members of both houses of parliament welcome Your Excellency in your new capacity as the representative, in Canada, of His Majesty, the King.

ADDRESS OF HIS EXCELLENCY THE GOVERNOR GENERAL

HIS EXCELLENCY: I am deeply touched by the warm welcome which you have extended to me and my wife on our arrival in Canada, and I thank you also for the generous tribute which you have paid to me personally.

In honouring me by this splendid welcome, Canada, upholding the traditions of two great races, has shown her feelings of loyalty and devotion to our King, whose personal representative I have the honour to be, and it will be my duty and pleasure to convey to His Majesty your sentiments of atttachment to him and his Throne.

It is very moving and inspiring to witness, as I have in two world wars, the way the members of our empire family have rallied together in the cause of freedom. And of all the peoples of the British commonwealth, none have played their part more nobly or given more generously than Canada.

Your contribution to the common effort has been both remarkable and outstanding—worthy of your great position in the world, and typical of the great heart of your people. You have sent the riches of Canada in the form of vast quantities of food and material of all sorts and huge sums of money, and above all you have sent in no small measure your richest asset —your men and women.

During the fighting days it was my privilege to have under my command your magnificent soldiers, sailors and airmen, who took such a distinguished part in our victories in the Mediterranean. Canadian troops were in the van during the capture of Sicily, when the first breach was made in the nazi-held Fortress of Europe. Canadian troops broke the Hitler line at Ponte Corvo, where, as the spearhead of the 8th Army, they opened the way to the capture of Rome, and Canadian troops were again in the forefront of the battle when that great defensive position in the Appenines known as the Gothic line, the last German fortress covering the valley of the Po was pierced at Rimini on the Adriatic coast.

It was not only a sad occasion for me, but a grievous loss to my armies, when this great Canadian Corps was transferred from Italy to the western front, where they went to join their own countrymen, there to gain fresh laurels for Canadian arms in the last great battles of the war, which led to the collapse of the nazis in Europe.

Canada may well be proud of her sons and of the magnificent part they have played in final victory.

Can you doubt, then, that I and my wife are proud and happy to come here with our children, to make our home and to live amongst you?

Mr. Prime Minister, in your address of welcome to us, you used a phrase which strikes a very responsive chord in my own heart, when you said that you in Canada have sought to make the family and home the foundation of your national life. I believe as you do that the family and home are the very basis of a healthy, happy and prosperous people.

You have a grand country, but it has been made by the character of its people, who are blessed with enterprise, initiative, imagination and energy—four great qualities which make for success.

To-day we find the world restless and disorganized by six years of war, and consequently we face many grave and difficult problems. This, I think, is inevitable when we consider the magnitude of the struggle we have all been through, so we must not be unduly discouraged. I am convinced that we can surmount all our difficulties as successfully as we did in the fighting days, provided we stand firm in upholding those principles we have fought for and tackle the future with sober optimism and energy.

Although I have now said "Farewell to Arms", this does not mean rest and relaxation; on the contrary, there is lots of splendid constructive work to be done, and it will be my aim and privilege to devote myself wholeheartedly to the duties of my office, which will allow me to watch with sympathy and interest the progress, happiness and growing prosperity of the Canadian people, who have earned for themselves, by their own endeavours, the great position they hold in the world to-day.

THE SENATE

Wednesday, May 1, 1946

The Senate met at 8.30 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PUBLIC BUILDINGS AND GROUNDS

MOTION

Hon. CAIRINE R. WILSON moved:

That the Standing Committee on Public Buildings and Grounds be empowered to inquire into and report upon the work of the Federal District Commission in so far as it relates to the maintenance of grounds adjacent to government owned buildings.

The motion was agreed to.

PRIVATE BILLS

REFUND OF FEES

Hon. CAIRINE R. WILSON moved:

That the parliamentary fees paid on the Bill (H), intituled: "An Act to amend the Act incorporating The National Council of Women of Canada," be refunded to The National Council of Women of Canada, less printing and translation costs.

The motion was agreed to.

DAIRY INDUSTRY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, April 10, the adjourned debate on the motion of Hon. Mr. Euler for the second reading of Bill G, an Act to amend the Dairy Industry Act.

Hon. JOHN T. HAIG: Honourable members, in rising to continue this debate, I cannot forget that I ought to be on the side of butter.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: And there are a number of members sitting very close to me on this side who are in a similar position. If it had not been that butter was produced in this country, especially in the province of Quebec, I do not think we would have become members of this chamber as soon as we did—though we might have eventually.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: Therefore I feel it would be very ungrateful on my part to the ingredient that helped my entrance to this chamber if I did not support the dairy farmers of Canada.

This is a somewhat difficult subject to deal with because it involves the frequent citation of statistics, and I am desirous of discussing it in a manner which will be of interest to my fellow-members. Fundamentally the issue to be decided is whether the present demand for butter will be satisfied by the substitution of oleomargarine.

An Hon. SENATOR: That is right.

Hon. Mr. HAIG: If you decide "Yes, it will," then you will immediately be confronted with the question "How am I going to get hold of margarine?"

My purpose in adjourning this debate was that I might consult the authorities and present to the house a few facts about this important industry. The value of its production in 1943 was about $400,000,000. Seventeen per cent of the employed people of Canada are engaged in its various branches. In 1945 there were more milch cows in this country than ever before, and the wealth produced by the industry was the greatest in its history. If anyone doubts these figures, I would refer him to the dairy statistics of Canada for 1944 and 1945, issued by the Bureau of Statistics. Let me quote a further figure: the milk produced in Canada last year amounted to 17,620,000,000 pounds—the greatest production on record.

With those facts before me I took the liberty of asking the National Dairy Council for some further facts. The president of the organization is a citizen of my province; I know him personally. I should like now to read the secretary's letter enclosing the information I asked for. It is as follows:

Following your recent request to Mr. Robert C. Smellie, President of our Council, I have been instructed to send you the enclosed memorandum for your information and use in connection with the debate in the Senate of Canada relating to Bill G, an act to amend the Dairy Industry Act. It will be noted that the memorandum is submitted jointly by the Dairy Farmers of Canada, a national organization representing milk producers, and The National Dairy Council of Canada, a national organization representing over five hundred manufacturers, processors and distributors of dairy products, located in all provinces, and eighteen dairy associations. These organizations represent every phase and branch of the Canadian dairy industry.

In the belief that you might find the statistical information contained therein of assistance, we enclose a copy of "Dairy Statistics of Canada, 1944," published by the Dominion Bureau of Statistics. We also enclose a copy of two publications of the National Dairy Council of Canada, "From Tiny Drops" and "Your Dairy Industry."

The factual information contained therein is based upon data supplied by the Dominion Bureau of Statistics.

Trusting that you will find the material of value to you and thanking you for your interest and co-operation, we remain,

Yours respectfully,

W. K. St. John,
Executive Secretary.

It is not my intention to weary the house by reading all the material I have, but I do wish to refer to some portions of it. The memorandum referred to is dated April 30, 1946, and reads as follows:

This is a subject which should be considered from a long term as well as a short term point of view. Any hasty action, inspired by "wishful thinking" to the effect that merely by amending a statute we should all have a plentiful spread for our bread would end in disillusionment, and may have long lasting and harmful effects upon a great Canadian industry.

The Dairy Industry, taken as a whole, is a very considerable one in the total economy of Canada. It represents a $400,000,000 yearly business and in 1945 returned to farmers a value of $320,000,000. In addition it provides employment in many allied industries such as manufacturing, distribution, transportation and the making of supplies and equipment. It has been estimated that 17 per cent of all the people in this country depend on the dairy industry, directly and indirectly for their livelihood, an important element in the labour situation in Canada.

Butter is an important factor in the Canadian agricultural economy, and as such it has a direct bearing on the whole internal economy of this country. Just about one-half of all the milk produced in Canada goes into butter. In 1945, 8,119,163,000 lbs. of milk were utilized in manufacturing this product. Place this half of our total milk production in competition with a substitute, and it is bound to suffer in a price comparison. Oleomargarine, in normal times when the oils come from across the Pacific in tankers and are moved here in tank-car lots, can be produced very cheaply and admittedly could be sold cheaper than butter. Butter consumption would be unable to meet such competition and as butter uses half of all milk produced in Canada, what happens to it in terms of either price or consumption is bound to influence all other types of dairying.

In normal times there is a balance which has always been maintained between the various branches of the industry, and it has been found in the past that to dislocate any one of these branches soon reflects unfavourably on the whole. Making less butter would throw more milk into the fluid markets, into concentrated milk plants or into cheese factories. These can only absorb so much without disastrous effects on the entire price and marketing structure.

Perhaps the effects might not be noticeable as rapidly in the east as on the prairies, but in the final analysis they would be just as harmful. For years an effort has been made to encourage mixed farming in the western provinces, and to a degree this has been successful.

May I interject the information that of Canada's total milk production—and of course butter comes from milk—the three prairie provinces produce 30 per cent, Ontario and Quebec 60 per cent, British Columbia 6 per cent, and the maritime provinces 4 per cent.

Hon. Mr. HAIG.

From this one can readily appreciate that dairy farming is an important industry on the prairie provinces.

The memorandum goes on to say:

Dairying has become a big farm industry in many sections out there, and there are but two major outlets for milk—the fluid milk trade and the creameries. Much of the butter sold in the east during winter months comes from the three prairie provinces. Depress that market by allowing a cheap substitute and great harm might be done to a prairie industry which it has taken years to build. Production in the western provinces declined substantially in 1945. The discouraging effect enactment of this bill would have on our producers would undoubtedly result in a further decline of very serious proportions.

Conditions in Canada and in other countries as far as this butter-oleomargarine argument is concerned, are not comparable. Britain for instance, is a dairy importing country, while Canada is an exporting country. In the United States the butter industry has never made sufficient to supply a demand of anything like the propoportions we have in Canada. As a matter of fact the United States pre-war per capita consumption of both butter and oleomargarine was only about two-thirds of our per capita consumption of butter alone. In New Zealand butter can be produced so cheaply owing to almost ideal weather and pasture conditions, that substitutes manufactured from imported oils offer little price competition. Here in Canada we have deliberately built up an industry which has become vital to our whole agricultural and internal economy, an industry which has to compete to a certain extent with world prices as a result of a limited export, and which would be seriously threatened by imports from low priced labour countries. The oils from which margarine is made in normal times come from some of the most depressed parts of the world as far as wages and hours of labour are concerned.

It is being argued that oleomargarine is allowed in such countries as the United States and Britain, and has not caused any great depression to the dairy industry there. This may be true but the situation is entirely different in Canada. In neither the United States nor in Britain does the dairy industry normally produce sufficient butter to supply their populations with anything like the quantities which Canadians normally use. The Canadian dairy industry has shown for every year up to the present, that it can do this. It can normally do it at a price which Canadians can afford to pay, as indicated by high sales here compared with other countries. Until this temporary shortage in butter developed, there was no demand for a cheap substitute for butter. We have built up this butter industry to huge proportions, considering the size of the country, until in pre-war years our people consumed 30·8 pounds per capita per year. As recently as 1942 the per capita consumption was 33·14 pounds—more butter than is used by the people of practically any other land in the world.

This brings out a fact worth noting. It is argued that since the butter—or rather dairy—industry cannot supply our needs at present it should have no objections to oleomargarine. The fact is that the present shortage of butter has to a very considerable extent been the result of a deliberate plan. We created the shortage by a subsidy structure and by price

controls in order to supply Britain with huge quantities of cheese, and concentrated milk, at present to the extent of 125 million pounds of cheese and 600,000 cases of evaporated milk annually. We do not have all the butter that our people could buy today because it was planned that way. We could easily produce the butter, but the United Kingdom would have to go with considerably less of our other dairy products.

Normally Canadian creameries can supply all the butter this country can consume. We have never before had a serious butter shortage in Canada, but we have had plenty of butter surpluses which caused great trouble within the dairy industry. There is no doubt but that in normal times farmers and creameries can supply all the butter this country will require, and could do so today if it were not for our large cheese contract commitments with the United Kingdom.

Oleomargarine is made from a variety of fats —vegetable and animal. Some small proportion of these can be produced in Canada, notably soya beans, and some beef fat might be used. There is, however, this point to consider. Making oleomargarine available might encourage a sizeable soya bean production in Canada, which might be very hard to maintain in normal times when supplies of the much more cheaply produced palm, coconut and other oils can be imported. Oleomargarine making would be a matter of big business in the hands of large corporations with world-wide ramifications and resources. It is to be expected that they would buy in the cheapest markets.

On the other hand butter making in Canada is a matter of hundreds of thousands of small business men—farmers and creamery operators. During the war years the farmers of Canada—and this applies in particular to dairy farmers —have been urged and pleaded with to produce more, and then still more. The dairymen responded to the extent of about two billion pounds more milk per year in 1945 as compared with 1939. Having built up this extra production they are now threatened with a move which would endanger half the entire milk production directly and all of it indirectly. Does this represent a worthy manner of extending our appreciation to the farmers of this country? Would such action inspire farmers to even greater production efforts?

It has been suggested that oleomargarine might be legalized in this country on a temporary basis, say for two years, or while the present butter shortage exists. Then in a year or two we could have this whole argument over again. But, and this is important, in the meantime the manufacturers of oleomargarine would be strongly entrenched in this country and irreparable damage would be done to the dairy industry.

Now from the short term point of view. It may be true that a negligible quantity of oleomargarine could be produced and placed on sale in Canada almost immediately. This would, however, have to be diverted from the supplies already allocated to this country by the Combined Food Board and now being used in the form of shortening, cooking oils, or salad oils. The only alternative would be to import extra oils, and it is extremely unlikely that at the present time the Combined Food Board would allow Canada extra oils to make the millions of pounds of oleomargarine which would be required to help the butter situation here.

Hon. Mr. EULER: May I ask what my honourable friend is reading from?

Hon. Mr. HAIG: I stated that when I began, but perhaps the honourable senator was not here then.

Hon. Mr. EULER: I was present, but I did not hear that.

Hon. Mr. HAIG: Well, I read the letter.

Hon. Mr. MURDOCK: Who wrote it, Mr. Hannam?

Hon. Mr. HAIG: No.

Hon. Mr. CAMPBELL: Is it a brief from the president of the National Dairy Council?

Hon. Mr. HAIG: No. It was sent to me by the Executive Secretary of the National Dairy Council—

Hon. Mr. EULER: The same thing.

Hon. Mr. HAIG: —at my request. I told the house that I would request information.

Hon. Mr. MURDOCK: What is his name?

Hon. Mr. HAIG: St. John. The president is Robert Smellie, a resident of my own province. He has a brother, and they both live at Russell, Manitoba.

Hon. Mr. HAYDEN: It is a circular letter, is it?

Hon. Mr. HAIG: No, it is not a circular letter. It is signed by the National Dairy Council of Canada and the Dairy Farmers of Canada. When I spoke here on the motion to adjourn the debate I said that I would consult the dairy farmers. They have a representative in Manitoba, and the president of the National Dairy Council also lives in that province. I sent for them and asked them to come to my office, where I discussed the whole situation with them.

Hon. Mr. EULER: Did you consult any of the consumers of this country?

Hon. Mr. HAIG: I talk to them every day.

Hon. Mr. EULER: What did they say?

Hon. Mr. HAIG: Not a single man in Winnipeg ever mentioned oleomargarine to me or asked me to vote for it.

Hon. Mr. EULER: You did not consult any consumers about it, did you?

Hon. Mr. HAIG: They knew the matter was up before parliament.

Hon. Mr. EULER: But you consulted representatives of the dairy industry.

Hon. Mr. HAIG: There are as many men in Winnipeg who know me as there are men in Waterloo who know you, and that is saying quite a lot. But nobody in Winnipeg mentioned oleomargarine to me.

Hon. Mr. EULER: And none of the dairy people said anything to you until you asked them about it.

Hon. Mr.. HAIG: I asked them for information.

Hon. Mr. EULER: Why did you not ask the consumers as well?

Hon. Mr. HAIG: You did not want to let me adjourn the debate, but you were forced to agree to my motion. At that time I said I would try to get some information in Winnipeg, and now you are objecting to what I have got.

Hon. Mr. CAMPBELL: May I ask the honourable senator a question? He gave some figures showing the production of milk in 1945. Would he give the figures for milk in 1939, and for butter in 1939 and 1945?

Hon. Mr. HAIG: I have already given some of those figures, but I will give them again after I finish reading this.

As a matter of fact the Oils and Fats Administrator of the Wartime Prices and Trade Board states that it will be at least two years before the world supply position is adequate to justify the allocation of larger quantities of oils. Accordingly, if made from supplies already allocated to the country, it would mean that housewives would get a little oleomargarine at the expense of still shorter supplies of shortening and cooking oils. As the supply of the latter does not nearly meet demand, where would the advantage lie? A few people might get a pound or two of oleo, but others would be able to obtain even less cooking fats.

If oleomargarine should be legalized in Canada, problems and difficulties would also arise involving the protection of the public against allowing oleo to be represented on the market as butter. The golden colour of our butter is almost a trade mark, it is traditional and appreciated by all. In certain countries where oleomargarine is allowed it has been found that manufacturers trade on the known preference of the public for this golden colour. They want to colour their margarine so that it will look like butter. In other words they want to lead the public to believe that margarine is butter by colouring it to a hue traditionally associated with butter the world over.

Oleomargarine is white, or nearly so in its natural form, and has an appearance not unlike lard. It has been claimed that in the United States margarine competes freely with butter. That is not entirely correct. There are a multitude of federal and state laws which govern its sale, and many of these are aimed at this question of colouring. There are several specific state taxes imposed on margarine and some states prohibit its sale entirely. There is a ten cent a pound federal tax on oleomargarine which has been artificially coloured to look like butter. In some instances manufacturers get around this by selling white margarine and putting a package of colouring in each carton. Similar difficulties are experienced in other countries which permit the product. They were experienced in this country during the period December 1, 1917 to August 31, 1923, when margarine was permitted.

Should the sale of oleomargarine be legalized, an almost impossible policing job will be necessary in order to protect the public. This means more regulations, more interference in business, something which we are trying to get away from at the present time.

This is more than an academic question. There is more involved than just getting a few million pounds of oleomargarine to tide Canada over a period when butter happens to be in relatively short supply. It is a question which affects vitally almost all of the farmers in this country, and farming is still one of Canada's great industries. Farming cannot be depressed without the effects being felt in every other industry and by every person in this country.

The National Dairy Council of Canada,

305 Journal Building, Ottawa, Canada.
Dairy Farmers of Canada,
409 Huron Street,
Toronto, Canada.

My honourable friend from Toronto (Hon. Mr. Campbell) asked me for statistics on the production of milk and butter. As I said, the total production of milk in 1945 was the largest in the history of Canada, 17,620,000,000. In that year the butter production totalled 346,824,000 pounds.

Now let me give honourable members some further figures on butter production: 1941, 368,000,000 pounds; 1942, 363,000,000 pounds; 1943, 367,000,000 pounds; 1944, 352,000,000 pounds; 1945, 346,000,000 pounds.

Hon. Mr. HAYDEN: Have you figures showing the milk production in those years?

Hon. Mr. HAIG: Yes. Here is the milk production in pounds, in round figures: 1939, 15,787,000,000; 1940, 15,999,000,000; 1941, 16,549,000,000; 1942, 17,488,000,000; 1943, 17,518,000,000; 1944, 17,604,000,000; 1945, the highest year in the history of the industry, 17,620,000,000.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. VIEN: Will the honourable member give the cheese production for the same years?

Hon. Mr. HAIG: Yes. Here are the figures for the total pounds of cheese produced in Canada:

1944, 181,000,000 pounds; 1942, 208,000,000 pounds.

Hon. Mr. VIEN: Will the honourable senator tell us the source of his information?

Hon. Mr. HAIG: Yes, the Dairying Statistics of Canada, published under the authority of the Hon. James A. MacKinnon, Minister of Trade and Commerce. The figures were prepared by P. H. Ferguson, M.Sc., in charge of dairy statistics in the Agricultural Branch of the Bureau of Statistics.

Hon. Mr. CRERAR: Will my honourable friend give the comparable figures of milk consumption as between 1939 and 1945?

Hon. Mr. HAIG: I have some information here. As I said I would do when I asked for the adjournment of the debate, I wrote to Mr. Gordon, Chairman of the Wartime Prices and Trade Board. I got his reply when I arrived here. He enclosed a copy of a very interesting letter that had been written on the 1st of March, before this bill was introduced, answering an inquiry from British Columbia. Early in September it was noticed that butter production was falling off and fluid milk consumption was increasing.

Hon. Mr. CRERAR: If my honourable friend will permit me, I may say that the consumption of fluid milk as between 1939 and 1945 increased by more than 500,000,000 pints. I suggest to him that instead of going into butter, this milk went into consumption.

Hon. Mr. HAIG: No, there was more butter produced.

Hon. Mr. CRERAR: No.

Hon. Mr. HAIG: Well, there is very little difference. The butter production in 1945 was 342,000,000 pounds; in 1939 it was 335,000,000 pounds.

Hon. Mr. CRERAR : I suggest to my honourable friend that the increase in milk consumption of more than 500,000,000 pints as between 1939 and 1945 explains the decrease in butter production as between those same years. It does not show that the dairy industry is on the road to ruin.

Hon. Mr. HAIG: The dairy industry in 1939 produced 355,000,000 pounds of milk—

Hon. Mr. CRERAR: Butter.

Hon. Mr. HAIG: Yes, butter; and in 1945, 346,000,000 pounds. The estimated consumption of milk in Canada in 1939 was 3,590,000,000 pints.

An Hon. SENATOR: Pints?

Hon. Mr. HAIG: Pints. In 1944 the consumption amounted to 4,281,000,000 pints. I inquired about that feature because I wanted to know if the experience generally across Canada was the same as my own. On inquiry I learned that the consumption of fluid milk commenced to increase in September and October of last year. This increase, I believe, can very largely be accounted for by the return of the soldiers to this country. Speaking from my personal experience with one returned man, I can say that although the number of persons in my household only increased from three to four, the milk consumption was doubled. My son was discharged on September 19, and from that date on the milk consumption in the home doubled. That boy consumed the extra supply. The returned men who visited him said that overseas they were all dying for a glass of milk and could not get it.

Another reason for the increase that I should like to mention is that last year the prairie farmers had their first onslaught of demands for income tax payments. The reaction was very sudden, and showed itself also in the hog production and other branches of farming in the west. Immediately the farmers learned that they had to pay extra income tax they sought to reduce their profits, and the first branch of agriculture to show the effect was milk production. In some parts of Saskatchewan and Alberta the dry year also had an effect in bringing about a food shortage.

Before I forget, may I give honourable senators figures for butter production in January? For the information of my honourable friend from Parkdale (Hon. Mr. Murdock) I may say these are official figures obtained from the Wartime Prices and Trade Board. The average butter production for the month of January during the years 1941 to 1945 was 11,600,000 pounds. In January 1946 production totalled 9,640,000 pounds.

Hon. Mr. HAYDEN: Is that the amount produced or consumed?

Hon. Mr. HAIG: That is the amount produced. The domestic disappearance of butter in January this year was greater by 1,700,000 pounds than in the same month last year; in February it was greater by 2,000,000 pounds. From these figures I conclude that the dairy industry in Canada made a magnificent contribution to the winning of the war.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: The dairy producers have met the demands through thick and thin. They have been the backbone of the farming industry throughout all times. As a small boy on the farm I cannot remember a time when the mothers did not make butter and sell it on the local market. Later, they sold the fluid milk and the cream. Many farmers could not have survived the years of crop failure but for the dairy industry. Any honourable senator who has any particular feelings for the struggling men and women of the back townships of our country knows that since confederation dairy products have been the backbone that sustained them.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: There is no use my honourable friend from Churchill (Hon. Mr.

Crerar) talking about protection on this subject. I am willing to talk about protection if it is applicable to everybody. The honourable gentleman said, "You are protecting the farmers." Well, it is the first time in the history of Canada that anybody has protected the farmer; he has always been the goat—and I speak for Manitoba, Saskatchewan and Alberta. No man who expects to go back to any of those provinces for election to parliament can stand up and vote for this bill. It is true that the honourable gentleman from Waterloo (Hon. Mr. Euler) asked me if my city friends had spoken to me about this question. Not one of them ever asked me about it.

Hon. Mr. BENCH: Surely the honourable gentleman would not expect them to ask him. He admits that he slid in on New Zealand butter in 1930.

Hon. Mr. HAIG: Yes, I admit that, and I am proud of it.

Hon. Mr. EULER: My honourable friend said that he asked the dairy industry.

Hon. Mr. HAIG: I did.

Hon. Mr. EULER: I inquired if he did not ask the consumers, and he said he did not.

Hon. Mr. HAIG: The consumers, in my opinion, are being pretty well protected under our economy. I am a consumer myself. I do not produce a pound of butter and I do not own a cow; but I can do what many honourable gentlemen cannot do—I can milk a cow.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. HAIG: For once at least in my life I am standing on a platform that means much to the ordinary people of this country.

This bill is said to be an attempt to get temporary relief from the butter shortage. I submit that it will give no relief. Here are the official figures showing the allowances of fats per person per annum. In 1945 Great Britain had a total of edible fats and oils, including butter, of 35·6 pounds per annum; the United States, 38·9 pounds, and Canada, 36·5 pounds. If Canada should succeed in getting more fats, other countries would have to do with less or none at all. I predict that within two weeks' time UNRRA will request us to cut down our consumption of fats and oils in order that the starving peoples of Europe may be fed.

Hon. Mr. SINCLAIR: The request is being made now.

Hon. Mr. HAIG: That is true. I did not so state, because I have not the official estimates to prove the statement, and my honourable friend from Lincoln (Hon. Mr. Bench) or the honourable senator from Churchill (Hon. Mr. Crerar) might check me up.

Hon. Mr. CAMPBELL: May I ask the honourable gentleman to explain how it is that in 1939 we produced 15,781,000,000 pounds of milk and 355,000,000 pounds of butter, while in 1945 we produced 17,620,000,000 pounds of milk and only 346,000,000 pounds of butter?

Hon. Mr. HAIG: There are three or four reasons for that situation. First, there is more fluid milk consumed now than in 1939. Second, on the average there is more cheese produced.

Some Hon. SENATORS: No.

Hon. Mr. HAIG: The drinking of milk has increased.

Hon. Mr. COPP: One reason is enough.

Hon. Mr. HAIG: More milk is being processed.

Hon. Mr. CAMPBELL: But our butter production is falling off.

Hon Mr. HAIG: That is because of the government's policy—and I quite agree with what they are doing.

Hon. Mr. EULER: You generally do.

Hon. Mr. HAIG: That may be true; but I would be the last one to say to the farmer, "You must produce more butter and sell less fluid milk." There is no better food than fluid milk. The figures show that the consumption of fluid milk is increasing.

Hon. Mr. CAMPBELL: But butter production is falling off.

Hon. Mr. HAIG: Not very much; very little.

Hon. Mr. HAYDEN: In relation to milk production it is falling off.

Hon. Mr. CAMPBELL: Has the honourable gentleman the export figures?

Hon. Mr. HAIG: No, I have not.

Hon. JOHN ALEXANDER McDONALD: Will the honourable gentleman give us again the figures of cheese production from 1939 to 1945? In fairness, we should keep in mind the extensive export of cheese during those years.

Hon. Mr. HAYDEN: The figures were given for the years 1942 and 1943.

Hon. Mr. HAIG: I have the figures as to cheese exports for 1944, but not for 1945.

Hon. Mr. HAYDEN: Have you the 1939 figures?

Hon. Mr. HAIG: In 1939 production was 126,000,000 pounds, and in 1944 it was 181,000,000 pounds. In 1942 it was 208,000,000 pounds. Here are the figures for preceding and following years:

	pounds
1939	126,331,000
1940	146,153,000
1941	152,663,000
1943	167,024,000
1944	181,912,000

The figures for 1945 are not yet available.

Hon. Mr. BENCH: Would the honourable gentleman help me on one point that has just crossed my mind? Am I correct in understanding that the producer makes more money by selling fluid milk than by converting it into butter and cheese?

Hon. Mr. HOWARD: Certainly.

Hon. Mr. HAIG: Almost twice as much. I can tell the honourable senator what the creameries do in Manitoba. I hope honourable members will pardon me for talking so much about my own province, but I mention it because I am not familiar with conditions in other provinces. In Winnipeg we have a number of creameries—I think there are five—which distribute milk and manufacture butter. Suppose you are a farmer out in the country. They come to you and make a bargain for so many pounds of milk every day in the year, and you sign a contract. They agree to pay a certain minimum price for the milk, whether they use it in the manufacture of butter or not, and if they cannot use it for butter they pay you for the butter-fat. The demand for milk has increased greatly, and the farmers are far more eager to sell whole milk than to make butter and cheese. The producers encourage the farmers in this. In addition, the government pays the farmers of Manitoba—and I presume those of the other provinces as well—a bonus of two cents a quart on fluid milk sales, and this has had the effect of further increasing the demand for milk as a beverage in the cities. In Winnipeg, about three months ago, the price of milk was 10 cents a quart, and it is now 10½ cents. The producer receives two cents extra by way of bonus, making a total of 12½ cents, which is far more than the milk would bring if converted into butter.

Hon. Mr. BENCH: I am grateful to the honourable gentleman for that information, but it suggests a further question. If the demand for fluid milk as a beverage continues to grow and the production of cheese is increased, how will it be possible to meet the demand for butter?

Hon. Mr. HAIG: So long as the present controls remain in effect and producers get a bonus on milk converted into cheese for export to Europe, the production of cheese will increase at the expense of butter. But if the controls are ever taken off and conditions are allowed to adjust themselves freely, there will be plenty of butter, for the dairy herd in Canada today is larger than ever before.

Hon. Mr. EULER: Does my honourable friend not know that just as soon as the production of butter exceeded the production of cheese a subsidy was given to the makers of cheese, and that when the balance went the other way the subsidy was given to butter producers?

Hon. Mr. HAIG: If all controls were removed and conditions allowed to adjust themselves freely, you would not need to worry about getting lots of butter in this country, because we have the means of producing it here.

Hon. Mr. EULER: Those controls were on before the war.

Hon. Mr. HAIG: Only in part.

The fact that the production of fluid milk has steadily grown, despite a serious shortage of labour, indicates that under normal conditions there is no danger of a shortage of butter in this country.

I hope this bill will be rejected by the Senate, and not be given second reading. To pass it here would only create unrest among the dairy farmers of Canada. I have no doubt that the bill would be rejected in another place, but in any event its adoption here would do a great deal of harm. The standing of the Senate is so high that farmers would say, "If the Senate thinks our industry is not doing a good job, the best thing we can do is get out of it and go into something else," and the second state would be worse than the first. I am a strong believer in the dairy industry as being the backbone of this country. It is a fundamental economic asset, and we have no right to attack it even if just now we are a little short of butter.

Hon. A. K. HUGESSEN: Honourable senators, my participation in this most interesting debate will be brief. I had begun to doubt whether I should take part in it at all. I do not represent the farmers of the west or the farmers of the east. I stand second to no man in my admiration for the war effort of the farmers of this country, but other elements of our population also made a worthy contribution during the war. It so happens that I represent one of those other

elements, our great industrial population, and their interests too should be considered in this matter.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HUGESSEN: I will confess that from the minute this bill was introduced I was disposed to support it, and my disposition to that effect has been reinforced by the course of the debate and the arguments that have been advanced. Unlike my honourable friend the leader opposite (Hon. Mr. Haig), I will not read any long letter to the house. I would say to him that the long letter which he read seemed to me to savour of special pleading.

Hon. Mr. HARDY: Hear, hear.

Hon. Mr. HUGESSEN: If I, as a legislator of this country, were considering whether I should support the introduction of a tariff upon steel, I should not confine my inquiries to the secretary of the steel manufacturers' association, which apparently is the kind of course the honourable gentleman has seen fit to pursue.

To my mind this bill poses an important question of principle. What are the facts? The present Dairy Industry Act absolutely prohibits the manufacture in Canada or the importation of an article of food which is now universally recognized as being good and nutritious. We have been assured that it is good and nutritious by two eminent physicians, honourable members of this house, in the course of the debate. In my opinion the present statute violates the basic principles of the free competitive economy which is our democratic way of life. I admit that there are many restrictions upon trade. The tariff, for instance, is one. But may I point out to the house that the restriction in the Dairy Industry Act goes farther than any tariff. Tariffs are based fundamentally on an entirely different principle from that underlying this statute. The primary purpose of a tariff is to produce revenue for the country, and the resulting protection to domestic manufacturers is largely incidental. What we have in this statute is something entirely different, an absolute prohibition of importation or manufacture, which prohibition confers no benefit whatever upon the national revenue.

Let me particularize a little the statement of principle which I have ventured to enunciate. No special interest in this country, however deserving—and I admit that the dairy industry is deserving—or however politically powerful, should receive by statute an exclusive monopoly of the kind given by the Dairy Industry Act. I submit to my honourable friends on this side of the house that that is a statement of good Liberal doctrine, and to my honourable friends on both sides I submit that it is good doctrine for everyone who believes in a free competitive economy, as opposed to the controlled, government-directed economy advocated by our Socialist friends. I can well imagine that if this country were under a Socialist government we would be directed as to what we should eat, what we should wear, and what we should buy in shops; but that kind of control should not be attempted in the economy in which we are glad to live today.

It is particularly important that no such monopoly as we have here should be tolerated in so vital a matter as the food of the people.

Hon. Mr. LEGER: Will the honourable gentleman permit a question? Was not the statute about which he is complaining brought in by a Liberal government?

Hon. Mr. HUGESSEN: I think this matter far transcends any question of political advantage. Regardless of who brought in the statute, I am opposed to it.

We have been told in this debate, and I have every reason to believe it is true, that of recent years there has been a great improvement in the methods and the scientific basis of the manufacture of margarine, and that it is now a safe, nutritious and wholesome food. We also have been told, and I believe it to be true, that Canada is the only country which prohibits the manufacture or importation of margarine. Let me ask the house this question: Should our people alone, among the populations of the civilized world, be deprived of the benefits of scientific developments in the production of foodstuffs? Now, to ask that question is, to my mind, to answer it. It admits of only one answer.

May I inquire for a moment what is the real basis of the opposition to this bill? It may not be expressed in so many words, but surely the true inwardness of it is that the dairy industry must have the sole and exclusive right to supply the people of this country with an essential article of food; and that any substitutes must be forbidden by law. Under these circumstances we have the right to ask our honourable friends who hold that view, how far they propose to carry that principle in support of the dairy industry. As we all know, the primary product of the dairy industry is milk. But I suggest to my honourable friends that milk has many competitors as a beverage, such as all the soft drinks we see advertised on every billboard on our streets—Coca Cola, Pepsi Cola, and what have you. Is it to be suggested that, in order to encourage the dairy farmer to

increase the production of milk, the manufacture or importation of soft drinks is to be forbidden?

An Hon. SENATOR: It might come to that.

Hon. Mr. HUGESSEN: To get down to more specific cases, let us take butter and butter substitutes. In my family butter suffers very keen competition at the breakfast table from marmalade and jam. Are we to be told that the people of this country are to be forbidden to eat marmalade and jam, and that the manufacture of those commodities is to be stopped in the interests of the dairy industry? Along the same line of thought, in my household butter has an even more formidable competitor in honey. Will my honourable friends who oppose this bill allow me to direct their attention to the evil proceedings of that unfriendly insect, the bee? No doubt, now that the matter has been drawn to their attention, they will shortly introduce legislation to suppress the bee, and to curtail her malevolent activities against our unfortunate dairy farmers!

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HUGESSEN: Honourable members will, I hope, excuse that flippant observation. But in all seriousness I can find no more logical excuse for the prohibition of margarine from the diet of our people than for the prohibition of soft drinks, marmalade, honey or jam.

There is one other matter I want to touch upon for a moment or two, and then I have done. The argument has not been used directly in this debate, but it seems to be in the minds of some honourable gentlemen, that this bill would be politically unwise and might have unfortunate repercussions in some of the rural constituencies. Of course, we are faced with the fact that, owing to the uneven distribution of electoral ridings from the point of view of population, the rural vote has greater weight than the city vote. We have even been treated to memories of the raucous cries of "New Zealand butter" in the general election of 1930. That question was raised, I think, in a most amusing speech by the honourable senator from—is it Margarine Forks?

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HUGESSEN: I am sorry he is not here this evening. To honourable senators who may be influenced by considerations of this kind I would respectfully suggest this thought. At the other end of this building there is another place which gives due weight —perhaps, sometimes, even undue weight—to matters of political strategy and partisan advantage. Surely that is not the function of this chamber. I suggest that it is our function to consider this matter solely on grounds of broad general principle—whether it will operate for the greatest good of the greatest number of our people, regardless of local or sectional considerations. I must confess, honourable senators, that looking at the bill in that light, and in that light alone, I feel that it lays down a principle which deserves my support; and I believe that it will operate to the advantage of the immense majority of our people. I intend, therefore, to vote for the second reading of the bill.

Hon. J. E. SINCLAIR: Honourable senators, from the outset of this debate I have held certain ideas somewhat different from those that have been mentioned so far, and I should like to bring them to your attention.

I was very much interested in the speech of the honourable leader opposite (Hon. Mr. Haig) as to the effect that this bill might have on the dairy industry, and I was equally interested in what the honourable senator from Inkerman (Hon. Mr. Hugessen) has just said from the opposite standpoint. Their arguments in the main were directed to the needs of the different elements of our population. In discussing this measure I submit that we must look at the world situation following a long and most destructive war. If we permit the importation, sale and manufacture of margarine, where can we get the article itself or the basic materials for its manufacture? I took the liberty a few days ago of asking the Wartime Prices and Trade Board for a statement of the world situation in regard to the raw materials, the edible fats and oils and oleo, which enter into the manufacture of oleomargarine. This is the information I received:

The world fats and oils supply position is extremely serious. At the present time world supplies are approximately 62 per cent of screened and reduced requirements. This serious supply position is due to the following factors:

(a) Lack of production in Europe, which continent normally supplied 50 per cent of her own requirements.

Its production today is down to a small fraction of what it was before the war.

(b) Lack of trading goods necessary to promote production and sales by native populations in such areas of production as Africa, Malaya and South America.

(c) Disorganization in South East Asia, China, Korea, and the Pacific Islands.

In pre-war days those countries sent large quantities of vegetable oils to Europe and to this continent.

(d) Drought and famine in Australia and India, respectively.

The situation in Australia is so serious that that country will not be a factor in helping to supply Europe's wheat requirements. Honourable members are aware of the famine in India. As a result of the dire distress there we cannot expect any of the vegetable oils which formerly came from that country.

(e) Exceptionally poor whale oil returns, purportedly due to unfavourable weather conditions, and to heavy oil films on Antarctic waters, directly resulting from marine warfare.

In short, the world situation is such that neither Canada nor the United States, or any other country, can expect to import edible fats and oils in any quantity.

Hon. Mr. HARDY: Where does England get all the vegetable oils for the margarine which she manufactures by millions of pounds?

Hon. Mr. SINCLAIR: She has great difficulty in getting them.

Hon. Mr. HARDY: But she does get them.

Hon. Mr. SINCLAIR: Canada has been doing her best to supply the shortage in England.

Hon. Mr. EULER: Of margarine?

Hon. Mr. SINCLAIR: No, of fats and oils, cheese and butter. We are under agreement with the Food Board to send butter to the West Indies so that New Zealand and Australian supplies may go to England.

During the war, in co-operation with the United States and Great Britain, we appointed a Combined Food Board composed of representatives from the three countries. The participating countries have followed the recommendations of that board, which has control over edible fats and oils and other foods required by the countries now suffering from starvation. If we wanted to import margarine from the United States, as was suggested in the early stages of this discussion, the Food Board would probably intervene. That of course applies more to the local situation.

I might say that if we permit the manufacture, importation and sale of oleomargarine at this time, we cannot get the necessary raw materials, and the only result will be to encourage a black market in margarine across the international border. That undoubtedly is something we should do our very best to avoid.

Now, as to our domestic situation, Canada is dependent upon world supplies for approximately 50 per cent of her fats and oils, both edible and inedible. Almost our entire requirements of edible oils, derived from soya beans, peanuts, cottonseed and sunflower seed, are imported. True, we have a small production of soya bean and sunflower seed oil in Canada; but whereas our reduced requirements for edible purposes to meet present quotas total more than 80,000,000 pounds, this production amounts to less than 4,000,000 pounds. The domestic situation has been further aggravated by reduced lard production. This year we anticipate an estimated production of 40,000,000 pounds of commercial lard as against an estimated requirement of 88,000,000 pounds. It is interesting to compare the present production estimates with the amounts of 114,000,000 pounds and 120,000,000 pounds actually produced in 1943 and 1944 respectively. In view of the estimates of production and requirement, it is apparent that in the latter part of this year and the early part of next year shortening and similar commodities will be in very much shorter supply than at any time in the past.

It is impossible for Canada to import increased quantities of fats and oils by reason of the fact that the Fats and Oils Committee of the Combined Food Board allocates world supplies to claimant members on the basis of screened and reduced past performance. At the present time our allocation is small, and barely sufficient to meet the scaled-down quotas for shortening and other industrial oils that may be required by the bakeries, canneries and other allied food industries. There is no hope of obtaining an increase in our allocation before 1948, and it is unlikely that the quantities available to Canada will be sufficient to place us on our pre-war level of requirements.

Confronted with that situation and being conscious of the needs of the starving peoples of the world, I think this bill is ill-timed. We should not be considering a measure of this nature when the people of the world are famished and lacking food which we have in abundance. While it may inconvenience a few people to have less butter on their tables, a consideration of the world situation should make us realize that we in Canada have been very fortunate.

It is interesting to note that those most closely connected with the industrial centres are anxious to have the bill passed. May I read to the house a newspaper item of April 6, dated at Montreal, one of the largest industrial centres in Canada. It is as follows:

In answer to Pope Pius' appeal for aid to the starving people of Europe, Archbishop Charbonneau of Montreal launched a week-long campaign. He called on the children to collect the most nourishing tinned food for shipment overseas. The first day of the campaign 25,000 tins were collected from Montreal schools alone and the second day 40,000. It is estimated that by the time all collectionts have been made 200,000 tins of food will have been donated.

While the article refers to food generally, we know that two of the elements of food are fats and oils, both of which are particularly scarce in Europe today. Canada, alongside the other United Nations played a magnificient part in winning the war. If she is to play her part in winning the peace she must now be willing to supply a fair share of the food that is so badly needed by the famished peoples of Europe and other parts of the world.

As recently as April 11, the Ontario Division Council of the Canadian Red Cross Society was told by Divisional Commissioner John A. Marsh that 54,000,000 people died during the winter of 1945-46 for lack of food. That figure is almost unbelievable. We are told now that in the coming year starvation will cause a greater loss of life than the recent war. I submit, honourable gentlemen, that with facts like these staring us in the face we should not be considering the repeal of the Dairy Industry Act to allow the manufacture of an article the elements of which are so badly needed in other parts of the world. Only a few nights ago we heard the President of the neighbouring republic broadcasting an appeal for food, particularly edible fats and oils, so that UNRRA might feed the starving peoples of Europe. Three years hence, if the situation has changed, we can consider such a bill dispassionately and in the light of local conditions; but at the present time, for the reasons I have given, I am opposed to this measure.

Some Hon. SENATORS: Hear, hear.

Hon. C. B. HOWARD: Honourable senators, before a vote is taken I feel it my duty to express my views on this important subject. I come from the Eastern Townships of Quebec, an area represented in this house by the honourable senator for Bedford (Hon. Mr. Nicol) and myself. In that area is to be found the finest dairy country in Canada, notwithstanding the fact that it also embraces a highly industrialized section in the centre of which lies the city of Sherbrooke, known as "La Reine des Cantons de l'Est."

I make these preliminary observations to assure honourable senators that I am not prejudiced. If I were to support this bill, and by so doing make more fats available, either in the form of butter or margarine, the city people in my district would be highly pleased. But I am definitely opposed to the bill for reasons which I shall give.

The honourable senator from Peterborough (Hon. Mrs. Fallis) in speaking to this house recently said that if this bill were amended to cover a temporary period of shortage she would support it, otherwise she would vote against the bill. That seems to me to express the situation very well.

We are short of butter, as everyone knows, but would the passing of this bill remedy the situation? In my opinion, it would not, for it would not increase our supply of butter, neither would it give us any margarine. Margarine is composed of many ingredients, but the two main elements are 23½ per cent of milk and 20 per cent of fats. It has been said that milk is at the peak of production, and is being used in many forms, such as fluid milk, cheese, dried milk and so forth. If margarine were made in Canada it would absorb that 23½ per cent of milk which now goes into other products. I am sure no honourable senator in this house, knowing the trend of the times and what is happening in our schools, would ask that we take away from the kiddies the milk they are getting at their noon-day meal in order to produce margarine.

Another point is this. Under our present industrial system we have changed our mode of living, and it is now impossible for factory employees to go home for lunch. What is happening across Canada is this: the employee has a good breakfast at home, at noon he has a bottle of milk and a sandwich, and at night he has his dinner at home. Is there a senator in this chamber who would curtail the supply of milk to the working man in order to make margarine?

I do not propose to quote many figures, but I shall mention a few. In 1939 Canada's consumption of fluid milk was 4,802,269,000 pounds; in 1944 it was 5,629,667,000 pounds, and in 1945 it was 5,723,154,000 pounds. In other words, during the war years, when the boys were overseas fighting for us and there remained on the farms only the over-age fathers and mothers of families to milk sixteen and eighteen cows a day as their share in the war effort, we increased our fluid milk production all along the line. We must remember that margarine requires 23½ per cent of milk.

Hon. Mr. CRERAR: May I ask my honourable friend what is his authority for that statement? The information is startling to me.

Hon. Mr. HOWARD: I shall deal with that in a moment.

Hon. Mr. EULER: It did not come from the Dairy Council?

Hon. Mr. HOWARD: No, it is not from the Dairy Council.

In every pound of margarine, besides milk, there is from 20 to 26 per cent of animal

or vegetable fats. Now, where do we get our Canadian fats? We get them from our own production or we import them from other countries, mostly in the southern latitudes. Under one of the most efficiently managed departments of any government we are stripping Canada today of every available particle of fat.

In considering our imports let us not forget that we are a member of the Food Board. The oils and fats section of the board, consisting of representatives of Great Britain, Canada, United States and many other countries, met in Washington a year ago. At that time we succeeded in obtaining the right to import from any place where we could buy it 200,000,000 pounds of fats. We bought every ounce of fat we could secure, and in 1944 our imports amounted to 170,000,000 pounds.

Last Saturday the same section of the Food Board met in Washington and our delegate arrived back on Monday night. While I am not privileged to give information that has not yet been made public, I may say it is hoped that this year again our allotment of fats will be 200,000,000 pounds. We would be doing well, though, if we received 170,000,000 pounds, as we did last year. The fats situation in Canada, the United States and Great Britain is more difficult at present than at any time during the war.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HOWARD: Yet in the face of that situation we have such a bill as this introduced here.

Let me quote another figure, in answer to a question asked by the honourable gentleman from Churchill (Hon. Mr. Crerar). Before the war we had to import 60 per cent of the fats used in Canada, but during the war our imports were about 50 per cent, as they still are. These figures are official. Since the manufacture of oleomargarine would require fats that cannot be obtained in Canada or imported, what is the point in introducing a bill to legalize such manufacture?

Now I come to the question of importing oleomargarine itself from the United States, which would be our only possible source of supply. The Combined Food Board has fixed our allotment of fats and would not permit a single pound of the product to be exported from that country to Canada. We could not manufacture oleomargarine and we could not import it, yet we are discussing this famous bill.

The price fixed by the O.P.A. for butter in the United States is 58 cents a pound, and for margarine 29 cents a pound. But if you go to any store over there—not to a black market—and buy a pound of butter, as I did two weeks ago, you will pay 80 cents a pound; and for margarine you will have to pay 75 cents.

Hon. Mr. EULER: Would my honourable friend permit me to interrupt? I have definite information that in the city of Chicago the price of butter is 55 cents a pound, and of margarine, 25 cents a pound; and that in the State of Michigan the respective prices are 50 cents and 25 cents.

Hon. Mr. HOWARD: There may be a difference between the Chicago and the New York markets. I hold in my hand a telegram sent to me by our own information bureau in New York city. It reads:

OPA ceiling price best quality butter fifty-eight cents oleomargarine twenty-nine.

Hon. Mr. EULER: There is nothing to prevent sales below the ceiling.

Hon. Mr. HOWARD: I myself bought a pound of butter in the United States two weeks ago, and I know that the current price is 80 cents. Margarine was then selling at 75 cents. There are not enough fats in the United States to permit the production of sufficient margarine to meet the demand, and when people can get any at all they will pay almost as much for it as for butter. As was said the other day by the honourable gentleman from Bedford (Hon. Mr. Nicol), we could only increase our importation of fats at the expense of countries whose need is greater than ours.

Let us examine some of the reasons for the present butter shortage. Last fall the price received by our western farmers for grains increased considerably, so much so that in eastern Canada feed went up by several cents a hundred pounds. Our dairy farmers, who had done their share during the war, decided that the best thing to do was to let the cows go dry when they were taken in off the grass in October and November. Another reason is the shortage of help and the high cost of what help has been available. Here I want to explain that a great deal of credit is due to our farmers for what they did to keep up the production of foodstuffs during the war, though deprived of the help of their boys overseas and handicapped by unfavourable conditions of various kinds.

I want now to touch on Canada's position as one of the United Nations during the war. Seven days after war was first declared we made our own declaration of war, voluntarily and on the advice of our own ministers. I happened to be in the other house at the time. At a meeting that was held almost

immediately afterwards certain foods were said to be required from Canada as part of our contribution to a peak war effort. Among these foods was cheese. It is generally admitted that our government did a wonderful job during the war, and I congratulate them upon it. What steps were taken to increase the production of cheese? On fluid milk that went into the manufacture of cheese, farmers were paid a bonus of 30 cents per hundred pounds, and a bonus of 2 cents a pound was given on the cheese. In addition there was a supplementary bonus of 2 cents a pound from the provincial governments of Ontario and Quebec.

I will give some figures to show how our exports of cheese increased:

	Pounds
1939	90,944,800
1944	131,429,200
1945	138,290,000

Now I want to refer to our exports of canned milk, a subject that has hardly been mentioned except by my honourable friend from Bedford (Hon. Mr. Nicol). Just prior to the war the Carnation Milk Company, after having looked all over the country for the best place to establish a factory, decided to build at—

Hon. Mr. BALLANTYNE: Sherbrooke.

Hon. Mr. HOWARD: Yes, Sherbrooke. They estimated that in order to break even they would require a minimum supply of so many hundred thousand pounds of milk, but during the seven years of their operations they have used five times that estimated quantity. The factory has been a great boon to our community. Here are figures showing the increase in exports of sweetened and unsweetened canned milk:

	pounds
1939	26,148,500
1945	89,462,700

Every can when opened overseas contained good fresh Canadian milk.

The present bonus on the production of milk, from October 1 to April 30, is 55 cents per hundred pounds, and from May 1 to September 30, 35 cents. During 1945 the consumption of milk in Canada was one billion pounds more than in 1939.

Our own milk company in Sherbrooke sold 350,000 more pounds of milk in 1945 than in 1944, and 10,000 more pounds of butter. The winter price for milk, 3·5 test, is $3 per hundred pounds. That is equal to 62 cents per pound for butter.

Hon. Mr. BALLANTYNE: Out of that price of $3 the producer has to pay express charges, has he not?

Hon. Mr. HOWARD: It all depends upon where he is located. If he is away from the plant he has to pay for transportation. That does not alter the fact that $3 per hundred pounds of milk equals 62 cents a pound for butter. But the price of butter is 44 cents, and until the recent increase it was only 39 cents. The reason these prices are out of line is that we were concentrating on the production of cheese.

Hon. Mr. CAMPBELL: Does the honourable gentleman say that is why the production of butter has fallen off?

Hon. Mr. HOWARD: Certainly.

In the course of the debate it was stated by an honourable member that the cow population of Canada had decreased. I went to some pains to check up on the situation, and I found the actual number of dairy cows, giving milk, to be as follows:

1939	3,933,300
1945	4,012,600

So in spite of the fact that in 1945 we exported 45,889 cows, our cow population increased as I have indicated.

Hon. Mr. BALLANTYNE: I am sorry to interrupt my honourable friend again. Did we do that in 1945?

Hon. Mr. HOWARD: Yes; I gave the difference between 1939 and 1945.

Hon. Mr. McRAE: Has my honourable friend the figures for 1944?

Hon. Mr. HOWARD: Yes; they are a little lower.

Hon. Mr. BALLANTYNE: Last week I was told that the cow population had decreased.

Hon. Mr. HOWARD: Our cow population from 1944 to 1945 decreased a little. In 1944 it was 4,888,000; in 1945, 4,012,600.

Now, let us look at the matter from another standpoint. I say this good-naturedly because I see my honourable friend over there who is interested in the potato business. The ceiling price has been taken off potatoes. The potato grower works eight hours a day for six months in the year, and is making money. The price of the farmer's wheat has been raised considerably. He puts in ten hours a day for six months of the year, and he, too, is making money. But the dairy farmer, who puts in twelve hours a day twelve months in the year is not making any money unless he happens to be selling fluid milk.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HOWARD: I was surprised at some of the statements made by my honourable friend from Inkerman (Hon. Mr. Huges-

sen). Neither the steel industry, the automobile industry nor any other industry employs 43 per cent of our population, but our farmers do represent that percentage. Although the implement manufacturers have been allowed to increase their prices by 12½ per cent, yet the prices of dairy products are fixed. But we have accepted this control because we are trying to do our share in preventing inflation.

We have heard about shortages. When you consider that the boys back from overseas cannot get houses or apartments and their only alternative is to share a home with three or four families; when you consider the paper shortage, which makes it impossible to publish newspapers more than seven-eighths or three-quarters of their regular size, and that even if they could publish full size, the extra profit would go in income tax; when you consider the automobile shortage, which makes it impossible for you to get a new automobile; when you consider the shortage in nylons is such that after standing in a queue for three or four hours you may probably not get any stockings of your own size—

Some Hon. SENATORS: Oh! oh!

Hon. Mr. HOWARD: When you consider all these shortages, is it not surprising that merely because of a shortage of butter we should want to disorganize the whole political system of this country? The honourable senator from Waterloo (Hon. Mr. Euler) quoted a speech made by Dr. Tolmie. When that speech was made I was a member of the House of Commons and the doctor was on the opposition benches. I am confident that if he were alive today and a member of the government, he would not make a similar speech. In the other house it is the duty of the opposition to criticize the government.

Hon. Mr. EULER: Margarine was not a party question at that time. Hon. Mr. Fielding, then Minister of Finance, voted against his leader.

Hon. Mr. HOWARD: I say Dr. Tolmie was in opposition at the time he made that speech.

Hon. Mr. EULER: I quoted from Mr. Fielding's speech as well.

Hon. Mr. HOWARD: This is a public bill introduced into the Senate by a private member.

Hon. Mr. EULER: Is that a crime?

Hon. Mr. HOWARD: I just doubt whether that is what the Senate of Canada was created for. When I heard my honourable friend from Churchill (Hon. Mr. Crerar) whom I had served under for a long while, crying about the restriction of our liberties, I could not help recalling that he sat in the government during the first war and helped to put on lots of restrictions, and sat also in the government during the war just ended and helped to put on some more restrictions. Yet now he says we should have the right to do anything we like. I would love to do that; there are lots of things I should like to do.

Hon. Mr. CRERAR: My honourable friend must not misrepresent me.

Hon. Mr. HOWARD: I did not.

Hon. Mr. CRERAR: I submit you did.

Hon. Mr. HOWARD: I do not blame my friend from Inkerman who sits beside me for his speech. He comes from a city constituency—

Hon. Mr. HUGESSEN: That is awfully kind of you.

Hon. Mr. HOWARD: —but he never sat in the House of Commons, where the representatives of the people are gathered together. I can assure him that if he had had a few years' experience in that house he would not have made the speech he made tonight.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. BALLANTYNE: Does my honourable friend, for whom I have the highest regard, consider that we ought to have in this house the political atmosphere that prevails in the other chamber?

Hon. Mr. HOWARD: No, sir, I say just the opposite.

Hon. Mr. BALLANTYNE: Then why the reference he has just made to the honourable senator from Inkerman?

Hon. Mr. COPP: Experience is a great teacher.

Hon. Mr. HOWARD: Experience is a dear teacher, but an awfully good one. You cannot get anything better than experience. If we were to approve this bill—a public bill introduced by a private member in the Senate of Canada—and send it over to the House of Commons, we should embarrass not only the government but every single member there. Every senator who had experience in the House of Commons knows whereof I speak. Its members are the elected representatives of the people. Therefore I say if they want a bill like this let them introduce it there, pass it, and send it to us. This session under our new distinguished leader (Hon. Mr. Robertson)—and I have equal respect for all

our past leaders—we have been introducing government legislation so that the other house may go ahead with the business of the country.

Hon. Mr. BALLANTYNE: Not for the first time.

Hon. Mr. HOWARD: No, but to the same extent. Let us not now depart from that practice and send over to the House of Commons a bill that I claim we have no right to send to that body of elected members. I submit it is futile to proceed with this bill, for the reason that we can get no margarine from the United States; neither can we get any fats from that quarter with which to manufacture margarine.

The hour is too late for me to discuss the effect of this bill on the dairy industry. I could talk to you about that for at least another hour. Do honourable members know why pork production dropped so low a year ago in spite of every effort to encourage production? I will tell you why. The farmers of this country are the canniest and the best people you can find anywhere, and they remembered that between 1930 and 1935 the price of pork went down to 2¾ cents a pound. So they said to themselves, "When this war is over we are not going to be caught with a lot of pigs on our hands and the price of pork at rock bottom." And they did not raise any pigs. If this bill were enacted it would produce a similar effect on our dairy farmers. To them the prospect would be terrible, and they would either export their cows or cease producing butter. Let us all vote against the passage of this bill, then I think everything will go along a lot smoother.

Hon. Mr. CRERAR: I should like to ask my honourable friend two questions. He stated as one of the arguments against the manufacture of oleomargarine that it would divert a tremendous amount of milk into its manufacture, and he quoted 20 per cent as the proportion of milk in oleomargarine.

Hon. Mr. HOWARD: 23½ per cent is milk.

Hon. Mr. CRERAR: Then my honourable friend stated there was only 23 per cent fat.

Hon. Mr. HOWARD: No, I said 20 to 26 per cent was fat.

Hon. Mr. CRERAR: Very well, I will take the proportion of fat at 26 per cent. Then milk and fat total less than 50 per cent of the product. This being so, will my honourable friend say what comprises the other 51 per cent of oleomargarine?

Hon. Mr. HOWARD: I will answer the honourable gentleman's question in this way. I took the figures from the official document issued by those who have analysed oleomargarine. I think there are some nineteen different ingredients in the product, but I was only interested in two: milk, 23½ per cent, and vegetable or animal fat, 20 to 26 per cent.

Hon. Mr. CRERAR: From what department did the honourable gentleman get that information?

Hon. Mr. HOWARD: From the Oils and Fats Branch of the Department of Agriculture, down at the corner of Sussex and George Streets, in an old stone building up on the second floor.

Hon. N. McL. PATERSON: Honourable senators, the hour is late and I do not intend—

Hon. Mr. PIRIE: If the honourable gentleman will pardon me, I desire to clear up a question raised by the honourable senator from Wellington (Hon. Mr. Howard). I understood him to say there was no ceiling on the price of potatoes.

Hon. Mr. HOWARD: I understand it has been removed just lately.

Hon. Mr. PIRIE: Oh, no, there is still a ceiling on potatoes. Did I also understand him to say that potato growers work eight hours a day? He should have said sixteen.

Hon. Mr. HOWARD: Only six months per year.

Hon. THOMAS VIEN: Before the honourable senator from Thunder Bay (Hon. Mr. Paterson) moves the adjournment of the debate I should like to correct an impression which may have been created by the honourable senator from L'Acadie (Hon. Mr. Leger). While the honourable senator from Inkerman (Hon. Mr. Hugessen) was speaking the honourable gentleman from L'Acadie accused the Liberal party of having been the father of this prohibitive legislation.

Hon. Mr. LEGER: I beg my honourable friend's pardon. I asked a question.

Hon. Mr. VIEN: Yes, but the implication—

Hon. Mr. HAIG: I rise to a point of order. The honourable gentleman cannot intervene now. He has not got the floor. The honourable senator from Fort William moved adjournment of the debate.

Hon. Mr. VIEN: He has not yet moved it.

Hon. Mr. HAIG: All right. Have you not already spoken?

Hon. Mr. VIEN: No, I have not spoken in the debate. I have asked the honourable

gentleman not to present his motion for adjournment of the debate before I add just a word on the implication contained in the question of the honourable senator from L'Acadie. He suggested that legislation prohibiting the manufacture and sale of oleomargarine had been introduced under a Liberal government. Am I correct in that?

Hon. Mr. LEGER: Not exactly. I asked the question, and the answer was virtually to the effect that the legislation had been so introduced. I was not sure. If the legislation was introduced by a Conservative government I shall be very glad to hear it.

Hon. Mr. VIEN: I want to correct the implication contained in the question. If I understood correctly the answer, it was to the effect that the question had no bearing on the point which the honourable senator from Inkerman was making. He did not discuss the point raised in the question. I should like to state for the purpose of the record that in 1914, by section 5 of chapter 7, 4 and 5 George V, the importation, manufacture and sale of margarine was prohibited.

Hon. Mr. LEGER: Was that statute not repealed later?

Hon. Mr. VIEN: It was not repealed.

Hon. Mr. EULER: It was suspended.

Hon. Mr. LEGER: When was it brought into force? I have not the advantage of the law books before me, but I think the statute was brought into force only in 1917.

Hon. Mr. VIEN: No. The statute is chapter 7, section 5. The notation in the statute book, with which the honourable senator is familiar, shows that this is an original statute. It reads as follows:

Butter.
5. No person shall:
(a) manufacture, import into Canada, or offer, sell or have in his possession for sale, any oleomargarine, margarine, butterine, or other substitute for butter, manufactured wholly or in part from any fat other than that of milk or cream;

Hon. Mr. LEGER: When was it assented to?

Hon. Mr. VIEN: It was assented to on the 27th of May, 1914.

Hon. Mr. LEGER: Was it to come into force by proclamation?

Hon. Mr. VIEN: No, there is no provision for its coming into force by proclamation.

Hon. Mr. LEGER: I am glad to hear that, and I praise the government for it.

Hon. Mr. VIEN: As a Liberal who desires to free humanity from all the shackles that tie it down, and as one who belongs to a school of thought inspired by the principles of the reformers of 1846 who fought so heroically for the repeal of the Corn Laws, I would be ashamed in this year of the first centenary of the repeal of the Corn Laws, which had the effect of removing undue taxes from the food for the people, if I thought a principle like this had been introduced by a Liberal government.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. VIEN: I am not so proud that we have allowed it to remain on the statute books for that period.

Hon. NORMAN McL. PATERSON: Honourable senators,—

Hon. Mr. BALLANTYNE: Would not the honourable senator from Thunder Bay (Hon. Mr. Paterson) be willing to defer his speech. We have been an interminably long time on this bill.

Hon. Mr. PATERSON: I will speak for only five minutes.

Hon. Mr. BALLANTYNE: Then we can come to a vote.

Hon. Mr. PATERSON: I do not yield to my friend from Winnipeg (Hon. Mr. Haig) in his interest in the dairy industry and the farmers of the west. He knows that I come from the west and make my living there, and that I would not advocate anything that would hurt the western farmer.

No speaker so far has given any assurance that we will get lots of butter shortly, and that the supply will continue. I was in Toronto last week and the King Edward Hotel had not had butter for eight days. Tonight for dinner we had no butter. I continually hear of the shortage of butter in Ottawa.

There are two reasons for the butter shortage. One that has been studiously avoided in this discussion is that the family allowance has resulted in an enormous increase in the sale of milk. At dinner yesterday I sat next to a lady from the welfare board, and I asked her if in her travels she had found that children were consuming more milk. She said that very definitely they were. She said also that the family allowance had permitted dentists to repair children's teeth that previously had received no attention.

If I was assured of a reasonable supply of butter shortly I would be against this measure, because it is alarming a great many people. From the figures given by the honourable senator from Winnipeg (Hon. Mr. Haig) I am quite satisfied that the situation will become worse. We produced 15,000,000,000

pounds of milk in 1939 and 17,000,000,000 pounds in 1945; yet in that period our butter production went down 20,000,000 pounds. One reason for the decline is that milk is going into casein for the manufacture of nylon stockings. Further, milk is being used for new purposes almost daily, and there is no indication that our butter production will be increased.

A further reason for the butter shortage, as suggested by the honourable senator for Winnipeg (Mr. Haig), is that the farmer can make twice as much money by the sale of raw milk as he can by producing butter. If the price of butter was raised to 75 cents a pound production might be increased, but it would result in higher cost of living and inflation.

I listened with interest to the remarks of the honourable senator from Gloucester (Hon. Mr. Veniot) about the effect of the lack of butter on diabetics. I think we are causing these people—especially the young among them—a great deal of harm by failing to supply them with butter or a satisfactory substitute. I am told that margarine as manufactured today contains vitamins B and C and is next to butter in nutrition.

May I make a personal reference? I have a brother living in England who finds it difficult to get butter. My wife recently went down to a shop on Elgin Street in this city and ordered a supply of butter to be shipped to him from Denmark. He subsequently wrote and said that he had received a nice package of butter from Denmark. Now, if butter is available in Denmark and can be shipped to England, why is Europe so short of it? Personally, I think there is something wrong in Denmark.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. PATERSON: Honourable senators, that is all I have to say. I have stated my reason for supporting this bill.

Some Hon. SENATORS: Question!

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

DOMINION-PROVINCIAL CONFERENCE

Hon. Mr. ROBERTSON: Honourable senators, in order to accommodate a further sitting of the Dominion-Provincial Conference which may extend into tomorrow afternoon, I should like to move that when this house adjourns it stand adjourned until tomorrow evening at 8 p.m.

The motion was agreed to.

The Senate adjourned until tomorrow at 8 p.m.

THE SENATE

Thursday, May 2, 1946.

The Senate met at 8 p.m., the Acting Speaker Hon A. B. Copp, P.C. in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill O2, an Act to incorporate Canadian Acceptance Company.

He said: The committee have examined this bill, and now beg leave to report it without any amendment.

THIRD READING

Hon. Mr. BEAUREGARD moved the third reading of the bill.

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

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill P2, an act respecting Rupert's Land Trading Company.

THIRD READING

Hon. Mr. BEAUREGARD moved the third reading of the bill.

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

EXTERNAL AFFAIRS

NOTICE OF MOTION

Hon. A. D. McRAE: Honourable senators, I beg leave to give notice that on Tuesday next I will move:

That the report of the Secretary of State for External Affairs tabled in the Senate on the 19th of March, 1946, be referred to the Standing Committee on External Relations for consideration and report.

With the permission of the house, may I offer a word of explanation with respect to this motion? As no committee work has been set down for Wednesday next, proceeding on the assumption that this motion will be approved on Tuesday, tentative arrangements have been made to have Mr. N. A. Robertson, Under-Secretary of State for External Affairs, appear before the Standing Committee on External Relations to explain the report and answer questions. When the motion is ap-

proved, notices, accompanied by the report, will be sent to members of the committee, who then will have an opportunity to familiarize themselves with what the report contains. Other honourable senators will have the report made available to them.

THE RIGHT HONOURABLE VISCOUNT ALEXANDER—INAUGURATION AS GOVERNOR GENERAL

INQUIRY

Hon. Mr. DAVID inquired:

Was Section 133 of the British North America Act amended or repealed?

1. If so, when?

2. If not, why was the official status of the French language not respected on the occasion of the installation and official welcome to His Excellency the Governor General of Canada?

Hon. Mr. ROBERTSON: This is the answer to the honourable gentleman's inquiry:

1. Section 133 of the British North America Act, 1867, has not been amended or repealed.

2. The proceedings connected with the installation of His Excellency the Governor General, in the Senate Chamber on Friday, April 12, 1946, were in accordance with precedent and did not conflict with Section 133 of the British North America Act, 1867. The speeches delivered on that occasion by His Excellency the Governor General and the Prime Minister will appear in due course, in English and French, as an appendix to the Official Report of Debates of the Senate, and will form part of the permanent record of Parliament.

DAIRY INDUSTRY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Euler for the second reading of Bill G, an Act to amend the Dairy Industry Act.

Hon. JAMES MURDOCK: Honourable senators, this morning the honourable gentleman from L'Acadie (Hon. Mr. Léger) asked me if I would permit him to precede me for two or three minutes in this debate, which I had adjourned, as he desired to correct an impression that was created last evening with regard to some legal point. If there are no objections, I should think my honourable friend could proceed now.

Hon. ANTOINE J. LEGER: Honourable senators, I wish to thank the honourable gentleman from Parkdale (Hon. Mr. Murdock) for his kindness in allowing me a few minutes to deal with the legal aspect of the bill under discussion. In doing so, I do not wish to enter into a controversy with the honourable gentleman from De Lorimier (Hon. Mr. Vien), but, to use his own words, I desire to make a statement for the record. I find that the honourable senator was perfectly correct in stating that the act was introduced by a Conservative government in 1914. But in the second session of 1919, when the Union government was in office, a new act was introduced, being chapter 24, 10 George V. Its short title was, "The Oleomargarine Act, 1919," and section 3 provided:

> Notwithstanding anything contained in the Dairy Industry Act, 1914, chapter seven of the statutes of 1914, or in any other statute or law, the manufacture in and importation of oleomargarine into Canada shall be permitted until the thirty-first day of August, one thousand nine hundred and twenty; and the offering for sale, the sale, and the having in possession for sale of oleomargarine shall be permitted until the first day of March, one thousand nine hundred and twenty-one.

By chapter 30 of the Statutes of 1920, section 3 of the 1919 act was amended by substituting the words "twenty-one" for the word "twenty". That is, the date for the manufacture, importation and sale was extended one year.

Chapter 35 of the Statutes of 1922 authorized this further extension:

> . . . the manufacture in and importation of oleomargarine into Canada shall be permitted until the thirty-first day of August, one thousand nine hundred and twenty-three, and the offering for sale, the sale, and having in possession for sale of oleomargarine shall be permitted until the first day of March, one thousand nine hundred and twenty-four.

I find no other extension for the sale of oleomargarine. But by chapter 43 of 1923, section 3, subsection 2, paragraph (*d*), the Dairy Industry Act of 1914 was amended so as to provide that:

> No person shall manufacture, import into Canada, or sell, offer, expose or have in possession for sale, any milk or cream or substitute therefor which contains any fat or oil other than that of milk.

This is a general section. The act of 1922 fixed August 31, 1923, as the final date for the manufacture and importation of oleomargarine. Thereupon the old section introduced in 1914 was revived, and in 1923 the section which I have just read was added. In the Revised Statutes of 1927, chapter 45, section 5, paragraph (a) I find the following:

> No person shall manufacture, import into Canada, or offer, sell or have in his possession for sale, any oleomargarine, margarine, butterine or other substitute for butter, manufactured wholly or in part from any fat other than that of milk or cream.

In the same section, paragraph (d) provides:

> No person shall manufacture, import into Canada, or sell, offer, expose or have in posses-

sion for sale, any milk or cream or substitute therefor which contains any fat or oil other than that of milk.

As honourable members will observe, this section 5 contains the amendment of 1923 and the provision passed in 1914. As I say, I am not making this comparison in any spirit of legal controversy.

Hon. Mr. QUINN: Only to keep the record straight.

Hon. Mr. LEGER: Yes, I simply thought the record ought to be kept clear.

Hon. Mr. ROEBUCK: May I ask the honourable senator whether the dairy industry went out of business during those years when the prohibtion did not apply?

Hon. Mr. LEGER: I am sorry I cannot deal with my honourable friend's question. I promised the honourable senator from Parkdale (Hon. Mr. Murdock), who kindly allowed me to precede him, that I would not discuss the merits of the bill, and I must redeem my promise.

Hon. JAMES MURDOCK: Thank you.

We have again under discussion, honourable senators, a question that has been before the Senate for some hours on several occasions and it occurs, to me that in this connection we ought to take as our text the old adage: Self-preservation is the first law of nature. We are discussing a question that could not be discussed by any other legislative body in any country in the world, for the simple reason, according to my understanding, that no other country has denied to its people the right to manufacture and use oleomargarine.

Less than a month ago I spent ten happy days in one of the southern states, in a home where everything was comfortable and nice. My hosts told me that on account of the shortage of butter they were using margarine at every other meal. Had I not been told, I certainly could not have distinguished between the meal when I used oleomargarine to spread on my toast or bread and the meal when I used butter.

Some years ago when I sat in another place we denied the people of Canada the right to manufacture or to use oleomargarine. Some distinguished gentlemen who preceded me in this discussion have referred to the fact that, even if we should pass this measure, we could not get the necessary oils and fats to manufacture oleomargarine. What has that got to do with the merits of the case? We have put up with conditions of that kind under other circumstances, and can again. The question today is whether we are to concede to our people their freedom, or, on behalf of the farmers and those who dispose of the milk, deny it to them. Do not misunderstand me. I was raised on a farm and I am first, last and all the time wholly sympathetic with the farmer in the hard work and drudgery incident to his calling. I would go any reasonable distance to help him out, but not to the extent of discriminating against the other workers and citizens of this Canada of ours.

Some hon. SENATORS: Hear, hear.

Hon. Mr. MURDOCK: Let me give honourable members a few figures indicating what is involved here. The information I am about to present relates to 1941. Of course this material is not up-to-date; it is merely offered as a suggestion of what we can all figure out. This statement, taken from the Canada Year Book, 1943-44, is headed "Occupations with 20,000 or more males and 10,000 or more females, 1941." Here are the figures:

MALES

Occupation	Number
Farmers and stock raisers	630,709
Farm labourers	431,102
Labourers (not including agricultural, fishing, logging or mining labourers)	251,889
Office clerks	110,043
Owners and managers, dealers—retail trade	100,756
Carpenters	90,470
Truck drivers	81,304
Salespersons in stores	81,270
Lumbermen	74,000
Mechanics and repairmen (not including electrical repairmen)	67,246
Mining and millmen	51,503
Metal production manufacturing operatives	49,052
Machinists—metal	43,077
Painters, decorators, glaziers	39,058
Fishermen	33,273
Accountants and auditors	31,384
Owners and managers—manufacturing	30,633
Commercial travellers	29,882
Stationary enginemen	29,792
Operatives—clothing and textile manufacturing	25,640
Sectionmen and trackmen	24,422
Shipping clerks	23,044
Electricians and wiremen	22,121
Teachers—school	21,988
Guards and caretakers	20,815
Owners and managers—wholesale trade	20,188
Total	2,414,661

FEMALES

Occupation	Number
Domestic servants	148,999
Stenographers and typists	77,882
Teachers—school	64,465
Operatives—clothing and textile manufacturing	57,366
Salespersons in stores	56,646
Office clerks	49,841
Housekeepers, matrons	46,256
Nurses, graduate	26,473
Waitresses	22,944
Lodging-house keepers	21,113
Bookkeepers and cashiers	20,924
Farmers and stock raisers	14,063
Telephone operators	12,441
Packers, wrappers	12,165
Nurses in training	11,810
Labourers	11,655
Barbers, hairdressers	10,998
Dressmakers and sewers	10,881
Total	676,922

Many speeches have been delivered—particularly the one by our respected leader opposite (Hon. Mr. Haig)—indicating great concern for the dairymen and farmers, of whom there appear to be 630,000. I have a great deal of sympathy for these people; but what about the rest of the almost 2,000,000 males and 676,000 females who, possibly, have not been and are not now able to secure butter?

I am not at all satisfied that, even if this measure was passed here and in another place, oleomargarine would be available to us. The gentlemen who have spoken about the lack of fats and oils know more about the problem than I do. No doubt we would have to wait a considerable length of time before getting the ingredients with which to make oleomargarine. That is not the question. Rather it is a question of whether Canada is going to be as decent to the under dog as it is to the top dog.

We heard last night how much was being paid for butter and oleomargarine on the black market in New York. It was not admitted that these products were bought on the black market, but according to the record the price per pound for butter was fixed at 58 cents a pound, and of oleomargarine at 29 cents; yet the price paid for butter was 80 cents per pound, and for oleomargarine 75 cents. Had the speaker been asked, I am sure he would have said these products were not bought on the black market, but that some distributor was ready to take a chance on violating the law. And what could be done about it? The salesman was getting more for butter and oleomargarine than the price fixed by the O.P.A.

I had intended to refer extensively to what I regarded as a very peculiar statement made in this house last night. However, in the absence of the distinguished and well-liked senator who made the statement it would not be proper for me to dig into that matter, and for the time being I shall refrain. The question briefly is, and we can all consider it, whether some of the distinguished senators here who have not had a tutelage in the House of Commons, though they now represent the people of the dominion in the upper house, have any right to go into a matter of this kind. Figure it out for yourselves, honourable gentlemen. Your judgment is better than mine. In the sixteen years that I have been a member of this house many matters have not been discussed as I personally thought they should have been. I have seen measures get their first, second and third readings the same day, even though they related to subjects which I thought should have been discussed at some length.

A number of distinguished senators have expressed a desire to discuss this subject tonight. The point I wish to make is that while I have a great deal of sympathy for the 630,709 farmers and stock raisers, I have an equal sympathy for the more than two and a half million other people whom I have enumerated. I hope some of the distinguished gentlemen who follow me will take that thought under advisement.

Perhaps I should not resume my seat without referring to my very good friend the leader opposite (Hon. Mr. Haig), who last night delivered a splendid address in which he dealt with information he had secured from Manitoba. Manitoba has a much smaller population than either the city of Montreal or Toronto. But self-preservation is the first law of nature, and Manitoba, with less than three and a half people to the square mile, wants to put into the pockets of the farmers and stock raisers all that can be got out of the grease that comes from the cow. I may say to the honourable leader opposite that I am really with him all the way in doing the square thing for the people of Manitoba; but let us be careful that we do not put out of business some poor labourer in the city of Toronto or Montreal, and crucify his wife and kiddies who want something to spread on their toast in the morning. That is exactly what the honourable gentleman and some other speakers have been advocating in the remarks I have heard.

Some Hon. SENATORS: Hear, hear.

Hon. BREWER ROBINSON: Honourable senators, at the outset of my remarks may I express appreciation to the honourable senator from Waterloo (Hon. Mr. Euler) for having introduced this bill? It has brought forth many constructive suggestions from all

corners of the chamber, and as a new senator I feel they have been very helpful. Even though I cannot support the bill I tender my thanks to the honourable senator who introduced it.

Having lived on margarine to some extent in the United Kingdom, and more recently in the United States, I think I know something about it. The discussion here has brought to mind something that we heard a great deal about a few years ago—New Zealand butter.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROBINSON: As I come from Prince Edward Island, where the people are very much interested in the production of butter and dairy farming in general, I feel it my duty to express the wishes of the majority of the people of that province. Tonight I received a resolution from the president of the Prince Edward Island Dairy Association. I shall not mention his name; some honourable members might recognize it; but I may say that he is one who has reason to remember the advantages and disadvantages of New Zealand butter. As I think nearly everyone recalls, it worked both ways.

I believe honourable senators would be well advised to be very cautious in this debate. I doubt if most people ever get too old to learn, so I suppose it is never too late to change one's mind. It is all very well to refer to the interests of the big cities of Toronto and Montreal, but the prosperity of the cities depends on the prosperity of the farming community, and particularly on one of its most important and efficient groups, the dairy farmers.

I have some personal knowledge about the use of margarine in the United Kingdom, since I spent almost four years over there, approximately half of that time as a soldier and the other half as a civilian in the city of London. Unlike the United States product, the English margarine has the appearance and the taste of butter, and is a very good substitute. A large quantity is used in the army and among the civilian population. The civilian ration is about 75 per cent margarine and 25 per cent butter. Nevertheless, margarine is without question merely a substitute, though it is certainly much better than cream cheese. I would be most unfair if I did not say that.

I spent my recent Easter holidays in Boston, and because of this proposed amendment to the Dairy Industry Act I decided to make as many inquiries as I could about the use of butter and margarine in the United States. Margarine may be legally manufactured and sold there, but only in a form similar to lard. It is a vegetable composition, uncoloured and almost unsalted. I understand that a shortening called Crisco is almost as good a butter substitute as the margarine that is sold in the United States. In fact, some people have told me that they add colouring and salt to Crisco and use it as a substitute.

Margarine is very difficult to obtain in the States. The small merchants are allotted an almost insignificant quantity for customers who may require it. I understand that hotels and restaurants in which it is served must have a special license, because the product prepared for them is coloured and is in a somewhat different category from that sold in the stores. After discussing the matter with a considerable number of people I got the impression that although margarine can be legally sold, there is a series of obstacles designed to make the sale as difficult as possible. Apparently home-made butter is preferred by many to margarine. It is claimed that a quart of heavy cream can be converted into a pound of butter. I am not a dairyman or a farmer, and I accept these statements as given to me. The fact that many people are, as I found, buying cream at 90 cents a quart in order to make butter indicates that margarine is either not readily procurable or not very popular. If this bill were passed by both houses we could not hope to import much margarine from the United States, where there is a definite shortage of the product and where even what is available is in an unattractive form.

Hon. Mr. EULER: Then why worry?

Hon. Mr. QUINN: Passage of the bill would not do any harm, apparently.

Hon. Mr. ROBINSON: There are other factors of importance that we should consider before passing a bill which would not become operative. The proposed amendment to the act might create unrest and disturbance among dairy farmers throughout Canada, and cause them to adopt some other means of earning a livelihood.

Hon. Mr. MURDOCK: May I ask the honourable gentleman a question? Would passage of the bill not demonstrate that the people of Canada have as much freedom as the people of other countries?

Hon. Mr. FARRIS: Is there any doubt about that?

Hon. Mr. ROBINSON: Not many Canadians are dissatisfied with the freedom they have. It is pretty nearly unexcelled anywhere in the world, and I do not think we need make any experiments to demonstrate that.

A further reason why I cannot approve of this bill is that in all my life I have never heard of a really serious shortage of butter

in Canada. I do remember, though, when there was not an outlet for all the butter we produced.

Hon. Mr. CAMPBELL: May I ask the honourable senator a question? Does he know why the statute of 1919 permitting the manufacture, importation and sale of oleomargarine was enacted? Was there not a shortage of butter in Canada at that time?

Hon. Mr. ROBINSON: Doubtless there was, although I do not recall hearing of it then.

I believe it is generally agreed that the present butter situation is merely temporary and will correct itself within the next few weeks. Then we shall have all the cream we need for churning into butter. I am quite sure that the passage of this bill would not bring about any immediate relief.

Hon. Mr. BENCH: Having regard to what the honourable gentleman has just said, would he be in favour of this bill if it were presented in such form as to relieve only the present temporary need?

Hon. Mr. ROBINSON: At the present time I would not be in favour of the bill under any conditions; a while ago I might have been disposed to consider it. I have definitely made up my mind that this would be a most inappropriate time to pass such legislation.

Hon. Mr. MURDOCK: Is the honourable gentleman speaking for the 95,000 people of Prince Edward Island—fewer than half the population of the city of Ottawa?

Hon. Mr. ROBINSON: Honourable senators, I want first, last and always to look at the problems of this country not from the point of view of Prince Edward Island or of Manitoba, or even of the glorious city just mentioned, but from the point of view of Canada as a whole. Only by considering all issues that come before us in a truly Canadian spirit can we hope to weld our people into a great nation.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBINSON: Certain honourable members who have preceded me have stated that the importation of vegetable fats from the United States and other pre-war sources of supply is practically impossible at the present time. But regardless of where we might obtain a supply of vegetable fats, I am confident that no honourable senator would desire their importation once he realized that it would mean depriving the people of the United Kingdom and the other countries of Europe of nutritional elements essential to their health and well-being. I would not say that our good friends in Great Britain are downhearted or discouraged, but according to letters I have received recently, they are unquestionably short of food. Indeed, they are eating less today than at any time during the war, and in those grim years food was not at all plentiful. The United Kingdom uses more fats than either Canada or the United States.

Hon. A. L. BEAUBIEN: Per capita.

Hon. Mr. ROBINSON: Yes.

Hon. A. L. BEAUBIEN: Outside of butter.

Hon. Mr. ROBINSON: Yes. Since 1939 the people of the United Kingdom have been using about 75 per cent margarine to supplement their butter ration. In the years when butter was available they used very little margarine; which shows that they prefer butter. I may say that their butter ration is only two ounces per week. Are we prepared to cut down their limited supplies of margarine and so make their condition worse than ever? Perhaps the butter shortage in the parliamentary restaurant and in this and other cities has tended to focus attention on the absence of margarine.

Hon. Mr. LAMBERT: Would my honourable friend be willing that Canada should forego a little more butter in order that it might be sent to England?

Hon. Mr. ROBINSON: I would be in favour of that. I have noticed reports in the press recently to the effect that butter coupons are being collected for the purpose of sending the butter overseas.

Hon. Mr. LAMBERT: Is not the honourable gentleman's argument in effect simply this: he is willing to leave margarine to the people of England and butter to the people of Canada?

Hon. Mr. ROBINSON: The people of England are only getting two ounces of butter a week. Let them have at least that much so they will remember its taste, otherwise they may cultivate an exclusive taste for margarine.

Hon. Mr. LAMBERT: They can get butter from Denmark.

Hon. Mr. ROBINSON: As a gift; but I do not think it can be imported in bulk. Denmark would be glad to sell all her butter to England if she could get it over there.

Without question the enactment of a measure of this kind right now would cause unrest among our farmers. We are passing through unsettled times, our people do not know what they are going to do next, and this uncertainty and restlessness may be communicated to our dairy farmers if we do anything

to jeopardize their position. The fertility of the soil is dependent in no small measure on dairy farming, and we should do our utmost to encourage the industry. Today labour on the farm is a serious problem, and if we make things more difficult for the dairy industry I fear that ultimately it will prejudice our men from overseas against becoming farmers. So let us make farming as attractive as we can.

It has been stated that the government should not foster a monopoly. Well, our farmers are not organized; they know nothing about the principles of labour unions, and certainly they never can become monopolists. Let us preserve their peace of mind. Let us do nothing to disturb the dairy industry at the present time, even if the butter shortage be as serious as some honourable members have stated.

Honourable members will recall that during the war years the government urged our farmers to produce all the cheese they possibly could, and contributed towards the cost of converting creameries into cheese factories. The greater production of cheese must to a certain extent have decreased the production of butter. Another factor in the present butter shortage is the steadily increasing consumption of fluid milk. Most of our boys who have been overseas for the last three or four years appreciate a glass of milk, and our children are also very fond of it. As a result, the consumption of fluid milk is greater today than ever before. If we are to encourage our farmers to produce more butter I would suggest that the government adopt measures similar to those that proved so helpful in increasing the production of cheese. Let them now raise the price of butter and so give additional encouragement for its production.

Hon. Mr. MURDOCK: In short, no competition and higher prices.

Hon. Mr. ROBINSON: Yes. There are few, if any, fields, where the farmer has a monopoly. If he has a monopoly in butter production, I am in favour of preserving it to him.

Hon. Mr. EULER: Would my honourable friend permit a question?

Hon. Mr. ROBINSON: I will try and answer it, but remember I am not sponsoring the bill.

Hon. Mr. EULER: What would the honourable gentleman think of a letter that I received today suggesting the removal of the ceiling price and the subsidy on butter?

Hon. Mr. ROBINSON: I think we should not be too hasty in removing our controls. I believe in the principle of supply and demand. If we want to relieve the present butter shortage, why not increase the price?

Hon. Mr. QUINN: Raise the ceiling.

Hon. Mr. VIEN: Would the honourable gentleman consider removing the ceiling and retaining the subsidy?

Hon. Mr. ROBINSON: Well, there are some questions which I am not going to try to answer.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. ROBINSON: I was very much interested in the remarks of the honourable senator from Gloucester (Hon. Mr. Veniot) concerning the difficulty diabetics have in getting the amount of butter they require. May I make a suggestion for the relief of these unfortunate people? At the beginning of the war when butter was readily procurable in Canada, and before I had become accustomed to oleomargarine, butter was sent overseas in tins. It has occurred to me that butter could be put up in tins and made available to diabetics through proper channels through drug stores, perhaps, or on a doctor's prescription. We all agree that when a doctor prescribes butter for a diabetic it should be made available. I am told that dealers and retailers will give a preference to such people if they can, but there are times when butter is not procurable.

Hon. Mr. CAMPBELL: May I ask the honourable gentleman whether, in an attempt to alleviate the present shortage, he would be in favour of the rationing of butter made and used on the farm?

Hon. Mr. ROBINSON: From what I know about the farmers, most of them get their butter from the creameries and give coupons for it. When there is a shortage I think most of the dairymen make an effort to sell their cream through the proper channels. It does not pay them to make butter at home when they can get their supply from the creameries at a slightly lower price.

Like other honourable senators who have spoken, I have a great deal of data available; but I do not intend to burden the house with tiresome statistics. As I am a newcomer to this house it might be considered presumptuous on my part to give advice; but I believe that if we deferred action on this bill at the present time it would be better for Canada. If a shortage occurs again at a time when fats are available, we can then consider the matter quite apart from any thought of taking food from other people whose need is greater than

ours. The duty of this house, as I understand it, is to prevent hasty legislation by giving it a second thought. In my opinion this bill should be classified as hasty legislation. The passage of this bill now would, I believe, reflect unfavourably on the Senate.

Some Hon. SENATORS: Hear, hear.

Hon. CAIRINE R. WILSON: Honourable gentlemen, apparently my memory is a little longer than that of some of my junior colleagues here. I recall that after the last war we paid 75 or 80 cents a pound for butter, and I am quite sure that amount did not go to the producers, but rather to the cold storage warehouses and the large companies. I also remember very distinctly the election of 1930 to which frequent reference has been made. After that election there was some discussion in this chamber about erecting monuments to worthy sons of Canada. At that time the representative of a dairying constituency in Ontario said in another place that he thought the government of the day should put up a monument to the cow, because it had ridden into power on her back, and she had been ill-used ever since.

Some Hon. SENATORS: Oh, oh.

Hon. Mrs. WILSON: The honourable senator from Wellington (Hon. Mr. Howard) expressed the view last evening that the pork producers were rather canny when, despite urging on the part of the government, they decided not to increase production because the price had dropped so low after 1930. The honourable gentleman did not say that despite the prohibition on New Zealand butter and the ban against oleomargarine, the price of butter in Canada had dropped to as low as approximately 20 cents a pound.

The morning and the evening newspapers today are full of complaints from dairymen, who say that if the bonus on milk is reduced production will immediately drop. Yet we continually hear that in order to make the production of butter profitable to the farmer he must receive at least 62 cents a pound for it. This price would put butter out of the reach of the average Canadian citizen.

The honourable senator from Summerside (Hon. Mr. Robinson) referred to the poor people of Britain who have to eat oleomargarine, and who are allowed only sufficient butter to enable them to retain their taste for it. He did not suggest that we might take some of the oleomargarine and send them the butter. I would be in favour of such an exchange.

Some Hon. SENATORS: Hear, hear.

Hon. Mrs. WILSON: Complaints are being received that there is a great production of butter in Denmark for which there appears to be no distribution. I hope that situation will be remedied, because I am fully aware of the desperate need in Europe today. I should have liked to read to this honourable house five or six letters I just received from some children in France. Their story is most pathetic.

I hope we shall not continue to favour one section of the farming community while we raise the price of implements to other producers. Though I should like to see the farmer get more encouragement, I do not think it would benefit the ordinary producer as much as it would the large dairy associations.

Among the many speakers on this bill we have heard from two medical men. One of them said that he had a herd of dairy cattle and certainly could not supply the demands made upon him for milk. The other honourable gentleman explained the difficulty of securing fats for some 70,000 diabetics in Canada.

For the reasons I have given, I shall support this measure.

Some Hon. SENATORS: Hear, hear.

Some Hon. SENATORS: Question?

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

PRIVATE BILL

SECOND READING

Hon. G. V. WHITE moved the second reading of Bill S2, an act to incorporate the Executive Board of the Church of the Nazarene.

He said: Honourable senators, the Church of the Nazarene is seeking to be incorporated in order that the legal processes relating to the ownership and transfer of property may be simplified, and so that the church may have a proper status as a religious denomination in the Dominion of Canada. The church was founded about forty years ago, and now has a membership in Canada and the United States of more than 200,000. Its doctrines are precisely the same as those of the former Methodist Church. It conducts missionary work in twenty foreign fields, and maintains in Canada and in the United States seven accredited degree-granting colleges with a total registration of approximately 3,000 students.

The objects of the incorporation are fully set out in clause 4 of the bill. My information is that the bill is along the lines of similar legislation appearing on our statute books.

If the bill is given second reading tonight, it is my intention to 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

Hon. Mr. WHITE moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

DOMINION-PROVINCIAL CONFERENCE

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, before the next order is called, and with the leave of the Senate, I should like to inform honourable gentlemen that I intend to move that when the house adjourns tonight it stand adjourned until Tuesday next at 3 o'clock in the afternoon. The Dominion-Provincial Conference proposes to meet in this chamber for further deliberations tomorrow.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. HAIG moved second reading of the following bills:

Bill T-2, an Act for the relief of Ruby Rosina Burnett Walters.

Bill U-2, an Act for the relief of Winnifred Violet Unsworth Thomas.

Bill V-2, an Act for the relief of Helen Louisa Willcox Reid.

Bill W-2, an Act for the relief of Richard Carter Eaton.

Bill X-2, an Act for the relief of Annie Coyle Frances.

Bill Y-2, an Act for the relief of Beatrice Irene Moore Hawes.

Bill Z-2, an Act for the relief of Laura Lillian Butler May.

Bill A-3, an Act for the relief of Gladys Ethel Standring Weldon.

Bill B-3, an Act for the relief of Elizabeth Maude Foy Gage.

Bill C-3, an Act for the relief of George Burley Beresford.

Bill D-3, an Act for the relief of Isabella Eleonora Cantlie Angus.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the SPEAKER: When shall these bills be read the third time?

Hon. Mr. HAIG: Next sitting.

CANADA'S METALLIFEROUS MINES

MOTION AGREED TO

The Senate resumed from Friday, April 5, the adjourned debate on the motion of Hon. Mr. McRae:

That the Standing Committee on Natural Resources be instructed to examine into the economic value of metalliferous mines in Canada and report to the house its findings, and to that end have power to call and examine witnesses and keep a record of its proceedings.

Hon. J. E. SINCLAIR: Honourable members, a few nights ago I explained to the Senate my reason for adjourning this debate. I have nothing further to add at this time, except to say that I am sure all honourable members are grateful to the honourable senator from Vancouver (Hon. Mr. McRae) for bringing this matter before us.

The motion was agreed to.

IMMIGRATION

MOTION—DEBATE CONTINUED

The Senate resumed from Thursday, April 4, the adjourned debate on the motion of Hon. Mr. Roebuck:

That the Standing Committee on Immigration and Labour be authorized and directed to examine into the Immigration Act (R.S.C. Chapter 93 and amendments) its operation and administration and the circumstances and conditions relating thereto including (a) the desirability of admitting immigrants to Canada; (b) the type of immigrant which should be preferred, including origin, training and other characteristics; (c) the availability of such immigrants for admission; (d) the facilities, resources and capacity of Canada to absorb, employ and maintain such immigrants, and (e) the appropriate terms and conditions of such admission;

And that the said committee report its findings to this house;

And that the said committee have power to send for persons, papers and records.

Hon. THOMAS VIEN: Honourable senators, I have very little to add to what I said when I moved the adjournment of this debate. I then stated that Canada, which is already a great country, is capable of becoming in future much greater and more populous, but we should bear in mind that additional population is not an unmixed blessing. I urged that in opening our doors to immigration we should be extremely careful, because in this matter quality is probably even more important than quantity. In some countries the health or the character of newcomers has been a source of trouble, unrest and numerous problems. It is difficult to make sure that those whom you admit within your borders will be assimilated into the social and political structure of the country.

The people who have settled and developed Canada spring from two main sources, the English and French races, and inherit traditions, forms of culture and ways of life that derive from the ancient civilizations of Greece and Rome. As Blackstone once said, Christianity is part and parcel of the common law of England. The origin of Christianity is to be found in the Old Testament. We are therefore indebted also to the Jews for many of the fundamental principles which underlie our present way of life.

We should try to ensure that the people to whom we open our gates will be capable of accepting and conforming to those traditions and principles which have been handed down from father to son and cherished in this country for generations. It is my hope that Canada will never have to face certain acute problems that have arisen in other countries which failed to take adequate precautions in the selection of immigrants.

Before resuming my seat I should like to express my thanks to the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) for having brought this matter to the attention of the house, and to congratulate him upon the masterly argument he made in support of his motion. It is evident that he devoted a great deal of patient and painstaking study to the subject, and although I am unable to accept without qualification some of the principles he enunciated, I feel deeply grateful to him.

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

The Senate adjourned until Tuesday, May 7, at 3 p.m.

THE SENATE

Tuesday, May 7, 1946.

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

Prayers and routine proceedings.

CANADA'S METALLIFEROUS MINES

PRINTING OF PROCEEDINGS—REPORT OF COMMITTEE

Hon. J. J. DONNELLY, Chairman of the Standing Committee on Natural Resources, presented and moved concurrence in the following report:

In connection with the order of reference of the 2nd May, 1946, instructing the committee to examine into and report upon the economic value of metalliferous mines in Canada, the committee recommend that it be authorized to print 1,000 copies in English and 200 copies in French of its day to day proceedings, and that Rule 100 be suspended in relation to the said printing.

The motion was agreed to.

DIVORCE BILLS

FIRST READING

Hon. Mr. COPP, for the Chairman of the Standing Committee on Divorce, presented the following bills, which were severally read the first time:

Bill E3, an Act for the relief of Albert Stuart White.

Bill F3, an Act for the relief of Edward Mortin Montgomery.

Bill G3, an Act for the relief of Evelyn Clare Ward Davis Murray.

Bill H3, an Act for the relief of Esther Genevieve Johnson Potter.

Bill I3, an Act for the relief of Wanita Winifred Ellerton Upton.

Bill J3, an Act for the relief of Joseph Victor Emile Tasse.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. COPP: Next sitting.

EXTERNAL AFFAIRS

MOTION

Hon. A. D. McRAE moved:

That the report of the Secretary of State for External Affairs tabled in the Senate on the 19th of March, 1946, be referred to the Standing Committee on External Relations for consideration and report.

He said: Honourable senators, the other day when giving notice of this motion I made a brief explanation. I might just add now that arrangements have been made for the Under-Secretary of State for External Affairs to appear before the committee tomorrow morning at 11.15, when the report—which is for 1945—will be considered.

The motion was agreed to.

PRICE CEILING ON TRACTORS

DISCUSSION

On the Orders of the Day:

Hon. RALPH B. HORNER: Honourable senators, I wish to bring to the attention of the house a matter that I believe is of urgent importance to the whole world, especially that part of the world now facing the food shortage. In the Ottawa Journal of this morning there is a report stating that in the other house there has been a discussion on price ceilings. Up until last March officials of the Wartime Prices and Trade Board in various towns

throughout Saskatchewan were exercising their authority by declaring a price ceiling on tractors, and I was under the impression that this practice was general throughout the country. I attended a good many auction sales in Saskatchewan where retiring farmers were disposing of their goods, and I know that in each case the representative of the Wartime Prices and Trade Board notified the farmer that his tractor could be sold for, say, not more than $1,200, even though buyers were willing to pay much more. In some cases the matter was settled by putting in a hat the names of those desiring to purchase and allotting the tractor to the one whose name was drawn. Last March when going out on the train to Western Canada, I happened to meet a very fine man who informed me that he was on his way to Yorkton with a trainload of fifty tractors, combines and other farm machinery. I said, "You will be up against the price ceiling." He said, "No, I fixed that a year ago. At that time I had shipped a trainload of from fifty to seventy-five tractors to Moose Jaw. The Prices Board man asked me to call at their office in Regina. When I appeared there I said, 'Well, gentlemen, what do you propose to do?' They said, 'You understand there is a price ceiling on those tractors'. I replied, 'I don't understand any such thing. It is my belief that there is no price ceiling, and that you have no authority to impose one'. They said they would get in touch with Ottawa. I told them, 'Very well. I am a busy man. If you want me you will find me at Moose Jaw selling tractors and other farm machinery as fast as I can'." He sold tractors, three or four years old, that cost $1,325 new, for as much as $2,000. He said to me, "Ever since then in Saskatchewan you have had no price ceiling on farm tractors."

I am calling this matter to the attention of honourable senators so that any publicity my remarks may receive in the press will result in every farmer in western Canada becoming aware of the facts, for there are still many in Saskatchewan who think there is a ceiling on farm tractors. This is a very important matter to the farming community of western Canada, as the scarcity of tractors has affected seeding operations. Honourable senators may be interested to know that 30,000 farmers attended the sale at Moose Jaw to which I have referred, due to the fact that no new tractors have been sold in the West for some years.

This man informed me that the freight rate on used tractors is only half the rate charged on new ones. There is a suspicion abroad that a tractor does not have to be run around very much in Ontario mud to make it look second-hand; and it is only natural to expect that the seller will use the tractor for a few days if he can get $600 more for it by making it appear to be second-hand. Used tractors are still being shipped from the East, and the price asked for a four-year-old machine is from $500 to $600 more than the price of a new one. In his income tax return a farmer is allowed 20 per cent depreciation for the first year on a new tractor. I wonder what he would be allowed on a second-hand machine which cost $600 more than the price of a new one, and which may be well worn. The man to whom I refer was, I believe, telling the absolute truth when he said the second-hand tractors he was selling were as good as new. An honourable senator tells me that he knew there was no ceiling on tractors, but I was not aware of it until I was told by this man. Surely this situation enormously increases the cost of farming operations in western Canada. If there is no ceiling on tractors, why is there still a ceiling on cars? Cars have very little to do with the seeding of a crop.

Hon. Mr. VIEN: Does the honourable senator suggest that the ceiling should be removed, or that there should be a ruling to the effect that there is no ceiling?

Hon. Mr. HORNER: My point is that discrimination is being shown. We have a good many lawyers in Saskatchewan, but I should like to put a question to my honourable friend who is a member of the legal profession. Has the farmer who sold his tractor for a thousand dollars less than he could have got for it any right of action against the official who told him he could not sell to the highest bidder?

Hon. Mr. VIEN: I do not propose to enter into a controversy. I am simply trying to find out what the honourable senator suggests.

Hon. Mr. HORNER: I suggest that if there is a ceiling on the products the farmer has to sell, there should also be a ceiling on tractors. Further, the fact that there was no ceiling should have been announced, so that all farmers would have been treated alike. Personally, I think the farmers who were told by officials that they could not sell their tractors above a certain price have a right of action against those officials to recover the amount they lost.

All new tractors are held for the use of soldiers, which is quite proper. But the Minneapolis Company, which is only one of about six producers of this kind of machinery, has

twenty tractors sitting on its floor now. I imagine that at the distributing points in western Canada there are possibly a hundred or more new tractors sitting idle.

I have here a letter from a young man who was in service and is now taking training in a vocational school conducted by the army. He says that two completely overhauled tractors are sitting at the school, which will be closed from now until next fall. He thinks it shameful that they should sit there idle when they are so badly needed. This young man is anxious to get a tractor for his own use; but apparently the new machines reserved for ex-service men go to men who have entered into the scheme whereby they get government assistance, and not to those who already own their land. In many cases the government is away behind in its dealings, and lands have not been inspected. In the meantime these two tractors at the school are doing nothing, and land in many parts of the country is being only half worked.

I bring up this situation immediately upon my return from the West, because even yet it is not too late to remedy it. The government should arrange to put these tractors into use, first satisfying itself that they will be properly cared for and maintained. It is a terrible mistake to leave machinery sitting idle when it is so badly needed on the land. Throughout the country today one can see many old tractors chugging over the land, the farms being only half worked. Every farmer knows that the care taken at seed-time means a great deal at harvest.

I have heard many excuses, such as, "This was not done during the last war;" but I know of nothing to equal this great farce about tractor prices.

Hon. Mr. ROBERTSON: Would the honourable gentleman be good enough to supply me with information as to the location of the tractors to which he refers?

Hon. Mr. HORNER: I certainly will—Regina, and out from Saskatoon.

Hon. Mr. ROBERTSON: I should be pleased to have whatever information the honourable gentleman can give me, but I will not ask him for it now.

Hon. Mr. HORNER: I shall endeavour to supply the information to the honourable leader opposite.

Hon. Mr. VIEN: The honourable senator knows, of course, that there is a school of thought in Canada which holds that if ceilings are removed prices will adjust themselves more rapidly. Mr. Gilbert E. Jackson of the Canadian Chamber of Commerce, speaking before the Rotary Club in Montreal on March 12, had this to say:

Here our Canadian commissars—

I think he goes a little far in using that term.

—inform us that we must keep the controls, or at least a lot of them, because goods are still in short supply. We must retain controls till enough goods come to market. Only when supplies become adequate, can these controls be removed.

In other words, we must retain (in part, at any rate) a system which was intended to prevent civilian goods from being produced: and we must retain it, if you please, with a view to getting the same goods produced now. To me, sir, "this does not add up."

Those of us who learned our economics before the nineteen-thirties, can remember when these problems were looked at otherwise.

Then it was believed that a demand for goods, backed by money, was the best means of getting goods produced—provided, of course, that the money backing the demand was enough to render production of them worth while, from a maker's standpoint.

Of course, it was realized then as now, that shortages of goods provoke high prices. But it was realized also that high prices, in their turn, provoke abundance of supply thus bringing prices down again to reasonable levels.

The secret of capitalism is and always has been simply this—There is a causal connection between shortages and high prices; there is a causal connection between high prices and abundance; there is a causal connection, too, between abundance, and a corrective lowering of prices.

Thus have consumers governed the course of production. Just naturally, demand has begotten supply.

Mr. Jackson in his address suggests that removal of the price ceilings on all commodities would restore prices to their normal level more rapidly than any artificial control by regulation.

Hon. Mr. HORNER: Of course the high price of used tractors means that the demand is great.

Hon. Mr. HARDY: Honourable senators, I rise to a point of order. Is not this discussion out of order?

The Hon. the SPEAKER: It is quite out of order. The honourable gentleman from Saskatchewan North (Hon. Mr. Horner) had a perfect right to make reference to this subject, as he has done; but the question is not debatable. If it is to be debated, it should be put in the form of a motion.

DIVORCE BILLS

THIRD READINGS

Hon. JOHN T. HAIG moved the third readings of the following bills:

Bill T-2, an Act for the relief of Ruby Rosina Burnett Walters.

Bill U-2, an Act for the relief of Winnifred Violet Unsworth Thomas.

Bill V-2, an Act for the relief of Helen Louisa Willcox Reid.

Bill W-2, an Act for the relief of Richard Carter Eaton.

Bill X-2, an Act for the relief of Annie Coyle Frances.

Bill Y-2, an Act for the relief of Beatrice Irene Moore Hawes.

Bill Z-2, an Act for the relief of Laura Lillian Butler May.

Bill A-3, an Act for the relief of Gladys Ethel Standring Weldon.

Bill B-3, an Act for the relief of Elizabeth Maude Foy Gage.

Bill C-3, an Act for the relief of George Burley Beresford.

Bill D-3, an Act for the relief of Isabella Eleonora Cantlie Angus.

He said: Honourable senators, before these bills are given third reading, may I make a few remarks about the question of divorce generally? Last week in another place certain statements were made which to me are very disturbing. Divorce is a serious business. There are divorce courts in every province of Canada but one. The number of applications for divorce this year will exceed all previous records. I am authoritatively informed that in the province of Ontario, despite the large number of judges working on divorce, there will be more unheard cases at the end of the year than there were at the beginning. In Great Britain the situation is beyond the ken of man. The courts are quite incapable of handling all the cases, and legislation has been passed giving lawyers of certain standing power to hear them. But there are not enough stenographers to take down the evidence. It is estimated that to hear the applications at present on record will take fifteen years.

Ever since confederation the Senate has been passing special divorce legislation. This house does not grant divorces, but rather passes special acts, each of which provides that two people who are married to one another shall be separated. I think—and I say this not because I am a member of the Divorce Committee—that the Senate owes a debt of gratitude to the members of the committee for the services they have rendered. Parliament has been in session about a month and a half, and every week during most of that time the committee has been sitting on Mondays, Tuesdays and Fridays. The committee has heard 91 cases, but there are 237 petitions yet to be dealt with, ten of which will be opposed by the respondents.

In order that the house may better understand the problem, let me give a few figures. During the last ten years 787 bills of divorce have been granted by parliament, the number in each year being as follows:

1936	40
1937	46
1938	85
1939	50
1940	62
1940-41	49
1942	73
1943	92
1944	111
1945	179

This year we have received already a total of 328 petitions for divorce. The only previous year in which that number was approached was 1930, when 247 petitions were heard and recommended. Many of those cases were from Ontario, as the courts of that province then had no jurisdiction in divorce.

Many people in Canada are opposed to divorce. They have a right to their opinion, and I respect it. I have no desire to argue with them at all. What I am discussing is the problem that faces us as senators, as members of one branch of the Parliament of Canada. The other day this divorce problem was quite seriously discussed in another place. I know the rules prevent me from quoting what was said, but for the information of honourable members who wish to refer to it I may say the discussion is to be found in the House of Commons *Hansard* No. 30. Divorce is just as much the business of members of that house as it is of senators. Why should we have to hold the committee meetings, hear the evidence and do all the other divorce work we now do? Why should they not do part of it? Some honourable members hold up their hands in horror at the granting of these divorces. Well, I invite any men or women who hold such a view to come to our divorce committee and listen to the evidence. They will be shocked.

Hon. Mr. QUINN: It is bad enough for men.

Hon. Mr. HAIG: I am not referring to the kind of evidence my honourable friend is apparently thinking about. Rather, I have in mind evidence which discloses that a young woman of 28, say with two or three children, has a no-good, drunken husband who is running around with other women. Her life is in danger of being ruined; she wants to make a fresh start, and I do not blame her.

Hon. Mr. QUINN: Have action taken under the Criminal Code.

Hon. Mr. HAIG: Quebec is the only province whose courts have not got jurisdiction in divorce. The number of cases coming from

that province is such that our problem will not be any lighter next year; indications are that it will be just as bad or worse.

Hon. Mr. McRAE: It will be worse.

Hon. Mr. HAIG: It may be worse, but at any rate it will be just as bad. We are not going to be able to deal this session with all the petitions now on hand. In these circumstances I have a suggestion to make: that we invite representative members of the House of Commons—some from the government side, some from the official opposition, some from the C.C.F. and some from the Social Credit party—to meet with a committee of the Senate to consider this whole matter.

It seems to me that the only hope of getting relief from the present situation is by doing one of two things. We could pass legislation establishing in Ottawa, say, a court somewhat along the lines of the Exchequer Court, to hear petitions for divorce from any province. In practice nearly all the cases would come from Quebec, but occasionally there might be one from another province when the domicile of the husband was in question. The other day we had before our committee a case in which it was not certain whether the domicile was Ontario or Quebec. The petitioner had no option but to come before us, since we have jurisdiction throughout Canada. A committee of members of both houses could consider this whole problem and see if it is not possible to arrive at some solution. It is popular to get up in another place and denounce hasty divorce, and so on. We could make an effective reply to criticism of our procedure by just refusing to hear any further cases. That would bring the issue to a point, but it would be an awful price to exact from men and women who are not to blame for the situation.

I am bringing this matter to the attention of the house, not to cause a controversy but in an endeavour to solve the problem. We are not making any headway at all. I have had the honour of being in the Senate for about eleven years, seven or eight of which I have been a member of the Divorce Committee, and it is my recollection that there has been a discussion of the growing divorce problem almost annually. Yet nothing has been done about it.

Hon. Mr. EULER: My honourable friend suggested there were two possible solutions of the problem, but he mentioned only one.

Hon. Mr. HAIG: One solution would be to confer divorce jurisdiction upon the Exchequer Court or a specially-appointed court here in Ottawa. The other would be to appoint a person or persons to hear evidence, and make a report to us in each case, recommending the granting or refusal of the petition; then we could put through a bill or refuse to do so, just as we can now.

Hon. Mr. HAYDEN: You are suggesting the appointment of what are called "triers"?

Hon. Mr. HAIG: Yes. I am not saying that we should endeavour to force legislation on the province of Quebec. We could not do that, in any event.

I believe that those people who are opposed to divorce—whether they are members of one of the houses of parliament or not—will agree that our present procedure is really a recognition of divorce. When we are asked to give second or third reading to divorce bills, my honourable friend from Lunenburg (Hon. Mr. Duff) always calls out "On division." My conscience is not as bad as his, so I do not need to do that.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: I am sorry the Chairman of the Divorce Committee (Hon. Mr. Aseltine) is not here today. It is because of the serious way that the divorce question was discussed in another place a few days ago that I felt something should be said here on this occasion. We do not want this divorce work. If members of the other house think we are not doing the work properly, for goodness' sake let them do it! Let them take over the job. I do not think there will be any rush to take on the work. I have occasionally invited members of the other house to come to our committee and listen to the evidence, and at the end of the sitting they have told me, "We will never raise any objection again."

I suggest that we hold ourselves ready to join with members of the other house in a committee to seek a solution—not to the problem of divorce, for I know that cannot be solved, but to the problem of how best to handle the Quebec cases that now come before us.

Hon. A. C. HARDY: Honourable senators, I agree entirely with what has been said by the honourable leader opposite (Hon. Mr. Haig) as to the seriousness of the problem. Perhaps I might be permitted to offer a solution that would give, not full relief but a little relief. Back in the late 'twenties, when the petitions from Ontario became numerous, we increased the number of members on the Divorce Committee to fifteen, or probably more than that, and the committee sat in three divisions, the quorum of three being maintained in accordance with what had already been laid down. That was the only way in which we were able to get through the work. I

think in one year we got through 330 cases, many of them contested. The honourable leader on the other side has suggested that we should have a conference with the House of Commons. In the meantime I think we in this house could get some relief by having the committee sit in two divisions or even three, if necessary, to deal with the great number of cases now coming forward. Then each division could present its reports in the usual way.

Hon. Mr. HAIG: If the house will allow me to answer the honourable gentleman, I may say that the Divorce Committee is now sitting in two divisions, and we have reached the limit of reportorial help. In that respect we are just as badly off as they are in England. This morning we had difficulty in getting the proceedings of the main committee and the sub-committee reported.

Hon. Mr. LAMBERT: Under what provision, either constitutional or statutory, does the Senate Divorce Committee perfom its functions?

Hon. Mr. HAIG: It is simply an arrangement adopted at confederation.

Hon. Mr. LAMBERT: Is it not specifically mentioned in the Senate and House of Commons Act?

Hon. Mr. COPP: I think it is covered by the British North America Act.

Hon. Mr. LAMBERT: If that is the case, does not the matter really resolve itself into the control of parliament over its own constitution?

Hon. Mr. HAIG: I am not suggesting that we could not pass an act establishing a divorce court. It can be done. The only difficulty is in getting everybody to agree to such a course.

Hon. Mr. LAMBERT: It might be a very good occasion to examine the power of the Parliament of Canada to amend the constitution.

Hon. Mr. ROEBUCK: It seems to me that the real difficulty lies in the taking of the evidence. Why not have a barrister hear the evidence—which of course would be recorded—and make his recommendation to the committee, which, in turn, would make its recommendation to the Senate? Such an arrangement would relieve the members of this house who now give their time generously and patriotically to this very unattractive work. Surely, if it is not possible to enact legislation establishing a court—which naturally would be the best way of dealing with the difficulty—and if it is not possible to divide up the work with the House of Commons, because its members will not share in it, we must adopt some other procedure to relieve honourable senators from this onerous and disagreeable work.

The motion was agreed to, and the bills were read the third time, and passed, on division.

DAIRY INDUSTRY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, May 2, the adjourned debate on the motion of Hon. Mr. Euler for the second reading of Bill G, an Act to amend the Dairy Industry Act.

Hon. J. J. BENCH: Honourable senators, I intend to propose an amendment to this bill, in the hope that it may serve to compose at least some of the differences of view that have found expression in this debate. However, before presenting this amendment I should like to comment briefly—and, may I say, respectfully—on some of the statements made during the discussion that has taken place.

It seems to me that if this were only a question of oleomargarine or no oleomargarine the debate might not have been so protracted or as interesting as it has proven to be. But, as was so well stated the other evening by the honourable senator from Parkdale (Hon. Mr. Murdock), there is involved here something more—the very highly important question of principle as to whether Canadians are to be free to deal in a wholesome article of food, or whether that right is to be denied them in order to concede special privilege to one portion only of our population. I am what, I suppose, might be called an old-fashioned Liberal.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. BENCH: Like the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) I am against measures which unreasonably restrict the right of the individual to trade in legitimate articles of commerce. In times of war or other national emergency many of the ordinary rules must go by the board, but in times of peace I am unalterably opposed to this kind of bureaucracy and dictatorship. This being so, when I come upon it I must try to do something about it. If the honourable gentleman from Wellington (Hon. Mr. Howard) were present, I would say to him that I think that obligation rests upon me with equal weight whether I be a member of the Senate or of another place.

As a senator I am relieved only to the extent of the constitutional limitations placed upon the powers of this honourable house.

The other evening the esteemed gentleman from Wellington boasted of a long experience in both houses of parliament—a career, which I am happy to attest, constitutes a very fine record of public service. Nevertheless I venture to suggest to him, and to any other honourable member who might have agreed with his remarks, that he is under a very grave misapprehension if he thinks a private member is acting improperly in introducing a measure of this kind in the Senate.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: I would remind the honourable senator that from time to time this chamber is criticized for allegedly displaying an attitude of laissez-faire such as he advocates in regard to this matter. Whatever may be the attitude of this honourarble house towards the merits of this bill, I most sincerely hope that the impression will not go out that honourable senators are not to be initially concerned with problems of this kind. For myself I wish most emphatically to disassociate myself entirely from any such idea.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: As to the measure itself, I think the debate has established several things in its favour. It seems to be agreed that oleomargarine, manufactured according to present-day standards, is a wholesome and nutritive article of food, entirely fit for human consumption. It is admitted to be an inexpensive substitute for butter, of which there is acknowledged to be an increasing shortage.

Many of the arguments against the bill, notably those of the honourable leader opposite (Hon. Mr. Haig), have shown that notwithstanding an increasing volume of milk production the amount of butter available on the market is on a descending scale. Such arguments, I think also go to prove that the present trend is likely to continue for some considerable time.

There are three main points raised in objection to the bill. Firstly, it is said that to remove the existing prohibition against oleomargarine would constitute a very grave threat to the future of one of our most important primary industries—that of dairy farming. Secondly, it is stated that the manufacture and sale of oleomargarine in Canada would deprive the starving population of Europe of the oils and fats which are now surplus to our own needs. Finally, it is argued that we now have no oils and fats available in this country for the production of butter substitutes.

In connection with the first point, a good deal has been said of the great production record of those engaged in the dairy industry during the war. I think no one will gainsay the fine words of praise uttered in this chamber in that connection. Neither, I think, will anyone challenge the credit which is due to Canadian factory workers for their war record.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: If that type of argument is relevant to the issue now before the house—which I much doubt—then it may not be unfair to compare the positions of these two classes of our population with respect to the present butter shortage. The industrial worker, living in the urban centre, secures butter for himself and his family only on the production of ration coupons and payment of the current price; and even then he has great difficulty in securing the quantity he requires. The dairyman, on the other hand, can keep his table liberally supplied from his own herd. With that situation in mind I respectfully venture to suggest that the attitude of the dairymen of this country has not been fairly represented in this debate. I do not believe that in the present state of affairs they want to play the part of the "dog in the manger". I hold firmly to the opinion that while this shortage lasts the dairy farmers of Canada would be only too happy to see their fellows in towns and cities get a good, healthful substitute for butter.

As to the availability of fats and oils, I would remind honourable senators that the ingredients of oleomargarine are already controlled by the Combined Food Board, and in Canada by the Wartime Prices and Trade Board. I presume those controls will continue in effect whether or not this bill is passed. These substances would be allocated to the production of oleomargarine according to some priority rating which would be assigned to it having regard to the over-all national needs. Therefore I must say that I am not at all impressed by the arguments against the bill, which rest on an alleged shortage of fats and oils.

While, as I have indicated, I was prepared to support second reading of this measure on the basis of opinion already expressed in this debate, I felt I could not entirely ignore the circumstance that the prohibition contained in the Dairy Industry Act has remained on our statute books since at least 1914. Some reference also has been made to the fact that in a comparable emergency following the last war steps were taken to temporarily

relieve the situation which existed at that time. It occurred to me that the precedent of 1919 might be worthy of some investigation, and with that end in view I moved the adjournment of the debate on Thursday last. On looking into the matter I was amazed to discover that oleomargarine has a legislative history much longer than I had any reason to believe. I think it was said by some honourable gentleman that the first legislative reference to oleomargarine was in 1903. If honourable senators will bear with me for a few minutes longer I think I can give them some very interesting details with respect to the history of this legislation which may help them to reach a conclusion on this bill.

It seems that more than sixty years ago some enterprising soul had discovered the means of producing oleomargarine, and that the substance was being manufactured and sold in Canada prior to 1886. Up to that time the only action taken by the government of Canada in relation to the product was to impose upon it a very heavy excise and customs duty. I might say that at that time oleomargarine had a very bad name and, I should add, judging from some of the material which I have examined, it certainly deserved the unsavoury reputation it had in 1886. It was actually considered unfit for human consumption; and to make matters worse it was passed off to the consumer as butter.

Hon. A. L. BEAUBIEN: And will be again.

Hon. Mr. BENCH: In that state of affairs, at the session of 1886 one Mr. Taylor introduced into the other house a resolution calling for a measure to regulate the manufacture and sale of oleomargarine and other butter substitutes. If the honourable gentleman from Wellington (Hon. Mr. Howard) were present I am sure he would be very interested to know that Mr. Taylor was a private member supporting the government of Sir John A. Macdonald. Moreover, when the private member's resolution was being debated there was standing on the order paper a government resolution to authorize the introduction of a measure to prohibit the manufacture of butter substitutes, in the broad sense, except under license from the Minister of Agriculture.

A debate of considerable length ensued on Mr. Taylor's motion. During this debate the statement was made several times that if the product was not injurious to health, and was properly stamped, and not sold as butter, parliament could not prohibit its manufacture although it might regulate it by a system of licensing. Mr. David Mills, then in the opposition but later Minister of Justice in one of the cabinets of Sir Wilfrid Laurier, concurred in that view, and said that any measure prohibiting the manufacture of butter substitutes, as distinguished from regulation, must be based on the ground of protecting the public health. My understanding is that it would have to be brought within the ambit of criminal legislation.

Mr. Taylor's motion was subsequently withdrawn, and later in the session the government of the day introduced a bill to prohibit the manufacture and sale of butter substitutes. The debate on this measure was extremely short, the bill getting first, second and third readings in what appears to be a matter of minutes.

As it may be of interest to honourable senators, I should like to read the debate in the other house on the original oleomargarine bill that became law in 1886. In the House of Commons Debates of 1886, Volume II, at page 1728, I find the following:

Substitutes for Butter

Mr. McLELAN introduced Bill (No. 149) to prohibit the manufacture and sale of substitutes for butter.

Bill read the first time.

Mr. McLELAN moved the second reading of the Bill.

Mr. BLAKE: I do not know what is in the Bill, but I hope it does not prohibit the importation of all substitutes for butter. The title is rather wide. There are a good many very wholesome substitutes for butter.

Mr. MITCHELL: I wonder if it would cover molasses. Because in my part of the country the people use a good deal of it as a substitute for butter.

Title changed by adding after "sale of" the word "certain."

Motion agreed to, Bill read the second time, considered in Committee, reported, read the third time and passed.

Hon. Mr. DUFF: That is worse than the Canada Day Bill.

Hon. Mr. BENCH: I might say that when the measure reached this house it received equally summary and favourable treatment. I was very much interested to note that the preamble of the bill of 1886 recited that, "the use of certain substitutes for butter heretofore manufactured and exposed for sale in Canada is injurious to health." I expect that this preliminary statement must have been designed to meet the point raised by Mr. David Mills and others who dwelt on the constitutional aspect of the measure. Oddly enough, when the Statutes of Canada were revised in the same year, and when this measure was carried into the Revised Statutes of 1886 as Chapter 100 of that consolidation, the preamble was dropped, and does not appear thereafter. It would be grossly improper for

me to make any suggestion as to what that might imply, but honourable senators, particularly those of the profession to which I have the honour to belong, can reach their own conclusions.

While I am speaking of the legal profession I may say that I lay no claim to being an expert on constitutional law, but I venture to suggest that there is grave doubt whether this parliament has any jurisdiction to prohibit—that is, as distinct from regulating—the manufacture and sale in Canada of an article of food which cannot be shown to be injurious to the public health. I suppose parliament can prohibit the importation of any substance into Canada, but manufacture and sale certainly seem to me to be matters of property and civil rights, and as such to come within the legislative powers of the provinces. I doubt very much if this parliament has any more right to enact a prohibition of the manufacture and sale of wholesome butter substitutes than it would have to enjoin the making and selling of, say, patent leather shoes or rayon stockings, or even nylon stockings.

Hon. Mr. LEGER: In the past parliament has enacted certain prohibitions with regard to liquors, in the Canada Temperance Act. I suppose that was done on the ground that liquors are injurious to health.

Hon. Mr. QUINN: Who disputes that?

Hon. Mr. BENCH: I am sure there are many honourable gentlemen in this house who would not agree that that was a sound ground.

I am prepared to leave the decision on the constitutional point to people who are more competent to deal with it than I am. I only wish in passing to point out to the dairy industry's friends in this chamber that paragraph (a) of section 5 of the present Dairy Industry Act may not be the strong bulwark against competition from oleomargarine that they believe it to be. Possibly, if the statute had been designed merely to regulate the manufacture and sale of the commodity it would have a better chance to survive a test in the courts, as coming under the heading of "The regulation of trade and commerce", or "Weights and measures", or a combination of both. But why should the manufacture of oleomargarine be regulated any more than the sale and manufacture of Crisco or some other types of shortening, or salad oils? I am not pressing the constitutional point. I only mention it by the way, in the hope that it may disturb some honourable gentlemen who have so strongly pleaded the cause of the dairy industry.

It has already been explained by earlier speakers that the legislation which first appeared in 1886 was translated as a section of the Dairy Industry Act, first passed, I think, in 1914; and the prohibition with which we are now concerned appears as paragraph (a) of section 5 of that act. The first time subsequent to 1886 that the prohibition was relaxed was, as we know, in 1919. The act passed in that year suspended the prohibition for a stipulated period, and this suspension was later extended for yearly periods up until 1923 or 1924. I am told it was 1923.

Hon. Mr. EULER: I think the last suspension was dropped in 1923 but sale remained in effect until 1924.

Hon. Mr. LEGER: That is right: March 1924.

Hon. Mr. BENCH: Actually, from my notes it would appear that the last amendment to the act was made in 1922, extending authority for the importation and manufacture until the 31st day of August 1923, and for the offering for sale until the 1st of March, 1924. So apparently the 1st of March 1924 was the last day upon which oleomargarine could legally be sold in Canada.

It would seem that by 1919 the reputation of oleomargarine as a butter substitute must have considerably improved. The product could not then have been regarded as injurious to public health.

Hon. A. L. BEAUBIEN: It must be remembered that the price of butter was then 80 cents a pound, and that oleomargarine was selling at 35 cents.

Hon. Mr. BENCH: I was about to say that there must have been some good reason for enacting the Oleomargarine Act of 1919. Whether the supply of butter was short or the price of butter was very high, I am unaware, but in any event the government and parliament of that day deemed it desirable in the interest of the country that the absolute prohibition which had obtained since 1886 should be temporarily suspended to meet a then current need. I suggest to honourable senators that the act of 1919 must have proved satisfactory, otherwise the extensions of 1920, 1921 and 1922 would not have been made.

In the present state of affairs why should we not follow the precedent of 1919? In my respectful opinion a suspension of the existing prohibition for a limited time would meet all the objections which have been put forward against the bill, and might serve to put on the tables of countless people in this country a wholesome butter substitute which they need, and which is now denied them.

Only today I received from a housewife in Niagara Falls, Ontario, a letter which I think constitutes one of the finest arguments I have heard outside of this chamber in support of the bill under consideration. If I may not be considered as imposing on the good will of honourable members, I should like to read the letter. In the opening paragraph the writer remarks that she has read newspaper accounts of the debate in the Senate and is writing me on that account. She then says:

We need butter in adequate amounts in our daily diet if we are to maintain the reasonably high standard of health and nutrition that we have already achieved here in Canada. If it is not possible to procure butter in sufficient quantity then we must have a suitable substitute. The only wholly satisfactory substitute of which we know is oleomargarine.

Butter is one of our very best sources of Vitamin A, and our first real knowledge of Vitamin A deficiency seems to have come from Denmark during World War 1, when all butter was exported to Germany, leaving only unsatisfactory substitutes for expectant mothers and small children. Over 400 of these children were studied; 27 per cent became totally blind; 35 per cent retained vision in only one eye, and the remainder showed that both eyes had been involved.

We are, however, more concerned with borderline cases caused by faulty nutrition than we are by an extreme vitamin deficiency. An examination of nutritional research material revealing studies among industrial workers suffering from "night blindness" (that is, undue consciousness of the glare of head-lights when night driving, and the inability of the eye to readily adjust itself from light to dark), shows that in most cases these workers carried lunches in which there were insufficient amounts of butter or other satisfactory sources of Vitamin A.

Now, it is true that carrots and lettuce, because of the carotene which they contain, and egg yolks are equally valuable sources of this important food factor, but unfortunately they lack the staying power or hunger-satisfying appeal of a robust sandwich.

But who cares to eat sandwiches that, regardless of the excellent quality of the fillings contained, are dry because of lack of butter? I know whereof I speak, because for two and a half years, and until recently, I was the nutritionist at the Norton Abrasive Co. in Chippawa, where we not only served three hot meals a day to plant workers, but prepared packaged lunches for a large number of workers in the plant ,who, working straight eight-hour shifts were allowed only twenty minutes for lunch, and were therefore unable to eat a hot meal at the company restaurant. Last year I was Chairman of the Greater Niagara Branch of the Health League, and a large part of our programme as assigned to us by the Health League of Canada was devoted to a study of box lunches carried by workers and school children.

Prior to my work at the Norton Co., I had ten years' experience as a hospital dietitian; four years at the McKeller Hospital at Fort William, four years at the Park Avenue Hospital in Rochester, New York, and two years at the University Post Graduate Hospital, Philadelphia. Therefore, I know how necessary butter is in the patients' dietary. Convalescent post-operative patients are frequently allowed certain foods that could only be made palatable by butter; many diabetic patients and others on gastric ulcer diets or on high fat diets used in the treatment of epilepsy need it for therapeutic reasons.

There seems to be a general feeling that we are being denied oleomargarine because of a sentimental consideration for the industry which produces butter, and that this consideration is being shown out of gratitude for the excellent work done by the members of this industry during the war years.

This indicates that some comments of my honourable friends in this house have gained wide publicity. The letter continues:

But, indeed, Mr. Bench, who is there among us in all industries and professions who did not do his utmost according to his ability? What is there unique about any citizen who does his duty during war-time?

We have no assurance that this is the last period in which we are likely to experience a butter shortage, but rather that there is a tremendous need for Canadian food products all over the world. Therefore, why do we not supplement what butter we are able to produce here in Canada with oleomargarine, thereby taking care of our own requirements as well as those in Europe and elsewhere?

I think, honourable senators, that is an excellent letter, and for that reason I have brought it to your attention.

To return to the precedent of 1919, the Oleomargaine Act, which suspended the prohibition then and now appearing in the Dairy Industry Act, in addition to effecting a temporary suspension of the prohibition provided for a system of licensing both the importation and manufacture of the substitute. The Minister of Agriculture was charged with the responsibility of administering the act. He could issue licenses and could cancel them for violations of the act or of the regulations which under its provisions the Governor in Council was empowered to make. Incidentally, the Governor in Council was also authorized to make regulations for marking and labelling packages and so on, and penalties were prescribed for violations of the regulations or of the act itself.

Having given the house that glimpse of the act of 1919, I would now suggest that we compose the differences which seem to divide us on this matter by following, in principle, the precedent of 1919. I do not think it is necessary to incorporate in a bill all the provisions of the previous legislation having to do with licensing, inspection and so forth. The Food and Drugs Act, passed in 1920, would seem sufficiently broad to cover the situation in that regard. It contains provisions under which the Governor in Council is empowered to make regulations fixing standards of quality, limits of variability, packaging and labelling, and so forth, which of course would apply to a food product such as oleomargarine. I

might also add that under that statute severe penalties are prescribed for violations of its provisions or the regulations made under it.

Section 6 of the regulations passed under the authority of the Food and Drugs Act deals with the subject of edible vegetable fats and oils.

Hon. Mr. LEGER: Will you read it?

Hon. Mr. BENCH: The section is quite extensive, but if the honourable gentleman wishes me to do so I will read it.

Hon. Mr. LEGER: Oh, no.

Hon. Mr. BENCH: Section 6 will be found in the office consolidation of the regulations of 1942, at page 27. It covers two full pages of fine print.

For all the reasons which I have stated, and which honourable members have listened to very patiently, I suggest that the situation would be fully met if the present bill were simply amended by suspending the operation of subsection (a) of section 5 of the Dairy Industry Act as to the importation and manufacture of oleomargarine for a period of,say, two years, and as to sale, for a period of three years. The reason for proposing the difference in time of expiry as between manufacture and sale is of course obvious: persons with a stock of oleomargarine on their shelves would have to be given time to get rid of it.

Hon. A. L. BEAUBIEN: At the outset of his remarks the honourable gentleman declared that as an old-fashioned Liberal he was against any restriction whatever on the manufacture, importation or sale of food or a food substitute. How does he reconcile that declaration with his proposal to re-impose the present restriction one or two years hence?

Hon. Mr. BENCH: I would say to the honourable gentleman that my old-fashioned Liberalism is having lots of trouble.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. BENCH: I should like to repeal the section entirely.

Hon. Mr. EULER: Hear, hear.

Hon. Mr. BENCH: But in an effort, as I have said, to compose the differences of view which have been expressed in this chamber, I thought justice might wink for a moment and let me urge this amendment. I may also say to him that in the two-or-three-year interval I hope some enterprising gentleman may have cause to let our courts have a look at subsection (a) of section 5 of the Dairy Industry Act.

Let me conclude my remarks, honourable members, by moving, seconded by the honourable senator from South Bruce (Hon. Mr. Donnelly):

That Bill G, an Act to amend the Dairy Industry Act, be not now read a second time, but that it be amended as follows:

By striking out the words "Paragraph (a) of" immediately before the word "section" in line 4, and by striking out the word "repealed" in line 6, and by inserting after the word "is" in line 6 the following:

"amended by adding thereto the following subsection:

"(2) Notwithstanding anything contained in subsection 1 of this section or in any other statute or law, the manufacturing or importation of oleomargarine into Canada shall be permitted until the first day of August, 1948, and the offering for sale and the having in possession for sale of oleomargarine shall be permitted until the first day of August, 1949."

Hon. Mr. LEGER: Has the honourable gentleman considered paragraph (d) of section 5? I have not the act before me, but I think there are two prohibitory paragraphs in that section. It may be that his amendment is broad enough to cover both.

Hon. Mr. BENCH: I am grateful to the honourable senator from L'Acadie (Hon. Mr. Leger) for bringing that to my attention. I am sorry that I, too, do not have the statute before me. I may say, however, that I did consider the whole section, and I took advantage of the advice of our Law Clerk. He considered that the amendment which I am now proposing would be sufficient to accomplish the purpose I have in mind.

Hon. J. J. DONNELLY: Honourable senators, when this bill was first discussed I expressed the opinion that I would support it, subject to a certain amendment. The amendment just moved by the honourable senator from Lincoln (Hon. Mr. Bench) is along the lines of the amendment that I had in mind at that time. As I understand, its effect is to suspend for two years the prohibition of the manufacture and sale of oleomargarine. I was anxious to see some limitation on the suspension of the prohibition against the manufacture of substitutes for butter, for I felt that otherwise our dairymen might become alarmed and not make the necessary preparations to supply the future demand for butter. If the bill is amended as now proposed, and they have reason to expect such a demand, they will no doubt place themselves in a position two years hence to supply it.

I have listened to a good many arguments against the bill. My reason for supporting it is that it may assist the man of ordinary

means, who is not in a position to get butter for his family, to purchase in the form of margarine those fats and oils which are so essential to the normal growth of children.

It may be argued that if the bill were enacted it would take away the butter market of our dairy farmers. I cannot regard that as a sound argument under the circumstances, because at the present time there is not sufficient butter production to supply the demand, and therefore they are not losing anything. It is contended in some quarters that with spring opening up the increased flow of milk will make plenty of butter available. I cannot agree with that contention at all. I am glad to hear from our leader (Hon. Mr. Haig) that there is plenty of milk in Manitoba, but I understood from him that since most of it is required for other purposes, no great increase in butter production can be expected. I am not hopeful that there will be any marked increase in production for some time to come. In my view it depends largely on labour. The dairyman has to milk every morning and evening seven days a week, and his cows require careful attention. A farmer and his family can carry on dairying all right, but the farmer who has to rely on hired help finds it very difficult to get.

I heard somebody express sympathy for the sons of farmers who enlisted in the early stages of the war and are now returning home. He feared the passage of this bill would deter them from resuming farm life. My experience in interviewing farmers' sons who have returned from overseas is that they are as well satisfied as any class of service men, and are very glad to get back to the quiet life of the farm with its freedom from discipline incident to army life. The serious loss of labour is accounted for by the fact that during the war many farmers' sons who were unfit for active service were allowed to go into war factories during the winter after working on the farm throughout the summer. They got accustomed to the short hours and bright lights of the city, and they resent working Saturdays and Sundays—something absolutely necessary in the dairy industry. Now that they are no longer required in war work, we find great difficulty in getting them to go back to farm life.

I may remind honourable senators that one branch of the livestock business is the production of beef; the other, of milk and milk products. To successfully produce beef much less labour is required than is necessary to produce milk and milk products. A generation ago the practice was to tie up beef cattle and feed them in their stalls. Now twenty to thirty head of cattle are kept together in large sheds equipped with running water and ample racks, and it is a simple matter to put sufficient hay in the racks to last over Sunday. Consequently there is a great temptation for dairymen to go into the beef business. Of course it requires a different type of cattle. As far as I am concerned we should give the dairymen every encouragement possible. At the same time we are in duty bound to do all we can to give relief to the people who are so much in need. At the present time they require butter or a butter substitute containing oils and fats.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LEGER: Has the honourable senator from Lincoln (Hon. Mr. Bench) considered the practice under which he is now proceeding, and will he please quote the rule by which he can amend a bill on second reading?

Hon. Mr. CAMPBELL: Could the honourable senator from L'Acadie (Hon. Mr. Leger) quote a rule which prevents such an amendment?

Some Hon. SENATORS: Oh, oh!

Hon. Mr. LEGER: I have not had time to look it up, but I think the honourable gentleman, instead of moving that the bill be not now read a second time, should allow it to proceed to second reading on the understanding that it will be sent to the Committee of the Whole to be amended in accordance with his suggestion. On the motion for the second reading of a bill we can discuss its principle, but I do not think we can make any form of amendment.

Hon. Mr. BENCH: If the honourable gentleman from L'Acadie will permit me to cite an earlier experience in this chamber, I think it might clear up his problem. The honourable senator may recall that a session or two ago in a debate on a bill to amend the Election Act, I moved an amendment on either the second or third reading of the bill—I do not recall which—and the same objection was raised as is now raised by the honourable senator from L'Acadie. The honourable the Speaker of this house was at first inclined to sustain the objection; but on reconsidering the matter he said that while in the House of Commons a motion to amend a bill on second or third reading—whichever it was—would not be proper, in the Senate such a motion was quite in order. The words which I employ in the amendment today are the words which he very kindly put into my mouth at that time. The motion before the house when I rose was that the bill be read the second time.

It seems that I am bound to move that it be not now read a second time, but be dealt with thus and so. To refer to that precedent in this chamber is the best way I can explain my position to the honourable gentleman.

Hon. Mr. FARRIS: If the bill is not to be read a second time now, when is it to be read?

Hon. Mr. COPP: What does my honourable friend say in regard to rule 24 (c)?

Hon. Mr. HAIG: What does it say?

Hon. Mr. COPP: Rule 24 (c) reads as follows:

One day's notice must be given of any of the following motions: (c) for any substantial amendment to a private bill.

Hon. Mr. EULER: This is not a private bill. It is a public bill introduced by a private member.

Hon. Mr. HAIG: On the point of order. There is no doubt that an amendment can be moved on third reading, because that is the last chance. An honourable senator who wishes to move an amendment on second reading of a bill should rise on the motion for second reading and state that when the bill goes to committee he will propose a certain amendment. My honourable friend from Lincoln (Hon. Mr. Bench) could say that he supports the second reading of this bill, but that his reason for doing so is to get the bill into committee where he will move a certain amendment. My experience in this house and my knowledge of the rules in the other place lead me to believe that one cannot move an amendment to change the whole principle of a bill, as this one would do.

I would suggest that the honourable gentleman adjourn the debate until tomorrow. In the meantime he can look up his authority. In that way he will make no mistake.

Hon. Mr. LAMBERT: May I remind the honourable leader opposite (Hon. Mr. Haig) that in the debate on the Divorce and Matrimonial Causes Bill in this chamber in 1938 the then leader, Right Honourable Mr. Meighen, took that position, but that the bill was referred back to a special committee.

Hon. Mr. HAIG: I happen to remember that bill very clearly. As introduced into this house it was supposed to follow the English act, but the honourable member who introduced it added two sections of his own. The honourable leader said that he was in favour of the bill provided those two sections were taken out. It was read the second time with those two sections in it, and in committee they were struck out. When the bill came back to the house the then honourable member for Winnipeg (Hon. Mr. McMeans) said he would not move the third reading, so I moved it when he was not present.

Hon. Mr. LAMBERT: The bill was read the second time.

Hon. Mr. HAIG: Yes, it was read the second time and then went to the Committee on Banking and Commerce. The reason I remember the incident so well is that some honourable senators used to refer to me as "the honourable senator from Winnipeg," and the then honourable senator for Winnipeg would get up and protest, stating that I was the "junior member for Winnipeg."

I said to Mr. Meighen, "Can we not strike these sections out in committee? We are going to have trouble with some honourable senators who will vote against the bill." He replied, "Yes, you can strike out the sections in committee." I said, "If they are not struck out in committee then you can vote against the bill when it comes back to the house."

Hon. Mr. HUGESSEN: Honourable senators, I think the question of whether an amendment can be moved before a bill is read the second time is quite clearly answered by the Forms of Proceeding of the Senate of Canada. Section 69, which is to be found at page 34, reads as follows:

The Clerk having read the Order of the Day, the Senator in charge explains the nature of the bill, and moves second reading. The Speaker puts the question: "It is moved, etc." The bill is then discussed in all its bearings, and usually only such amendments as are necessary to prevent the bill being read the second time are moved at this stage.

Section 74 provides that:

If an amendment is moved to the motion for the second reading, the Speaker says: "The question, honourable senators, before the Senate, is for the second reading of Bill intituled, etc. In amendment, it is moved by . . . . seconded by . . . , etc."

So it is clear from Forms of Proceeding that the rule permits of amendments being moved on second reading of a bill.

Hon. A. L. BEAUBIEN: That deals with an amendment to a motion, not to a bill.

Hon. Mr. HAIG: Honourable members, since the honourable senator from Ottawa (Hon. Mr. Lambert) has raised the question, I should like to follow it up. I desire to adjourn the debate until tomorrow, at which time I will produce the official report of the 1938 debates.

Hon. Mr. EULER: The honourable senator from Winnipeg (Hon. Mr. Haig) cannot move the adjournment of the debate.

Hon. Mr. HAIG: I have not spoken on the amendment.

Hon. Mr. EULER: Am I wrong in assuming that the honourable gentleman has just said that there could be no amendment on second reading?

Hon. Mr. HAIG: As the honourable member from St. Jean Baptiste (Hon. Mr. Beaubien) has said, there can only be an amendment to a motion. I could move the three months' hoist or the six months' hoist, which does not involve the principle of the bill; but in order to settle the point I move the adjournment of the debate.

Hon. Mr. BALLANTYNE: Honourable senators, may I point out that His Honour the Speaker has not yet put the amendment.

The Hon. the SPEAKER: The amendment is now before the house. Rule 24, section (c), provides that one day's notice must be given for any substantial amendment to a private bill, and section (d) of the same rule says that one day's notice is required for the consideration of a substantial amendment made in a public bill by a Committee of the Whole, but I find no rule relating to amendment on second reading.

There is now before the Senate a motion by the honourable senator from Winnipeg (Hon. Mr. Haig) that the debate be adjourned. Is there a seconder for the motion?

Hon. Mr. HORNER: I second the motion.

Hon. Mr. DUFF: No; let us go on with the debate.

The Hon. the SPEAKER: Honourable senators, those in favour of the motion for adjournment of the debate will please say "content."

Some Hon. SENATORS: Content.

The Hon. the SPEAKER: Those opposed will say "not content".

Some Hon. SENATORS: Not content.

The Hon. the SPEAKER: I declare the motion carried.

The debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 8, 1946.

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

Prayers and routine proceedings.

UNITED KINGDOM FINANCIAL AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 28, an Act respecting the financial agreement between Canada and the United Kingdom signed on the sixth day of March, 1946.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, at the next sitting. I may say to honourable senators that I should like to proceed with this bill tomorrow, irrespective of what progress may have been made in the meantime with items preceding it on the order paper. I trust this will meet with the approval of the movers and seconders of the items concerned. As honourable senators are aware, there are now standing on the order paper for second reading the bill amending the Dairy Industry Act and the bill respecting Canada Day. I have no means of knowing how many honourable senators wish to discuss these two measures, but I hope that if either one or both of these bills come before us for consideration tomorrow, they may be deferred until we have disposed of the United Kingdom Financial Agreement bill.

FIRST CLERK ASSISTANT

APPOINTMENT OF MR. R. LAROSE

Hon. Mr. WHITE, Chairman of the Committee on Internal Economy and Contingent Accounts, presented and moved concurrence in the following report:

The committee recommend that Mr. R. Larose be appointed First Clerk Assistant.

The motion was agreed to.

BUSINESS OF THE SENATE

TARDY PROGRESS OF LEGISLATION

On the Orders of the Day:

Hon. A. C. HARDY: Honourable senators, before the orders of the day are called, with the permission of the Senate I should like to say a few words on a matter which has been causing many of our members considerable concern. My remarks are prompted by a short news item which appeared in this morning's paper. I wish to protest the eternal delays, the standing over of bills and motions, and the adjournment of debates in the middle of the afternoon. Yesterday the debate on a matter of considerable interest and to which a good deal of time has been given, was

adjourned at 5 o'clock in the afternoon. The Canada Day bill has been on the doorstep of this chamber since the 9th of April.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. HARDY: A few weeks ago the honourable senator from Vancouver (Hon. Mr. McRae) deplored the fact that, except for dealing with a few government bills introduced by the honourable leader of the government here, the Senate had accomplished but little since the opening of parliament.

Earlier in the session the honourable leader made us very happy by saying that he would bring before us twelve bills—he will correct me if I am wrong—some of which were routine and others of importance. Of the four already brought in, two were of routine character, one was fairly important, but not contentious, and one, the Explosives bill, received a good deal of consideration. These bills represent the only work the Senate has initiated this session. It is true that we have also had a few routine bills from the other house. The motion introduced by the honourable member from Toronto-Trinity (Hon. Mr. Roebuck) has been standing on the order paper for four or five weeks. The bill to amend the Dairy Industry Act was introduced on March 27, and we still seem to be as far from a conclusion on it as when we started.

Now, with the permission of the house, I should like to read the newspaper article to which I have already referred. It appeared in the Ottawa Citizen this morning, and is as follows:

> For some unexplained reason the Senate adjourned without taking up either the Canada Day bill, sponsored by Senator W. E. Foster, or a resolution by Senator Arthur Roebuck urging an inquiry into Canada's immigration policies.

I call particular attention to the next paragraph, which reads as follows:

> The common practice of the Senate in adjourning and spreading debates on different subjects over so many days, or weeks, or months, tends to dissipate interest in the questions and remove all chance of attaining any impact on public opinion on the matters being discussed.

This paragraph sums up everything I have said and should like to say. But I do wish to protest now against the continual practice of asking that business stand over or debates be adjourned, particularly in the middle of the afternoon. Yesterday afternoon we sat for an hour and a half, and adjourned with nothing done. I have heard several honourable gentlemen speak of this matter. One distinguished senator said he proposed to leave next week and did not intend to come back. Though I do not pretend to be a distinguished senator, I could follow his example and go back to my farm where I can, as my honourable friend from Saskatchewan North (Hon. Mr. Horner) suggested, milk a cow or two and at least be getting something done.

I do not wish to be personal in my remarks, but I feel in this honourable house there is something resembling a campaign of attrition, as this newspaper article suggests, that a debate goes on for a few minutes or an hour or so, and then is adjourned. In that way it is dragged along for more than a month, until people have lost interest in it. I venture to say that honourable members have not only lost interest in the Dairy Industry Bill but are getting pretty sick of it. I hope that when the orders of the day are called this afternoon they will be dealt with, not postponed until tomorrow or some day two or three weeks hence.

DAIRY INDUSTRY BILL

MOTION FOR SECOND READING NEGATIVED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Euler for the second reading of Bill G, an Act to amend the Dairy Industry Act, and on the proposed amendment of Hon. Mr. Bench that the bill be not now read a second time but that it be amended, as follows:

> By striking out the words "Paragraph (a) of" immediately before the word "section" in line 4, and by striking out the word "repealed" in line 6, and by inserting after the word "is" in line 6 the following:
>
> "amended by adding thereto the following subsection:
>
> "(2) Notwithstanding anything contained in subsection 1 of this section or in any other statute or law, the manufacturing or importation of oleomargarine into Canada shall be permitted until the first day of August, 1948, and the offering for sale and the having in possession for sale of oleomargarine shall be permitted until the first day of August, 1949."

The Hon. the SPEAKER: Honourable senators, yesterday at the conclusion of his speech on the motion for second reading of the Dairy Industry Bill the honourable senator from Linwen (Hon. Mr. Bench) moved an amendment to the motion.

Exception was thereupon taken to the right of a senator to move such an amendment on the motion for second reading of a bill. The Senate Rules were consulted and disclosed that one day's notice must be given of a motion for any substantial amendment to a private bill, and a substantial amendment made in a public bill in Committee of the Whole requires one day's notice but there is no rule providing for an amendment to the motion for second reading.

The honourable gentleman from Inkerman (Hon. Mr. Hugessen) quoted section 74 of the Forms of Proceeding of the Senate, which indicates that such an amendment may properly

be made, but most honourable members are aware that neither in the House of Commons nor in the provincial legislatures has it been the practice to move amendments at the second reading of a bill.

If I had been required to make a ruling yesterday, it is probable that I should have ruled the amendment out of order for the simple reason that our general practice requires that at least one day's notice shall be given of intention to move an important amendment to a bill, it being felt that such notice is necessary in order that honourable members may have a fair opportunity of being apprised of the amendment before it is voted upon. However, I was saved the necessity of making a ruling yesterday by the motion of the honourable leader to my left (Hon. Mr. Haig) that the debate be adjourned.

Since then I have had an opportunity to review the practice of this house. I am advised by officers who have made a search of our records that there appears to be no rule prohibiting an amendment to the motion for second reading, but no precedent has been found an amendment being made on the second reading of a bill.

It is stated in May's Parliamentary Practice, page 356, third paragraph:

The second reading is the most important stage through which a bill is required to pass; for its whole principle is then at issue, and is affirmed or denied by a vote of the house; though it is not regular on this occasion to discuss, in detail, its several clauses, and this principle has been enforced on other stages of a bill.

And on pages 357 and 358:

The ordinary practice is to move an amendment to the question by leaving out the word "now," and adding the words "three months" or "six months" or any other term beyond the probable duration of the session, etc.

It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move, as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy or provisions of the bill; or expressing opinions as to any circumstances connected with its introduction or prosecution; or otherwise opposed to its progress; or seeking further information in relation to the bill by committees, etc . . . The principle of relevancy in an amendment governs every such proposed resolution, which must, therefore, "strictly relate to the bill which the house, by its order, has resolved upon considering," and must not include in its scope other bills then standing for consideration by the house.

Nor may such an amendment deal with the provisions of the bill upon which it is moved, nor anticipate amendments thereto which may be moved in committee, nor attach conditions to the second reading of the bill.

At one time it was the almost invariable practice to refer public bills, after second reading, to the Committee of the Whole, where amendments could be proposed; but of late the practice has changed somewhat, and now bills are more often referred to standing committees. Amendments made to a bill in a standing committee are of course reported to the Senate for its consideration.

Although there is no rule of the Senate governing the point raised yesterday, I rule that the amendment is out of order.

Hon. J. J. BENCH: Honourable senators, with leave of the Senate, perhaps I, as mover of the amendment, may say just a word. After some slight research into the question of procedure which was raised yesterday by the honourable senator from L'Acadie (Hon. Mr. Léger) I concur in the opinion just expressed by His Honour the Speaker, and consequently I intend humbly to submit to his ruling that the amendment is out of order. That being so, may I add this further observation? In my view the bill should be amended for the reasons I stated yesterday—rather lengthily I fear. I now desire to inform honourable senators that it is my intention to support the motion for second reading and, if it is adopted, to move either in committee or on motion for third reading, the amendment which I sought to move yesterday.

Some hon. SENATORS: Question!

Hon. T. D. BOUCHARD: Before the motion for second reading is put, I should like to state my opinion on this bill. I come from a dairy farming district, and if I thought the measure would hurt the dairy industry I would vote against it. But I do not believe that in the long run it would have any prejudicial effect.

The prohibition against the manufacture, importation and sale of oleomargarine has been in force for a good many years, and from what honourable members have stated it appears that Canada is the only country in the world having such prohibitory legislation. I do not believe that this is a good way of protecting any industry; indeed, if the principle were extended beyond a certain point, it would be impossible for any of our industries to continue in operation.

I understand that the original act was passed because oleomargarine was being sold as butter, and it became necessary to put a stop to this misrepresentation. If such a statute were still necessary I would favour it, but I do not think it is. Certainly I do not think parliament should enact legislation to prohibit the manufacture, importation and sale of oleomargarine for the particular purpose of protecting one section of our population. I am certain that means can be found to protect the dairy industry without denying poor

families the right to purchase, in the form of oleomargarine, the oils and fats so essential to the diet of growing children. If it is necessary to subsidize the manufacture of butter, let us do it and advise the people what it costs. There is such a difference in taste and appearance between oleomargarine and good butter that even if the substitute were offered at a lower price I am confident there would still be a good market for butter—a market that would keep the dairy industry fully engaged. I am opposed to class legislation, and the act which this bill seeks to amend certainly comes under that designation.

An honourable member stated that he could not vote for the introduction of oleomargarine because the people in his constituency were against it. They may be, but I do not believe electoralism should induce the Parliament of Canada to enact legislation limiting the freedom of our people to purchase whatever kind of food they may desire. It has been stated on good authority that 20 per cent of milk fat enters into the manufacture of oleomargarine. It may be argued that the substitute can be sold so much cheaper than butter that it may displace this last-mentioned commodity; but I think honourable members will admit that if the volume of oleomargarine sales increases by leaps and bounds, as has been suggested, and not a pound of butter is sold, even then so much milk would be sent to the oleomargarine factories that in the long run the dairy industry would not suffer at all. I am confident that no matter how low the price of oleomargarine may be, good butter will always command a ready sale in this country.

It is my opinion that in considering the principle of the free manufacture and sale of foods necessary to humanity we should bear in mind not only the dairy farmer who sells his butter fat but also the live stock farmer who sells the beef fats which enter into the making of oleomargarine. It is said that we shall have to import certain vegetable oils and fats; but I do not believe this will in any way hurt our farming industry.

As to the amendment submitted by the honourable senator from Lincoln (Hon. Mr. Bench), I shall be glad to consider it. I hope that without undue delay the government will find some method of protecting the dairy industry without prohibiting the manufacture, importation and sale of an article of food essential to the welfare of the masses of this country.

Hon. J. A. MacDONALD: Honourable senators, I do not propose to make a speech on this bill, for I think all the arguments, either for and against, have been brought to the attention of the house. My purpose in rising is to place before honourable senators a resolution passed by the Dairymen's Association of Prince Edward Island. It is in these words:

Whereas, the maintenance of soil fertility should at all times be the main object of the farmers,

And whereas, it has long been recognized by agricultural authorities that dairying is the one branch of farming that tends the best to maintain this fertility and anything that might be done to weaken the dairy industry would reflect unfavourably upon agriculture in general by lessening its purchasing power which in turn might disturb the whole economy set-up.

And whereas the present shortage of butter is only temporary, caused in part by an unwillingness of labour to engage in agricultural work, a scarcity of dairy equipment, and partly by a greater quantity of milk being diverted into the fluid milk trade rather than into churning cream caused by the low price paid for butterfat in comparison to that paid for fluid milk,

And whereas, during the war years the dairy farmers of Canada, under great difficulties and at a financial sacrifice, valiantly maintained the production line, a feat only made possible by overtime work and family labour.

And whereas, anything that might cause the farmers of Canada to turn their attention from dairying to other lines of agriculture such as the production of poultry, hogs, beef, grain or potatoes, lines that would be more attractive to labour and allow of shorter hours, but would at the same time rob our people, especially the children, of a food which cannot be replaced for its nutritional value by any other commodity,

Therefore, be it resolved, that we, the Prince Edward Island Dairymen's Association oppose most strongly the passage of the Bill now before the Canadian Senate having for its object the manufacture and sale, within Canada of oleomargarine, a substance produced by the products of cheap labour in other lands where a lower standard of living prevails than that which we would like to see for our own Canadian people.

Hon. Mr. HARDY: Did the honourable senator say that was a resolution passed by a dairymen's association?

Hon. Mr. MacDONALD: It was a resolution passed by the Prince Edward Island Dairymen's Association.

Hon. Mr. MURDOCK: Self-preservation is the first law of nature!

Hon. Mr. MacDONALD: I am fully in accord with the resolution, and believe that to pass this measure at the present time would be a mistake.

Some Hon. SENATORS: Question!

The Hon. the SPEAKER: Honourable senators, it is moved by Senator Euler, seconded by Senator Hardy, that Bill G, intituled an Act to amend the Dairy Industry Act, be now read the second time. Is it your desire to concur in the motion?

Honourable senators, I would point out that when the honourable senator from Waterloo (Hon. Mr. Euler) has spoken the debate will be concluded.

Hon. Mr. EULER: Honourable senators, I should like to express to honourable members my satisfaction that at last the stage has been reached when we may come to a decision on what is perhaps, in a national way, a matter of relatively small importance. I introduced this bill five weeks ago with the feeling that its merits were so obvious that honourable senators who are not embarrassed by political considerations would accept it without very serious opposition. I am prompted by the remarks of the last speaker, the honourable senator from Cardigan (Hon. Mr. MacDonald), to say that the only real opposition to the bill in this house has come from the dairy interests. Opposition from this source is quite understandable. But may I say to my honourable friend that I have received dozens of letters, some telegrams, and certainly many statements, from the mass of consumers in this country who are in favour of this bill.

Let us consider the situation for a moment. It is admitted that there is a growing shortage of butter; it is also admitted that there is an excellent substitute for it in what is called oleomargarine. When there is a scarcity of one article, and perhaps an available substitute—I emphasize the word "perhaps"—what is more natural than to make available the substitute for the article we cannot get in the quantity we desire? Apart from permitting every man and woman to exercise the inherent right to purchase freely what he or she can afford, what harm can come to the dairy interests by the passing of this measure? My honourable friend from The Laurentides (Hon. Mr. Bouchard), who speaks with some authority, is of the opinion that the dairy interests will not be injured. That has been my conviction all along.

My honourable friend, the leader opposite (Hon. Mr. Haig) stated in his address that he was for butter. Surely nobody is against butter! If the people of Canada had a choice between butter and oleomargarine I believe that 90 per cent, or perhaps 99 per cent, of them would choose butter.

Some hon. MEMBERS: Hear, hear.

Hon. Mr. EULER: I had intended to make some reply to the objections to the bill, but this has been done so effectively by others, notably by the honourable member for Inkerman (Hon. Mr. Hugessen), the honourable senator from St. Boniface (Hon. Mr. Howden), and the honourable senator who moved the amendment and was ruled out of order (Hon. Mr. Bench)—if I may name them without discriminating—that it will not be necessary for me to say very much.

I should like, however, to make one or two observations. After my speech, if I may so designate it, upon the motion for second reading of the bill, I was rather surprised at the alacrity with which the honourable leader of the government hastened to declare his opposition to the measure. Here are his words:

> Honourable senators, I take the earliest opportunity to speak on this bill in order that I may clear up any misapprehension as to the government's attitude with respect to it.

The honourable gentleman said, further:

> —the government has not, to my knowledge, considered taking any further action, and in no way is it directly or indirectly concerned with this bill, which is introduced by a private member acting in that capacity.

And again, he said:

> —the introduction of this bill in the Senate had nothing to do with government policy.

I do not know just why reference was made to the private member in that way. It seems to me rather gratuitous. Every honourable senator knows—unless he is such a novice in this house as can scarcely be imagined—that no private member would introduce a government bill. Such bills are always introduced here by the senator who represents the government. I think the implication was that I am only a private member. Of course I am only a private member. With the exception of the honourable leader of the government, and possibly His Honour the Speaker, every honourable senator in this chamber is a private member. I believe even the honourable leader opposite (Hon. Mr. Haig) would be forced to classify himself as such.

Hon. Mr. COPP: You are in good company.

Hon. Mr. EULER: I have all the rights of a private member. I do not think I was presumptuous in introducing this bill, although the honourable senator from Wellington (Hon. Mr. Howard) rather intimated as much the other day when he suggested that all legislation should come from the other house, and I suppose should receive the rubber-stamp of approval without any amendment by the Senate. May I read rule 61, which is a simple one? It says

> It is the right of every Senator to bring in a bill.

If the remarks of the honourable leader of the government concerning his opposition to the bill—which of course he had a right to make—were for the purpose of informing the Senate that the government was opposed

to the bill, I should have welcomed a more frank statement on his part. If the statement of my honourable friend from Wellington (Hon. Mr. Howard) is correct, that private members of this house have no right to introduce a public bill here—

Hon. Mr. HOWARD: That was not what I said.

Hon. Mr. EULER: I am subject to correction, but that is the implication of the honourable gentleman's remarks as I read them. If it is a fact that a private member of this house has no right to introduce a public bill here, I should say that we are receiving our remuneration under false pretences, and it is about time the Senate was abolished.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. EULER: The bill that I have introduced is my own bill. I am not flying a kite for anyone, whether for political, financial, commercial or any other purposes. It may be a poor thing, but it is my own. In a recent Canadian Press dispatch from Ottawa, Mr. H. Hannam, president of the Canadian Federation of Agriculture, is quoted as follows:

> We have reason to believe that private interests who would stand to profit from the manufacture and sale of oleomargarine are taking advantage of the short supply of butter to press the issue.

He kindly adds:

> We are not charging that the legislators who are sponsoring this bill in Parliament are connected with, or inspired by such interests. We can point out, however, that their action is unconsciously playing into the hands of these interests.

I rather resent the implication in that statement. While Mr. Hannam exonerates us from any charge of sinister motives, he does say by implication, or directly, that we are more sinned against than sinning, and that in our ignorance we are the unwitting tools of others and doing something injurious to the dairy interests. I alone am responsible for this bill. In my innocence I looked upon it as a measure that might benefit the masses of the people, and certainly it was not directed against the dairy farmers or any other class of farmers. In 1922 and 1923, when I was a member of the other house, I opposed as strongly as I could the prohibition of the manufacture, importation and sale of oleomargarine. The constituency which I had the honour to represent contained a good many dairymen; yet in the next election that constituency returned me by a larger majority than ever before. The dairy farmers in my constituency did not seem to think that the Oleomargarine Act did them any harm.

Three facts have stood out clearly in this debate. The first is that oleomargarine is a wholesome, nutritious and palatable substitute for butter. That is no longer denied. The second is that there is at present a great scarcity of butter and that it will long continue. A Canadian Press dispatch from Ottawa, under date of May 2, says:

> Stocks of creamery butter held in cold storage and dairy factories in 99 principal cities amounted to 1,682,161 pounds at the opening of business May 1, 1946, compared to 6,065,771 pounds May 1, 1945, the Dominion Bureau of Statistics reported today.

The third fact that stands out is that the price of oleomargarine, in spite of what was said the other day by my honourable friend from Wellington, is only about half the price of butter. That is a matter of some importance to a good many people in this country.

Practically the only thing that has been urged by way of argument against the bill is the fear that in the future the sale of oleomargarine might interfere with the demand for butter. My honourable friend from Laurentides (Hon. Mr. Bouchard) has answered that much better than I could. When speaking in this debate a little while ago the honourable senator from Peterborough (Hon. Mrs. Fallis), for whose opinions I have a great respect, argued that passage of the bill would discourage dairy farmers by causing them to fear that their interests would be prejudicially affected. Well, I think the farmers of this country are made of sterner stuff than that implies. We hope that in future they will not have to pass through such difficult times as they have known in the past, for we hope there will not be another war. The self-reliance of the Canadian people was not built upon a philosophy of fear.

The honourable leader opposite (Hon. Mr. Haig) and others have referred to the great importance of the dairy industry, but to my mind that is beside the point. The supporters of this bill do not wish any harm to that industry, but we say that even if the bill would prejudicially affect the industry—and I do not think it would—we surely have to consider the interests of ten million consumers in this country.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. EULER: I was not particularly impressed by the letter which the honourable genetleman read to the house from the dairy interests.

Hon. Mr. HAIG: From the National Dairy Council of Canada and the Dairy Farmers of Canada.

Hon. Mr. EULER: Organized dairy interests, both of them.

Hon. Mr. HAIG: Producers and processors.

Hon. Mr. EULER: I was not interested by the statement that the dairy interests would be seriously injured if this bill were passed. I do not believe that at all. Just before the Easter recess my honourable friend moved the adjournment of the debate, saying that he desired, when he went home to his beloved Winnipeg—and I do not blame him for his affection for that city—to ascertain the views of people on this bill. But whose views did he obtain? According to his own admission he consulted no one but representatives of the dairy organizations.

Hon. Mr. HAIG: Correct.

Hon. Mr. EULER: In all fairness one would think that if he wanted to find out what the people thought about oleomargarine he would at least have consulted a few consumers. I submit to honourable senators that that would have been the proper course to pursue. I could read many very interesting letters and newspaper editorials and other communications from people who would like to have a choice of purchasing either oleomargarine or butter. Some of the pleas for the privilege of obtaining oleomargarine when there is no butter are impressive. However, I will not take up the time of the house to read these communications.

My honourable friend from Wellington—I must apologize for referring to him again, but he is so genial that he will probably take what I say with good grace—

An Hon. SENATOR: Hear, hear.

Hon. Mr. EULER: In his speech the other day, besides expressing the fear that I was tinkering with the foundations of the constitution, he made three other errors. The first was that the ceiling price on potatoes had been removed. The second was that 23½ per cent of the composition of oleomargarine was milk. He said he got this information in a certain old stone building somewhere down on the far side of the canal. It does not matter just where he got it, except that it was the wrong place.

Hon. Mr. HOWARD: I got it from the man who knows.

Hon. Mr. EULER: I am afraid not. I have here a statement from the Nutrition Division of the Department of National Health and Welfare, showing the composition of oleomargarine to be as follows:

Moisture	14·7 per cent.

Even if that were all milk, which it is not, it would still be only slightly more than half the proportion mentioned by my honourable friend.

Hon. Mr. FARRIS: Milk is not all moisture.

Hon. Mr. EULER: That increases the force of my point.

The statement of composition continues:

Sodium Chloride	3·0 per cent.
Fat	80·9 per cent.

If I recall rightly, my honourable friend said that the fat content was 20 to 26 per cent.

Hon. Mr. HOWARD: That is right. Get a list of all the contents in a pound of oleomargarine.

Hon. Mr. EULER: I have the information here. The milk and fat percentages mentioned by my honourable friend accounted for less than 50 per cent of oleomargarine, and my honourable friend was unable to say what the other ingredients were, although he was asked for this information by the honourable gentleman from Churchill (Hon. Mr. Crerar).

Hon. Mr. HOWARD: I did not have the detailed information.

Hon. Mr. EULER: I have it here. The components, besides those I have already mentioned are:

Protein	0·6 per cent
Carbohydrate	0·5 per cent
Vitamin A (I.U.)	2000 units
Vitamin D (I.U.)	?

Hon. Mr. FARRIS: How many hundreds per cent does that make?

Hon. Mr EULER: It makes 100 per cent. The figure of 2,000 Vitamin A is not a percentage; that is 2,000 units.

Hon. Mr. SINCLAIR: Is that the British or the American formula for oleomargarine?

Hon. Mr. EULER: I am unable to say. The information was obtained, as I stated, from the Nutrition Division of the Department of National Health and Welfare.

Opponents of the bill have contended that the ingredients to make oleomargarine could not be obtained in Canada. The fact is that although there is a prohibition against importing oleomargarine, there is no prohibition against importing the ingredients. Furthermore, a considerable number of the ingredients—including, I am informed, the soya bean—are produced in this country. I agree with what was said a few moments ago by my

honourable friend from The Laurentides (Hon. Mr. Bouchard), that oleomargarine could be manufactured in this country if parliament and the government were agreeable. In any event, if the bill passes and the ingredients cannot be obtained, and there is no oleomargarine available for import, the butter producers will not need to worry. If there are no ingredients there will be no margarine, and consequently any cause for worry on the part of the dairymen will disappear; but the principle for which the bill stands will be maintained. I submit, honourable senators, that the normal element in the enactment of any law should not include the principle of prohibition.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: If an emergency arises, as it might during a war, and some adjustment is necessary, then legislation might be introduced to prohibit for a short time the manufacture and importation of an article such as oleomargarine. In my view we have placed the cart before the horse. The prohibition should be removed, and if any adjustment should be necessary later on, it could be made.

From my point of view, all the information we have received with regard to the dairy industry, while interesting and important, is beside the mark, because when introducing the bill I made as my chief point what I still believe to be paramount in the consideration of this matter, that no government should interfere with the inherent right of any citizen to purchase any legitimate article of commerce merely in order to protect or to form a monopoly for the benefit of some one class of the community, however admirable that class may be in all its activities. That is my essential argument, that we have no right to create a monopoly for any one class—an argument that was made more eloquently, and better than I could possibly make it, by the honourable member from Inkerman (Hon. Mr. Hugessen).

No reply whatsoever has been made to the appeal by the honourable senator from Gloucester (Hon. Mr. Veniot) that the lives, not the livelihood, of 70,000 diabetics are dependent upon butter or some suitable substitute. No one has attempted to answer that.

An Hon. SENATOR: There was no need to.

Hon. Mr. EULER: No reply, except in a general way, has been made to the plea for restoring to Canadian citizens liberty of choice in regard to the purchase of oleomargarine. No reply has been made to the eloquent appeal of the members from South Bruce (Hon. Mr. Donnelly) and Alma (Hon. Mr. Ballantyne), that a man who has a large family and small means should not be prohibited from buying a substitute for the butter which his family may need so urgently. No reply has been made at all as to why, when butter is not obtainable at all, you should not be permitted to buy a suitable substitute.

Hon. Mr. COPP: If you can get it.

Hon. Mr. EULER: If you cannot get it you will not be any worse off.

In conclusion, honourable senators, I would say, give back to the Canadian people their right of freedom of choice.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: Not very long ago a notable Englishman while in this country said, "Freedom of choice is really what the war was fought for." We have not freedom of choice while this prohibitory legislation remains in force, and it is this principle which makes me support the bill so strenuously. We are not interfering with anyone in asking for the legalizing in this country of the manufacture, importation and sale of oleomargarine. Let the children of Canada drink milk, which is so beneficial to them; let the dairy interests make cheese instead of butter if they so desire; let our farmers sell their dairy cattle to the United States—as they have done of recent years in fairly large numbers; let them send butter to the West Indies, Great Britain or any other country if they wish to do so; and let the government—as it is doing—prohibit the importation of butter or any product of butter, whether it be milk, cream or even ice cream from Australia, New Zealand, the United States or any other country. Let all these things be done, but if the doing of them brings about a more or less artificial scarcity of butter, then I ask, why in the name of ordinary common sense should not the plain people of this country be permitted to buy a suitable substitute?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: This bill does not, I hope, involve party politics.

An Hon. SENATOR: Oh, no.

Hon. Mr. EULER: Honourable senators opposite can readily see from the support which is given the bill from this side of the house that there is not much party feeling here; and I hope the same condition prevails on the other side.

An Hon. SENATOR: Sure.

Hon. Mr. EULER: I believe that if honourable senators consider the bill on its merits

it will pass. The Senate is often criticized for being an undemocratic body. It is more or less an undemocratic body because we are not elected—and I have a rather strong feeling with regard to that—but if we pass this bill it may be a lesson to the people of this dominion, who perhaps have had a wrong conception of the Senate, that after all we have a consideration for the rights of the people and the consumers of this country which may well be emulated by the members of the other chamber.

Now, honourable senators, I have only this to say in conclusion. Yesterday we had from the honourable senator from Lincoln (Hon. Mr. Bench) an amendment. Today it was ruled out of order. I believe there may be some senators who would like to support such an amendment, and I would suggest that the bill be given second reading and then, be referred to Committee of the Whole House, when amendments can be proposed and considered, and accepted or rejected. Then if some senators desire still to oppose the bill, they will have an opportunity to do so on the motion for third reading.

The motion for second reading was negatived on the following division:

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Hon. Mr. LESAGE: I was paired with the honourable senator from Bedford (Hon. Mr. Nicol). If I had voted, I would have voted for the bill.

CANADA DAY BILL

SECOND READING

Hon. W. E. FOSTER moved second reading of Bill 8, an Act respecting Canada Day.

He said: Honourable senators, after listening to the lecture delivered by the honourable senator for Leeds (Hon. Mr. Hardy), we should not delay this bill further. May I say the delay at the outset was due to some misunderstanding as to the sponsor of the bill in this house.

This is a public bill introduced in the other house by a private member, and passed by a substantial majority. It now comes through the regular channel to the Senate for approval. In undertaking to move second reading I am somewhat in the position of a lawyer—though I am not a member of the legal profession—who is called upon by the court to defend an accused person whose case appears to have some merit. So, like the lawyer, I will do my best to discharge my duty.

I would not, even if I could, suggest to honourable members how they should vote on this particular question. I realize that honourable members of this house in voting on a bill of this kind are not actuated by anything other than their own independent views, and that they vote accordingly. I do not believe that anything I can say would alter the opinion of the members of this house with respect to the measure. I therefore propose to do no more than place the matter as fairly as possible before this house.

The wording of the bill is very simple. It provides that the first day of July in each and every year shall be known as Canada Day instead of Dominion Day. I think it rather unfortunate that when the name Dominion Day was selected Dominion of Canada Day was not chosen instead. Of course at that time the name Dominion Day was specific, but conditions have changed, and we now have other dominions such as Australia, New Zealand and South Africa—and with the passing of time other dominions will no doubt be brought into being. I believe the name Canada Day is more distinctive; that is one reason why I support the bill.

Honourable members, I am neither a lawyer nor a historian, but judging from the remarks of the honourable member from Vancouver South (Hon. Mr. Farris) I think both the legal and historical aspects of the bill will be taken care of. If the honourable gentleman chooses to speak I am sure he will do so in his usual pleasing and informative way.

But may I say that the name Dominion Day for the first of July holiday is not as traditional as some people think. Since my name has appeared as sponsor for this bill I have received a considerable number of communications concerning it. Some of those letters strongly urge that the traditional usage of the name Dominion Day should not be abandoned. Upon looking into the matter I find it was not until 1879, some twelve years after confederation, that a resolution was introduced in this house suggesting that the first day of July be recognized as a day for celebration and be called Dominion Day. That resolution passed in this very chamber was the basis of the legislation that now appears in our Revised Statutes of Canada, 1927, as Chapter 49. That was twelve years after confederation, seven years after I was born—not so long ago as I remember it. Therefore the traditional aspect of the name is not as impressive as some might think.

When it was my privilege to attend public school I recall that when the 1st of July was approaching we were told about Dominion Day; but as far as I was concerned, the most impressive feature was that we would be pleasure-bent on that day. We were not instructed as to the real meaning back of that holiday. The explanation may be that I was reared in an environment where there was a strong anti-confederation sentiment. The results of confederation in our part of Canada had been detrimental to our local financial interests by reason of the fact that the market for our natural products had been restricted and very much diminished, and our transportation to other parts of Canada was not good. Therefore, we were feeling the pinch of the times. That was twelve years after confederation, and the results as far as we were concerned were very disappointing. Our exchequers became depleted and, to use a modern expression, the "take-home pay" was greatly reduced. For those reasons the teachings in the public schools concerning Dominion Day were perhaps not as thorough as they should have been.

Whether or not the younger generation has been given more interesting and enlightening instruction as to the purpose of "Dominion Day" celebration, I cannot say. I suggest though, that there is need for the spreading of propaganda through the public schools, the Boy Scouts and Girl Guides organizations and other institutions in this country, in order to impress upon our young people and newcomers the wonderful privileges and advantages they possess as citizens of Canada. We do not have to search far for proof that such propaganda is needed and that there are fertile fields for endeavour. By listening to echoes from the walls of this chamber, where a Dominion-Provincial Conference was held last week, we would learn that education is required if there is to be more unity in this country and a greater degree of tolerance towards the smaller provinces.

During the last week or so, since it has been stated in the press and elsewhere that I would move the second reading of this bill, I have received communications from people expressing the fear that the contemplated change in the name of our national holiday would tend to weaken the ties of loyalty that bind us to the Mother Country and its institutions. In my opinion it would take something more than a change in the name of a day we celebrate to do that. I have never seen any weakening of those ties, although there have been occasions when the fear of such a possibility has been utilized before the bar of public opinion. The past twenty-five years, in which there have been two world wars, have provided ample evidence that the fear is groundless. I have no doubt that if it ever again becomes necessary to send out a call for the protection of British institutions, Canada will respond to that call, whether the flag that goes up to the mast-head be the Red Ensign or the Union Jack, and whether we call the 1st of July "Dominion Day", "Canada Day" or by any other name.

I intend to vote for the bill, because so far as I can see the only change it would make would be in the designation of the legal holiday on the 1st of July from "Dominion Day" to "Canada Day". It may be that some traditions have become attached to the present name, but under all the circumstances I consider the proposed new name to be more appropriate for the day we celebrate.

Another reason why I am supporting the bill is that the name "Canada Day" would be more easily understood by the younger generation and those who will follow. Furthermore, that name would be simpler, more impressive and of greater significance than the present name to persons coming from other countries to make their homes here.

May I quote from a tribute that was recently paid to Canada by the Right Honourable Malcolm MacDonald, who during the war was British High Commissioner in this country? He said:

> By their efforts during the past six years they have made an indelible impression on world affairs by the sheer physical force of their war effort and the spirit in which it was made. Canada has won a reputation not simply as a gallant, chivalrous comrade in war but as a sage counsellor in peace.

The things that Canada has done, and of which we are justly proud, are known throughout this country and the world, not as Dominion achievements, but as Canadian achievements.

For the reasons stated I am moving the second reading of this bill.

Hon. ATHANASE DAVID: Honourable senators, I fully understand the importance of this bill. For years I have been looking forward to the time when there would be a really national holiday, but because of certain bills that are now before the other house I am wondering if it would not be better to postpone consideration of this measure. I am not suggesting a six months' hoist; far from it.

There is now before the other house a measure known as the Citizenship Bill. In the Senate we shall have to devote a good deal of time to that, especially because—and I say this with all sincerity as a Canadian —especially because of the way the measure has been discussed in another place.

Another matter that will be discussed in parliament this session is a national flag. I humbly ask honourable senators if they do not believe it would be better to establish our citizenship and agree on a design for a national flag before we decide what we are going to call our national holiday.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. DAVID: Do honourable senators not believe it is our duty to know what we are? I have a good deal of sympathy for this bill—although I do not say I am in favour of the name "Canada Day", because for me every day of the year is Canada Day.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. DAVID: My respectful submission is that before we decide on what our national holiday shall be called we should establish our citizenship and agree upon a design for a national flag. I wish to propose that this bill be not read the second time now, but after the Citizenship Bill and the Flag Bill have come over from the other house and received consideration here. I realize that a motion to that effect would be too indefinite, so I will move that the bill be not read a second time now, but be read one month from today.

Hon. Mr. DUFF: Six months.

Hon. Mr. DAVID: No; one month from today.

Hon. Mr. HOWARD: I second the motion.

Hon. Mr. HAIG: Honourable senators, in order to avoid any difficulty, I think that a definite date should be specified in the motion.

Hon. Mr. DAVID: I agree with that. June 11 would be satisfactory.

Hon. Mr. BALLANTYNE: I am sorry I was not in the house when the honourable senator from Sorel (Hon. Mr. David) was speaking. What is the reason for wishing to have the second reading postponed?

Hon. Mr. DAVID: In another place the Citizenship Bill is under discussion, and later on there will probably be a flag bill, measures which will have to be sent over to us for consideration. I suggest that we should not choose a name for our national holiday before knowing exactly what we are going to be.

Hon. Mr. LACASSE: We are something already, I hope.

Hon. J. W. de B. FARRIS: Honourable senators, the other day, when there was no sponsor for this bill, I intimated that I thought it would be very unfortunate—

Hon. Mr. LACASSE: I rise on a point of order, to ask if the motion of the honourable senator from Sorel (Hon. Mr. David) has been seconded.

Hon. Mr. HOWARD: Yes. I seconded it.

Hon. Mr. FARRIS: I stated the other day that it would be very unfortunate if this bill were dropped on a technicality and not discussed on its merits. I think it would be equally unfortunate if the bill were to be postponed indefinitely—

Hon. Mr. DUFF: Quite right.

Hon. Mr. FARRIS: —under the impression that the people of Canada do not know what they are. I have no hesitation in saying that I know I am a Canadian—regardless of what may happen in the House of Commons.

An Hon. SENATOR: But they do not know in that house.

Hon. Mr. FARRIS: It seems to me most unfortunate, after the people of Canada have been given an opportunity to express their views in the press, and by letters and resolutions, that there should be any suggestion that we are not now in a position to discuss this question intelligently and practically. Surely, honourable senators, what may happen in the selection of a flag is not to determine what our national holiday is to be—if that is the way it is put. Surely what another place may decide about the formalities of technical citizenship cannot affect our views on what constitutes essential Canadian citizenship, or our conception of national status, or what our holidays should be, or what steps should be taken to recognize our historic background.

For those reasons I should be very sorry indeed to see such a postponement. I understood that my honourable friend from Lunenburg (Hon. Mr. Duff) was going to move adjournment of this debate until next Tuesday.

Hon. Mr. DUFF: No, until tomorrow. I am ready to go on now.

Hon. Mr. FARRIS: There are other bills to come before us tomorrow. Personally I should think that next Tuesday, when we come back from the week-end, would be a very good time to discuss this bill. But to postpone it on any of the grounds suggested —well, for my part I would not want to discuss the matter at all.

Hon. Mr. DAVID: I know I am out of order, but may I answer the honourable senator from Vancouver (Hon. Mr. Farris)? In the other house they are discussing what shall constitute Canadian citizenship in the future, and a joint committee of both houses is engaged in choosing a design for a Canadian flag. Therefore I am asking that we wait until those two matters have been dealt with before we decide on the name of our national holiday.

Hon. Mr. DUFF: Honourable senators, I am eager to take part in the debate. In fact I have had a speech ready now for several weeks. However, in order to satisfy my honourable friends—I believe they share my views unanimously—if there is any desire to postpone the debate—

Hon. Mr. HAIG: No, no.

Hon. Mr. DUFF: —I am willing to agree. Otherwise I am ready to go on now.

Hon. Mr. HAIG: Go on.

Hon. Mr. DUFF: In my opinion we should proceed with a discussion of the bill without undue delay. I would therefore move that the debate be now adjourned until next Tuesday afternoon.

The Hon. the SPEAKER: It has been moved by Senator David, seconded by Senator Howard, that the debate be adjourned until June 11.

Hon. Mr. HAIG: I do not think, Mr. Speaker, that this house wants a month's adjournment of the debate. I have argued from the very opening of this question that we in this house should do nothing to stir up feelings in this matter. I would suggest that the honourable senator from Sorel (Hon. Mr. David) ask leave to withdraw his motion in favour of the motion of the honourable senator from Lunenburg (Hon. Mr. Duff) that the debate be adjourned until Tuesday of next week. In the meantime let him consider what his other motion means. By adjourning the debate as I have suggested, the leader of the government will be able to proceed tomorrow with the United Kingdom loan bill. I am intensely anxious that we should dispose of that measure with the least possible delay, and in so saying I know that I express the views of everybody in this house and in the country.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: If it is at all possible, we should pass that bill this week, because Congress is now discussing a measure which is most important not only for themselves and for Britain but for the whole world, and if the prompt passage of our loan bill will help push that other measure along it is up to us to pass it.

Hon. Mr. DAVID: I shall be pleased to adopt the suggestion of the honourable leader opposite, but I really doubt that my doing so will bring any good to Canada.

Hon. Mr. HAIG: Try it.

Hon. Mr. DAVID: With the leave of the Senate, I withdraw my motion.

The Hon. the SPEAKER: Has the honourable senator leave to withdraw his motion?

Some Hon. SENATORS: Carried.

The motion of Hon. Mr. David was withdrawn.

The Hon. the SPEAKER: It is moved by Senator Duff, seconded by Senator Haig, that Bill 8 be proceeded with next Tuesday. Is it the desire of the Senate to concur in the motion?

The motion was agreed to.

IMMIGRATION

MOTION AGREED TO

The Senate resumed from Thursday, April 4, the debate on the motion of Hon. Mr. Roebuck, that the Standing Committee on Immigration and Labour be authorized and directed to examine into the Immigration Act (R.S.C. Chapter 93 and Amendments) its operation and administration and the circumstances and conditions relating thereto including (a) the desirability of admitting immigrants to Canada, (b) the type of immigrant which should be preferred, including origin, training and other characteristics, (c) the availability of such immigrants for admission, (d) the facilities, resources and capacity of Canada to absorb, employ and

maintain such immigrants, and (e) the appropriate terms and conditions of such admission;

And that the said Committee report its findings to this house;

And that the said Committee have power to send for persons, papers and records.

Hon. T. A. CRERAR: Honourable members, the resolution moved by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) several weeks ago is of great importance to the country as a whole. The resolution is very wide in scope, and its all-embracing character may well preclude consideration of all the matters which it covers.

I consider this resolution important for two particular reasons. One of them I might describe as a materialistic reason; that is, it would be good business for Canada to again adopt a vigorous immigration policy.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. CRERAR: The arguments in support of that policy may be mentioned very briefly. There are few people in Canada to-day who give thoughtful consideration to the general well-being of the nation who are not concerned over our financial commitments. The war added at least $15,000,000,000 to the national debt, and the servicing of that debt, with the other requirements that have to be met, will call for an annual revenue of $1,800,000,000. Indeed, we shall be fortunate if we are able to confine it to that figure.

Hon. Mr. BALLANTYNE: It will be more like $2,000,000,000.

Hon. Mr. CRERAR: In addition to that we have not only federal obligations in the general conduct of the country's business, but we also have to take into account the needs of provincial administrations. These run into very substantial figures. I have observed with some concern that in recent years the legislatures of most of the provinces have been increasing their expenditures. I am not criticizing them for doing so, but in the end this means increasing taxation.

We are in a position somewhat similar to that of a business man who, after operating his business very successfully for many years, finds that owing to causes over which he had no control his profits have shrunk to such a degree as to necessitate his taking drastic steps to restore his business to its former satisfactory condition. That, it seems to me, is what faces this country today. At the moment we do not know what sort of a world we shall live in for the next fifteen, twenty, thirty or forty years; but there is enough in the news of the world today to indicate to everybody who follows international matters that very grave and difficult problems must be solved before the world can get back to any general condition of stability.

Having regard to our financial needs, federal, provincial and municipal, it is imperative that we maintain our national income at the highest possible point. National income is the result of the labour and production of the individual units in our society. My argument, therefore, is that by steadily extending our immigration policy so as to encourage the bringing into Canada of carefully selected people, we shall be increasing our national production, and to that degree assisting in the effort to meet our commitments.

The second reason, and to my mind the more important one in favour of immigration, is what I might describe as a moral reason. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), who introduced this resolution in a very excellent speech, made reference to the fact that on almost half a continent we have about 12,000,000 people, or approximately three persons per square mile as against 700 or 800 per square mile in some European countries. It is true that all of Canada's vast area may not be suitable for population, but we still have vast unused resources of all kinds—agricultural, mineral, timber, fisheries and many others. We have a great heritage in this dominion.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: I can understand a civilized and cultured European who works amidst a population of 700 or 800 persons to the square mile, looking across to Canada and thinking what a great boon it would be if he and some of his neighbours could make a new home in this young country with all its opportunities. I entirely agree with the mover of the resolution, that we cannot sit permanently on a land as vast and rich as Canada without inviting not only the envy of people less fortunate than we are, but ultimately their effort by force to come here and share these good things with us.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. CRERAR: Speaking of the moral aspect, I do not think we are justified in sitting on top of all these resources and taking the attitude that we will keep them to ourselves and share them with no one. Such a policy will in the end bring disaster.

A few objections have been raised to immigration. Until some time after the first great war the general belief in Canada was that immigration was desirable and necessary. Then in the early thirties, when the depression struck the world, there was a change in

public sentiment, and the attitude of labour in Canada was that we should not bring in any more people to compete with our own workers. I can recall farmers' organizations passing resolutions stating that it was not desirable to bring new agriculturists to Canada to compete with our farmers in the production of wheat and other agricultural products for which we might not be able to find markets. I am convinced that the argument then advanced was fallacious, because there never was a time in our history when this country was more prosperous, business more active, and the people had more work to do, than when we were conducting an active immigration policy.

Hon. Mr. DUFF: And producing more.

Hon. Mr. CRERAR: That is true not only of Canada but of the United States. The great immigration movement to the United States started one hundred years ago, following widespread political troubles in most of the European countries. Many fine people in those countries turned their eyes across the Atlantic to the new country known as the United States, and the total number who migrated to that country between 1850 and 1910 was almost twenty-five and a half million.

Hon. Mr. LACASSE: Does that figure include the Canadians who moved to the United States?

Hon. Mr. CRERAR: Yes, it includes the Canadians who went to the United States.

Hon. Mr. DUFF: And they are happy over there.

Hon. Mr. CRERAR: The total number of Canadians who went to the United States in that period was 1,172,668.

Hon. Mr. LACASSE: And 9,000 veterans from the last war.

Hon. Mr. CRERAR: That was an average of over 400,000 emigrants per year to the United States. It is within the judgment of honourable senators that in that period the United States found its greatest expansion, and laid the foundations for its powerful and influential position in the world today.

Canada is a young country. The confederation of a few scattered Canadian colonies took place only 80 years ago. When we remember that in 1867 there were only a few Crown colonies, and Upper and Lower Canada under one legislature, we have reason to be proud of the progress made in a comparatively few years. When we recall that it took many weeks for the Toronto delegates to travel to the Charlottetown Conference, and that the Nova Scotian delegates required almost as long or longer to go to Quebec, it is almost inconceivable that in the short space of eighty years this country should have made the progress towards nationhood that it has made.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. DAVID: Could the honourable senator give the reason why Canada with all its wealth of resources did not develop as fast as the United States?

Hon. Mr. CRERAR: I was about to come to that question. Briefly the reason is that the eyes of the world, so far as North America was concerned, were focused on the United States. That was the great country of freedom.

Hon. Mr. DAVID: No more free than Canada.

Hon. Mr. CRERAR: "The land of the free and the home of the brave"; and there was the Statue of Liberty holding up the beacon to the immigrants who flooded into the port of New York. We were a northern people and later in starting, and we and the rest of the world were profoundly ignorant of the extent of our resources and area of our country. Seventy years ago the popular conception of the great prairie country of western Canada was that it was fit only for Indians and buffalo.

Hon. Mr. DUFF: That is quite so.

Hon. Mr. CRERAR: The speeches in the Parliament of Canada on the construction of the Canadian Pacific Railway, for instance, are most interesting. They afford a curious commentary today. The great body of eastern opinion at that time was that the West, except for a fringe of land on the Pacific coast, was of no value. However, notwithstanding these mistaken assumptions, we have made progress of which every Canadian may be proud.

Hon. Mr. DUFF: Absolutely.

Hon. Mr. CRERAR: The efforts of 12,000,000 people scattered across 4,000 miles of territory, during the five years of war, for instance, have been unsurpassed anywhere in the world. So we have reason for confidence in the future of our country, and if we follow wise and sound policies we are on the eve of great things.

There has been an opinion current in Canada that the whole movement of people across the international boundary line was from this country to the United States, but our immigration figures disprove that. It is true that in the sixty years from 1850 to 1910 some 1,172,000 Canadians emigrated to the

United States, but in the period from 1881 to 1899 there was a substantial immigration from that country into Canada. I have not got the total figures before me, but I see that in 1884, for instance, those immigrants into Canada from the United States numbered more than 65,000. For some years the figure is smaller than that, and for others it is greater.

Hon. Mr. LACASSE: Would my honourable friend permit a question? Is there any way of ascertaining whether some of those immigrants from the United States were former Canadians?

Hon. Mr. CRERAR: No. All we know is that they were American citizens. Some of them may have been former Canadians who had emigrated in earlier years.

Hon. Mr. DAVID: Was that around 1858?

Hon. Mr. CRERAR: No. I am speaking of the period from 1881 to 1899. The point I am making is that there was not a very large movement of immigrants to Canada during that period. The really big immigration into this country began later, following the active immigration policy adopted by the Laurier Government at the end of the last century, and continued until the first or second year of the first world war. The number of immigrants who entered Canada in 1913 was 382,000, but I should say that the annual average during the period I have referred to was substantially below that. If any honourable senators desire to know the actual figures year by year, and the countries of origin of the people who came here, they can find the information on page 200 of the report of the Department of Mines and Resources tabled in this house some weeks ago.

Hon. Mr. DAVID: I am sorry to interrupt the honourable senator, but will he allow me to inquire if he knows why the migration to the United States was so much greater than that to Canada? I think I can state the reason. Was it not that the United States were independent, whereas we were just a colony?

Hon. Mr. CRERAR: No, I do not agree with the honourable senator on that point. I should say that the reason why Canadians go to the United States—

Hon. Mr. DAVID: If the honourable senator will pardon me, I asked why people went to the United States, not why they are going now.

Hon. Mr. CRERAR: The reason why Canadians went to the United States over the years I mentioned was much the same as the reason why every year a great number of Scotchmen migrate to England, namely, to find wider opportunity.

Hon. Mr. DAVID: That is it.

Hon. Mr. CRERAR: May I add this? It does no harm to blow our own horn a little bit once in a while. I think that the average Canadian is at least the equal of the average American. It is certain that no capable, intelligent and energetic Canadian who emigrates to the United States finds any difficulty in successfully establishing himself there.

Hon. Mr. DUFF: That is right.

Hon. Mr. DAVID: The honourable gentleman did not answer my question. Why was the migration to the United States so large and that to Canada so small? Was it because of the independence of the United States?

Hon. Mr. CRERAR: No.

Hon. Mr. DAVID: I would say "Yes."

Hon. Mr. CRERAR: Fifty years ago Europeans, even the people of Great Britain, had only a very sketchy knowledge about Canada, but they knew a great deal about the United States. I venture to say that if Canada will adopt a sane and vigorous immigration policy now there will be no difficulty in getting scores of thousands of the best people in Europe to come to this country.

Hon. Mr. DAVID: If we are a nation.

Hon. Mr. CRERAR: The effect of the immigration from 1899 to the outbreak of the first Great War is seen in the fact that during that period Canada made greater progress in the accumulation of wealth and the development of industry than at any previous time in her history. Why? Because the immigrants, though in general having little capital, worked steadily and were continuously producing new wealth. There were railways constructed, towns built, coal mines opened, timber areas exploited, and the prairie sod was broken. All these things were a direct consequence of the large immigration that we had from 1899 until about 1916.

Many of the people who came to Canada during that period were from Central Europe. I should like to say a word or two on that point. Some of the best immigrants who came to western Canada were known as Ukrainians. We also got Poles and other good people. Nearly seventy years ago a colony of Icelanders came to the West and, as I am sure my honourable friend who leads the other side (Hon. Mr. Haig) will agree, made an excellent contribution in every respect to the life of Manitoba and Saskatchewan.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. CRERAR: Today they or their descendants are in the professions, in business, and in the educational field. The Ukrainians have greatly contributed to the development of that part of the prairie provinces. I recall that when those people first came to Canada, some forty or more years ago, they had very little capital. I know of one community where they settled. They got their homesteads, 160 acres of land—not very good land—

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. CRERAR: —and they built mud cabins, in which they had mud ovens for cooking their food. They worked diligently at whatever they could find to do, and saved their earnings. In that district today you find good farms, good roads, good houses, good barns, and all the other attributes of a fine community. The Ukrainian pioneers who came to this country wore sheep-skin coats, were completely ignorant of our language, and had no money in their pockets; but their children, or grandchildren are not only in business and in the professions, but are serving as members of municipal councils and of legislatures, and in every way are taking a full part in the life of the community. Besides doing that these groups have made a very definite contribution to the cultural life of not only the communities in which they live but of the dominion as a whole.

Sometimes I think we pay too little attention to the cultural and other finer things of life. In this connection I should like to tell the house of an experience that I had in July of 1935. Being a candidate for the constituency of Churchill in the election then pending, I was invited to attend a Ukrainian picnic at Ethelbert, a little town a few miles south of the southern boundary of the constituency. The Ukrainian people are fond of music and social life, and the picnic was in celebration of some particular national day in the Ukraine—something similar, I would judge, to our St. Andrew's Day or St. George's Day. In the crowd numbering more than 1,000 there were less than a dozen persons of Anglo-Saxon origin, and I was one of them. The local people had built a stand to accommodate those invited to address the gathering, and it was covered with green boughs to protect from the sun those who were to make the speeches. A brass band composed of members of the community provided excellent music throughout the day. Well, speeches were delivered, and I listened to them and took a little part myself. Then I wandered over to a baseball diamond where several teams were competing in a tournament. While I sat there for fifteen or twenty minutes watching the game I was interested to notice that not a single word of Ukrainian was spoken in conducting the game. The players were young fellows, and the crowd frequently wanted to kill the umpire and do the other things usual with a baseball crowd, but the talk throughout the game might have come from any Anglo-Saxon community. I took particular note of this because I was keenly interested in everything around me. It may astonish honourable members to know that this wholly Ukrainian crowd spoke English quite as much as they did their native language. I recall that in the evening after dinner at an excellent little Ukrainian hotel, while I was sitting on the verandah my attention was attracted to seven or eight youngsters playing on the street with a bat and ball. They were carrying on their game in English. That evening I attended a play in a fine community hall, and although it was given in the Ukrainian tongue, I confess that for two and a half hours I followed the drama without my interest flagging for a moment. The acting and singing were excellent, and altogether I enjoyed the evening.

I have recited that experience to lead up to this particular point. People of that type have a very useful and definite contribution to make to the well-being of this country. Consequently when we consider the resumption of immigration we must clear our minds of any prejudices, we must not feel that the people we are bringing here will be inferior in education, culture or any other respect to those already here. We can secure from European countries the very best type of immigrants by adopting a selective policy. I recall on one occasion a Ukrainian saying to me, "Mr. Crerar, your immigration laws were altogether too lax when we were coming to this country. Some Ukrainians had criminal records in their homeland and should never have been permitted to enter Canada." There is no great difficulty in guarding against that particular trouble. By wise selection we can get good industrious people—people with the pioneering spirit. I would remind honourable senators that we are not yet through the pioneering stage in Canada. We have yet extensive areas to open up. To go back no further than a few hundred years ago, when the early settlers came to Quebec they did not have everything right at hand; they had to depend on their own energy and resourcefulness to establish themselves in the wilderness. I know that when, a hundred years or more ago, the early settlers came to Ontario they went into the dense forest, cleared the land, and created this very rich province. But if a hundred or a hundred and twenty-five years

ago those already here had said, "No, we must not bring in any more people to this country. We are not able to make a good living ourselves, so why bring others to compete with us?" this country would not have been developed as we see it today. The plain fact of the matter is that by increasing your population and diversifying your activities you stimulate and fructify business and commerce in a score of ways. By so doing you increase national production and, in turn, national income, and you ease the national financial load. At the same time your fine generous action would give fresh hope and courage to despairing millions in Europe who today are homeless and do not know where to go.

I could give several illustrations along this line, but I will cite only one. In 1938, after what is called the Munich agreement, a delegation of Sudeten Germans came to Canada to see if they could get in this country a haven for some of their compatriots who had remained loyal to Czechoslovakia and who of course had to get out of the country when the settlement with Hitler was made. The British and French Governments gave them some capital, not a great deal. Two communities settled in Canada, one at Tupper Creek—up in the northeast part of British Columbia, some five or six hundred miles northwest of Edmonton—and the other at Walberg in Saskatchewan. I have followed with a great deal of interest the development in those two communities. They have both made magnificent progress. Not only that, but as they have become acquainted with Canadian ways and traditions they have shed some of the ideological notions they brought with them. The Tupper Creek settlement, with which I am more familiar, although in existence for only seven years, has already a well-established library and community centre. While those settlers work their fields and tend their stock, they do not neglect the cultural side of life, and are fond of music and reading. I was able to assist them in getting the provincial government at Victoria interested in helping them to establish a library. I think honourable senators will agree with me that people of that type, who are willing to work with their two hands and establish themselves, and at the same time take an interest in the history of their adopted country and are eager to inform themselves about its political institutions, will in the end make excellent citizens.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: I think there can be no question of that whatever.

I had hoped to conclude my remarks before six o'clock. I trust that the press reporter who criticized the Senate for its laxity yesterday will observe that we are sitting until six o'clock this afternoon.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: Where shall we get these immigrants? I have a suggestion to make with which perhaps some honourable senators will not agree. A few months ago there were in Italy about 110,000 Poles who had been in the forces of their country serving with the Allies. Now they are being disbanded. There are from 65,000 to 70,000 more Polish soldiers in the British Isles. The great majority of these soldiers do not want to go back to Poland, because most of them are persona non grata with the present Polish authorities.

Hon. Mr. QUINN: They do not want to be liquidated.

Hon. Mr. CRERAR: That is what they fear. Here, I would say, is an opportunity for Canada to get some good immigrants.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: Those men are physically fit and, having braved all the dangers of getting out of Poland in order to join the Allies in the fight for freedom, must, I submit, have some sound moral qualities. Those Poles have very little capital today, but I venture to say if you brought 50,000 of them to this country you would within a very short time find them working as harvest hands and at any other jobs they could get; they would not be particular about the type of work they did. There is a tremendous amount of work to be done in this country, and we need men today for manual labour. I do hope the government will give earnest consideration to the problem.

There is another suggestion I am about to make, though it may shock some of my honourable friends.

Hon. Mr. DUFF: I do not think so.

Hon. Mr. CRERAR: There are in Germany today several millions of displaced Germans. I would not object to giving some of them a refuge here. We know what the Sudeten Germans have done at Tupper Creek. There was a German community established in Winnipeg in 1928, with which my honourable friend the leader opposite (Hon. Mr. Haig) is familiar. These people have built good homes for themselves and have made a real contribution towards developing the productive wealth of this country. The German has certain good qualities. He is easily led—perhaps misled—but he is industrious, law-abiding,

Hon. Mr. CRERAR.

frugal and intelligent. Part of the problem of getting the world back to something like a normal condition lies in settling the homeless people who today are wandering aimlessly, about Europe. The boundaries of Germany have been drastically circumscribed. My suggestion may not find much favour in this house, but on the broad grounds of humanitarianism I think it might well receive consideration of parliament and the country.

Hon. Mr. BALLANTYNE: Before my honourable friend sits down, may I remind him that he did not mention other European countries with fine racial stock, countries like Denmark, Norway and Sweden.

Hon. Mr. CRERAR: I did not mention them because I was looking at the clock.

Hon. Mr. BALLANTYNE: Never mind the clock.

An Hon. SENATOR: You can adjourn the debate.

Hon. Mr. CRERAR: I do not want to do that. The people of Holland, of Denmark and of Norway—

An Hon. SENATOR: Are the best people in the world.

Hon. Mr. CRERAR: —all make excellent settlers. The Polish people who settled in the prairie provinces have invariably made good as farmers, and have taken their place in the general life of the country. So the problem is not one of finding immigrants. As a matter of fact, if this country adopted what I would consider a sound policy in regard to the resumption of immigration, we could have literally millions of the best people in Europe come to this country, if we would accept them. If we adopt a generous policy, I submit, we shall be making a contribution that will be increasingly recognized in the years to come, for it will augment the productive power and strength of this country and its capacity to carry its financial burden. In addition to that, we shall be doing a fine generous Christian act in endeavouring to make some contribution towards relieving the terrible plight of the homeless millions in Europe.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: Can the honourable gentleman give the house any information as to the shipping situation? At the present moment it is said we have not the requisite shipping to bring people here.

Hon. Mr. CRERAR: That is true. If the policy I have suggested were adopted now a good deal of organization would be required, and it would be a year or so before we could get any large movement of these people to Canada. The Polish soldiers I spoke of could probably find their way here without a great deal of difficulty. The troops, both American and Canadian, are now nearly all home from Europe, and the shipping and other transportation problems are lessening every week. At least that is the information I have.

Some Hon. SENATORS: Question!

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 9, 1946.

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

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN presented the report of the Standing Committee on Miscellaneous Private Bills on Bill S2, an Act to incorporate the Executive Board of the Church of the Nazarene.

He said: The committee have examined and amended this bill. There are three or four small drafting amendments, and two amendments of some substance. One of these is to substitute the corporation itself for its directors in exercising the borrowing powers conferred upon the corporation; the other is to delete the power of the corporation to invest in such securities as are permitted to insurance companies.

The Hon. the SPEAKER: When shall the report, with the amendments, be considered?

Hon. Mr. HUGESSEN: Next sitting.

BUSINESS OF THE SENATE

WEEK-END RECESS

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, before the orders of the day are called, may I inform the house that when we adjourn this week it is my intention to suggest that we reassemble on Monday next, May 13, at 8 o'clock in the evening. Just when we shall adjourn depends, of course, on the progress of the legislation now before us. If I correctly judge the temper

of the house, it is that we should press on and lose no opportunity to dispose of our business as rapidly as possible.

Hon. J. J. BENCH: Honourable senators, may I ask if it would not suit the convenience of all just as well if we resumed on Tuesday afternoon? The suggestion is that we should not meet before Monday evening, in any event. In order to be here at that time those of us whose homes are distant an over-night train ride must travel either Sunday evening or all day Monday. It seems to me that the house would lose very little useful time by adjourning until Tuesday afternoon.

Hon. Mr. ROBERTSON: This is a question that comes up frequently. I should like to go as far as possible in meeting the convenience of honourable members who go home over the week-end. It happens just now, though, that there is some important legislation to which I should like the Senate to give first reading. I had hoped to have it here today, but it is not available; if we met tomorrow, it might be possible to introduce it then. It occurred to me that by meeting next Monday night we might advance this legislation.

It is difficult to meet the convenience of all in the matter of adjournments. It is hoped that next week we may be able to adjourn on Thursday; therefore I suggested that we begin the week's work on Monday night. Unless our meeting on Monday night would inconvenience a large number of honourable members, I would urge that my suggestion be adopted; but of coure I am in the hands of the majority.

Hon. W. D. EULER: Honourable senators, I should like to support what has been said by the honourable senator from Lincoln (Hon. Mr. Bench). As he pointed out, if we met on Tuesday afternoon we would be just as far ahead as if we met Monday evening.

Hon. Mr. QUINN: We would have lost a day.

Hon. Mr. EULER: Not a whole day. If we resumed on Tuesday afternoon we could sit that evening as well, and in that way would be as far ahead as if we had sat on Monday evening and Tuesday afternoon only.

Hon. FELIX QUINN: Honourable senators, I suggest that some consideration should be shown to those of us who live at a great distance from Ottawa—in the Maritimes, in the prairie provinces and in British Columbia. I think the members who live in close proximity to the capital have been treated very well. A short train trip—a night's run, at the most—takes them home or brings them back. I am against long adjournments, and I agree with the suggestion that we resume Monday night.

Hon. Mr. BENCH: The honourable senator from Bedford-Halifax (Hon. Mr. Quinn) would not be inconvenienced by our resuming on Tuesday afternoon instead of Monday night.

Hon. Mr. FARRIS: If we resume on Monday night, those of us who must stay in Ottawa over the week-end will have the satisfaction of seeing other honourable members obliged to do the same thing.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. HAIG, for Hon. Mr. Aseltine, moved the second reading of the following bills:

Bill E3, an Act for the relief of Albert Stuart White.

Bill F3, an Act for the relief of Edward Mortin Montgomery.

Bill G3, an Act for the relief of Evelyn Clare Ward Davis Murray.

Bill H3, an Act for the relief of Esther Genevieve Johnson Potter.

Bill I3, an Act for the relief of Wanita Winifred Ellerton Upton.

Bill J3, an Act for the relief of Joseph Victor Emile Tassé.

The motion was agreed to, and the bills were read the second time, on division.

UNITED KINGDOM FINANCIAL AGREEMENT BILL

MOTION FOR SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 28, an Act respecting the Financial Agreement between Canada and the United Kingdom signed on the sixth day of March, 1946.

He said: Honourable senators, this bill asks approval of a financial agreement between the Government of Canada and the United Kingdom, signed on March 6 and made public immediately after its signature. This agreement is the most important of a number of financial agreements and arrangements made by this country in connection with international trade and reconstruction. The need for a credit of this magnitude stems from the effects of the war upon Britain, and the vital importance to Canada of the re-establishment, expansion and continued development of foreign trade.

Canada has enjoyed a high standard of living in the past, and the higher standard of living which she hopes for in future years depends more on export trade than does that of perhaps any other country in the world. Our financial strength and economic prosperity require higher levels of national income, and if we are to be successful in public finance we cannot afford to be hesitant and half-hearted in promoting foreign trade, which is the basis of our prosperity. It has been desirable in the past, and I believe it will also be desirable in the future, to use the payments which we receive from our exports in discharging our debts and purchasing the imports which we require. One of the characteristics of our international trade in the past has been that the volume of our exports to the United Kingdom, and indeed to Europe, has greatly exceeded that of our imports. We have used this surplus purchasing power to enable us to discharge obligations which we incurred in the purchasing of goods in other countries, such as the United States, so that we have a special interest in being able to continue the use of the currency we receive from export trade to obtain other currency which we need in order to pay for goods that we must import.

As honourable senators know, we have undertaken many measures to restore and increase Canada's trade. Under Part Two of the Export Credits Insurance Act as amended at the last session of Parliament, our total authority for making direct loans to certain governments is 750 million dollars. Against this authority we have entered into agreements to lend $502,500,000, and have undertaken to lend additional amounts of $142,000,000 to those with whom we already have made agreements. This makes our total commitment $644,500,000 at the present time. Of this amount $67,412,051 had actually been advanced up to March 31.

The amount and terms of individual loans can be more conveniently given in a short table which, with the permission of the house, I will place on Hansard at this point. It is as follows:

Credits Under Part II of The Export Credits Insurance Act

Country	Amount of Credit	Time of Repayment	Interest Rate Per Cent	Amount Used by March 31/46
Belgium	$ 25,000,000[1]	1947-1976	3	$25,000,000
China	60,000,000	1948-1977	3	nil
Czechoslovakia	19,000,000	1950-1954	2½	3,191,551
France	242,500,000	1947-1976	3	nil
Netherlands	125,000,000	1950-1976	3·05	25,150,000
Netherlands East Indies	15,000,000[2]	1950-1954	2¼	1,800,000
Norway	13,000,000[3]	1951-1959	2¾	9,495,000
U.S.S.R.	3,000,000	1950	2	2,775,500
Total	$502,500,000			$67,412,051

Add: Additional amounts committed (see footnotes) $142,000,000

Total commitments: $644,500,000

[1] An additional amount of $75,000,000 has been tentatively agreed with Belgium on the same terms.

[2] An additional amount of $50,000,000 has been promised to the Netherlands East Indies on the same terms.

[3] An additional amount of $17,000,000 has been promised to Norway on the same terms.

A further statement on operations under Part Two of the Export Credits Insurance Act will be presented later.

Since temporary advances have been made on behalf of Allied governments under section No. 3 of the War Expenditures and Demobilization Appropriation acts, they will, in due course, be represented in and form part of the amount of credit which has been extended under the authority of the Export Credits Insurance Act. The most notable figure in this classification is the credit of 80 million dollars on behalf of France, with varying other amounts to other countries, and honourable gentlemen may have noticed that the amount used up to March 31 last was nil.

It is contemplated that the credits proposed for Britain should be dealt with as a special case, since they are huge in comparison with those of other countries, and special factors necessitate and justify terms different from those we have offered as a matter of policy in other cases. The government is therefore not proposing to deal with the credit of the United Kingdom under the Export Credits Insurance Act, but rather is asking the specific approval of parliament for this financial agreement which has been concluded with the British government.

During the next five years the United Kingdom will be passing through a period of transition and reconstruction in both its domestic and international economic affairs.

The United Kingdom of pre-war years was a very wealthy country in international terms, having huge overseas investments; and as one of the world's greatest trading nations she had followed a liberal policy in relation to the question of imports. In many respects the national economies of the United Kingdom and Canada were complementary. The United Kingdom, year in and year out, provided a market for Canadian exports to an amount far in excess of the quantity of goods or services furnished to Canada in return. As a result, we have had, year in and year out, a very large surplus of British currency, which in pre-war days was easily convertible into other currencies—particularly of the United States—and this surplus was used to discharge our liabilities in the various countries where we had obligations.

I do not need to remind honourable senators that as a result of the direct and indirect effects of the war, the purchasing power of the United Kingdom has been very seriously reduced, and will be regained only over a period of years by means of very careful and intensive efforts. Her ability to import has been seriously reduced, first, because of the lessening of her capacity to produce goods for export. Britain suffered great losses at home—losses of property, man-power and wealth. Her ability to maintain her export trade was seriously curtailed during the war when all her man-power was mobilized for war service, war production and only the most essential civilian services.

We are familiar with the spectacular damage caused by bombs and rockets, but we must also remember the loss resulting from Britain's inability to repair and maintain her equipment, her houses and all that goes to make modern civilization. But her ability to import has been seriously reduced in other directions as well. She has had to sacrifice many of her overseas investments, and will no longer be able to count on as much income as before to help pay for imports. Despite assistance—after Dunkirk—by the United States and Canada through Lend-Lease and Mutual Aid, Britain's huge effort to carry on the war has forced her to liquidate overseas investments to a value approximating five billion Canadian dollars; and about 20 per cent of those liquidated investments were Canadian securities. Moreover shipping losses incurred during the war have reduced, at least temporarily, the income that Britain previously derived from her merchant marine, and the general dislocation of trade and finance has interfered with her overseas insurance and financing services, the earnings from which formerly helped her to pay for imports.

In co-operation with the authorities in Britain the Canadian government has made a most careful investigation of the financial situation of that country, and we believe that broadly speaking two alternative types of policy are open at the present time. The first, and much more desirable type of policy from our point of view, is reflected in the British war agreements and the proposals for the expansion of world trade and employment put forward by the United States government. This type of trade and exchange policy involves not only a minimum of restriction on trade, but tariff reductions, the elimination of discriminatory import quotas and exchange practices, and the freedom of every country to accept any currency that it has obtained through trade with another country in carrying on trade with any third country. This type of policy would make possible not only a high level of trade, but freedom of the direction of trade. The alternative type of proposal is one of bilateral arrangements under which Britain would purchase goods on condition that the selling country would take British goods in exchange—a policy involving discrimination in both importing and exporting, and substantial restrictions on the use of currencies received by exporting countries.

The choice that Britain makes as between these two alternative policies is vitally important to Canada, as well as to the United States and other countries which are largely dependent on exports. We are convinced, however, that if Britain is to adopt the liberal policy with respect to international trade which will be so manifestly advantageous to Canada, she will have during the next five years very substantial deficits as between her necessary imports and possible exports. Thus, for the period as a whole, if Britain is to follow the policy with respect to trade which we hope she will follow, it seems likely that she will need to borrow from abroad a total amount which will exceed the equivalent of five and a half billion Canadian dollars. It is proposed that the United States loan will provide the equivalent of four billion 120 million Canadian dollars for future purposes; and this loan which we are proposing to make would bring the total up to five billion, 375 million dollars. The remaining amount the United Kingdom will need to find elsewhere, together with such amounts as are required

to discharge any existing indebtednes which is not included in the estimate of her deficit on current account.

While credit extends to the 31st day of December, 1951, it is generally assumed that Britain will need to use this one billion, 250 million dollars of credit within the next three years, and that after that date she will in all probability finance her deficit as respects Canadian trade from other sources, such as by selling us gold or other foreign exchange which we may require. The government is convinced that the terms as to interest and repayment are such that over the next fifty-five years the British government will be able to meet its obligations under this agreement together with those assumed with respect to the proposed loan by the United States.

I should like to point out that this financial agreement and the agreement on the settlement of war claims are separate and distinct. The latter is essentially a measure to settle the outstanding claims between the two governments. The amounts of some of the claims which are settled thereby are open to argument, and it would have been possible to spend years debating their respective values. Both sides have come to the conclusion that the payment by the United Kingdom to Canada of 150 million dollars would be a fair and reasonable settlement of the net excess of Canada's claims over the claims of the United Kingdom on Canada. The transactions to implement this agreement are being carried out under the War Expenditure and Demobilization Appropriation acts of the fiscal year 1945-46. Britain has already paid us in gold the 150 million dollars which she undertook to pay in this settlement.

What this bill contemplates is the financial agreement relating to the credit of a billion and a quarter dollars, further provisions as respects the War Appropriation Act of 1942, and an agreement with regard to the financial obligations arising out of the British Commonwealth Air Training plan.

The terms of the loan relating to interest and repayment are, of course, the same as those in the agreement between Britain and the United States. During the years 1946 to 1950 no interest is payable on the amount of the loan which will have been used. The reason is that this is the period during which Britain, as a result of the immediate after-effects of the war, will be experiencing difficulty with her balance of payments. Interest commences at the beginning of the year 1951, and principal repayments are to be made at the end of each year, from 1951 to 2000 A.D. The interest rate will be 2 per cent. We naturally would have preferred a higher rate of interest, but after careful consideration of the probable British balance of payments we reached the conclusion that 2 per cent was all that Britain would be in a position to pay. Indeed, she will not be able to afford even this rate of interest unless her exports expand and are maintained at a higher level. It is for this reason that waiver of interest payments is provided for under certain circumstances in our agreement, as in the agreement with the United States. This is provided for in article 4. In effect, we say to the United Kingdom: If your exports are sufficient to enable you to pay for a pre-war volume of imports without running further into debt, then we will demand interest from you; if, however, they are not up to this level, and if therefore you must go into debt or liquidate your capital in order to import on the pre-war scale, or else you must restrict your imports to avoid the strain upon your resources, then we will be prepared to waive the interest payments.

Article 5 is a provision that each government will grant to the residents and products of the other, treatment not less favourable than that provided for in any instrument of agreement with the government of any other country signed prior to the date of this agreement.

Article 6 of the agreement provides in effect that the arrangements already existing in respect of the loan which we made to the United Kingdom in 1942 will continue as they are at present until the beginning of 1951, and that before that date we shall discuss the question of payment of interest on, and the terms of repayment of, any balance of the loan then outstanding.

Hon. Mr. HAIG: Does the honourable leader know how much it is at the present time?

Hon. Mr. ROBERTSON: I was coming to that. It is reduced by the securities that are being applied to it, to, I think, about 500 million dollars.

Hon. Mr. HAIG: That is what I understood.

Hon. Mr. ROBERTSON: The loan which was made in 1942 was, of course, a war loan made to finance United Kingdom war expenditures in Canada in 1941. The act which authorized it provided that no interest should be payable under this obligation prior to the termination of the war. In view of the enormous burden of international debt which war has thrust on Britain, the government has come to the conclusion that she has not the capacity to pay interest on this loan during the period from now to 1950, any more than on the main loan, and that she should not be asked to do so. At the time we made

this loan in 1942, the United Kingdom government undertook to ensure that when Canadian securities payable in Canadian currency and held by residents of the United Kingdom were sold to persons not resident in the United Kingdom the proceeds would be paid to the government of Canada as part of the repayment of this loan. This arrangement has now been extended and will continue until the end of 1950. We should distinguish, honourable senators, between these sales and the conversion which the British government required to be made of any Canadian securities held by residents in Britain. The sales mentioned here are those made outside Britain by residents of Britain, and the Canadian currency received in payment therefor is applied to this loan.

Hon. Mr. HUGESSEN: Voluntary sales.

Hon. Mr. McGEER: Are the repatriation figures available?

Hon. Mr. ROBERTSON: They may be, but I have only the approximate figures. I may be able to obtain the exact amounts for my honourable friend.

Under this arrangement the loan is being paid off or reduced by the sale or redemption of Canadian securities held in Britain. As a result of what has been paid and what was pending for the latter part of 1945, this loan will have been reduced to approximately 500 million dollars, and the process will continue in the future.

Hon. A. L. BEAUBIEN: How much was the original loan?

Hon. Mr. ROBERTSON: It was 700 million dollars.

Article 7 provides for the cancellation of the amount owing by the United Kingdom government to Canada under the British Commonwealth Air Training plans of 1939 and 1942. Under both the first and second plans the United Kingdom's share was intended to be financed mainly by contributions in kind: that is, contributions in aircraft, spares, supplies and equipment. As a result of the changing circumstances due to the intensification of the air war in 1940, the United Kingdom's inability to discharge her part of the obligation in materials became very evident, and the financial settlement accounts for the first and second plans indicated that the United Kingdom owed the Canadian government the sum of approximately 425 million dollars as her share of the original agreement.

In agreeing to cancel this amount owing by Britain with respect to Air Training, the government has been motivated by a number of strong reasons. In the first place, this service provided to Britain is one that might well have been covered by Mutual Aid, and perhaps would have been covered by Mutual Aid had not the Air Training agreements been entered into before Mutual Aid began, and the accounts worked out only after Mutual Aid had terminated. In the second place, the United States furnished similar assistance as Lend-Lease. And thirdly, we came to the conclusion, after much consideration, that repayment of this 425 million dollars was beyond the United Kingdom's capacity to pay within a reasonable period. It seemed to us futile to ask the British government to pay this 425 million dollars some time in the next century when they have completed the payments on the loan which we are now making to them. We think it far better to face the facts clearly, and cancel this particular war debt. It should be remembered that the United Kingdom has no production assets as a result of incurring this debt—nothing that will add to her ability to pay it.

Article 8, regarding consultation, indicates that the two governments will work together in putting the agreement into effect, and that if major changes occur in the international situation they will consider together what changes in its provisions they should make, subject of course to such legislative approval as may be necessary.

I think, honourable senators, I should point out to the house that, in addition to the terms of the bill itself, an understanding has been entered into between the Chancellor of the Exchequer in the United Kingdom and the Minister of Finance in Canada, covering the possibility that the proposed loan to the United Kingdom by the United States should not pass or be amended in such form as to vitally affect this agreement. The understanding is that if Congress does not approve the Anglo-American agreement, Canada and the United Kingdom—in the terms of Article 8 of our agreement—may have to reconsider parts of the agreement which would be definitely affected. If, for instance, the Congress of the United States does not approve the Anglo-American agreement, we shall not benefit from the trade and exchange provisions of that agreement, either directly or through the application of Article No. 5 of our agreement. Consequently, we feel that those portions of our agreement which it is not necessary to implement immediately in order to enable the United Kingdom to proceed now with its purchases in Canada, should be deferred until we see the result of congressional action.

Before concluding, I should like to say one further word on the question of repatriation of Canadian securities held in the Old

Country. I have heard it suggested that inasmuch as there have been very material holdings by nationals of the United Kingdom, those securities should be repatriated before any loan was undertaken. On the face of it this seems not an unreasonable contention, and as I felt it had some bearing on this bill I endeavoured to secure what information I could on it. It appears that in 1939 securities to the value in Canadian funds of about two and a half billion dollars were held in the United Kingdom. It appears moreover that in the period between the outbreak of war and the present some one billion dollars of that two and a half billion dollars worth of securities had already been disposed of by United Kingdom interests. Part was applied on this specific loan of 700 million dollars. There remain, therefore, securities to the value of about a billion and a half dollars. I am advised that of that amount approximately half, or 750 million dollars worth, is in Canadian securities or obligations payable in Canadian currency, about 500 million dollars in Canadian securities payable in sterling, and the balance of 250 million dollars in British investments in Canada in real estate and business undertakings of one kind and another. Take first the 750 million of Canadian securities. I presume if they had to be repatriated, it would be necessary for the British government, by some process of expropriation, to take them from the individual holders in the United Kingdom, who would receive bonds in exchange. I would point out that, as I understand, whatever portion of that 750 million dollars may in the period between now and 1950 be voluntarily sold outside the United Kingdom, is already pledged on the first loan. As respects the 500 million dollars payable in sterling, I am not sufficiently apprised of the intricacies of finance to speak definitely, but I gather that so far as utilizing that money goes, the fact that it was payable in sterling would not help materially, unless we made sterling convertible in order to get the balance. As to the remaining 250 million dollars representing real estate and business investments in Canada, the British Government would I suppose require their nationals to surrender those investments in order that they be converted into cash.

The very essence of this agreement is that it will in all likelihood result in our selling to Britain Canadian goods and services equivalent in value to the amount of the loan. That, of course, is a very important factor. But what is of vital importance to us is this. The position in which Britain finds herself following the war raises the question as to which type of economic policy she will follow in the years that lie ahead, and the likelihood that she will adopt whatever policy she thinks is good for the world as a whole and vital to Canada in particular. This contemplates that she will regain her position and carry on business, as in the past, as one of the world's great trading nations. It might be said, "We will take from you the very last security you hold in various countries." It might seem to be an advantage to do so; but it would be only temporary, for to handicap Britain's ability to get back into the trading position she occupied before the war would be a very short-sighted policy indeed.

The position of Canada has changed tremendously in recent years. In my recollection we used to be looking for capital from outside countries to assist our development. We have almost reversed that position now. But the time may come when we shall again want capital from the outside, and from the national point of view it is not a bad idea to have individuals in the United Kingdom who have not only a sentimental desire that Canada shall be prosperous, but a financial desire as well. Even were it possible, I doubt that it would be good policy for us to attempt to strip a customer whom we hope to get on her feet as a trading nation. In fact it might be a very dangerous policy even to contemplate. As far as the United States is concerned, while some of her public men have suggested that their proposed loan should be made in exchange for British bases in the North Atlantic, they have not gone to the length of suggesting as an alternative the forcible repatriation of any American securities that may now be held in the United Kingdom.

In conclusion, honourable senators, I should like to say that we should bear in mind the fact that the objectives of this bill in all its ramifications are mainly that we should assist the United Kingdom—who in the past has been Canada's largest and most reliable market—to adopt an economic policy in the future which will not only be of benefit to the world as a whole, but to Canada perhaps more than any other country. The bill does not contemplate only a market for an equivalent amount of Canadian products, although that is an important factor. It is to enable the United Kingdom, one of the world's greatest trading nations, to overcome the obstacles which are in the way and restrict her in adopting an economic policy for the future which will not only contribute to her own welfare but will serve to increase the prosperity of the world as a whole, and which for that reason is of outstanding importance

to this country whose economy is built up on exports to a greater extent, perhaps, than that of any other country in the world.

Hon. Mr. PATERSON: Has the honourable leader any information on how many bushels of wheat per annum Britain is obligated to take and apply on this credit?

Hon. Mr. ROBERTSON: The probability is, as I understand, that Britain's purchases in Canada—if indeed we are in a position to supply them—will be materially in excess of this credit, provided the necessary facilities are available. But I do not think this agreement contemplates any undertaking on the part of Britain to make any specific purchases from Canada.

Hon. Mr. PATERSON: If the honourable leader finds that is not the case will he advise us?

Mr. ROBERTSON: Yes, but I think I am right.

Hon. Mr. VIEN: Has any arrangement been reached with Britain for lifting import licences or other impediments to trade?

Hon. Mr. ROBERTSON: That matter has been under constant review. Britain's desire to purchase Canadian goods is even greater than our desire to sell them. The difficulty apparently is to arrange the necessary balance. I understand that today, because of Britain's huge commitments, sterling is not convertible into American dollars. That of course was not the case before the war. I understand that to-day it is not convertible at all. The only way that Britain can pay us is by her exports to this country, or by some arrangement which not only contemplates providing goods, but places her in a position where sterling will be readily convertible into Canadian currency.

Hon. Mr. McGEER: I did not hear the amount still outstanding on the 700 million dollar loan.

Hon. Mr. ROBERTSON: It is approximately 500 million. The figures I have indicate that approximately 160 million dollars have been applied, and the balance of approximately 40 million dollars is in process of application —a total of approximately 500 million today, or it may be up to March, 1951.

Hon. Mr. McGEER: May I ask the honourable leader what method of procuring this money is proposed?

Hon. Mr. ROBERTSON: The only two methods I know of are taxation or borrowing. We must borrow the money to pay our producers.

Hon. Mr. McGEER: But when the government goes into the business of lending money at the rate of a billion dollars, the people who are going to pay the bill ought to know how it is proposed to finance it. How does this program line up with the taxpayers of Canada? How does the government propose to finance this billion and a quarter dollars? That must be decided, because the amount has been agreed upon.

Hon. Mr. ROBERTSON: I presume that these or any other monies advanced for the purpose of financing expenditures authorized by the Canadian parliament are provided for in the budget. How much will be raised by taxes and how much will be obtained by borrowing I am not in a position to say, but obviously the money must be raised by one means or the other.

Hon. A. L. BEAUBIEN: Did I correctly understand the honourable leader to say that there was no compulsion on Britain to spend any of this money in Canada?

Hon. Mr. ROBERTSON: I see nothing to that effect in the agreement.

Hon. A. L. BEAUBIEN: The Export Credit Insurance Act, under which we loaned money to France, Belgium and the Netherlands, provided that the money must be spent in Canada. Am I right in that interpretation?

Hon. Mr. ROBERTSON: Yes. In the case of those countries the credit advanced represented not only the quantity of goods, but about 70 per cent of their purchases. May I illustrate the point by saying that if a credit of 10 million dollars was extended to a country, varying amounts, generally 30 per cent already would have been paid in cash. For instance, out of 13 million dollars three million dollars would be paid in cash, and the credit advanced would be ten million.

We must distinguish between this loan to Great Britain and the credit extended to other countries. Credit was extended to France and other European countries to help them get on their feet; but in this instance, as I understand it, specific financing of purchases is proposed. This agreement, along with the action of the United States, contemplates putting Britain in a position to resume her pre-war place as a trading nation. Consequently the attitude of the United States may have a vital bearing on the amount of the purchases and the major objectives of the loan.

Before the war, with no loans involved, Britain took a tremendous surplus of goods from this country, probably for no other reason than that she wanted the goods and they suited her. I think there is every pros-

pect that she will purchase to an even greater extent in the future. However I doubt if there is any binding agreement that she must do so.

Hon. JOHN T. HAIG: Honourable senators, I first wish to compliment the leader of the government on the very clear statement he has made to this house. I have read the agreement carefully, and believe the matter can be approached from several angles. First, is it a good business deal? Second, as asked by the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer), where is the money to come from? Third, does Canada owe anything at all to Britain, aside from a purely business aspect? Fourth, is it advisable to let Britain go down, and let the devil take the hindmost?

I may say candidly that I am looking at this question purely and simply from the Canadian viewpoint. I admit that I have the kindliest feelings towards Britain as part of the British commonwealth of nations. Some of my own family risked their lives over there, but they did it for Canada and for no other country. Therefore, I approach this question from the standpoint of what is best for Canada in the world today. I take second place to no one in this house in my love of Canada, but in this problem I wish to exercise—and I want honourable senators to do likewise—the same business sense that I would exericse in a personal problem.

The end of the war came a year ago. At that time no one would have believed that today we would be facing the problems we do. We are most uneasy. We have formed the United Nations Council, and its executive has been meeting in London and in New York; the foreign ministers of the four great powers have been trying to reach an agreement, and have practically failed. We watch the outcome of the elections in France and in other parts of Europe looking for a signal as to what may happen. We are disturbed because our newsmen are not allowed to go into Russia, or even into the Russian zone. A former President of the United States has given us distressing reports of world conditions—and who would accuse Herbert Hoover of being an alarmist?

Such is the gloomy picture of world affairs. Yet Canada, which normally holds fifth or sixth place among the trading nations of the world, last fall authorized a 750 million dollar loan to certain countries of the world, and we are now asked to authorize a loan of one and a quarter billion dollars to Great Britain, all in an attempt to put the world back on its feet and in a position to trade. With the absence of trade the great threat to the world today, as I see it, is famine. And famine means communism—I do not mean the ordinary struggle between labour and capital, but revolution. Famine is the breeder of rebellion. If we value our freedom it is up to us to do our part to put the world back on its feet. When you talk to the boys who went overseas in the armed services, particularly those who were in the air force, they will tell you that the devastation in Europe is so great that it is difficult to imagine how that continent can ever be restored. We are attempting to effect a restoration.

If a man who for years had been my best customer found himself in difficulties through no fault of his own, and he still had the character and ability demonstrated by the British people during the war, it seems to me that it would be good business on my part to lend him sufficient money to get going again. Fundamentally, that is the principle involved here.

This agreement calls for a loan of 500 million dollars without interest, for the writing off of 425 millions, and for a loan of one billion 250 million without interest for four or five years, and after that interest at the rate of 2 per cent, provided that the trade justifies it. I think under the circumstances that is good business.

My honourable friend from Waterloo (Hon. Mr. Euler) has accused me of always supporting the government. In this instance I am not supporting the government. I am supporting myself and my fellow Canadians, particularly the businessmen and producers of Manitoba. The businessmen and farmers of the three prairie provinces are more interested in this bill than are the people of Ontario and Quebec. I believe that the three prairie provinces and British Columbia have sold a proportionately larger share of goods to Great Britain than have any other parts of Canada.

Hon. Mr. HORNER: And we spend our money in Ontario.

Hon. Mr. HAIG: I am talking now about the goods we have to sell. My honourable friend from Saskatchewan North (Hon. Mr. Horner) says that we buy our goods in Ontario. But if we did not sell our own products first, Ontario and Quebec would soon feel the effects. My argument is that fundamentally the people in our part of the country are strongly in favour of this loan. The throwing off of 425 million dollars is perhaps necessary, as the honourable leader has said, in order to get started.

In the good old days when the banks loaned money in the three prairie provinces it was common to hear the statement: "Mr. Brown ought to be worried about the money he owes

the bank." Invariably the answer was: "Why should he worry? The bank is doing the worrying." Usually the borrower owed the bank so much money that it was necessary to lend him more to keep him in business. Our position today with respect to the loan to Britain is somewhat similar to that of the bank. It is not what we would like to do, but what is necessary under the circumstances.

I am not going to argue whether the loan should have been at 2 per cent or 3 per cent or any other rate. I am convinced that the people of Canada will lend money to the government to make this loan, or will pay the money in taxation, if it has to be raised that way. So much for the business end of the transaction.

I was glad to hear my honourable friend the leader of the government make the point that the putting through of the American loan is necessary in order to make our own loan of any real use to Britain. It is not certain yet that Congress will approve the loan. I would like to say to our American friends something that I have no right to say, namely, that it is just as much in their interest that we should pass our loan as it is in our interest that they should pass their loan, for the two loans are part of one whole.

Some people have asked me: "Why should we not let the British people finance themselves? We need all the money we can get right here to take care of our unemployed people and to provide for a great many requirements. In the circumstances, why should we lend money to Britain at all? And in any event, why should we lend it at such a low rate of interest as 2 per cent?" Well, it is pure business. I feel sure that if I had been in Mr. Ilsley's place I would have made the same deal, for I think it is one that must be made.

We are part of the British Empire. We Anglo-Saxons feel very grateful to Britain when we remember that in the dark days of 1940 her people stood up and battled to save civilization. After having listened to Churchill and others, we realize that the people of Britain have something that the world needs. I am persuaded that their genius and ability will pull them through. I have heard it said that by lending this money we are helping the Socialists of Great Britain to make good. I do not believe any such thing. The information available today is that the people of Britain are undergoing worse hardships than they suffered during the war. In any event, what helps to keep a party in power is, not a loan from an outside country, but the party's domestic policy.

Any people who can fight with their backs to the wall as the British people did in 1940 and 1941, surely can pull through now if given the tools and raw materials to work with. They are making a desperate effort to produce goods for the export market, and they can only succeed in that if they are able to buy raw materials. Wheat, cattle, hogs, dairy products, lumber, minerals and raw materials for manufacturing purposes will be bought by Britain if she can sell goods to us. A serious question that we in this country will soon have to face is this: How much British goods are we willing to admit into this country in order that the manufacturers may purchase our raw materials? It will be a hard question to answer, for we ourselves produce many of the kinds of goods that Britain will want to sell. In the western provinces there is of course a school of thought that favours absolutely free trade, while the central provinces are more inclined to demand adequate protection for industry. Our problem is to find a plan acceptable to the country as a whole. Unless we do all we can to help Britain, there will be no British market for our goods in the future.

It is but natural that I should like to see help given to Britain. If I had to make a choice between doing something for the benefit of my own city of Winnipeg and doing something for the benefit of the city of Toronto, say, I would only be acting as an ordinary human being in choosing in favour of Winnipeg. Similarly, if there has to be a choice between giving aid to Britain and giving aid to Russia, my vote will be for Britain. That is no more than one would expect.

This bill, honourable senators, asks us to authorize the lending of the sinews of trade to our best customer, so that she may get back on her feet. I am strongly in favour of the bill. I think the government made a good deal, and I hope that this house will unanimously—I use that word advisedly—approve of it.

Hon. Sir THOMAS CHAPAIS: Honourable members of the Senate, I sincerely regret having to dissent from the aim of the present bill. That aim is to lend one billion 250 million dollars to England. My reason for dissenting is simply that I deem Canada has not the means of making such an enormous, tremendous and onerous loan.

The proposition before us is as follows. The Government of Canada agrees to lend to the Government of the United Kingdom of Great Britain and Northern Ireland one bil-

lion 250 million dollars. For a while no interest shall be paid to Canada on the loan, but it is stipulated that later on interest will be charged at the rate of 2 per cent per annum. I leave aside a few other stipulations.

I do not intend to discuss all the aspects of that proposition. I simply wish to state that, in my humble opinion, Canada's financial position is not bright enough to justify such a deal. We are just emerging from a stupendous, a most devastating and ruinous war which has strained our energies and resources to the utmost. To sustain our dreadful and desperate effort we went to the extreme limit of our national strength. We have accumulated a debt of more than 15 billion dollars. Our federal budget has gradually climbed to three, four, five billion dollars. We have placed on Canadian citizens a load of taxes that, if not alleviated, will be an awful menace to our national economy. A stringent and menacing situation was indicated lately in the announcement that the federal budget must be maintained at its highest peak, even by refusing to the provincial governments their legitimate right to return to their pre-war position, which right was solemnly stipulated in the agreements of 1942.

Allow me to quote from a Canadian journal a few lines of comment on the sittings of the recent inter-governmental conference in this Senate chamber:

> The finance minister's great concern was with the losses of revenue which would result if Ottawa should leave succession duties and certain secondary taxes clearly and fully to the provinces, and with the commitments for provincial subsidies or social security measures which consequently would have to be withdrawn.

Honourable members of the Senate, if in fact our financial situation is such that the federal government cannot keep faith with the provinces by giving back that which was only lent by them in 1942, how can we be supposed to be rich enough to make the onerous loan which is submitted through this bill for our approval or disapproval? I cannot vote for such a bill.

Hon. G. G. McGEER: Honourable senators, I think we all appreciate that the presentation of this bill offers an opportunity for some very real consideration of Canada's position not only as it has been in the past and as it is today, but as it will be in the tomorrows. We are in 1946 a very different nation from what we were in 1939. We are still a part of the British Empire, but that empire has changed greatly in the last six years. We are living in the same world as before, but it is a different world, and in that different world

Canada has assumed a clearly defined, though but little anticipated, responsibility. In 1939, when I was a member of another place, I listened to the presentation of a budget that was the tenth to show a deficit.

In the spring of 1939, the year the war came, our total expenditures were $580,000,000; our estimated revenues, $520,000,000—a deficit of $60,000,000. The then Minister of Finance, who was accepted as an outstanding authority, acting upon the advice of the technical men of his department, warned the House of Commons and the people of Canada that that kind of deficit-financing could not continue without national disaster. At that time our Department of National Defence was asking for funds to develop the defence of this nation, whose national wealth had then attained a value of from 30 thousand to 40 thousand million dollars. But the financial advice upon which we were then depending was to the effect that all we could afford for defence was $60,000,000. This was a cut of upwards of $140,000,000 on the minimum defence requirements as presented by the minister.

I remember that very well, because it was the last occasion upon which that Minister of Finance appeared in the House of Commons. But what I want to draw to the attention of the Senate is that the position which we had to accept in 1939 came to us on the advice of the very same men whose recommendations we shall follow if we accept and pass this bill. A deficit of $60,000,000 in 1939 was regarded as leading to disaster. In 1944 I saw a budget brought down showing a deficit of $2,300,000,000. In one year we put through a budget showing a deficit that would have taken forty years to accumulate on the basis of the 1939 deficit, and no one felt that forty years of deficits accumulated into one, according to advice of 1939, augured disaster for the Dominion of Canada.

Now we have come to the position where, having assumed all the burdens of war deficits, we are proceeding to advance to Great Britain a billion and a quarter dollars, plus $425,000,000, plus a continuation of $500,000,000. These total upwards of two billion dollars. See how greatly the financial position of Canada has changed. I have been in the public life of this country for many years, having had the privilege of sitting in municipal councils, provincial legislatures and in the national parliament. All through that period we have been called upon to retard and restrict the development of our national wealth, our power to protect ourselves, and the advancement of the standard of living of our people, on one theory, and one theory alone, that the money

for capital investment and exchange purposes was limited—limited, not by the capacity of the Canadian people to work, not by their capacity to utilize their enormous heritage of national wealth for the betterment of their own standard of living and to help the standard of living of other people less fortunate than themselves, but upon the theory that the operations of our civic and provincial governments, our national government, and our public utilities were all dependent upon our ability to borrow abroad. You have all heard it. There is not a man in this chamber who has not heard the chairman of the Finance Committee and provincial and dominion Finance Ministers all declaring that our limitations were compelled by the necessity of maintaining our credit abroad. Go back, if you will, to the days when the Canadian Pacific Railway Company commenced its operations under the enormous bonus system which the Dominion government inaugurated at the very dawn of confederation—and you will find it splendidly outlined in the Sirois report—go back, if you will to the days when the colonies were overwhelmed with public debt, which was the real basis of the formation of our confederation. The hope was expressed that if the debts of Nova Scotia, Prince Edward Island, New Brunswick, Lower Canada and Upper Canada were consolidated into one common obligation, the wider basis of credit to be established would offer greater security and so make it easier to borrow abroad.

That policy of borrowing abroad has continued. Go into the more recent history of the construction of the Mackenzie & Mann railway system. The guarantees for that gigantic exploitation did not come from our national parliament, they came very largely from the provincial governments. What happened? Guaranteed by provincial credit, the promoters went abroad to Berlin, to Paris, to London, to New York or any other financial centre where the credit of Canada was established, and they loaded us up with obligations that brought the system into receivership and this great nation to the verge of national bankruptcy.

Always there has been advanced this theory, that the development of Canada's mines, her fisheries, her forests and other natural resources, the building of her villages and cities, highways and railways, was dependent, not upon the power of Canada to finance her own internal needs, but upon the value of Canadian credit abroad. Because of our economic policy being based on that theory, Canada, instead of being a strong and powerful nation with three or four times the population that it has today, saw the best of her youth settle south of the line. In substitution for that loss of real Canadians we went to Europe to bring in all kinds of people who might find a better condition of life in Canada than they had in Eastern Europe. One of the tragedies of Canadian history lies in the fact that from the province of Quebec and the Maritime provinces hundreds of thousands of Canadians—yes, I fancy that it runs into millions—have gone south; whereas had they been transplanted to the rich lands of western Canada we would have a much stronger and more powerful nation than we have today.

I know it is not easy to change men's attitudes towards principles that have long been accepted, but this bill affords ample proof that we can finance the development of Canadian wealth for Canadian people, and that we have not only the power to contribute to a much higher standard of life for a much greater population than we now have, but also the proven capacity to make great contributions to better the standard of living for the peoples of this troubled world today.

We have lived through two disastrous wars. I cannot help reflecting that our belief in our financial theories has contributed to the cause of war. By that I mean that under our mistaken theories of finance we had reduced ourselves to a condition of pitiable incompetency in the matter of defence. Canada, the United States, Australia, New Zealand and Great Britain—in fact, the domain of the English-speaking world—came to the conclusion that they could not maintain an expensive programme of armament equipment for their own defence in a world threatened with aggression to the point where the aggressors rose up and said: "We are prepared, and they are not. Let us go forward and take what they possess." Is it reasonable to believe that in 1914 the Kaiser and his general staff would have moved into the conflagration of aggression they started had they known that the powers latent within the English-speaking world would be developed and would rise up to bring that aggression to disaster and destroy the Kaiser's kingdom?

Why were we so indifferent to supporting Great Britain then? We paid for our indifference not only in money but in suffering and the sacrifice of lives.

Why in 1939 did we, a nation rich beyond the dreams of Midas in possibilities for human endeavour, allow a million of our Canadians to go unemployed and hungry? We convinced Hitler and the German general staff, and even Mussolini and the Japanese, that the time to wipe out the British Empire had come. Because of our attitude towards finance we invited the very attack that came.

Does anyone think for a moment that this last great martyrdom of man would have been thrust upon us if our policies, adopted by our national government and approved in this house, had not convinced the aggressors that we were a diffident people, incapable of meeting the demands of modern defence, and incompetent in spirit to appreciate the need of protecting the enormous share of the world's resources which we are privileged to possess?

We have come through that period, and now we emerge into the world of that great counterpart of the British Empire, the English speaking union—a world dominated by the community of the British commonwealth and the peoples of the United States and her associates. I do not think we in Canada can escape that new responsibility. By the Ogdensburg Agreement Canada and the United States established a permanent board of defence for the protection of the North American continent—a citadel of freedom for the whole world.

The Ogdensburg Agreement recognizes that Canada, in her partnership with the United States, is to remain a full member of the British Commonwealth of Nations, owing allegiance to the Crown and accepting, as she always has accepted, the full responsibility of a non-qualified member of the British Empire.

We have a right to be proud of the part we played in bringing about Anglo-American friendship. Those who believe in the British parliamentary system of democracy and freedom cannot look upon the world of tomorrow with indifference; the right of the English-speaking world to continue to play its part is being challenged by forces that are just as great and powerful as any which have been marshalled against it in the past.

Hon. Mr. DUFF: More so.

Hon. Mr. McGEER: Let me put it plainly. We of Anglo-Celtic stock in the British Empire, numbering somewhere between 75 and 80 million, happen to be the dominating influence in an empire of some 500 million souls which is being challenged from within as well as from without. We cannot look with indifference to the demands of the Mediterranean, the Middle East and the Far East. No matter what happens there, the British Empire will still have its responsibilities. Australia and New Zealand will still be in the South Pacific, the islands of the United Kingdom in the North Atlantic, and Canada on the North American continent. The British Empire will still be a world empire, and it will always have world responsibilities.

Let us go a little further in this matter of world population, and add to our 70 or 80 millions the 140 million people of the United States. Even then the English-speaking power that has given the world its best hope for freedom still represents less than 10 per cent of the total population of this seething, surging world of new demands. We need a continuation of the power we developed during the war; and the greatest source of the power that saved us from utter ruin and disaster was unity born of Mother Necessity.

The proudest moment in my life was when as a supporter of the government, I sat in the other place and heard the Prime Minister of our nation ask parliament to authorize the gift of a billion dollars to Great Britain. Other members, I know, felt as I did. I believe that was the first time in the history of the empire that a government had said, "We will give." There was no thought of lending or leasing; there was no hope of repayment. The hope in the minds of everyone then was the hope of success in the common cause. With the fulfilment of that hope there has come a new burden of responsibility which calls for a different conception of the use of the power we possess, and that we acquired in the hard school of experience.

Honourable senators, we got into trouble before because we had a mistaken appreciation of real values. We valued dollars, pounds, yen and marks more highly than human beings. That is what we are doing to-day. We are talking in terms of interest and repayment, and are adding to the overwhelming burden of the English-speaking people a world of interest-bearing debts.

Let me state what it really means to us to advance Great Britain a couple of billion dollars. During the war we had a national income of nine billion dollars a year. Spread that amount over fifty years, the period of this loan, and the total is 450 billion dollars. We are talking about two billions. Now let us assume that our national income will not maintain its wartime level, but will drop to five billion dollars. That, which is the minimum income for the Dominion of Canada, would mean a total national income over fifty years of 250 billion dollars.

If it was good business for us to give Britain a billion dollars a year during the war, would it not have been equally good business to have given her a quarter of that amount for a period of ten years before the war, thereby permitting her to prepare her defences and our own? Had that been done there would have been no war. Has the time not come for us to consider in cold reality some of the mistakes that we can be reasonably certain led to the outbreak of the last two wars, and to take steps to avoid making similar

mistakes in the future, in the hope that thereby we may not only improve the standard of living but prevent the coming of another war, one which would be more disastrous and more costly in treasure, human life and suffering than any war has ever been in the past?

But we are moving backward, rather than forward. We are talking in terms, not of human values but of business. We are getting back to the cold calculation of dollars and of rates of interest. What nonsense! I am in favour of making this contribution to Britain without requiring interest or the repayment of principal. My opinion is that this would be no more than a return to the people of the British Isles of something that we had already received from them.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. McGEER: The people of this earth did enjoy peace for a period following the Napoleonic wars. The British fleet then held mastery over the seas. It had rid the seas of piracy.

Hon. Mr. DUFF: Absolutely.

Hon. Mr. McGEER: The seas then became not only free, but, for the first time in history, secure to all mankind. The United States proclaimed the Monroe doctrine, but the efficacy of that doctrine depended upon the power of the British fleet. In Canada we never assumed any obligation to defend our own shores or to maintain either the freedom of the seas or the spirit of world-wide good will—things which were as much a blessing to us as to any others. We left the whole burden to the people of the British Isles. We spent nothing, until the call came in 1914.

Hon. Mr. LESAGE: In 1910 we did, when Laurier was in office.

Hon. Mr. McGEER: We know what happened to the Naval Bill of 1910, which was brought in by Laurier. That was changed into a proposal to contribute a few dollars to build a British battleship in the Old Country, and even that was dropped before 1914.

The point I want to make is that in this loan we are not giving anything to Britain. In stipulating for repayment and in charging interest meanwhile, we are exacting a measure of contribution that we do not need and that the people of Britain cannot afford to pay.

Hon. Mr. DUFF: And which we owe them.

Hon. Mr. McGEER: We do not need British pounds, nor do the people of Britain need Canadian dollars. What they do want from us is a portion of the surplus foods and raw materials that we Canadians can produce in abundance over and above our own requirements. In Canada we have no shortage of food or of many of the raw materials that Britain so urgently needs. Our farms, our fisheries, our forests, our mines can produce these things in great abundance. Are we going to continue to make the same mistake that we made in the past, by limiting our help to preserve those institutions which we hold dearer than life—in short, by putting dollar units ahead of human values?

I have spoken of our position in the English-speaking world. I now want to come to the basis of our own confederation. The Canadian people have been blessed with a great experiment in the development of a nation. I never read the Confederation Debates without experiencing a heightened respect for the members of the conference in the old city of Quebec at which the resolutions that gave birth to our nation were passed.

Hon. Mr. DUFF: Don't forget Charlottetown.

Hon. Mr. McGEER: There was a little backsliding at Charlottetown. As a Canadian I am thrilled when I think of that conference at which Taché and Cartier, Macdonald and Brown, and other representatives of the two Canadas, came together to build a national home for two great races of people. Well, today our people are facing something that is more than a mere political discussion. The adjournment of the Dominion-Provincial conference presents us with a real challenge to develop, under the changed conditions of these times, a satisfactory basis for the continuation of the union that was so nobly based on a spirit of good will in 1867. There is no question today as to the good will of the people in every province towards the people of all the other provinces. No one can doubt that, so far as the people are concerned, Canada is a united country. Whence comes the trouble? It arises from our attitude to finance.

Let me put the matter frankly. We who can vote 600 million dollars for Britain, 750 millions for foreign trade, and upwards of 2 billions for aid to England, cannot provide the means of financing the needs of our cities and provinces. Our own schools, our hospitals, our railways, our highway developments, our tourist trade—these and other things are put into a strait-jacket of centralized power in Ottawa. If the proposals that I heard offered to the provincial governments in this chamber had been put forward as the basis of confederation, there would have been no Dominion of Canada. The Fathers of Confedera-

tion would never have agreed to centralized control over the local affairs and well-being of the people.

Hon. Mr. DUFF: Quite right.

Hon. Mr. McGEER: Those who want to comfort themselves by saying that this loan to Britain is good business, may do so. But they who justify it on that ground are faced with this question: What kind of business is responsible for the financial policy we are adopting with regard to our own provinces and cities? Yes, we must thoughtfully contrast our domestic policy in finance with our foreign policy. One of the greatest mistakes that we as a nation could make today, with the responsibilties that we now have, would be to sacrifice our internal economy to build up our foreign trade on a business basis. If a large proportion of our wage earners ever lose respect for our institutions, if they come to doubt that there is fairness and justice in the administration of the government, our boasted freedom will be in great danger.

I have a high appreciation of the value of lending money to foreign countries in order to maintain our foreign trade, but, honourable senators, I do not forget that it was in the days of foreign trade that we came to the disaster of the hungry, workless thirties. Yes, we had trade agreements. We were even driven at that time into the British Empire agreements. As I look upon the world today I for one believe that not only should we do what we are doing more substantially, but that Canada should again take the lead to build up not only her own power but the power of all the nations of the British Commonwealth.

Hon. Mr. DUFF: And the United States.

Hon. Mr. McGEER: Of course. The United States is part of our own family today. Before the war we had a trade agreement with the British West Indies under which we maintained ships to trade between the two countries. At that time it was proposed that New Zealand, Australia, Great Britain and Canada should unite together and build ships of the type needed to give service necessary to encourage trade relations between those countries. If those ships had been built in our depression years they would have been worth their weight in gold to meet the emergency of the war.

Now, are we to be told in Canada that we can build ourselves up by financing foreign trade, or are we going to realize that something more is required, and that is to build up a Canada that will be a real neighbour of the United States and a member of the British Empire?—an empire that will keep on advancing in its service to mankind until peace with freedom and security comes to bless for all time every man in every land.

I want to refer to a statement little heeded at the time, but which was I thought of great significance. It was made by one of the members of the Royal Commission that after investigating our economic and financial position recommended the formation of a central bank—the present Bank of Canada. He was a man of wide experience in a part of the country where banking takes on more of a social aspect than it does in other parts of the dominion. I am referring to Mr. Beaudry Leman, who represented our French-Canadian bankers. He said:

> Sufficient stress has not been laid upon the factors of national recovery, far more dependable and permanent than the temporary advantages of export trade of raw materials or foodstuffs. Outside markets for our surplus specialized production of certain commodities should unquestionably be sought, but it should always be borne in mind that world markets are unreliable and a source of constantly recurring disappointments. Rightly or wrongly, but as a matter of fact, the countries of the world are economically becoming more and more nationalistic.

What will be the production of foodstuffs in Europe two years from now? I do not pretend to be a prophet nor to have any specific knowledge of an area so doubtful, but a little common sense takes me back to 1937 and 1938, when there were surpluses of food in Europe. There was no starvation then. Those surpluses filled our granaries to overflowing with unsaleable wheat. Do you think that is not going to happen again? With the power of organized production that the Soviet Union possesses and the control that it has over the great food-producing areas of Europe, it will be dangerous for Canada to rely upon the security of foreign trade to maintain the national income that must be maintained in order to prevent our country sinking into pitiable bankruptcy under the appalling load of debt already incurred. Why, the first plea of the dominion authorities at the recent conference with the provinces was: We need the money because we have $460,000,000 of interest to meet as a first charge on the federal revenues. Well, we can go on with that kind of nonsense, and with the kind of nonsense that this bill offers, but to go on will not mean that we can escape the penalties that in the past have been imposed on us by the same kind of action.

That warning of Mr. Leman's in 1933 is just as potent today as it was then. It is not individual nationalism. Make no mistake

about the power of the Soviet Union to produce, and also its control over the distribution of food in Europe. Mr. Leman continues:

> Are we to await the belated results of international conferences between bankers, that may or may not, in the near or remote future, restore international exchanges and trade, or shall we endeavour to build up as rapidly and as soundly as possible our own domestic market? Paragraphs Nos. 243 and 244 should be read and studied in the light of the effect that world prices have had on the value of field crops.

These are the things you must anticipate when you start advancing Canadian dollars in the foreign exchange market if your own prosperity depends on your money ever coming back with or without interest. Mr. Leman adds:

> Measures calculated to develop intra-Imperial co-operation or Imperial monetary co-operation, as set forth in paragraph No. 211, should not be developed beyond the scope of providing ample facilities for the interchange of goods and services, unless the people of Canada understand and decide, in full knowledge of the consequences, that close monetary co-operation may lead to close economic association, which in turn is a step towards common political action.

Do you realize what that means? That was the false doctrine fed to the people of Canada. We had it in the House of Commons right up to 1939. We were told we should not associate with Britain economically, financially or in defence, because if we dared do that we should become involved and could not escape our obligation to go to war when Britain went to war. So we were told to withdraw from the English-speaking world, to keep clear of Britain and avoid war in the future. That very advice brought us into the most disastrous wars we have ever known in the history of the world. What could keep Canada out of war at Britain's side when Britain alone stood in the breach to preserve the freedom of the whole world?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: That is the kind of nonsense we have had, and it stems from the same kind of pitiable selfishness that inspires public men to advocate exacting from Britain repayment of an interest-bearing loan, when I am satisfied that the overwhelming majority of the Canadian people would gladly approve our giving everything we can afford to the British people and never asking repayment of a cent. In law and in finance we are told how wise it is to discuss matters of political economy in terms of sound business. But, honourable senators, the tragedy of that kind of thinking is in the record of great disaster that the business-minded leader interpreting political and international economy has left in his wake. I do not know that anybody can measure the losses in money and material wealth that the last two wars have cost, but what a reflection upon civilization are the battered cities of two continents, and the blood of millions of innocent men and women and little children, slaughtered in the name of business—no, in the name of a freedom whose preservation was required because men in authority in our civilized governments put dollars ahead of human values.

We have great natural resources; our people are blessed with great abilities and a brave spirit. But these carry with them responsibilities. I like to remember Sir John A. Macdonald's proud declaration: "A Britisher I was born and a British I shall die", but I am always extremely grateful to my own parents that they decided to leave the little islands on the other side of the Atlantic and give me the privilege of being born in the Dominion of Canada. I do not know of any place where I can enjoy the really worthwhile things of life more fully than in my own country. Neither do I know of any other place to which I can advise my children to go, feeling that they can look forward to a better future than I could when I was a boy.

The future of Canada is secure, provided our men of government learn some of the lessons that millions have been sacrificed to teach. I like to think of this empire of ours as meaning something more than that. We can pay our own tributes, but some tributes that come from without are such as no other nation has ever enjoyed.

We are a nation fashioned of two great races. History tells us that a son of the conquered race, a man of pure French extraction, a member of the Roman Catholic faith, was loved and respected in all parts of Canada and rose to a position of national leadership, and held it from 1896 to 1911. But he held it as the son of the nation. When Sir Wilfrid Laurier passed on to his reward he left behind him a record of empire statesmanship as glorious as that of the greatest of empire builders of the past. He said:

> The sun does not shine on any people who enjoy greater peace than my people in Canada possess under the British constitutional system of government and the Union Jack.

He also said:

> Freedom is worth fighting for; it is worth dying for; and when England is at war Canada is at war.

General Smuts of South Africa led his dominion into this war, and if it had not been for his gallant action Capetown and Durban would not have been available to

maintain the supply line which was so valuable in building up resistance and power to smash through on the Alamein line.

This empire will never be measured in terms of dollars and cents; it does not function in terms of monetary values. It goes forward carrying the doctrine of preservation of world freedom. Maybe that is not a matter for the consideration of parliament today.

Hon. Mr. DUFF: Yes, it is.

Hon. Mr. McGEER: Perhaps we should keep ourselves out of the realm of great ideals, and hold to sound business—dollars and cents.

I have taken this occasion to say what I think about this measure, and the contribution we owe and should make to Great Britain. In the absence of a better measure, I propose to support this one, in the hope that some of the light which I have tried to cast will reach those who control our financial destiny, and that when the time comes to collect, we shall be in a mood, not of getting, but of forgiving.

Some Hon. SENATORS: Hear, hear.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, May 10, 1946.

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

Prayers and routine proceedings.

BANKRUPTCY BILL

FIRST READING

Hon. WISHART McL. ROBERTSON presented Bill A5, an act respecting bankruptcy.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

PRIVATE BILL

FIRST READING

Hon. Mr. HARMER presented Bill B5, an Act to incorporate Evangelical Churches of Pentecost.

The bill was read the first time.

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

Hon. Mr. HARMER: Next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. HAIG, for Hon. Mr. Aseltine, presented the following bills, which were severally read the first time:

Bill K3, an Act for the relief of Roland Taillon.

Bill L3, an Act for the relief of Frederick Albert Johnson.

Bill M3, an Act for the relief of Joseph Francois Georges Landry.

Bill N3, an Act for the relief of Dorothy Ruth Bennett Macnutt.

Bill O3, an Act for the relief of Anne Levy Marder.

Bill P3, an Act for the relief of David Ritchie McEwen.

Bill Q3, an Act for the relief of Marie Jeanne Antoinette Bastien Cadieux.

Bill R3, an Act for the relief of Gwenyth Lorraine Madge Popkin.

Bill S3, an Act for the relief of Louise Jocelyn Wolfrey Black Griffin.

Bill T3, an Act for the relief of James Delmer Thomas Kirton.

Bill U3, an Act for the relief of Helen Sylvia Stacey Thompson.

Bill V3, an Act for the relief of Kay Florence Smart Gardiner.

Bill W3, an Act for the relief of Zoita Tehanciuc Moldovan.

Bill X3, an Act for the relief of Ambrose Keble Fred Vernham.

Bill Y3, an Act for the relief of Clermont Gendreau.

Bill Z3, an Act for the relief of Beatrice Lydia Ogulnik Goldin.

Bill A4, an Act for the relief of Harry Dyce.

Bill B4, an Act for the relief of Alastair Trenholme Lovat Fraser.

Bill C4, an Act for the relief of Elsie Rachel Silverson Ward.

Bill D4, an Act for the relief of William Joseph O'Sullivan.

Bill E4, an Act for the relief of Dorothy McLelland Hamilton.

Bill F4, an Act for the relief of Violet Maude Griffiths Barraclough.

Bill G4, an Act for the relief of Norman Peter Gray.

Bill H4, an Act for the relief of Andrew Kovacs.

Bill I4, an Act for the relief of Eda Margel Sand.

Bill J4, an Act for the relief of Lucille Eileen Piche Perrier.

Bill K4, an Act for the relief of Bertha Lipshitz Joslove.

Bill L4, an Act for the relief of Ernest Leslie Maddock Jones.

Bill M4, an Act for the relief of Marie Komyati Sznyitar.

Bill N4, an Act for the relief of Irene Renee Levey Ritchie.

Bill O4, an Act for the relief of Alexander Marr Meldrum.

Bill P4, an Act for the relief of Ottocar Fiedler.

Bill Q4, an Act for the relief of Kathleen Elizabeth Regan Griffiths.

Bill R4, an Act for the relief of Eliza Ritchie McDerment.

Bill S4, an Act for the relief of Ruby Eileen Baker Jones.

Bill T4, an Act for the relief of Ralph Samuel Currie.

Bill U4, an Act for the relief of Simone Tardif Laverdure.

Bill V4, an Act for the relief of Max Schacter.

Bill W4, an Act for the relief of Mary Walker Tiffney.

Bill X4, an Act for the relief of Margaret June Purdy MacKinnon.

Bill Y4, an Act for the relief of John Rae.

Bill Z4, an Act for the relief of Nellie Mugford Brumby.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. HAIG: With the leave of the Senate, next sitting.

TOURIST TRAFFIC

MOTION

Hon. W. A. BUCHANAN moved:

That the Standing Committee on Tourist Traffic be empowered to inquire into and report upon expenditures proposed to be made under the provisions of the following vote appearing in the 1946-47 estimates:

"Vote 390, to assist in promoting tourist business in Canada, $650,000,"

and that the committee be authorized to inquire into the activities of the various provincial and other agencies concerned with tourist travel, including provincial highways, and to send for persons, papers and records.

He said: Honourable senators, the work the Tourist Committee proposes to do is disclosed in the wording of the motion itself. I may say that in recent years the committee has not been active, largely because of the ill health of the chairman, the man chiefly responsible for bringing the committee into being. I refer to our honourable colleague from Halifax (Hon. Mr. Dennis), for whom we all have the very highest regard, and whose illness has been a matter of deep regret to us. The committee hopes to make an inquiry this session into all matters relating to tourist travel. A meeting is to be held on Wednesday next, when the Chief of the Travel Bureau, Mr. Dolan, will be our first witness.

The motion was agreed to.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. HAIG moved the third reading of the following bills:

Bill E3, an Act for the relief of Albert Stuart White.

Bill F3, an Act for the relief of Edward Mortin Montgomery.

Bill G3, an Act for the relief of Evelyn Clare Ward Davis Murray.

Bill H3, an Act for the relief of Esther Genevieve Johnson Potter.

Bill I3, an Act for the relief of Wanita Winifred Ellerton Upton.

Bill J3, an Act for the relief of Joseph Victor Emile Tassé.

The motion was agreed to, and the bills were read the third time, and passed, on division.

UNITED KINGDOM FINANCIAL AGREEMENT BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 28, an Act respecting the financial agreement between Canada and the United Kingdom signed on the sixth day of March, 1946.

Hon. ARISTIDE BLAIS: Honourable senators, I adjourned the debate yesterday solely for the purpose of enabling my honourable friend from De Lorimier (Hon. Mr. Vien) to take up the subject this afternoon. I regret that he is absent, for I am not prepared to speak to the motion.

Hon. R. B. HORNER: Honourable senators, I wish to make a few remarks, but certainly not in opposition to the bill. As I listened yesterday to the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer), I thought his speech was a vindication of the arguments of the Social Credit party. I am one of those who think that possibly we are assuming a great deal when we seek to assist,

laudable as the effort may be, the trade of the entire world. We are really a small nation. In my opinion Canada should be well able to take care of several times its present population without regard to export trade at all. I remember that when Right Honourable Arthur Meighen was leader of the Senate a man appeared before one of our committees and, in the course of a discussion with Senator Meighen and the honourable senator from Saltcoats (Hon. Mr. Calder), made this statement: "I am one of those who believe that if Canada were pushed out on the ocean where it was impossible for her to associate or trade with any other nation in the world, there would be an abundant living for many times the population we now have."

Never again do I want to hear it said that we cannot have money to finance public works which are necessary to give employment to our own people.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HORNER: Never again will I accept that statement from any government, whether it be of the party I am supposed to support or any other party. I am pretty well converted to the idea that after all money is not real wealth; that the real wealth of any country consists of goods and services and a robust people. I have never been able to understand, particularly since Dr. Brady advocated the eating of whole wheat because it was the best food in the world, why, with their granaries full, so many people in western Canada should tell me they were starving. I still do not understand how Canada can be in any difficulties with respect to food. I am anxious not only to assist England, but to re-establish the entire world. I think, however, we are assuming a great task, and that our first duty is to see that every Canadian is taken care of.

Some Hon. SENATORS: Hear, hear.

Hon. A. N. McLEAN: Honourable senators, I am in favour of this loan to Great Britain, and I quite agree with the senator from Vancouver-Burrard (Hon. Mr. McGeer) that it would be better to eliminate the interest tag.

We are told that it is best to leave our debts and other obligations in England, because she needs the interest and dividends from us, and then we start to load her up with interest charges over here. So much bookkeeping hardly makes sense. Why the camouflage? I would be in favour of giving the loan interest-free, but I think we should adopt a policy of bringing our obligations back from Europe as the opportunity occurs. Credit or debt is excellent to help one in time of need, but it was never meant to be an eternal companion.

Early in the war we, along with other countries, had a substantial account in the Bank of England. Why this account was closed is hard to understand. Having traded around the world for many years in scores of countries, I know that we in this country did not sell our goods abroad for Canadian dollars. We sold them for pounds sterling. The pound sterling has been a great unit of currency. It is understood and used as a trading unit by more peoples than is the dollar. I have seen the British pound go down to around three dollars, and I have seen it go up to over six dollars; but it has always come back to somewhere near normal, I feel it can be depended upon. Why this country should have closed its bank account in Great Britain is difficult to explain. It seems to me that a substantial bank account in England would add at least a little to this country's prestige when peace treaties or trade agreements are being negotiated. However, we took a demand note for our balance, and we are receiving payments on this note as Canadian securities held in England are sold abroad. I rather question some phases of this policy.

At least a billion and a half dollars worth of Canadian debts and securities are held in Europe, chiefly in Great Britain. Under our present policy these securities are being sold anywhere, and while we are getting the proceeds we seem to be losing rather than gaining control of our own resources. Take the case of our large privately owned railway, which this country endowed with tens of millions of dollars worth of western lands, and which owns one of the country's largest wartime and peacetime industries. At the end of 1944, Canada owned 13 per cent of the shares of this railway, the United States 15 per cent and the United Kingdom around 66 per cent. By the end of 1945 Canadian ownership had dropped to around 10 per cent, and that of the United Kingdom to 61 per cent; on the other hand, United States ownership had gone up to 22½ per cent, or more than double Canadian holdings, showing that the actual shares are being transferred from Great Britain to the United States.

Hon. Mr. LAMBERT: Would the honourable gentleman please repeat the figures he has just given?

Hon. Mr. McLEAN: At the end of 1944, Canada owned 13 per cent of the shares, the United States 15 per cent and the United Kingdom around 66 per cent; at the end of 1945 Canadian ownership had dropped to

around 10 per cent, that of the United Kingdom to 61 per cent, whereas United States ownership had gone up to 22½ per cent. I think the reason for Canadian holdings going down is that someone is trying to get control.

Hon. Mr. LAMBERT: Of the C.P.R.?

Hon. Mr. McLEAN: Yes, of the C.P.R. After sixty years we own 10 per cent of the stock, and we are simply changing the master control. This, no doubt, is happening in other industries.

It has been intimated in this house that the United States are not bringing back their American securities from England. According to a statement of the Honourable Fred M. Vinson, Secretary of the United States Treasury, published in the New York Times on February 23, 1946, the United States have repatriated by far the greater portion of their securities from Great Britain. Out of a total of $3,238,900,000 all have been brought back except seven hundred million. Concerning this latter amount Mr. Vinson says:

> Inaccessible to British Government, or not readily realizable because of various factors including the fact that 400 million dollars of this sum was in estates and trusts not subject to effectual government seizure, and because other portions of the sum probably represented accounts of Nationals of third nations held in American accounts of British banks.

Canada is the only country I know of that is not steadily repatriating its debts and obligations from outside its domain. After reading the United States Senate committee's report on cartels, I am sure they are not going to leave abroad any shares of companies mixed up in cartel operations.

Hon. Mr. HAIG: The honourable gentleman is making a very good speech, but would he please speak a little more slowly so that we can follow his remarks?

Hon. Mr. McLEAN: Marshal Smuts, who is not only a great empire statesman, but a great patriot, did not hesitate to arrange to transfer control of the South African diamond and gold mines from London and Amsterdam to South Africa a year or two ago. A full account of this transfer was published in the London Economist, and the Prime Minister of South Africa has placed a tax on the shares so they will not be returned.

If the cost of this war is to be met on the basis of equal sacrifice, and it should be, then we should all stand together. No class of people should be placed in a preferred position whereby they can hold choice investments and not pay their fair share of taxation. It is true that through the British government we have repatriated a considerable quantity of three or four per cent bonds which, generally, were held by trust companies, trust funds, widows, orphans and small investors. But why did we suddenly stop short when it came to taking over choice investments paying substantial dividends, and held chiefly by a comparatively small group of international syndicates or investors? It seems to me that if we were going to leave any securities abroad, the low rate bonds would have served best for that purpose. They were scattered, and certainly were not tainted with cartel operations.

I could name some of the choice company-investments still held abroad, most of which are known on the exchanges of London, Amsterdam and Paris. Several of the companies concerned have been very unfavourably mentioned in the McGregor report on cartels, and certainly should be owned in this country if any corporation should. Their past operations have been deplorable as far as Canada is concerned.

Cartels are responsible for many vicious trade practices, and the whole policy of the cartel system runs counter to the very things that make for general prosperity in foreign trade. Cartels stand for the raising of prices and the lowering of production. They seek abnormal profits but evade risk—and risk is really about the only argument for the profit system. Matches, medicines, chemicals, fertilizers, explosives and tin are all tied up in cartels. Vicious cartel systems are carrying on their pernicious work throughout the country. For instance, every time one lights a match or eats out of a tin can, toll is paid to some cartel operator abroad.

Cartels control vast assets in this country, and local directors take their orders from foreign lands. We all know that before the war the I. G. Farben Company of Germany was the master-mind of the cartel system throughout the world; and this great octopus was a part of the German high command. I commend the investigational reports on cartels by the committees of the United States Senate published within the last year or two. These should be distributed to and read by every member of this honourable body. The cartel system often defeats government policy, and through its central research laboratories is careful to keep its "know how" abroad. The June edition of the American Magazine carried an article by the Honourable Henry Wallace, telling of the removal from Germany of 250 tons of scientific documents and other information of the I. G. Farben Company, which had more men engaged in research than any other company in the world.

This country makes trade treaties with different nations to secure preferences for

Canadian goods. But time and again the cartels rule differently. Their owners abroad say: "Canadian goods which we control will not be shipped to such and such a country, trade treaty or no trade treaty, because it suits our purpose to allocate world territory as we see fit and not as governments may desire." Canada should be the greatest match exporting country in the world. We have the chemicals and lumber—and what more economical and profitable way is there to sell lumber than through the match business? But the cartel bosses keep us out of world markets. I believe Sweden is the great match-exporting country.

Honourable members, we in this country now have the opportunity to bring back share control of these vicious cartel organizations to Canada, by having a majority of the shares owned here. This is positively the only real way in which they can be controlled, and if we do not embrace this great opportunity of making ourselves independent of one of the most vicious trade systems the world has even encountered we will regret it beyond measure during the years to come.

Again take the case of South Africa. Her diamond and gold mines were controlled by the DeBeers and Oppenheim Syndicate with headquarters between London and Amsterdam. It cost the government of South Africa over a quarter of a billion dollars, or the equivalent in sterling, to transfer the control to South Africa, but it is far better for good Britishers in South Africa to own their mines than for an international group or syndicate to do so. The British government arranged the deal. I understand the shares were paid for at stock exchange prices and charged to the account of South Africa at the Bank of England.

India has taken back all her securities, and Australia and New Zealand have been paying off their debts.

These Canadian commercial investments or debts held abroad are in a preferred position regarding income taxes. During the war we had to impose heavy taxes in Canada. These shares held abroad get the benefit of lesser taxation. Large dividends are paid by these companies operating in Canada to their owners in Europe, and there is no double tax on dividends over there such as we have in this country. Europe encourages foreign investments. In England, for instance, the shareholder is credited with the tax already paid by the corporation. Once a company pays a tax on earnings there is practically no further tax paid by the shareholder who draws the dividend, unless, in exceptional cases, the shareholder is a wealthy person who gets caught in the surtax and has to pay the difference between the rate the company pays and the rate he himself is assessed. So one can see what a preferred position is held by these investors, when compared with shareholders here. If these securities were brought back to Canada our government would get double taxation, which would make taxation less on the rest of us, and we could budget for less and borrow less, for our commitments to Europe would be cut down by the amounts repatriated.

The argument that Europe should have investments here, for if it has it will buy more from us, is hardly logical. It is like advising a farmer, who is unable to sell all his crop, that he had better mortgage his place and then pay $500 a year interest on the mortgage, because if he does that the mortgagee will come back and spend $500 with him for farm produce. One can easily see that the farmer would have to get the $500 in the first place to pay. It is the same as regards a creditor purchasing from a debtor. The debtor has had to dig up the money first, so he receives no advantage whatsoever; in fact, he is at a disadvantage.

It is the rank and file of people, not a few inside syndicates or groups, who are the big consumers and give us a market. These Canadian securities held abroad should be paid for, brought home and put into the pool to help finance war obligations, especially where we are called on to extend so much help to Europe. We are not practising equal sacrifice for all in connection with war finances unless we bring these securities back and tax them the same as shares held here. We should not be afraid to let our credit accumulate in the Bank of England in the form of pounds sterling, if necessary, for such a bank account will prove very useful if we just have patience.

Here we are taxing the little man in this country down to earnings of six hundred dollars a year, and on the other hand letting the big cartel owners off with less taxation than they should pay. Why we tax our own citizens the way we do, especially those in the lower brackets, and let these cartel owners abroad get off so easily, is beyond one's comprehension.

The stock of companies that belongs to cartels should never be owned outside, for it is an established fact that cartels entered into nefarious agreements with foreign countries who became our enemies, agreements which were ruinous to Canada. Full stock control of such companies should be maintained in this country.

These international cartels defeated government policy with regard to trade treaties.

They held prices up abnormally on many every-day necessities, and the Canadian public had to pay. These cartels claimed they saved us from carrying on research work in Canada, as we would get the benefit of their foreign laboratories. However, we know how many valuable secrets in the production of war material were held back from this country when war came. The majority of these nefarious cartel agreements are still in existence. They simply were suspended during the war period, and the cartels are all ready to go on with their toll-gate practices as soon as peacetime trade becomes firmly established.

Let me give an illustration to show how outside debts breed ill will unnecessarily. It will be remembered that within the last year or two Alberta, Montreal and Moose Jaw had some bonds outstanding in England, and that owing to the war they were difficult to refund. Some were past due, although either all or part of the interest was being paid. At that time some London financial papers were continually finding fault with these bonds and saying some harsh things. I remember one paper called Montreal a rake city. All this friction could have been avoided had we brought these debts back to this country through our lend-lease or mutual aid. We had the sterling on hand to do so many times over.

This is not the end of the credits that will be needed abroad, so we might as well get these international transactions on a sound and sensible long-term basis.

More credits will be needed. There are, I understand, more than five hundred millions still outstanding on the demand note. I feel it would be by far the best policy for Canada to use this amount to promptly repatriate Canadian debts and securities from abroad. Also, when any further credits are requested the repatriation of securities should be made part of the deal. The greater the portion of Canadian assets and resources owned and controlled by Canadian citizens here, the stronger our country will be; and it should be our desire to build up a strong nation standing on its own feet within the British Empire. As we do this our influence for peace will grow correspondingly. Another point I should like to make is that these needs from abroad, no matter how much merit they may have, should not overshadow the needs of our own provinces, and we should show the same generous spirit in connection with our dealings with them.

As for the present loan, this is a time of great crisis and great need by England, and while I should prefer seeing the interest tag eliminated from the bill, I am prepared to support the measure as it is.

Some Hon. SENATORS: Question!

Hon. WISHART McL. ROBERTSON: Honourable senators, yesterday the honourable senator from St. Jean Baptiste (Hon. Mr. Beaubien) asked me whether the agreement specifically provided that the credits should be expended for the purchase of Canadian goods and services. I expressed the opinion that it did not. I have since confirmed the correctness of my answer. Neither, I may add, is there a similar provision in the United States-United Kingdom agreement in regard to any part of the three and three-quarter billion dollar loan being expended in the United States. There is, however, this difference between the two agreements. The late Lord Keynes stated in the House of Lords that it was generally understood that in the case of the American loan probably not more than half the amount would be necessary to finance deficits as respects Great Britain's purchases in the United States. On the other hand, the Canadian requirements of the United Kingdom will for the next few years be very materially in excess of the $1,250,000,000. Though there are no specific provisions in this bill for Great Britain's purchases of Canadian goods and services, there are agreements in effect between Canada and the United Kingdom to cover purchases of Canadian goods and services for the next year or two, and other similar agreements are in contemplation. Of course, this proposed loan facilitates payment for such purchases, as it is not likely that within the next year or two British exports to Canada will be sufficient to offset her requirements.

A point has been raised in respect to the interest rate. I regret very much that circumstances made it impossible for me to be present during the whole of the very excellent address of the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer), but I have had the opportunity of hearing the remarks of the honourable senator from Southern New Brunswick (Hon. Mr. McLean). I am sure that we all appreciate the generous impulse which prompted them to suggest that the loan should be interest free. Much can be said in support of their suggestion, but I would point out that in preparing a measure of this kind the government has to find some common ground between those who say the interest rate is not high enough and those who say it is too high. Honourable members will recall that under the Export Credits Insurance Act the rate of interest—approximately 3 per cent, varying over the period of the loan—about equals the cost to Canada of raising the money. This loan, as honourable senators know, is on a 2 per cent basis

for a certain period, and for the first five years bears no interest at all, so the effective rate is something under 2 per cent. That has been criticized in some quarters as being too low, but I think it will be generally agreed that it is a reasonable compromise as between those who feel the rate should have been at least 3 per cent and those who have generously suggested that the loan should be interest-free.

Hon. Mr. McGEER: There is no interest payable at all in the event of certain conditions of British foreign trade. The loan is on much more generous terms than the leader of the government has stated.

Hon. Mr. ROBERTSON: That is very true.

Hon. Mr. McGEER: It may be that unless Britain's foreign trade vastly improves over what it was in pre-war years, and what it is likely to be in the face of increased industrialization of the whole world, no interest will be payable at all.

Hon. Mr. ROBERTSON: My honourable friend is correct. Whether or not the loan becomes interest-free will depend on how her financial position may be affected by unforeseen circumstances.

Hon. Mr. McGEER: Absolutely.

Hon. Mr. ROBERTSON: I have great respect, as I am sure every honourable member of this house has, for the viewpoint of the highly esteemed senator from Grandville (Sir Thomas Chapais). He expressed an opinion which can be readily appreciated, that in view of our great financial obligations we should not embark upon the policy which this bill contemplates, and he called attention to the increasing expenditures of the federal government. That is perfectly true. As was stated in this house a day or two ago, our normal peacetime budget may well be between $1,800,000,000 and $2,000,000,000. Provincial expenditures for this year are expected to total about $450,000,000 as compared with $225,000,000 before the war. Those are impressive figures. While of course it is possible to reduce expenditures, both federal and provincial, I fancy that no matter what reductions may be made in both fields, increased financial requirements over pre-war years are inevitable. Let me remind my honourable friend from Grandville that the only possible solution is to increase our national production and national income, and this, I submit, can only be brought about by increasing the volume of our foreign trade. We may, some time, be able to attain the happy position which the honourable senator from Saskatchewan North (Hon. Mr. Horner) has suggested, so that we shall no longer be concerned about export trade, but the fact is that the economy of this country is at the present time, and has been practically ever since confederation, based on foreign trade. Our national income must be sufficient to enable the federal government to secure the taxation necessary in order to meet the expenditures which it has undertaken, and also to meet the obligations of the provincial governments—including the government of which my honourable friend is such a distinguished member. This will be possible only if the income of our people is very materially increased by the expansion of our foreign trade. We are trying by this measure to put the United Kingdom in a position where she can recover her pre-war standing as a trading nation and, if possible, improve it substantially —a condition as necessary to our future prosperity as it is to hers.

In conclusion, I desire to compliment honourable senators for their very excellent contributions to this debate.

The Hon. the SPEAKER: The question is on the second reading of Bill 28, an Act respecting the financial agreement between Canada and the United Kingdom, signed on the 6th of March, 1946. Is it your pleasure, honourable senators, to concur in the motion?

Hon. SIR THOMAS CHAPAIS: On division.

The motion was agreed to, and the bill was read the second time, on division.

THIRD READING

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

Hon. Mr. ROBERTSON: With leave of the Senate, now. My information is that the American loan is being voted on at 4 o'clock this afternoon.

Hon. Mr. HAIG: Let us beat them to it!

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

The Senate adjourned until Monday, May 13, at 8 p.m.

THE SENATE

Monday, May 13, 1946.

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

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

The Senate proceeded to consideration of the amendments made by the Standing Committee on Miscellaneous Private Bills to Bill S2, an Act to incorporate the Executive Board of the Church of the Nazarene.

Hon. Mr. HUGESSEN: Honourable senators, I move that these amendments be concurred in. They were consented to in committee by the sponsor of the bill, the honourable senator from Pembroke (Hon. Mr. White).

The motion was agreed to.

THIRD READING

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

Hon. Mr. HUGESSEN: On behalf of the honourable gentleman from Pembroke, who is not in the house at the moment, I would move third reading of the bill now.

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

DIVORCE BILLS

SECOND READINGS

Hon. Mr. HAIG, for Hon. Mr. Aseltine, moved the second reading of the following bills:

Bill K3, an Act for the relief of Roland Taillon.

Bill L3, an Act for the relief of Frederick Albert Johnson.

Bill M3, an Act for the relief of Joseph Francois Georges Landry.

Bill N3, an Act for the relief of Dorothy Ruth Bennett Macnutt.

Bill O3, an Act for the relief of Anne Levy Marder.

Bill P3, an Act for the relief of David Ritchie McEwen.

Bill Q3, an Act for the relief of Marie Jeanne Antoinette Bastien Cadieux.

Bill R3, an Act for the relief of Gwenyth Lorraine Madge Popkin.

Bill S3, an Act for the relief of Louise Jocelyn Wolfrey Black Griffin.

Bill T3, an Act for the relief of James Delmer Thomas Kirton.

Bill U3, an Act for the relief of Helen Sylvia Stacey Thompson.

Bill V3, an Act for the relief of Kay Florence Smart Gardiner.

Bill W3, an Act for the relief of Zoita Tehanciuc Moldovan.

Bill X3, an Act for the relief of Ambrose Keble Fred Vernham.

Bill Y3, an Act for the relief of Clermont Gendreau.

Bill Z3, an Act for the relief of Beatrice Lydia Ogulnik Goldin.

Bill A4, an Act for the relief of Harry Dyce.

Bill B4, an Act for the relief of Alastair Trenholme Lovat Fraser.

Bill C4, an Act for the relief of Elsie Rachel Silverson Ward.

Bill D4, an Act for the relief of William Joseph O'Sullivan.

Bill E4, an Act for the relief of Dorothy McLelland Hamilton.

Bill F4, an Act for the relief of Violet Maude Griffiths Barraclough.

Bill G4, an Act for the relief of Norman Peter Gray.

Bill H4, an Act for the relief of Andrew Kovacs.

Bill I4, an Act for the relief of Eda Margel Sand.

Bill J4, an Act for the relief of Lucille Eileen Piche Perrier.

Bill K4, an Act for the relief of Bertha Lipshitz Joslove.

Bill L4, an Act for the relief of Ernest Leslie Maddock Jones.

Bill M4, an Act for the relief of Marie Komyati Sznyitar.

Bill N4, an Act for the relief of Irene Renee Levey Ritchie.

Bill O4, an Act for the relief of Alexander Marr Meldrum.

Bill P4, an Act for the relief of Ottocar Fiedler.

Bill Q4, an Act for the relief of Kathleen Elizabeth Regan Griffiths.

Bill R4, an Act for the relief of Eliza Ritchie McDerment.

Bill S4, an Act for the relief of Ruby Eileen Baker Jones.

Bill T4, an Act for the relief of Ralph Samuel Currie.

Bill U4, an Act for the relief of Simone Tardif Laverdure.

Bill V4, an Act for the relief of Max Schacter.

Bill W4, an Act for the relief of Mary Walker Tiffney.

Bill X4, an Act for the relief of Margaret June Purdy MacKinnon.

Bill Y4, an Act for the relief of John Rae.

Bill Z4, an Act for the relief of Nellie Mugford Brumby.

The motion was agreed to, and the bills were read the second time, on division:

The Hon. the SPEAKER: When shall these bills be read the third time?

Hon. Mr. HAIG: Next sitting of the House.

BANKRUPTCY BILL

SECOND READING

Hon. WISHARD McL. ROBERTSON moved the second reading of Bill A5, an Act respecting Bankruptcy.

He said: Honourable senators, before asking the honourable senator from Vancouver South (Hon. Mr. Farris) to explain this bill, I should like, on behalf of the government, to make a brief statement with respect to it.

The present bankruptcy law has been in force since 1919. Substantial amendments were made in 1932 after a parliamentary inquiry. Since then suggestions were made from time to time with a view to improving the law. These suggestions were assembled by the Superintendent of Bankruptcy, and those which commended themselves to the department have been included in the present draft bill. The government has introduced the bill in the Senate with the view of having its various provisions studied by a committee, before which representations may be made by the various interests concerned with the conduct of business affairs in this country. It is hoped that as a result of this procedure the bill will receive thorough study and the bankruptcy law will be brought up to date and put in such form as will serve the best interests of the people of Canada.

I would now ask the honourable senator from Vancouver South to explain the measure.

Hon. J. W. de B. FARRIS: Honourable senators, I fear that this bill is just as formidable as it appears. Its preparation has involved a great deal of work, and if after second reading it is referred to the Standing Committee on Banking and Commerce, its consideration will entail a good deal of time and effort on the part of that committee.

The honourable leader of the government (Hon. Mr. Robertson) has said the bill is substantially a redrafting and revision of the present Bankruptcy Act. The work is that of the Superintendent of Bankruptcy, Mr. W. J. Reilley, K.C., who has been in office a considerable time, and who had extensive experience in bankruptcy before he accepted his present position. To have a bill of this kind prepared and supervised by a man of Mr. Reilley's experience is of great value to parliament. At the same time we know that officials, the most zealous in the service, even with the very best of intention, sometimes have a departmental view, and in our scrutiny of the bill we should keep that thought in mind.

This bill is one of the several responses this session to the desire of members of the Senate to have important legislation sent to this house before going to the House of Commons.

In view of the wide latitude extended to the Senate by the suggestion of the leader of the government here, I should not think much discussion need take place on the second reading of the bill. The real principle involved at this stage is whether the bill shall go to the Standing Committee on Banking and Commerce to be thoroughly revised and checked up before that committee. When it goes to the committee the first concern will be the checking of the draftsmanship. No matter how skilful the Superintendent of Bankruptcy may have been in his redrafting of the bill, the committee must make sure that its provisions are clear and mean what they are intended to mean. In the second place, it will be necessary for the committee to make a careful study of the principles involved in the bill. That will require thoughtful effort on our part and careful attention to what Mr. Reilley has to say. It will also require that the fullest opportunity be given to all representatives of business interested in bankruptcy law—and I believe there will be many from various parts of Canada—to appear before this committee.

With this background a brief statement of the history of bankruptcy legislation in Canada might be of interest.

The first Bankruptcy Act was passed in 1869, just two years after confederation. This act was a re-assembling and amending of the pre-confederation laws which existed in the four provinces. In 1875 a new act was brought in, and, according to Mr. Reilley, did not prove satisfactory. Part of that act was repealed in 1880 and the balance in 1886. For thirty-four years thereafter there was no bankruptcy law in Canada. During those years we depended on the powers of provincial legislatures to pass acts relating to voluntary assignments for the benefit of creditors, which they did. This was held to be within the competence of the provincial legislatures as a matter of property and civil rights.

The next act, which was brought in in 1920, was modelled on the English act of 1914. The basic provision of that act was that the affairs of the debtor were to be operated by the creditors almost entirely through inspectors. That law did not prove entirely satisfactory, and either in or prior to 1932 a House of Commons committee conducted an exhaustive inquiry into the whole question of bankruptcy. As a result of that inquiry the present act of 1932 was brought in. That act contained two important fea-

tures which materially improved the operation of the law. One was the appointment of a new official, the Superintendent of Bankruptcy, who was given wide supervisory powers. From first-hand knowledge and from information that I have received from others I am convinced that Mr. Reilley has done a good job and has much improved the administration of bankruptcy law in Canada.

The second important principle introduced in that statute was the licensing of trustees. Prior to that time anybody could be appointed a trustee—he might be selected by the creditors, or through the influence of the debtor himself—but the 1932 act placed all these trustees under the direct supervision of the Superintendent of Bankruptcy, their licences being renewable annually. The 1932 statute was the last amendment to the present Bankruptcy Act, which is to be repealed by this legislation.

The chief changes proposed by the bill relate partly to procedure and partly to principles of the law.

The first proposed change in procedure is that proceedings by way of petition for bankruptcy may be brought in the Superior Court of any province, in any registry of that court, and before any judge of that court. Heretofore the jurisdiction has been somewhat centralized, particularly in the province of Ontario, I think. I do not know as to Quebec, but there has not been this centralization in British Columbia: the judges have jurisdiction there, and I think they have extended it very generally to the registry offices. However, there always has been one judge assigned as the Judge in Bankruptcy. If the proposed change is agreed to, the jurisdiction in bankruptcy will not be any different from that in any other civil proceeding. For instance, a man who wishes to sue someone for damages in Ontario or any other province, files his claim in any registry office in the province, and the action will come before whatever judge happens to be dealing with litigation in that particular registry district.

Hon. Mr. MORAUD: A bankruptcy case comes before a Judge in Bankruptcy, not a civil court judge.

Hon. Mr. FARRIS: That is the procedure now, but the proposal is that hereafter bankruptcy petitions may be filed in any registry office and dealt with by any judge of the Superior Court in the province concerned, the same as civil cases. If any honourable senators do not feel inclined to favour this proposal, I would suggest that they do not vote against the motion for second reading of the bill but leave the point to be thoroughly thrashed out in the Banking and Commerce Committee.

Hon. Mr. HARDY: May I ask the honourable senator if, when he refers to the registry office, he means the office of the registrar? In Ontario we have Registrars of the Supreme Court.

Hon. Mr. FARRIS: That is what is meant, the registrars, if my honourable friend prefers that word. There are Supreme Court registries in different parts of the provinces, and registrars are in charge of them. I think that is the way it works. In Ontario, I understand, petitions in bankruptcy are filed at the registry office in Toronto. If the proposed change is adopted, petitions may be filed at the local registry offices. A man in Ottawa, for instance, could file his petition right here, and it would be dealt with by any one of the Ontario Supreme Court judges who happened to be hearing civil cases in this part of the province. However, as I have already suggested, the adoption of this proposed change is not essential to the principle of the bill, but is something that should be considered in committee.

Another proposed important change—I do not know whether it should be called one of procedure or of substance—is a widening of the application of the bankruptcy law. The bill would make it possible to file a petition against a married woman or against the estate of a deceased person. Heretofore there has been some question as to whether the estate of a person who has died can be put into bankruptcy. I think we will all agree that in principle there should not be any objection to doing that.

I now come to a part of the bill which I think should receive particular attention from honourable senators. It has to do with proposals for compositions, which proposals the bill provides may be made either before or after bankruptcy. I am advised by Mr. Reilley—I do not recall the circumstances myself—that a provision of this kind was included in the statute of 1920, but that it did not prove satisfactory and was repealed in 1923. Mr. Reilley explains the unsatisfactory operation of that provision on the ground that in those days the trustees were not of the right kind; they were not then licensed or under the supervision of the superintendent. I am not prepared to go into all the details of the clauses with reference to compositions. Honourable senators will find the provisions respecting this important matter in Part II of the bill, sections 11 to 24. The section to which I wish to call particular attention is 23, which has some 13 subsections. Subsection 1 provides that in the case of a corporation,

where a proposal of composition is made—honourable senators will remember that a proposal may be made before bankruptcy—then, unless it is approved at a meeting of the creditors or shareholders, the court may appoint a committee, which I understand may be entirely independent of shareholders and creditors, to formulate a proposal of composition. Then there are a number of sections dealing with how the creditors and the debtor himself are to proceed to try and arrive at an arrangement under that proposal.

But if an agreement is not reached, you come to the provision which really has the teeth in it—section 23, subsection 10 at page 23 of the bill. We have got to this stage in the composition procedure, that the committee appointed by the judge has made inquiry and ascertained the facts, and there has been no agreement amongst the creditors that any scheme will be carried out. Then subsection 10 comes in:

> The court on the hearing of the application shall take into consideration the report of the committee and such other evidence as may be submitted or as may be adduced from such further investigation of the affairs of the corporation as the court may direct to be made and hear such representations as may be made by the corporation or by any of the creditors or shareholders or any one on their behalf and if in its opinion it is desirable and expedient in the interest of the corporation, the creditors and the shareholders or in the public interest by reason of the nature of the services rendered—

Of course, honourable senators will recall that, as originally devised, bankruptcy was for the purpose of the distribution of the debtor's assets among the creditors.

Hon. Mr. HAIG: Right.

Hon. Mr. FARRIS: But this procedure, as will be seen, is quite a step forward. Let me read the remainder of the subsection:

> —or the business carried on that a proposal should be formulated and put into effect notwithstanding the objections of the corporation or any creditor or shareholder or any class of them and if reasonably satisfied of the ability of the corporation to carry out the terms of the composition that may be formulated the court may by order formulate a proposal of composition modifying or altering the rights of creditors or shareholders or any class of them and providing for the issuance of such new securities or shares or other evidence of title or interest therein as may be necessary to carry out the terms and formalities of the proposal.

The first thing that will have to be considered is just how far that subsection goes. I think it goes pretty far.

Hon. Mr. LEGER: Is that taken from the Farmers Creditors' Arrangement Act?

Hon. Mr. FARRIS: Some of that subsection is not new. The principle is in the Farmers Creditors' Arrangement Act. I will deal with that briefly in a moment.

Hon. Mr. HAIG: It goes further than the Farmers Creditors' Arrangement Act.

Hon. Mr. FARRIS: Yes. This does go further. The Farmers Creditors' Arrangement Act only deals with a compulsory composition when a farmer is unable to meet his obligations as they mature—which is a standard definition of bankruptcy. This provision applies either before or after bankruptcy. It thus goes farther; and for the benefit of my honourable friend from L'Acadie (Hon. Mr. Leger) I should like to say that in committee he may have a chance to give consideration to the constitutional question. In 1937 the Farmers Creditors' Arrangement Act went to the Privy Council. There it was argued very strenuously that the act was not bankruptcy legislation at all, that it was only a colourable attempt to look after the farmers under the guise of bankruptcy; but the Privy Council would not listen to that argument and held the act to be proper bankruptcy legislation. But it was commented on that the schemes were formulated in relation to a farmer who was not able to pay his obligations as they matured. However, my passing or offhand opinion is that probably this wider definition would be swept within federal competency as a power necessarily ancillary to the enforcement of bankruptcy. But this is not the moment to consider any difficult questions of that kind.

Hon. Mr. HUGESSEN: May I ask my honourable friend is this legislation intended to replace the Companies' Creditors Arrangement Act?

Hon. Mr. FARRIS: Yes. It is intended to merge all such Acts.

I am sure honourable senators would not wish me, even if I had any really intelligent information to give in addition to what I have given, to go on right now discussing the problems involved in the subsection. It is sufficient to call the provision clearly to the attention of the house and make sure that the public understand that this question is up for consideration, so that when the bill is referred to a committee, those interested will take the opportunity to appear and make their representations. There is a lot to be said for this composition proposal, and a good deal to be said against it. In principle the same can be said for this bill as for the Farmers' Creditors Arrangement Act, that it is a good thing to head off bankruptcy. There are some cases where creditors may desire

bankruptcy in order to enforce their securities and get possession of desirable assets; but, generally speaking, neither the creditors nor the debtor nor the public want to encourage bankruptcy, and in so far as schemes of this kind can be formulated with teeth in them—for they are not much good unless they have teeth—there is in the desire of the promoters of the bill a proper objective in anticipating and, if possible, avoiding bankruptcy, with all its loss and harm to the country. On the other hand, there is the question of interfering with securities, the question of how far it will hamper flotations of large capital investments which may be required in the future, and matters of that kind. Again, I say the principle we have to consider should be simply this: Shall we study this and see if we ought to do it or not?

The next section I want to refer to is the one doing away with custodians. The idea is the result of Mr. Reilley's experience. Honourable senators will recall what happens now, that after a petition in bankruptcy is made a receiver is appointed, and he selects from the creditors a custodian. This custodian remains in office until the creditors select a trustee, who may be the custodian or an entirely different person. The suggestion is that you should short-cut the procedure a little by having the trustee appointed from the start. Of course, there are provisions—there are even in the present act—for changing the trustee, but it is felt that when the trustee is first appointed the prospects are that he will continue to be the trustee. It saves a change in the administration of the business of the debtor at probably a very critical time in his affairs. I think likely we would all give approval to that principle right now.

Hon. Mr. MORAUD: By whom would the trustee be appointed?

Hon. Mr. FARRIS: By the superintendent.

Hon. Mr. MORAUD: The creditors would have nothing to do with the appointment?

Hon. Mr. FARRIS: Oh, yes, they would have power to change the appointment if they saw fit afterwards. I think, however, that the superintendent would certainly seek from the start to appoint a person whom the creditors themselves would approve at a later date.

Provisions are made for the clarification of the parts of the statute dealing with fraud and fraudulent preferences. Honourable senators will please refer to section 64 and later sections.

Honourable senators will find in paragraph (jj) of section 2, on page 5 of the bill, a new definition of "transaction". In the present act, when one wishes to refer to the mouthful of things that are dealt with under "transaction" it is necessary to repeat them each time; so the superintendent has re-defined the word transaction. There would appear to be a clerical error in the third line of this paragraph, where it reads "course of action may arise," rather than "cause of action may arise." The superintendent has attempted to define the word "transaction" in such a way that thereafter in the statute, instead of enumerating all these things, the word "transaction" may be used.

With that new definition of transaction let us look at Section 68 of the bill which says:

> Every transaction whether or not entered into voluntarily or under pressure by an insolvent person becoming bankrupt within three months thereafter resulting—

I wish to call particular attention to the use of the word, "resulting".

> —in any person or any creditor or any person in trust for such creditor or any surety or guarantor for the debt due to such creditor obtaining a preference—

The old section related to intent to grant a preference. All honourable senators who are lawyers, and some who are business men, will recall that this question of intent has involved much litigation. Perhaps the litigation is about finished, so it may be a good idea to have a new word, for then we can start all over again.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. FARRIS: The question raised was as to whose intent was referred to: the intention of one party, the other party or both parties. Mr. Reilley, in the wealth of his experience, has thought that "resulting" is a better word. That matter also will have to be considered in committee.

Section 69 takes some of the sting out of the word "resulting", and must be read along with section 68. It provides that where prior to bankruptcy a transaction was made, and a person secured property as an innocent purchaser for value, without knowledge of anything being wrong, he is not affected by this provision in regard to fraudulent preference.

The extension of reciprocal relations in regard to enforcement of orders in all British courts, should, it would seem, go in as a matter of course.

Honourable senators will be interested in the simplification of the dividend distribution scheme found in section 126. Mr. Reilley shows in his notes the weirdest number of

preferences to be worked out. There are, for instance, the Workman's Compensation Act, the Income Tax Act and many other preferences; and nobody knows which one is first, except that the tax people come first if they can. This section provides an attempt arbitrarily to fix seriatim each preferred rank in relation to the others. The scheme is good; the enumeration may or may not need modification.

Another feature is the amplification of the provisions relating to bankruptcy offences and the procedure thereon.

Hon. Mr. LEGER: Would the honourable senator wish to tell about the constitutional powers as far as that previous section is concerned?

Hon. Mr. FARRIS: I feel that my honourable friend is not very serious in inviting me into unknown fields at this time.

Other features are the application for discharge of debtors to be brought before the court automatically within a specified time; provision for summary administration of estates with little or no assets, and the broadening of the functions of the superintendent. Honourable senators will wish to look very carefully into Mr. Reilley's proposals relating to these matters. However, my dealings with him have convinced me that he is very moderate in his demands. There is a proposal—and I speak from memory, after having heard a great deal in a short time—that the trustee shall get his discharge from the superintendent rather than from the courts, as he does at the present time. A combination of the two may be desired. There is also a proposal for a broadening of the grounds of appeal to an appeal court, and—if I may read Mr. Reilley's words—for "the elimination of innumerable repetitions of verbose phraseology." Those features will also have to be dealt with when the time comes.

That, honourable senators, is my understanding of this bill.

Hon. Mr. McRAE: Very good.

Hon. Mr. FARRIS: I am sure that when the bill receives second reading and goes to a committee it will provide a fine field for work, and I believe that we shall be able to present to the government and the other house a constructive and worth while piece of legislation.

Some Hon. SENATORS: Hear, hear.

Hon. JOHN T. HAIG: Honourable members, I do not intend to follow my honourable friend in his remarks, but rather would point out that this procedure is very unusual. This bill was placed on our files only today, and I do not think any honourable senator has had an opportunity to study it. We already have a bankruptcy law in this country, and in agreeing to the second reading of this bill we are adopting no new principle. Further, as the honourable gentleman has said, these proposals are open to consideration in committee.

I have had an opportunity of discussing this bill with one or two people, and if there is any attempt to embody in it the principles underlying the Farmers' Creditors Arrangement Act, which has been most unsatisfactory it will require most careful scrutiny.

Hon. Mr. HARDY: Hear, hear.

Hon. Mr. HAIG: I appreciate the very clear explanation given by the honourable senator from Vancouver South (Hon. Mr. Farris), and join with him in inviting the public to note what the bill proposes, and in asking the business people of Canada to send their representatives to Ottawa in order that the committee may have the benefit of their experience.

Every practising lawyer will agree that bankruptcy proceedings have not been prevalent during the past fifteen or twenty years; but the time may come again when they are prevalent. I wish to congratulate the government on introducing this bill in the Senate. It is the first time that I have seen the government exercise real judgment in this respect. We do not need to fear demands from creditors, on the one hand, for more severe legislation, or from debtors, on the other hand, for protective legislation. We can hew to the line and produce a reasonable bill that I have no doubt the other house will be only too glad to accept.

I am heartily in favour of sending this bill to the Committee on Banking and Commerce. At some stage the committee will probably find it necessary to appoint a subcommittee, and I suggest—not because I myself am a lawyer—that this subcommittee ought to be largely composed of legal members of this house, so as to thrash out the probable effects of the bill on actions and settlements; and when the report is made back to the main committee the whole question can be considered from the business standpoint. I have not consulted anyone on this point, but I think what I suggest would greatly facilitate the work.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

INDIAN ACT

MESSAGE FROM HOUSE OF COMMONS

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons reading as follows:

Resolved, That a Joint Committee of the Senate and House of Commons be appointed to examine and consider the Indian Act, Chapter 98, R.S.C., 1927, and amendments thereto and to suggest such amendments as they may deem advisable, with authority to investigate and report upon Indian administration in general and, in particular, the following matters:

1. Treaty rights and obligations.

2. Band membership.

3. Liability of Indians to pay taxes.

4. Enfranchisement of Indians both voluntary and involuntary.

5. Eligibility of Indians to vote at dominion elections.

6. The encroachment of white persons on Indian reserves.

7. The operation of Indian day and residential schools.

8. And any other matter or thing pertaining to the social and economic status of Indians and their advancement, which, in the opinion of such a committee should be incorporated in the revised act.

That the following members be appointed to act on behalf of the House of Commons on the said Joint Committee, namely, Messrs. Arsenault, Blackmore, Brown, Brunelle, Bryce, Case, Castleden, Charlton, Farquhar, Gariépy, Gibson (Comox-Alberni), Glen, Harkness, Little, MacNicol, MacLean, Matthews (Brandon), Raymond (Wright), Reid, Richard (Gloucester), Stanfield, Stirling.

That a message be sent to the Senate requesting their Honours to appoint Senators to act as members of the Senate on the said Special Joint Committee.

That the said Committee have power to appoint from its members such subcommittees as may be deemed advisable or necessary to deal with specific phases of the problem aforesaid with power to call for persons, papers and records, to examine witnesses under oath and to print such materials from day to day as may be ordered by the committee for the use of the committee and members of the House of Commons and the Senate.

That the said committee shall report from time to time and that the provisions of Standing Order 65 limiting the number of members on special committees be suspended in relation thereto and that a message be sent to the Senate to acquaint their Honours therewith.

Attest.

(signed) Arthur Beauchesne,
Clerk of the House of Commons.

When shall this message be taken into consideration?

Hon. Mr. ROBERTSON: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, May 14, 1946.

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

Prayers and routine proceedings.

BUSINESS OF THE SENATE

WORK OF COMMITTEES

On the Orders of the Day:

Hon. JOHN T. HAIG: Honourable senators, before the orders of the day are called I should like to make a suggestion. The Order Paper before us contains a great many divorce bills, and some other items of more importance. For instance, there is the Canada Day bill, Order No. 54, on which I believe the honourable senator from Vancouver South (Hon. Mr. Farris) desires to speak. In addition to these items before the house, there is a great deal of business before various committees. The Committee on Natural Resources has witnesses waiting whom it is anxious to hear; the Flag Committee has been called to meet at four o'clock, and the Committee on Divorce is in the midst of a contested case which will probably continue for three or four hours. In view of these circumstances, may I suggest that immediately following the remarks of the honourable senator from Vancouver South the house adjourn in order to facilitate the work of the committees?

Hon. WISHART McL. ROBERTSON: Honourable senators, the leader opposite pointed out to me the very difficult position of the committees. After consulting the honourable senator from Vancouver South (Hon. Mr. Farris) and the honourable senator from Lunenburg (Hon. Mr. Duff), who had intimated their desire to speak on the Canada Day bill, I would now suggest that we might hear the honourable senator from Vancouver South this afternoon, and then have the honourable senator from Lunenburg adjourn the debate so that he may have first opportunity to speak upon the bill when it comes before us again.

Hon. Mr. HAIG: Thank you very much.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. HAIG moved the third reading of the following bills:

Bill K3, an Act for the relief of Roland Taillon.

Bill L3, an Act for the relief of Frederick Albert Johnson.

Bill M3, an Act for the relief of Joseph Francois Georges Landry.

Bill N3, an Act for the relief of Dorothy Ruth Bennett Macnutt.

Bill O3, an Act for the relief of Anne Levy Marder.

Bill P3, an Act for the relief of David Ritchie McEwen.

Bill Q3, an Act for the relief of Marie Jeanne Antoinette Bastien Cadieux.

Bill R3, an Act for the relief of Gwenyth Lorraine Madge Popkin.

Bill S3, an Act for the relief of Louise Jocelyn Wolfrey Black Griffin.

Bill T3, an Act for the relief of James Delmer Thomas Kirton.

Bill U3, an Act for the relief of Helen Sylvia Stacey Thompson.

Bill V3, an Act for the relief of Kay Florence Smart Gardiner.

Bill W3, an Act for the relief of Zoita Tehanciuc Moldovan.

Bill X3, an Act for the relief of Ambrose Keble Fred Vernham.

Bill Y3, an Act for the relief of Clermont Gendreau.

Bill Z3, an Act for the relief of Beatrice Lydia Ogulnik Goldin.

Bill A4, an Act for the relief of Harry Dyce.

Bill B4, an Act for the relief of Alastair Trenholme Lovat Fraser.

Bill C4, an Act for the relief of Elsie Rachel Silverson Ward.

Bill D4, an Act for the relief of William Joseph O'Sullivan.

Bill E4, an Act for the relief of Dorothy McLelland Hamilton.

Bill F4, an Act for the relief of Violet Maude Griffiths Barraclough.

Bill G4, an Act for the relief of Norman Peter Gray.

Bill H4, an Act for the relief of Andrew Kovacs.

Bill I4, an Act for the relief of Eda Margel Sand.

Bill J4, an Act for the relief of Lucille Eileen Piche Perrier.

Bill K4, an Act for the relief of Bertha Lipshitz Joslove.

Bill L4, an Act for the relief of Ernest Leslie Maddock Jones.

Bill M4, an Act for the relief of Marie Komyati Sznyitar.

Bill N4, an Act for the relief of Irene Renee Levey Ritchie.

Bill O4, an Act for the relief of Alexander Marr Meldrum.

Bill P4, an Act for the relief of Ottocar Fiedler.

Bill Q4, an Act for the relief of Kathleen Elizabeth Regan Griffiths.

Hon. Mr. HAIG.

Bill R4, an Act for the relief of Eliza Ritchie McDerment.

Bill S4, an Act for the relief of Ruby Eileen Baker Jones.

Bill T4, an Act for the relief of Ralph Samuel Currie.

Bill U4, an Act for the relief of Simone Tardif Laverdure.

Bill V4, an Act for the relief of Max Schacter.

Bill W4, an Act for the relief of Mary Walker Tiffney.

Bill X4, an Act for the relief of Margaret June Purdy MacKinnon.

Bill Y4, an Act for the relief of John Rae.

Bill Z4, an Act for the relief of Nellie Mugford Brumby.

The motion was agreed to, and the bills were read the third time, and passed, on division.

PRIVATE BILL

SECOND READING

Hon. W. J. HARMER moved the second reading of Bill B5, an Act to incorporate Evangelical Churches of Pentecost.

He said: Honourable senators, the purpose of this bill is to incorporate the Reverend William John Ernest Baxter, of Vancouver, Albert D. Marshall, of Heinsburg, Alberta, and several other ministers and laymen into a body to be known as Evangelical Churches of Pentecost. The bill conforms closely to chapter 35 of the Statutes of 1943-44 which incorporated a similar religious organization. Section 3 of the bill provides that the head office of the corporation shall be in the town of Eston, Saskatchewan. Honourable members will notice that the incorporators are, with one exception, residents of the western provinces, the one exception being a gentleman who lives at Toronto, Ontario.

The organization is a very worthy one, which I believe has done a great deal of admirable work, both in urban and rural districts. In particular it has carried on highly commendable missionary work in disseminating Christian teachings in outlying sections. I submit that because of the fine record of this body, its petition for an act of incorporation should receive our support.

Hon. Mr. BALLANTYNE: May I ask the honourable gentleman if this is an old evangelical organization?

Hon. Mr. HARMER: Yes, it is very old.

Hon. Mr. BALLANTYNE: In Canada?

Hon. Mr. HARMER: Yes. It has a temple here in Ottawa, known as the Bethel Pentecostal Tabernacle.

Hon. Mr. DUFF: Does the honourable gentleman go there?

Hon. Mr. HARMER: No; I listen to its services over the radio. I believe the Bethel Corporation of Ottawa is incorporated under chapter 35 of the statutes of 1943-44.

The admirable objects of this proposed corporation are set forth in section 4 of the bill, where it will be seen that they are similar to those of other religious organizations.

If the bill is given second reading, I will 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

Hon. Mr. HARMER moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

CANADA DAY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, May 8, the adjourned debate on the motion of Hon. Mr. Foster for the second reading of Bill 8, an Act respecting Canada Day.

Hon. J. W. de B. FARRIS: Honourable senators, I do not wish it to be understood with reference to the arrangement this afternoon that I insisted on obtruding myself on this occasion. I told the honourable leader that I should be glad to discuss the bill at any time he set, and am doing so now in accordance with his working out of the arrangement.

This bill proposes to repeal the Dominion Day Act of 1927, and in place of Dominion Day to substitute "Canada Day", as the name of our national holiday. The original measure was not enacted in 1927, but in 1879, when it was introduced in the Senate. It was passed not only by this house, but also by the House of Commons, and ever since has been carried in the Statutes of Canada and has been the law of the land.

I think it important to look back to the terms of that statute. It is rather interesting to read the recitals, which appear in a footnote to page 1287 of the Commons Hansard of 1879. It says:

Whereas it was on the First day of July that the Provinces of Canada, Nova Scotia and New Brunswick became one Dominion under the name of Canada; and whereas Rupert's Land and the North-Western Territories and the Province of British Columbia became part of the Dominion in the month of July,—

Of course that is of another year.

—and Prince Edward Island became part of the Dominion on the first of July; and whereas it is expedient that such important events should be commemorated; therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. Throughout the Dominion of Canada in each and every year, the first day of July, not being a Sunday, shall be a legal holiday, and shall be kept and observed as such, under the name of Dominion Day.

Those recitals make it clear that the name of this country was then, as now, Canada; they also make it clear that while the name Canada was retained as the name of this country, the name Dominion Day was chosen as commemorative of the fact that on that day the three provinces, Canada, Nova Scotia and New Brunswick, were joined in a union as one dominion. That is a recital of an historical fact.

If we turn to the British North America Act we find the same situation is recognized. In section 3, under the heading of Union, it is declared that:

—the Provinces of Canada, Nova Scotia and New Brunswick shall form and be One Dominion under the Name of Canada, and on and after that Day—

That is the date of proclamation, which now is July 1.

—those Three Provinces shall form and be One Dominion under that Name accordingly.

If we turn to the debates in this Chamber in the year 1879 we find that Dr. Carrall, the senator, I believe, from British Columbia, introduced the bill, the preamble of which I have read. He expressed his sense of the honour accorded him of introducing a bill consecrating the day of the birth of the dominion. He further said:

If you reflect upon it, you will come to the conclusion that the time may arrive when this half of the continent may become a separate nation. I hope that day may be far distant, but I think we should fix upon some national holiday, and educate the rising generation to revere the flag under which we live. If we turn to history, which has its roots in the past, far far away, we find that every country has its national holiday.

If honourable members are interested in reading the then current debates in both houses, they will find there never was any question about the propriety of our national day being named Dominion Day. In those days, when ideas were somewhat different about holidays from what they are now, there was some question as to whether any more holidays were needed, but none whatever as to the term used to describe what was then, and is now, a historical fact—that Confederation under the British North America Act did join us in a union as one dominion.

The bill before us proposes to change the name of the day set apart for the commemoration of that event. The question is, therefore: Shall we in Parliament revoke that consecration which nearly seventy years ago was initiated in this Chamber, and shall we start the process of re-educating our children in the idea that there is something wrong with that first consecration which has endured all these years? The test of time has shown the fitness of that name; it has shown beyond question its historical significance, as set forth in the recitals I have just read. So far as I know the name has never been in question until a little over a month ago, when something happened in another place. For my part, I believe the burden of proof rests very heavily on those who seek to make a change at this time.

Speaking for myself—and I ask honourable senators to pardon some personal references, because I think in a speech of this kind they are quite proper here—speaking for myself as a Canadian born just one year before the original statute was passed, I find the reasons suggested for this change rather disturbing. You know, names are personal things; in their nature they carry with them a sentiment, and they are not changed except for very strong reasons. We know that the name of the capital of Russia was changed from St. Petersburg to Leningrad. Why? Because a new political power had come into existence in Russia. St. Petersburg was named after Peter the Great, and the new political power wanted to repudiate the old regime. There was no mistake about the intention of the Communists; and, granting their viewpoint, there was nothing wrong in their substitution of the new name for the old one. There is no sentiment of that kind in this country today. A man sometimes changes his name in spite of sentiment, but it is nearly always because the person himself or one of his ancestors has brought that name into disgrace or disrepute. Nothing of the kind can be associated with the word that has marked a historical event that we have celebrated over all these years.

May I dwell briefly on this personal aspect that names and memories are always associated. The name of our national holiday has been associated with my earliest memories, and if in this rather casual way that name were tossed out the window and another one substituted for it, I should feel that something had been torn up by the roots.

The word "dominion" was selected, not as the name of a country but as a descriptive term, by a great Canadian and a very distinguished New Brunswicker, Sir Leonard Tilley. It has been authoritatively stated by his son, the former Premier of New Brunswick, that Sir Leonard got the inspiration for the term "dominion" from the 72nd Psalm, the 8th verse, which reads:

> He shall have dominion also from sea to sea, and from the river unto the ends of the earth.

If I may be permitted to continue this personal reference to memories associated with our holiday, I would call to mind another New Brunswicker who had something to do with the affairs of this country, both before and after confederation. My grandfather, John Farris, was a member of the legislature of his native province for fifteen years, up to confederation, and was member of the House of Commons for the county of Queens, New Brunswick, from 1867 to 1878, when he retired because of advancing years and ill health. He was succeeded by George King, the father of His Honour the Speaker. These men played their parts in the happenings of those days, and my memories of them are very dear to me. I am sure other honourable senators here have recollections and sentiments of the same kind.

My honourable friend from Saint John (Hon. Mr. Foster) has said that the Maritime Provinces were not as enthusiastic about these matters as they might have been. That is undoubtedly true. But the lack of enthusiasm was not caused by the fact that we were a dominion, or that we continued to be associated with the British Crown—as we were at that time—but rather by worry on the part of the maritimes about being tied up to Quebec and Ontario.

Hon. Mr. HOWARD: That must have been hard.

Hon. Mr. FARRIS: In reading later debates we find that British Columbia did not like the idea of uniting with the other provinces, because the terms of confederation for some years were not carried out. But the historical fact is that at the time of our birth we were born into a dominion, and one cannot find in the records a single question of that fact. So for my part I do not intend to be a party to repudiating what our fathers did; neither do I wish to disrupt the continuity of history, unless the reasons are definite, urgent and very convincing.

Now may we look at the reasons given for the suggested change? I have gathered these reasons from the newspapers I have read and the comments I have heard in various places. One is that the name of our country is Canada, and that therefore we should celebrate "Canada Day." Several answers may be

made to such a suggestion; but as I have already shown, there never has been a question about the name of this country. It was named the Dominion of Canada at confederation—a fact perfectly consistent with the name of our national holiday—and has continued to be so called to this day. The name was put in our constitution in 1867 for the reasons I have given, and it was done reverently. It is still there, honourable senators; and it was consecrated in this chamber in 1879. Since that time we have grown, and with every passing year the celebration of Dominion Day has meant more to us.

It seems to me the question we now have to face is this: Are we ashamed of the ladder by which we have climbed? The suggestion is made that the name of the national holiday must be that of the country. I do not know of any people more discriminatory about their country—and with good reason—than the people of the United States of America. However, the 4th of July is not named United States Day or America Day. It is Independence Day. The historical fact, if I may repeat it, is that confederation was not the origin of the name Canada; but it did originate the descriptive term "dominion". I would point out that the name Canada has existed in this country since more than three hundred years before confederation. In 1536 when Jacques Cartier sailed up the St. Lawrence river and reached the Isle of Orleans the Indians told him the name of the country was Canada, and that in the Huron and Iroquois languages Canada meant a village or a collection of huts.

The name Canada continued throughout the French regime, and in 1840 by the terms of the Act of Union, Upper and Lower Canada were united under the name of Canada. So I repeat, gentlemen, that all confederation did was to continue that name.

To me this situation is not one that calls for any apology. The declaration of this country as a dominion is part of our glorious history, and I and many others, I believe, are proud to celebrate Dominion Day because as our national holiday it is the anniversary of the union of the provinces of New Brunswick, Nova Scotia, and Upper and Lower Canada, into one dominion.

The second reason given for the suggested change of name is that other countries will then understand that we are an independent nation. Particular reference is made in this argument to the Americans, and the fact that there are still in that country a number of people who really think we are taxed by and pay tribute to England. I know many very fine and educated Americans who share no such thought or sentiment, and it is hard for me to take that kind of criticism seriously. It is true that there are ignorant people in the United States; but it is not so long since a census in Canada showed that there were many people who could not tell the difference between Liberals and Conservatives. If we are to take seriously this ignorance on the part of some people in the United States, the question then confronting us is: Must we forsake our traditions in order to appease the ignorance of our neighbours?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: If it may not be regarded as frivolous in what I hope is a serious speech, may I cite the story of a stranger who went into a small American town in the middle west some years ago, and was surprised to see a number of workmen moving a church. The sheriff, wearing his typical broad-brimmed hat was supervising the moving. The stranger went up to him and asked, "What is this about?" The man replied: "In this town we have an ordinance providing that no saloon shall be within two hundred yards of a church, and I have just given this congregation twenty-four hours to move their church." Honourable senators, if this kind of argument were to prevail, I should expect sometime to see a bill brought in to provide the "Lieutenant-Governors" of our provinces be referred to in speech as "Lootenant-Governors," so that our neighbours to the south might understand us better. I think the best answer to that kind of sentiment is to be found in these lines:

> To thine own self be true,
> And it must follow, as the night the day,
> Thou canst not then be false to any man.

The third argument to which I object is that our national holiday should be called "Canada Day" because we are now a nation. Well, honourable senators, if it is the fact of our becoming a nation that we want to celebrate, it seems to me that we have chosen the wrong date altogether. Canada did not become a nation by virtue of confederation on the first day of July 1867. If we want to celebrate the achievement of nationhood, let us select that day in 1926 when the Balfour resolution, passed at the Imperial Conference, declared the status of the great nations making up the British commonwealth. Or there might be a preference for that day in 1931 when the Statute of Westminster was passed. If it is not the beginning but the completion of nationhood which we want to mark by a national celebration, we should select that day, and not tamper with history to make a misfit choice.

I think that those who argue for the change of name on this ground have altogether the wrong idea. Canada was not born a full-fledged nation; it has been by the course of a gradual and peaceful progress of events that she has grown into the nation she now is. Our national day celebrates the beginning of our nationhood, not the time of actual achievement. To bring home the point I am trying to emphasize, I will make a contrast between the first of July in Canada and the fourth of July in the United States. The fourth of July is called Independence Day in the United States and represents to Americans—I emphasize that, for I do not say that we agree with them—it represents to Americans the birth of a nation, conceived in rebellion, born in bloodshed and established by victory in battle against the Motherland. The Declaration of Independence, as written by Jefferson, was in effect a declaration of war. The conclusion of that war resulted all at once in the achievement of a full-fledged nation. But Canada has no such historical background. We can thank God that we have never needed a Declaration of Independence. We have never felt the heel of the oppressor, and our reasonable demands and requests have never been refused. By friendly co-operation in the empire, and later in the British Commonwealth of Nations, Canada has achieved all the freedom and liberty, both national and individual, that the United States achieved by rebellion and bloodshed. That, I think, makes the contrast that I want to emphasize.

In one of his speeches contained in a book which is to be found in the Parliamentary Library, Sir Wilfrid Laurier quoted these lines of Tennyson:

> A land of settled government,
> A land of just and old renown,
> Where freedom broadens slowly down
> From precedent to precedent.

That, together with other remarks that I have made, is a reply to some of the comments made by my honourable friend from Saint John (Hon. Mr. Foster). A day commemorating the statute formulated at the Quebec Conference and passed almost without alteration by the Imperial Parliament can never be expected to stir the emotions and cause the blood to circulate in the same way as would a day commemorating victory in battle after a rebellion. But to those who give sober thought to the matter, the great significance of what we have accomplished over the years should be a ground for genuine emotion equal at least to that felt by our American friends on the fourth of July.

I repeat that Dominion Day does not celebrate the birth of a nation born full grown. It does celebrate the day when was laid the corner-stone of that union on which a nation has been steadily and grandly built. And I can see no reason why in our celebrations we should seek to glorify ourselves by a denial of the fact that we are what we are because of what we have been.

I come now to my fourth objection. It is asserted that the word "dominion" carries with it the meaning that we are inferior to or dominated by some outside power in some way derogatory to our present position as an independent nation within the British commonwealth. Well, honourable senators, when Sir Leonard Tilley quoted to his colleagues the 8th verse of the 72nd Psalm, there was no such idea in his mind. I think that if he were here today he might also quote to us the 13th verse of the 145th Psalm:

> Thy kingdom is an everlasting kingdom, and Thy dominion endureth throughout all generations.

It is true that in 1867 Canada was a colony, but it is equally true that there was no pretence that confederation would change that fact, for at that time the people of this country were not ripe for a change and did not desire one. Today, though, Canada is a vastly different country from what it was in 1867.

We have never been held back because our country has been described as a dominion. Our achievements to which reference has been made in other places all serve to emphasize the fact that our development as a nation has proceeded side by side with the development of Dominion Day as our national holiday. The meaning of both these terms has changed. As I said, Canada is a very different Canada from that of 1867. Canada is a very different Canada from what it was in 1565. I sometimes wonder how any Canadians—not in this chamber—that sometimes have visions of grandeur could ever tolerate the word "Canada." Why, if they only stopped to think, this word means a collection of huts—and Indian huts at that! The word dominion has changed in its significance, its deeper and inner meaning, just as the word Canada has changed by the passing of time and by development and growth.

In the first place, the word "dominion" is now associated with a description of all the nations within the British commonwealth of nations, except Great Britain herself. That is an association not to be regarded as derogatory, but to be proud of. We are proud of our association and the designation which marks that association. The idea that the term dominion is associated with the domination of the British King is as antiquated as is the idea that Canada is a collection of huts. Why,

it seems to me only the other day that His Majesty sat on the Throne in this Chamber, and there was not an Englishman or a Scotchman in sight—unless he was up in the gallery. It was the King of Canada surrounded by his advisers, the Ministers of the Parliament of Canada, representing the people of Canada. It is true today that Canada has a King, but the meaning of the word has changed with constitutional developments. His Majesty is a constitutional monarch under responsible government. I looked up Dicey on the British Constitution. I have the book on my desk. At page 432 he refers to "the ultimate supremacy of the true political sovereign—the electoral body." In other words, under our form of constitutional government today, the rulers of Canada are the people who elect their representatives. Now, if that is true, if there is any idea of domination in the word dominion, it can only mean that we today as Canadians have domination over ourselves; and that the scriptures may be fulfilled, it may be said, literally and reverently: We shall have dominion also from sea to sea, and from the river unto the ends of the earth.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: That is the full significance of the word "dominion" in this country today. It is the dominion that we, the people of Canada, have over this great union which began in 1867.

There is another reason, an unspoken reason —I am sure it does not apply to any honourable member of this chamber, but I get a whisper of it in some quarters—a desire to tear away every last vestige of our historical association with Great Britain. I do not believe that any honourable senator has any feelings of this kind or any sympathy with arguments founded on any such desire. We are proud of our past position in the British Empire. We are proud of our present position as an independent nation within the British Commonwealth of Nations.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: We look forward to the future in the confident belief that this great family of nations will long endure as the world's best guarantee of peace, and the greatest assurance of our own progress and security.

I sincerely hope, honourable members, that the Senate will kill this bill. There are no sound reasons for its support. The Parliament of Canada in my submission—and I make it only from my sense of Canadianism —should not attempt to change history or seek to deny the occasion of our birth as a dominion. We have faith in the present; we have confidence in the future; let us not turn our backs on our past or forget that we are what we are today because of what we have been in our past. To deny Dominion Day is, to me, to deny our past. To hold fast to our great institutions is our best guarantee that our house is built on a rock strong and enduring.

Some Hon. SENATORS: Hear, hear.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

WEDNESDAY, May 15, 1946.

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

Prayers and routine proceedings.

NAVIGABLE WATERS' PROTECTION BILL

FIRST READING

A message was received from the House of Commons with Bill 9, an Act to amend the Navigable Waters' Protection Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read a second time?

Some Hon. SENATORS: Next sitting.

CRIMINAL CODE (RACE MEETINGS) BILL

HOUSE OF COMMONS AMENDMENT

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons to return Bill D, an Act to amend the Criminal Code (Race Meetings), and to acquaint the Senate that they have passed the same with an amendment, to which they desire the concurrence of the Senate.

When shall the amendment be taken into consideration?

Hon. Mr. ROBERTSON: With leave of the Senate, now. I would move that the amendment be concurred in.

(The proposed amendment was then read, as follows:)

Page 1, lines 25 to 27. After the word "twelve," strike out the words "other than an association empowered by its charter to conduct only trotting and pacing races or to maintain and operate a driving park."

Hon. Mr. ROBERTSON: The honourable senator from Toronto (Hon. Mr. Hayden) explained this bill on second reading, and is familiar with the amendment made by the other house. I am desirous of having the amendment considered while he is here, so that he may explain it also.

Hon. SALTER A. HAYDEN: Honourable senators, at the time we passed the bill, the department was seeking to say that associations incorporated before 1912 should not be permitted to conduct running races unless their charters contained specific permission so to do. The department thought there were in existence a number of associations whose charters permitted them to hold trotting and pacing races and to operate driving parks, and it was desired to prevent such associations from conducting running races. Later it was found that but one association had such a charter, and that for some years this association had been conducting running races.

It was felt that it would be unfair to single out this one association and by this amendment prohibit it from doing what it has been doing for a number of years. This bill does not affect associations incorporated after 1912, for each of them had to be specifically incorporated either by an act of the Parliament of Canada or an act of one of the legislatures.

Except for this amendment, the other house adopted the bill in the form in which it was passed here.

Hon. Mr. HAIG: Where is that association?

Hon. Mr. HAYDEN: It operates in Ontario, I believe.

The motion was agreed to.

FEEDING STUFFS BILL

FIRST READING

A message was received from the House of Commons with Bill 64, an Act to amend the Feeding Stuffs Act, 1937.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

PRIVATE SECRETARY TO THE LEADER OF THE OPPOSITION

REPORT OF INTERNAL ECONOMY COMMITTEE

Hon. Mr. WHITE presented and moved concurrence in the sixth report of the Standing Committee on Internal Economy and Contingent Accounts, as follows:

Hon. Mr. ROBERTSON.

The Committee recommend the appointment of a private secretary to the Leader of the Opposition in the Senate.

The Hon. the SPEAKER: Is it your pleasure, honourable senators to concur in the report?

Hon. WISHART McL. ROBERTSON: Honourable senators I should like to add a word of explanation in connection with this report. As a member of the government, I am entitled to the services of a secretary, and to secure them all I have to do is to make the necessary representations to the Treasury Board. The leader of the opposition is in no such position; he can be provided with a secretary only on resolution of the Senate. This matter was considered by the Internal Economy Committee, and the report contains their decision.

Apart altogether from the responsibility that rests on me and on those who have been kind enough to assist me, bearing in mind the growth in the volume of government business which is being initiated in this house—a growth which we hope will continue—I realize my need for secretarial help. But similar help is needed equally, perhaps more so, by the leader of the opposition, for not only does he discharge the onerous duties of his office as leader, but is most faithful in his attendance on committees, particularly the Committee on Divorce. Almost every day I fear that the honourable leader opposite will tell me that his responsibilities are such that he cannot continue to carry them all. I should be placed in a very difficult position if that were to happen, and I think we would be well advised to give favourable consideration to the report of the Internal Economy Committee.

Some Hon. SENATORS: Hear, hear.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in the motion?

Some Hon. SENATORS: Carried.

Hon. G. G. McGEER: Honourable senators, I think all of us appreciate the work the leader opposite has to do and fully agree with the recommendation of the Internal Economy Committee that he be provided with a secretary. Before the report is adopted, however, I should like to refer to certain matters that are relevant to the subject under discussion. One of these is the question of secretarial assistance for senators at large. If the Senate is to carry on the program indicated by the committees already in operation this session, the secretarial set-up must be greatly improved.

The poorest kind of economy that can be practised in any organization is that which reduces to sub-standard any office carrying on the work of the organization. For the entire membership of the Senate there are now provided a total of, I think, nine stenographers. Some senators whose offices are located near Ottawa have the advantage of their own staffs; but those who come from the Pacific and the Atlantic coasts, or from the prairie provinces, are completely cut off from their office organizations.

I think the time has come when, in the government of Canada, the Senate should do, and will have to do, much more of the detail work than it did during the war years or even in the years preceding the war. Whether we like it or not, the Dominion Government will be compelled to deal more and more with the day-to-day problems of not only the provinces, but the cities, the corporations and the people in general. The quantum of administration now carried on by order-in-council and by officialdom is developing into a very wide and powerful bureaucracy of a type which we cannot allow in the democracy we are building.

May I refer to one matter which to my mind is manifestly and strikingly a responsibility of the Senate? When dominion representatives are unable to agree with representatives of our provinces and our cities, or when the two great factions within our confederation fail to agree on how the people shall be taxed or how the local affairs of the provinces and cities shall be carried on, the responsibility of stepping in and acting as arbitrator falls on the Senate of Canada. It should act as a mediator between the dominion and provincial authorities, to prevent a deadlock such as has been continuing ever since the Sirois Report was first under consideration, a period of five years.

I ask how many honourable senators, with the secretarial assistance furnished them, are able to sit down and deal with the Sirois report, the Duncan report, the White Commission report or other documents which are involved in the most important issue which we have had to deal with since confederation, namely that of working out a basis of taxation that will be just to the people of Canada and equitable as between the dominion and the provincial or civil authorities? I suggest that in endorsing this most necessary assistance to the leader opposite, we should also take cognizance of the necessity of seeing to it that the leader of the government in this house—whose responsibilities are in my humble opinion as great as those of any minister of the Crown—is recognized as something more than a mere minister without portfolio and without office whose position, by reason of his having to carry on his work with only the assistance of a secretary, is reduced to absurdity and ridiculousness.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: The leader of the government in the Senate should have the assistance of not only a secretary, but a thoroughly competent staff.

In the United States the responsibilities of modern democracy are recognized. Members of the House of Representatives or of the Senate are regarded as men who are carrying on work of an involved and difficult character, and they are given the assistance that they require. This is not so in Canada, and any member of the Senate of Canada or of the House of Commons who is performing his duties fully and properly—and this would certainly apply to our two leaders—cannot possibly meet the demands made upon him if he is required to do the detail work himself.

Some Hon. SENATORS: Hear, hear.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I should like to associate myself with the remarks of the honourable senator who sits just behind me (Hon. Mr. McGeer). I hope that all the support of his proposal will not come from this end of the chamber—the uttermost end of the earth—but that we will hear from our colleagues generally.

One thought that occurs to me is this: If the supplying of a secretary to the leader opposite will make him more efficient than he has been in the past, perhaps we should consider the matter twice before doing anything.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. ROEBUCK: The very fact that we are giving him a secretary in order to increase his efficiency carries with it at least a suggestion that the same kind of service be given to all senators. I have not the slightest criticism to offer of the very courteous and helpful young women who form our secretarial staff, and do their best to assist us. However, there is a very great difference between having a stenographer from a pool, who comes in and takes a few notes and types them, and having a secretary who, in addition to typing, answers the telephone and performs innumerable other duties in the office and generally assists her employer.

That is the kind of assistance which every senator who desires it should receive. I receive it, but I pay for it myself. A number of other senators have found it necessary to

keep their secretaries here. It seems to me that senators should not be burdened with the expense of secretarial assistance, but that every one who requires that service should be allowed to have it upon requisition. It is the poorest economy to ask a senator, who should be doing better work, to make trips to the post office for his mail and attend to a thousand other details which could be looked after by a secretary. I think the time for extreme economy on the part of members of this house has gone by, and that we should have the courage to furnish ourselves with the assistance we require in order to properly carry out our duties.

Hon. Mr. ROBERTSON: I am not sure whether I heard the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) correctly, but I thought he said there were nine stenographers available for senators. I may say, for the record, that the Clerk advises me there are nineteen, of whom four are specifically assigned: one to the Speaker, one to the government leader, one to the leader opposite and one to the translators.

I am not in any way disagreeing with the general thought that has been advanced, for I feel there is probably much room for improvement. Under our set-up any change would be initiated in the Internal Economy Committee, and I should be glad to suggest to the very capable chairman of that committee (Hon. Mr. White) that perhaps there will be an early opportunity for further consideration of the opinions that have been expressed.

Hon. G. V. WHITE: Honourable senators, last session the Internal Economy Committee gave favourable consideration to a proposal that our stenographic staff be increased, and it was decided that at the beginning of this session it should be increased by 50 per cent. We are in the unfortunate position, however, of being unable to get the full number of stenographers desired. This morning I discussed the matter with the Clerk, who informed me that this is still the situation. I am sure the committee is eager to serve honourable members of the Senate as far as possible along the line suggested this afternoon, provided the necessary employees can be obtained.

Hon. THOMAS VIEN: Honourable senators, I think it should be stated that for the last few years, and probably prior to that, the policy of the Senate has been to economize as much as possible. That is a very laudable policy, but sometimes we are penny-wise and pound foolish. When I came to the Senate from the House of Commons I was surprised to find that the maximum allowed for a stenographer was $4 a day during the session and $3 a day during the recess. Those rates were continued for some time, and then were increased to $5 and $4, respectively, the present scale. I might add that very few stenographers are retained on the staff during the recess.

The salary of $5 a day is not adequate at this time. In the House of Commons quite a few stenographers with secretarial ability are paid at a daily rate of $6.50, and some receive in addition a secretarial allowance of $50 a month. When I was Deputy Speaker of that house I had an excellent secretary, who was paid $6.50 a day, plus an annual allowance of $600. Upon my promotion to the Speakership of the Senate I was not a little amazed to learn that the rules of the Senate precluded his being paid more than $5 a day, together with the allowance of $600 a year. He found something better, of course, and left me, much to my regret and his own. He was worth at least $10 a day, a sum which I know has been paid to others who were not so competent.

I have had some experience in public life, which I entered in 1917. To my knowledge the pay of the clerical staff in the House of Commons has been increased from time to time. At least 132 stenographers, perhaps a few more, are employed to assist honourable members of that house, whereas our staff numbers 19. I realize that, as was just stated by the Chairman of the Committe on Internal Economy, we have had difficulty in finding stenographers. If the other house can get 132, but we are unable to get 19, there is something wrong.

I am familiar with conditions in Montreal, Quebec and Ottawa, and I would point out that in law offices and other places where we used to pay a stenographer from $20 to $25 a week, we are now paying $30, $35, $40 and $50 a week. On the Senate staff we had two very capable stenographers. The relief fund and the used clothing collection organizations pay $50 or $60 per week, and these two stenographers entered their service. I entirely agree with the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck).

The persons selected to discharge the important functions of senators have usually enjoyed a reasonable degree of success in their vocations and walks of life. It is not expected that when a man is appointed to the Senate he should resign from the bar or give up his ordinary business. A member to be of service to the Senate must be a man of outstanding ability in his trade or profession. You cannot expect to get the services of

men of this calibre unless you give them the clerical assistance necessary for the proper discharge of their duties.

I would suggest to the chairman of the Internal Economy Committee that if we cannot get efficient clerical assistance at $5 a day, we must try to get it at $6; and if it is not available at $6, we might try to get it at $7 a day. This is the practice elsewhere.

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

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, chairman of the Standing Committee on Divorce, presented the following bills, which were read the first time, on division:

Bill C5 an Act for the relief of Edith May Hort Search.

Bill D5, an Act for the relief of Alexander Thompson Powell Scott.

Bill E5, an Act for the relief of Frances Eleanor Miller Foster.

Bill F5, an Act for the relief of Mary Kathleen Maloney Rassie.

Bill G5, an Act for the relief of Mildred Florence Rooke Cochrane.

Bill H5, an Act for the relief of Eileene Ruby Aspell Stinson.

Bill I5, an Act for the relief of Edna Bookalam Howick.

Bill J5, an Act for the relief of Berthe Alice Cardinal Reid.

Bill K5, an Act for the relief of Elizabeth Jean Warden Leupold.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: Next sitting of the house.

CANADIAN NATIONAL RAILWAYS TRANS-CANADA AIRLINES

ANNUAL REPORTS

On the Orders of the Day:

Hon. W. E. FOSTER: Honourable senators, may I be permitted at this time to refer to a dispatch in a Montreal paper of yesterday, reporting that the annual estimates of revenues and expenditures of the Canadian National Railways had just been tabled in the House of Commons. I inquired at the Distribution Office today but could not obtain a copy of those documents. I would ask the leader of the government to ascertain whether it will be possible for this house to be furnished with the same information as is tabled in the other place. During the session we are called upon to approve, by way of legislation, of capital expenditures of the Canadian National Railways System. In the past we have had to authorize borrowings to meet deficits. We can only hope that the revenues will continue to increase to an extent sufficient to offset increased operating costs.

I think we should be placed in the same position in regard to the annual budget of Trans-Canada Airlines. Last session when a bill was before us to increase the capitalization to some $25,000,000 the honourable leader opposite (Hon. Mr. Haig) stated he intended to scrutinize very carefully the accounts of the company.

Estimates of the proposed expenditures of these two large publicly owned and operated corporations should be available to members of this house.

Hon. Mr. ROBERTSON: I shall endeavour to get the information for the honourable senator.

Hon. Mr. McGEER: Is the annual report of the Canadian National Railways referred to the Senate committee on railways as a matter of course?

Hon. Mr. FOSTER: I am not referring to the annual report, which has been tabled in this house. I am referring to the budget of estimated revenues and expenditures for 1947.

Hon. Mr. McGEER: I want to know how these matters come before our committee. Is it by way of resolution?

Hon. Mr. ROBERTSON: That is the practice.

CANADA DAY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Foster for the second reading of Bill 8, an Act respecting Canada Day.

Hon. WILLIAM DUFF: Honourable senators, after listening to the excellent address delivered yesterday by the senator from Vancouver South (Hon. Mr. Farris) I feel rather modest, and if I am to follow in his footsteps I must proceed carefully. I was delighted to hear the honourable senator quote two passages of scripture because one can always go to the Bible for inspiration. In discussing this bill this afternoon honourable senators will pardon me if I refer to another

passage in this Book of books. The twenty-second chapter of Proverbs at verse 28, reads as follows:

Remove not the ancient landmark, which thy fathers have set.

Though this Book was published thousands of years ago one can always go to it on important matters and find something prophetic and appropriate to the occasion.

Honourable senators will agree that we are living in strenuous times. At the conclusion of the war a year ago we hoped that conditions would get better, so that in the interest of our country we could devote our energies to legislation and to business matters, and might start to rebuild the edifice which had been partly shattered by the terrible holocaust of war. If I appear critical, I shall attempt to give reasons for my view. It seems to me that in dealing with this bill we are wasting time tearing down one of the old landmarks of Canada.

The honourable gentleman who spoke yesterday (Hon. Mr. Farris) is a distinguished member of the bar; a number of other members of this house belong to the same profession. If honourable senators will bear with an old sea lawyer, I shall quote as my honourable friend from Vancouver South did, some of the acts leading up to the one which we are now considering. I should like honourable members to think of what I am saying, and to agree with me that this bill should not have been introduced either in the kindergarten section of parliament—

Some Hon. SENATORS: Oh, oh!

Hon. Mr. DUFF: —or in this chamber, where the members have legal and business experience as well as a wide knowledge of public affairs.

My honourable friend who spoke yesterday referred to the act passed in 1879 regarding Dominion Day. Following the preamble, clause 1 states:

Throughout the Dominion of Canada, in each and every year, the first day of July, not being a Sunday, shall be a legal holiday, and shall be kept and observed as such, under the name of "Dominion Day."

Clause 2 reads as follows:

When the first day of July is a Sunday, the second day of July shall be, in lieu thereof, throughout the Dominion, a legal holiday, and shall be kept and observed as such under the same name.

I think honourable senators will agree that the statute is quite clear. A good deal of consideration was given to it before it became law.

Hon. Mr. DUFF.

Bill 8, which is now before us, proposes to repeal chapter 49 of the Revised Statutes of Canada, 1927. The second clause of this act reads:

Throughout Canada, in each and every year, the first day of July, not being a Sunday, shall be a legal holiday, and shall be kept and observed as such, under the name of Dominion Day.

Now I cannot see why it was necessary for the legislators of the day—and since I was here myself, perhaps I should take some responsibility for it—to pass the act to which I have just referred. It is a repetition of the language used in the act of 1879.

Hon. Mr. SINCLAIR: It is the same act.

Hon. Mr. DUFF: I am not of the legal turn of mind, but I wonder why it was necessary to pass the later act. My young friend from Matapedia-Matane who sits in the other chamber, now presents a bill to repeal the act of 1927, but he does not seek to repeal the act of 1879. If he seeks to change the name of Dominion Day to "Canada Day" by repealing the act of 1927, is it not necessary to ask for the repeal of the 1879 act? Should we in our judgment decide to pass Bill 8, the act of 1879 will still be on the statute books, because it has not been repealed. So, honourable gentlemen, if my argument is fair, we should not be asked to deal with this matter at all.

However this house is faced with the fact that the bill has been sent from the other place, where, for some reason or other, 123 of the 245 members voted in its favour.

Hon. Mr. McGEER: They do not appear to be in a hurry about any other business.

Hon. Mr. DUFF: I quite agree.

The unsettled conditions in Canada today are reason enough, in my opinion, to have caused the members in another place to refrain from rushing this bill through and sending it here to be either concurred in or thrown out. However, we must deal with things as we find them.

I am one of those who have been honoured with a seat in this chamber, and who by reason of circumstances are unprejudiced. I was not born in this country. In my first election campaign my opponent took ten minutes to tell where he was born, and where his father and grandfather were born. He did not mention me, but everyone knew what he was driving at. After he was through speaking I rose and complimented him on his predecessors and on the birthplace of his father and grandfather, and concluded by saying: "I came into this country fully clothed and in my right mind; my friend came in naked and unashamed.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. DUFF: Many honourable members are better qualified than I to speak on this important subject, but coming to Canada as I did a grown man—and now thankful not only to the people of Canada but to the country itself for what it has done for me—perhaps I am in as good a position as anyone to speak with regard to the proposal to change the name of Dominion Day to Canada Day.

Not only are many editorials on this question appearing in newspapers across Canada, but no doubt many honourable senators are getting letters, as I am, from people all over the dominion who are concerned about this important subject. I learn from the correspondence I receive and the editorials I read that very few people in Canada desire this proposed change. Personally I can see no reason for change. For instance, as my honourable friend from Vancouver South said yesterday, in the United States of America the 4th of July is known as Independence Day, not United States of America Day. The national holiday in France is called Bastille Day; and in other countries of the world the national holiday does not bear the name of the country concerned.

I am not a pessimist; I do not go around corners looking for trouble, but to my mind there is one very important reason why we should not accept this bill. I am proud of my adopted country, and while, unlike some others, I cannot sing, I should like to quote these words:

> Breathes there a man with soul so dead,
> Who never to himself hath said,
> This is my own, my native land!

As an adopted son of Canada, honourable senators will agree that I am not only entitled to all the privileges of a Canadian citizen, but I am entitled to appreciate the privileges I have received since becoming a citizen of this great country, which extends, to use the words of the 72nd Psalm, "from sea to sea, and from the river unto the ends of the earth."

There are a certain number of people in this country with an inferiority complex who from time to time, because they happen to have been born here, pretend to enjoy certain rights that others do not have. I say that the people of every race who live in this cosmopolitan country of Canada are entitled to the same privileges and rights as are those who were born here. I am not going back on my own nativity. Like Sir Cavendish Boyle, that great Irishman, who wrote the National Ode of Newfoundland, I can say:

> When sun rays crown thy pine-clad hills,
> And Summer spreads her hand,
> When silvern voices tune thy rills,
> We love thee, smiling land.
>
> When blinding storm-gusts fret thy shore,
> And wild waves lash thy strand;
> Through spindrift, swirl and tempest roar
> We love thee, wind-swept land.
>
> When spreads thy cloak of shimmering white
> At winter's stern command;
> Through shortened day and star-light night
> We love thee, frozen land.
>
> As loved our fathers so we love,
> Where once they stood, we stand;
> Their prayer we raise to Heaven above;
> God guard thee, Newfoundland.

I came from Newfoundland, and am proud of it, but though I was born there I am now a citizen of this great country Canada. I raised my family here, my grandchildren were born here, and like myself they are all good Canadians.

There is still another important reason why we should not change the name of Dominion Day to "Canada Day." During the last six months, perhaps for the last year, we have observed that things are not running as smoothly as they should in the international world, of which we are a part.

Hon. Mr. McGEER: Nor in the Canadian world.

Hon. Mr. DUFF: I am coming to that point, I shall try to show that Canada belongs to the world; and that although we are a dominion within the British commonwealth we are part of a greater community which must keep the peace in the future. Every day a good many people in this country, and perhaps in most other countries, read the newspapers or listen to the radio in order to find out what is happening at conferences of the Big Four or the United Nations or some other organization, and our hearts are saddened by the news. We have noticed that in every election held in Europe within the last twelve months a certain faction has endeavoured to split the population and split the vote. The same kind of thing is going on in the United Nations Organization today. There is no doubt that a certain country—I do not mind speaking plainly and saying that I mean Russia—is trying to put up a great big bluff in order to get her own way. If she did get her own way she would practically rule the world, and I say that it is the duty of us as Canadians to watch and see that, so far as we can prevent it, that does not happen.

The object of this bill is to have the name "Dominion Day" changed to "Canada Day." Last session and this session there has been a joint committee of both houses considering a design for a distinctive Canadian flag. What does it all mean? I know there are some honourable senators who honestly and sincerely believe that we ought to have a flag of our

own. I say to them and to the people of this country that if I thought for one moment that there would be peace for the next fifty or one hundred years I would change my views with regard to this flag question. But I can see a small, dark cloud that is gradually becoming bigger and bigger, and I say that if certain things being done in this country and other countries should happen to have the effect of dividing the United States of America and the British Commonwealth of Nations, Canada will be a communistic country within the next forty years.

Hon. Mr. HARMER: Or before that.

Hon. Mr. DUFF: Or before that. I say that this bill to change "Dominion Day" to "Canada Day" is just the thin edge of the wedge which some of the people who support the bill—not all of them, but people with communistic ideas—think would help to separate Canada from the British Commonwealth of nations. The severing of our ties with the Old Country and with Australia, New Zealand and South Africa, would weaken not only the empire itself but the empire's relations with the United States. We had better be very careful and watch where we are going before we adopt a bill of this kind or any proposed national flag. I submit to you, honourable senators, that the only hope for the salvation of this world lies in some kind of unity between the people of the United States and the people of the British commonwealth, of which we are part. Let us do nothing to interfere with the good relations between those two great powers. Let there be no backsliding here. Let us not give Russia or any other country a chance to impose upon us doctrines that are contrary to everything we hold dear.

Hon. JOHN T. HAIG: Honourable senators, I want to congratulate the honourable senator from Vancouver South (Hon. Mr. Farris) on the care that he obviously took in the preparation of the address he delivered yesterday. I do not intend to travel over any of the ground covered by him or by the honourable gentleman from Lunenburg (Hon. Mr. Duff).

I simply cannot understand why this bill was ever introduced—and no one has ever been able to help me on this point. I listened to or read nearly everything that was said about the bill in the other house, and for the life of me I cannot see any more reason for changing the name of the first of July from "Dominion Day" to "Canada Day" than for changing my own name from "John" to something else. I often told my father and mother that I could have chosen a better name than that for myself; and I object so strongly to my second name that I never let anyone know what it is. However, my parents chose my name, and I have never attempted to change it. Some of us have had the opportunity or duty of choosing names for children, and when these children have grown up they have sometimes asked what kind of dilemma we were in when we made the choice. I have noticed, though, that none of them ever went so far as to change their names. Occasionally you will find a person willing to change his surname, but I have not known anyone who selected for himself a new name in place of his Christian or given name.

Honestly, I do not see why we should change the name of the first of July. I am just taking a sort of whimsical line. Why make a change at all? Dominion Day is the name we give to the first of July, the day upon which we celebrate, as was said by the honourable gentleman from Vancouver South (Hon. Mr. Farris), the birth of a dominion.

Let us deal with the word "dominion". If it had any derogatory meaning it certainly would not have been used as it was in the Statute of Westminster. I have a copy of that statute in my hand. It is the Statute of Westminster, 1931, (22 George V, chapter 4.). The word "dominion" is used frequently throughout the act. Here is the first paragraph of the preamble:

> Whereas the delegates of His Majesty's Governments in the United Kingdom, the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, the Irish Free State and Newfoundland, at Imperial Conferences holden at Westminster. . .

And the third paragraph:

> And whereas it is in accord with the established constitutional position that no law hereafter made by the Parliament of the United Kingdom shall extend to any of the said Dominions as part of the law of that Dominion otherwise than at the request and with the consent of that Dominion. . .

Although in the first paragraph the various countries are mentioned by name, in the third paragraph they are all referred to as dominions. Section 1 defines "Dominion" as follows:

> In this Act the expression "Dominion" means any of the following Dominions, that is to say, the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, the Irish Free State and Newfoundland.

Section 3 says:

> It is hereby declared and enacted that the Parliament of a Dominion has full power to make laws having extraterritorial operation.

I need not read all the sections, but let me quote one more, section 11:

> Notwithstanding anything in the Interpretation Act, 1889, the expression "Colony" shall not, in any Act of the Parliament of the United

Kingdom passed after the commencement of this Act, include a Dominion or any Province or State forming part of a Dominion.

In other words, the delegates to the Imperial Conferences of 1926 and 1930, to whose resolutions the Statute of Westminster gives effect, adopted from Canada the name "Dominion" and applied it to every self-governing country in the empire, even though officially that country might be named a union, as is South Africa, or a commonwealth, as is Australia. That application of the word "Dominion" by this statute was an honour to Canada.

In passing, I would add that anyone who reads the Statute of Westminster can come to no other conclusion than that Canada has all the authority she wishes.

I might remark here, for the benefit of non-legal members of the Senate, that the Dominion Day Act of 1879 was one of those consolidated in the Revised Statutes of 1927. That explains why the name of the act which this bill proposes to repeal is the Dominion Day Act of 1927.

In my attitude to this bill I need not join with anyone else. We are all Canadians, and we have reason to be proud of that fact. Look at the history of our country. Some of our governments have no doubt made mistakes, but I warrant they were mistakes of the heart and not of the head. In doing what they did our governments thought they were acting in the best interests of the country. The Confederation Debates show what a great future was envisaged for this country by the men who framed the British North America Act. I often wonder at the breadth of view of those men. I am told, and I have read on good authority, that the original idea was to call this country "the Kingdom of Canada," and that only after the British authorities suggested that that name might be offensive to our neighbours to the south was the name "Dominion" brought forward and adopted as a substitute. I personally like "Dominion" better. I say that quite candidly. That does not alter the fact that I am loyal to the Crown and that I think we have the greatest constitutional monarchy the world has ever seen. I believe the present line of royal succession has done wonders for us, especially in the last two world wars, by holding the empire together as nothing else could have done. We have, I repeat, a constitutional monarchy, and we are proud of our democratic rights in this country.

As I have said, I cannot see why anybody would want to change the name of our national holiday. If I may be pardoned for making a personal reference I will tell a little story. When I was a young man, the business firm with which I was employed occupied the whole of the ninth floor of a building, except for a small room which had one window and was rented for $25 a month. Possession of that room would have enabled us to dispense with all the hallways and thus have one-third more space. Being office manager, I thought that was a fine idea. I found out that on the third floor, which was a much better floor, there was a vacant office with two windows, and I went to the man who had the office on our floor and offered to pay the difference in the rent if he would move down to that other office. He refused. When I asked him what his reason was, he replied: "I haven't got a reason. I just won't do it." I reported this to the head of our firm, and he said: "If the man would give you a reason for not moving, you would have a chance to show him that he was wrong, but so long as he says he has no reason you cannot move him." So we just had to wait two and a half years until the lease of that office ran out. That is what I think about this bill: I can see no reason for it. If the bill were offensive to the United States or to Great Britain or France or Russia, one might argue against it. But of course it is not. I was not a bit surprised that the bill went through the other house so fast, for there was no reason whatever to pass it, and in the circumstances it is hard to talk against or even for the measure.

It has been reported in some newspapers that the government of the day would like to see the Senate defeat the bill. We have a responsibility to discharge. In fact I thought yesterday the honourable senator from Vancouver South (Hon. Mr. Farris) would, in effect, say that the Senate is in existence to do the very thing that I think it should do, namely, destroy this bill. If in a year or two years from now there developed so strong a public sentiment that the bill was again passed by the other house, then we would have to consider very seriously what we should do with it. But at the moment this is just a piece of hasty legislation, hastily put through the other house.

The proposed change of name is a matter of sentiment. On this point I trust the house will pardon another personal reference. A certain young man at the front wrote to his mother: "Don't tell me about politics in Manitoba or the Dominion; don't tell me who is mayor of Winnipeg, and all that sort of thing; just tell me who was in for supper last night." The young fellow's sentiments were centred about his home. Our sentiment for the first of July goes back to the time when as children we went with our parents to the Dominion Day picnic, which, to us, was the great event of the year. The first of

July was about the best date for a picnic in Manitoba; the farmers had just started a little summer-fallowing, the haying was over, it was not yet harvest time, and the weather was not too hot. In a word, it was a lovely time of the year to have a picnic. I can remember going to a little place called Griswold, where Crawford Norris, who later became premier of the province, used to have a house by the river. He was a jolly bachelor and would distribute candies and peanuts among the boys and girls at the picnic. It was the happiest time of our lives. I thought then as I think now that the first or July is the best family holiday of the year.

Dominion Day to Canadians is just our day. I fancy to the members of this house every day of the year is Canada day. Canada is our country and we are proud of it. Oh! are not we senators anxious to make this a better country—because we live in it and love it? It is our duty to leave this a better country because of the opportunities we enjoy here, opportunities denied to the people of many other lands. We are ready and eager to shoulder our great responsibilities.

I see nothing in this bill to further the interests of Canada. I do not want to hurt anybody's feelings by voting against it, there is no such sentiment in my heart at all; but I can see no reason why we should change the name of a day that for nearly seventy years we have celebrated as the day of the birth of our dominion. I like the comparison which the honourable member from Vancouver South made yesterday between the birth of the United States and that of Canada. We started our national life in peace, and anxious to remain at peace with all the world. True, during the past seventy years we have had to engage in two of the greatest wars in history. We do not want to forget the glorious part our armed forces played in those wars, but we do hope there never will be another world conflict. We desire continuance of peace and the opportunity to enjoy the happy family reunion among our friends and neighbours on the first of July—Dominion Day.

Hon. JAMES MURDOCK: Honourable senators, I think it would be proper to place on the record an editorial from Canada's National Farm Magazine, the Family Herald and Weekly Star, of May 1, 1946. The editorial is labelled "Silly Bill!" It reads as follows:

One of the silliest things to come out of parliament for a long time is a bill to change our traditional old "Dominion Day" to "Canada Day." The first reaction among most people is the natural question, "What on earth's the idea?"

Most of us have the fairly strong feeling that there are plenty of more urgent affairs to be dealt with by the parliament of the Dominion of Canada than changing an historical name with strong associations in the minds of millions, to a new name without any such personal or historical associations, which yet means exactly the same.

"Dominion Day" was so named, and was set aside as a national holiday, to commemorate Confederation,—the birth of a new nation stretching from the Atlantic to the Pacific,—the birth, in fact, of the Dominion of Canada. It does not commemorate the birth of Canada. There were Canadas before Confederation,—several of them,—Upper Canada, Lower Canada, the Province of Canada. The great change in our national history was when these separate provinces joined with other provinces on the Atlantic, and British Columbia on the Pacific, and Manitoba at the heart of it all, to become the Dominion of Canada.

The word "dominion" was a new one then,—new in geography and new in political theory. It marked a new and great experiment, which has proved so triumphantly successful that it has brought a new political conception to the nations of the world.

Today, the word "dominion" has acquired a fine dignity, due largely to the good sense and sound political thinking of the people of Canada themselves, and of the people of Great Britain. Between us we have evolved what looks like a pre-view of the nation of the future. A conception of nationality which avoids both the Scylla of colonial inferiority and the Charybdis of rampant nationalism. The "Dominion of Canada" means something. It means something proud, something indefinable, yet of happy augury for the future. It means successful development of a new idea in international relations. It means full freedom, with full co-operation among equals. It means a truly independent nation which has nevertheless banned from its heart the idea of war as an instrument of national policy. It brings a glowing vision of the future, when the nations of the world will have caught up with us in their political thinking and will live together as the dominions of the British Commonwealth of Nations live together.

Why sacrifice an honourable title which we ourselves have made honourable and great, for the sake of a few vociferous remnants of colonial inferiority, whose inferiority complex is so deep that they are afraid of their own history?

For that is the pressure behind this propaganda to change "Dominion Day" to "Canada Day,"—the little minds which lack faith in themselves and their destiny.

The "Dominion of Canada" means something more than "Canada." It means achievement of a new and great principle. "Canada" is merely another political entity like "Uruguay," "Guatemala," "Italy" or "Spain." But the "Dominion of Canada" is something greater, finer, more prophetic than any of them. It is our own title. It is something we have forged and dignified. It is something which is more in accord with the reality of the modern world than any simple national name, including either the Republics of Uruguay or Spain, or the United States of America.

This silly bill has been allowed to slip through the House of Commons in Ottawa and is now in the lap of the Senate. The Senate has been criticized often enough, but it can do its good deed for this session by killing the "Silly Bill," or letting it die quietly.

We all know, even though we do not want to say it out loud, just how and where this bill originated. It came from those, or their representatives, who in the first and the second Great War repaired to the confines of the hills or the woods to avoid doing their share of duty for the Dominion of Canada.

Hon. Mr. DUPUIS: I rise to a point of order. I am sure, honourable senators, that the honourable member from Parkdale (Hon. Mr. Murdock) will on reflection realize that he should not impute ulterior motives to the sponsor of this bill in the other place.

Hon. Mr. LACASSE: Hear, hear.

Hon. Mr. MURDOCK: Shortly, according to reports, we shall hear an earnest request for forgiveness of those who in the war effort evaded—

Hon. Mr. LEGER: Order!

Hon. Mr. MURDOCK: —the contribution of their just duty.

Hon. Mr. LACASSE: I rise to another point of order.

Hon. Mr. MURDOCK: I hope that every senator has still got the right to express his personal views.

Hon. Mr. LACASSE: But without breaking the rules of the house.

Hon. Mr. MURDOCK: Those who do not like my views can hold views otherwise. But we all know, even though it is not altogether nice to mention it, how this bill originated. It originated in the minds of those who want the same—

Hon. Mr. FARRIS: I ask for a ruling from the chair.

The Hon. the SPEAKER: This bill comes to us from the House of Commons, where it was sponsored by a reputable member, and his motives should not be impugned.

Hon. Mr. MURDOCK: I bow to the ruling of His Honour the Speaker and to the objections of two or three other gentlemen, and shall refer to it simply as the "silly bill" which is dealt with in the editorial which I read a few moments ago.

Hon. T. D. BOUCHARD: Honourable senators, I hope that no member of this house will think I am a friend of those who have been described by the honourable gentleman from Parkdale (Hon. Mr. Murdock). I rise at this moment to say that among those who fought for this bill were broad-minded members of parliament belonging to every race and creed in this country. If the honourable gentleman wants my opinion, I would say that it is not the bill that is silly but the article he has read. The reason I believe it is silly is that the words of the author express deprecation of the term Canada. The writer declares that the word "Canada", which is applied to our country, originally described just a few Indian huts. I think this sort of article is silly.

I wish to state that I favour a change in the law as suggested by this bill, because Canada is to me no longer a dominion but a nation.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BOUCHARD: That is the reason I should like the word "Canada" to have the honour and respect of those who live in this country, whether they were born here or elsewhere. I do not understand why we should always annex to the word "Canada" the two words "Dominion of".

Hon. Mr. DONNELLY: May I ask the honourable senator a question? He has stated that this country is not a dominion. If he looks in his own desk he will see there a copy of the debates of the Senate under the heading: Debates of the Senate of Canada, 1946—

Hon. Mr. DUPUIS: That is the change we want to make.

Hon. Mr. BOUCHARD: Yes, that is the purport of the bill. I do not think Canada is still a dominion. I may tell you that in French Canada we have no exact translation for the word "dominion". I challenge anyone to give an exact translation of the word —unless he says "dominion," which is not French at all. It has been translated by the word "puissance", which means "power", not "dominion". This is one reason why broad-minded men who have done their duty in the war, and who have been abused by those who did not dare do their duty, are in favour of a change in the law.

When the Statute of Westminster was passed we became a nation, and I do not see why we should refrain from publishing that fact. If this bill receives second reading, I will propose that the name "Canada Day" be changed to "National Day". Those who want to keep the name Dominion of Canada in their speech and writing may do so; and those who, like the French, call the first of July "Confederation Day"—as it really is—may still speak of it as such.

I should like to see the bill give us a national holiday, something we have not got under the law as it now stands. We have a legal holiday, but not a national legal holiday. The reason I favour that change is that in the province of Quebec we would then understand which day is the national

holiday. Many people in French Canada believe it to be St. Jean-Baptiste Day. We call that our national holiday in the province of Quebec, but it is not correct to do so. Our national holiday is the first of July, the day commemorating confederation; and if we pass a law by which everyone in this country will know that the national holiday is the first of July, it would contribute to Canadian unity. On a question like this we should not be ruled by extremists on one side or the other. I do not see who in this country could be offended if we were to say in the new law that the first of July is a national holiday.

I do not like the word "Canada" as the name of the national holiday. In the United States the 4th of July is referred to not as United States Day, but Independence Day. In France the day called "La Prise de la Bastille", or the capture of the Bastille, is celebrated as a national holiday. In this country we should designate as our national holiday the first of July, the anniversary of confederation, the day on which this country first started towards the goal of nationhood.

We are now a nation, and no one is more loyal to his king than I and the majority of my compatriots of French descent. The evil is caused by a few vocal leaders in this country. We in Quebec are loyal to our province —which we know is only a political division in the confederation—and we realize that that province is only a part of our beloved country that is Canada. We have a king whom we respect, and for whom we are willing to fight when the occasion presents itself.

Some Hon. SENATORS: Hear, hear.

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

YUKON PLACER MINING BILL

FIRST READING

A message was received from the House of Commons with Bill 62, an act to amend the Yukon Placer Mining Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 16, 1946.

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

Prayers and routine proceedings.

YUKON QUARTZ MINING BILL

FIRST READING

A message was received from the House of Commons with Bill 61, an Act to amend the Yukon Quartz Mining Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Next sitting.

UNEMPLOYMENT INSURANCE BILL

FIRST READING

Hon. WISHART McL. ROBERTSON presented Bill L5, an Act to amend the Unemployment Insurance Act, 1940.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. ROBERTSON: Before the orders of the day are called I might say, honourable senators, that it is my intention to move at the conclusion of our proceedings today that we adjourn until Monday next at 8 o'clock in the evening. Progress in the other place is such that I think no particular business will suffer by reason of our so doing. We have a very full programme for next week, both here and in our committees. It is my suggestion, for the convenience of honourable senators, that next Thursday—unless unforeseen circumstances arise—we should adjourn until the following week, when we will sit again. What we do after that will depend on the progress we have made with the various matters before us.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill C5, an Act for the relief of Edith May Hort Search.

Bill D5, an Act for the relief of Alexander Thompson Powell Scott.

Bill E5, an Act for the relief of Frances Eleanor Miller Foster.

Bill F5, an Act for the relief of Mary Kathleen Maloney Rassie.

Bill G5, an Act for the relief of Mildred Florence Rooke Cochrane.

Bill H5, an Act for the relief of Eileene Ruby Aspell Stinson.

Bill I5, an Act for the relief of Edna Brookalam Howick.

The motion was agreed to, and the bills were read the second time, on division.

NAVIGABLE WATERS' PROTECTION BILL

FEEDING STUFFS BILL

YUKON PLACER MINING BILL

SECOND READINGS POSTPONED

On the Order:

Second Reading of Bill 9, an Act to amend the Navigable Waters' Protection Act.

Hon. Mr. ROBERTSON: Honourable senators, I would ask that this order and the two succeeding ones be allowed to stand. These bills are of relatively small importance, but as yet I have had no opportunity to make myself sufficiently acquainted with their provisions to explain them to the house. I shall be prepared to proceed with them early next week.

THE INDIAN ACT

JOINT COMMITTEE

Hon. WISHART McL. ROBERTSON moved:

That the Senate do unite with House of Commons in the appointment of a joint committee of both houses to examine and consider the Indian Act, Chapter 98, R.S.C., 1927, and amendments thereto, and to suggest such amendments as they may deem advisable, with authority to investigate and report upon Indian administration in general and, in particular, the following matters:

1. Treaty rights and obligations.
2. Band membership.
3. Liability of Indians to pay taxes.
4. Enfranchisement of Indians both voluntary and involuntary.
5. Eligibility of Indians to vote at dominion elections.
6. The encroachment of white persons on Indian reserves.
7. The operation of Indian Day and Residential Schools.
8. And any other matter or thing pertaining to the social and economic status of Indians and their advancement, which, in the opinion of such a committee, should be incorporated in the revised act.

That the following senators be appointed to act on behalf of the Senate on the said joint committee, namely, the Honourable Senators: Blais, Dupuis, Fallis, Ferland, Horner, Johnston, Jones, Macdonald (Cardigan), MacLennan, Nicol, Paterson and Taylor.

That the said committee have power to appoint from its members such sub-committees as may be deemed advisable or necessary to deal with specific phases of the problem aforesaid, with power to call for persons, papers and records, to examine witnesses under oath and to print such materials from day to day as may be ordered by the committee for the use of the committee and members of the Senate and the House of Commons.

That a message be sent to the House of Commons to inform that house accordingly.

The motion was agreed to.

CANADA DAY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Foster for the second reading of Bill 8, an Act respecting Canada Day.

Hon. VINCENT DUPUIS: Honourable senators, in participating in this debate I shall endeavour to approach the subject in a friendly manner, and with the greatest respect for the opinions of others even though those opinions are repugnant to my understanding of policy in this country. One who has dedicated his life to the cause of unity in Canada and freedom from oppression, never allows an occasion like this to pass without trying to do his share in defence of those who, to his mind, are unjustly treated or misunderstood.

I know that the spirit which animated the sponsor of this bill in the other place was a very high one, and yet an honourable member of this house—unwittingly, perhaps, in the best of faith—suggested that the motive of not only the sponsor of the bill, but of the two-thirds majority of the assembly who voted for it, was far from the true spirit in which the subject was introduced. The intention of the sponsor, if I am not mistaken, was to synchronize—to use a modern expression—all legislation with a view to achieving the purpose sought by the members of the Imperial Conferences of 1926, 1930 and 1931, when they prepared the legislation that is now known as the Statute of Westminster.

The representatives of the nations of the British Empire were convinced that if the empire was to survive the nations composing it should all be equal in status. It was at an assembly of the representatives of all the nations of the empire that the act called the Statute of Westminster was drafted. This statute means that all the nations of the

British commonwealth are independent and in no way subordinate one to another, as Lord Balfour said in 1926. The members who supported this bill in the other place simply wanted to get rid of any idea of one nation in the commonwealth having domination over any other nation in the commonwealth. That is why they wanted to do away with the word "dominion," which, according to the dictionary, means "domination," if I may say so with all due respect to honourable members of this house who think otherwise. I repeat, the supporters of the bill in the other place simply wanted to get away from the idea of any domination or subjection as between one nation in the commonwealth and any sister nation. They thought it would be a good idea to begin by changing the name given to our national holiday, which by a statute passed in 1879 was fixed as the first day of July, or, if that is a Sunday, the following day. If that was the idea of the sponsor and the supporters of the bill in the other house, I humbly submit that the bill is far from being broad enough in scope. It should have been drafted so as to apply to all our statutes in which the word "dominion" is to be found. I go a little further, and say that a change should be made in the wording of one of the beautiful prayers that His Honour the Speaker recites at the opening of each of our sittings—a prayer which is most comforting to those who still believe in Christianity. It commences with the phrase:

Most Gracious God, we humbly beseech Thee, as for Great Britain, Ireland and His Majesty's other Dominions, . . .

This phrase should end with the words:

—and His Majesty's other sister nations.

I go further still, and say that if the intentions behind this bill were carried to their limit there should be a petition to the Imperial Parliament to have the word "dominion" stricken out wherever it appears in the British North America Act. Likewise, a petition should also be made for a similar change in the Statute of Westminster itself, section 1 of which reads:

In this Act the expression "Dominion" means any of the following nations.

I think this should be amended to read:

In this Act the expression "sister nation" means any of the following countries within the British Commonwealth of Nations.

So, honourable senators, with all due respect for the opinions of others who may disagree with me, I think that this bill, far from being of no importance, is a very important one. The change which it seeks to have made is proposed in the spirit that motivates the British nations—the spirit of freedom and liberty. It is in accord with the processes, not of revolution, but of that ages-long evolution which has brought about that wonderful institution known as the British Parliamentary system. It is true, as was stated in this house a day or so ago by one of the most distinguished lawyers in Canada, a great many changes have occurred since 1867, when this nation was born as a confederation. But those changes have not been brought about by revolution. Every year the representatives of the people have come to parliament and passed legislation to keep pace with developments in this country and in the world at large. Back in 1867 our nation was just an infant—a beautiful and very promising infant, it is true, but nevertheless an infant—and as such it required the care of its parents, as it were, of those responsible for seeing that it was brought up well. It was necessary at that time that Canada should be under the domination of others, and the word "dominion" was therefore appropriate. But now Canada has grown up; it has attained adult status. The Government of the United Kingdom has recognized that fact, and is proud of it; and it is in keeping with the spirit of liberty and evolution which distingushes the British Parliamentary system that a representative of that government was among the first to declare that Canada should no longer be under the subjection of England, but henceforth should stand on equal footing with all other members of the commonwealth. We are a partner of equal status and with equal responsibilities, as set forth in the Balfour declaration which I have just mentioned.

Some of my honourable friends are very prone to cite the Bible. It is indeed inspiring to hear such citations, when well applied. But if we take the word "dominion" as defined in the dictionary and as used in the thirteenth verse of the 145th Psalm, "Thy kingdom is an everlasting Kingdom and thy dominion endureth throughout all generations," and apply it as between the nations of the British commonwealth, it simply means that one of those nations shall dominate this nation for all generations. When King David wrote that psalm it was to praise God, which was very appropriate. But in this case, to make the language of the psalm applicable, we would have to substitute for "Thy kingdom" the words "Government of the United Kingdom", thus implying a dominion over Canada which would be entirely repugnant not only to the citizens of this country, but to the citizens of the United Kingdom, whose reputation as a freedom-loving people is known all over the

world. I am sure that is not what the honourable senator from Lunenburg (Hon. Mr. Duff) intended.

As to the definition of "dominion", our good friend from Vancouver South (Hon. Mr. Farris) said that its meaning had changed since 1867. Well, I took the trouble to consult the 1945 edition of Funk and Wagnall's Standard Dictionary, where I find "dominion" defined as:

> The right or absolute possession and use; ownership; a country under a particular government—

As Canada has been under British dominion since 1867.

> —same as domination.

Let me quote another definition of "dominion" from the 1940 edition of the John C. Winston Company dictionary:

> Dominion: a territory or a country with a high degree of local authority, but subject to the control of another government.

Honourable members, I am sure no one in this chamber has the slightest idea of allowing any other country in the British Commonwealth of Nations to dominate Canada; nor do they wish Canada to dominate any of her sister members. The word "Dominion" was justified in 1867, but I submit that since we have grown to nationhood it is no longer an appropriate description of our status. While listening to my distinguished colleague yesterday I could not help thinking of the words of St. Paul in chapter 13, verse 11 of his Epistle to the Corinthians:

> When I was a child I spake as a child, I understood as a child, I thought as a child; but when I became a man, I put away childish things.

I think this applies to all of us. We must realize that we are no longer in our infancy; we are free citizens in a free country among a commonwealth of free nations, ready to join with all the liberty-loving people of the world who for six long years fought for the preservation of democracy.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUPUIS: Today as members of the Senate it is our supreme duty to show that we regard very seriously any move which would tend to show that we are not yet mature enough to enjoy this great heritage of liberty and freedom, or to be inspired by devotion to our country.

I would ask you, honourable senators, to be very careful not to decide lightly against this bill just because of the fear that the purpose of the sponsor of the bill may have been to break our ties with Great Britain. Be careful, honourable senators, lest by doing so, in the best of good faith, you unwittingly associate yourselves with the spirit of reaction—something that I am sure you would not wish to do. After many years of public life in which I have gained some knowledge and experience, and have observed the people of my own country and especially of my own province, may I say to you gentlemen that even if I used a magnifying glass I could not find one in a thousand who would dare attempt to break the tie by which we are united to the British Empire.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUPUIS: Let me say that, as a Canadian of French origin, I still believe in Providence. Providence was very kind to those who were abandoned on the shores of the St. Lawrence in 1759, and when by the Peace of Paris, through some inexcusable mistake, the French government decided to exchange the little colony of Canada for a small island in the south. Though the descendants of a great nation, these poor pioneers in Canada were destined through the decision of one of the nations of Europe, to be united to people of another race whose spirit of freedom and love of liberty was the same as their own. Notwithstanding the injustices committed by both sides, I believe that the descendants of these two great races which laid the foundations for and built up this great country of ours, are recognized as an independent nation by the United Kingdom. The union of the two races was a great boon not only to the Canadians of French origin who were pioneers on the shores of the St. Lawrence in 1759, but to the English-speaking people who came here afterwards.

Honourable senators, before you decide in your conscience how you will vote on this bill —which is only the first of many that will be necessary to synchronize our statutes with our liberties—I pray that you study it carefully. While this bill should be broader in scope, I believe it is a good beginning. I am going to vote for it. I sincerely hope that all members of the Senate who love freedom and are imbued, as I am, with the spirit of evolution, will take this occasion to prove their broad-mindedness and vote in favour of the bill.

Some Hon. SENATORS: Hear, hear.

The Hon. Sir THOMAS CHAPAIS: Honourable senators, it is not my intention to make a long speech on the question now being debated in this house. I simply wish to offer a few remarks on the proposed change in the official designation of our national holiday.

I hasten to say that I am not now and never have been an admirer of the name "Dominion Day". Had I been a member of this honour-

able house in 1879 I should have made a plea in favour of a name which, to my mind, is the proper one, namely, "Confederation Day". I put this question to my honourable colleagues: What great event took place in our country on the first of July, 1867? Was it not the inauguration of a new politcial regime for the Canadian provinces? Was it not the birth of our confederation? Therefore would not "Confederation Day" be the correct designation of this anniversary? The political independence of our great neighbour, the United States, was proclaimed on the fourth of July, 1776, and very logically the anniversary of that great historical event is known as "Independence Day".

I have never liked the name "dominion," which is used to designate our Canada. One of our greatest statesmen, Sir John A. Macdonald, who, with Cartier and Brown was mainly instrumental in the framing of the new constitution, would not accept responsibility for the name "dominion," as given in London to the Canadian confederation. He would have designated the Canadian provinces which were united under the new constitution as "the Kingdom of Canada". Later on he wrote these words:

> The change of title from "kingdom" to "dominion" was made at the instance of Lord Derby, then foreign minister, who feared that the first name would wound the sensibilities of the Yankees.

Honourable senators you may find this passage in the book entitled "Sir John A. Macdonald," written by Joseph Pope, Volume I, at page 313. Further, I am inclined to believe that Sir George Cartier was of the same mind, for the reason that in the French language the word "dominion" has absolutely no standing, and an attempted translation of "Dominion Day" would give us the horrible wording "le jour de la puissance."

When I was young—it was some years ago —we never spoke of "Dominion Day". We were told that the first of July was "le jour de la confederation, fête de la confederation." At college we had a holiday—"le jour de la confederation."

If we peruse the old debates of this house we shall find that during the session of 1879 when a vote was taken on the second reading of the Dominion Day Bill there were as many as 25 nays against the 37 ayes. Of course I would not assert that the suggested name influenced the voting of that numerous minority, but I have a right to infer that there was no strong enthusiasm over the whole thing.

The present bill has for its main purpose, not the changing of the official name of our country, but only the changing of the name of our national holiday. It aims at giving to that day the name "Canada Day" instead of "Dominion Day". As I have already stated, I would prefer "Confederation Day", which I would deem the right name. But as the bill would eradicate the horrible "Jour de la puissance", I am inclined to accept it as a progressive step.

Moreover, should the name of our beloved country be deemed an unwelcome intruder? Is not "Canada" the real, the historical, the time-honoured name of our native land? Canada is the land of our pioneers, of the heroes and the saints who suffered, struggled and died to make it a land of steady progress, of freedom and of Christianity. At the present moment, more than ever, that name is honoured in the whole world. Every Canadian citizen should be proud of it; and none should be ashamed to say that our national holiday is "Canada Day". Having such a feeling, I should not like to stand in the path of my fellow citizens who want to adorn that name with a glorious priority.

I shall vote for the second reading of the bill.

Hon. G. G. McGEER: Honourable senators, I have heard it said that this bill, which has come from the other house, is of an inconsequential nature, and that it is creating a great deal of difficulty over a matter that is not vital or important at the present moment. I cannot bring myself to agree with that conclusion. One of the things that gave me reason for real concern was the support given to the measure in the other place. It has been stated that the bill was passed there with great speed, but on looking up the records I find it was voted upon several times. There was a vote on a motion for the six months' hoist: that was defeated by 131 to 60. There was a vote on a motion to adjourn the debate: that was defeated by 161 to 28. There was a vote on the motion for second reading, which was carried by 129 to 59. And there was a vote on the third reading, which was carried by 123 to 62.

On reading the debates of the other place I find that the measure came forward as a private member's bill. The government, as such, took no part in connection with it, and the Prime Minister neither spoke nor voted on the issue. The Leader of the official Opposition voted against the bill but did not speak on the issue. From these facts I conclude that this is a House of Commons bill, a bill of the elected representatives, who freely expressed views which they no doubt believe are endorsed by the electors in their constituencies. I find grave difficulty in setting myself up to judge the action of the members of the House of Commons on an

issue of this kind, when to do so involves either approval by this honourable Senate or the exercise of its veto powers.

The difficulty is emphasized in other ways for me. For the honourable gentleman from Vancouver (Hon. Mr. Farris) and the honourable gentleman from Lunenburg (Hon. Mr. Duff) I have the greatest regard. The honourable gentleman from Vancouver South brought much of the political traditions, history and understanding of the Maritime Provinces to our western coast. The people in those provinces know a good deal about what one might call political wisdom. I have often advised my people in British Columbia to develop the spirit of maritime rights and to associate with the maritimers of the Atlantic seaboard in an endeavour to have those rights extended to both shores of our dominion. As I listened to the speech of my honourable friend from Vancouver South I rather came to the conclusion that New Brunswick must be a centre of very enthusiastic traditional patriotism, as respects not only the institutions of the past but the particular designation of our national holiday as "Dominion Day." Well, I looked up the Senate Debates of 1879. There I found that the legislation whose repeal we are now considering was introduced by an honourable senator from British Columbia, the late Dr. Carrall. He was one of the great pioneers of Vancouver, and one of the main streets in our city bears his name. He presented the Dominion Day Bill as a private member of the Senate. So that bill should have a place in the minds and in the hearts of honourable senators today. Strangely enough, on the motion for second reading, a senator from New Brunswick moved in amendment that the bill be given the six months' hoist. The amendment was defeated on a vote of 25 for and 36 against, and the second reading was carried.

Hon. Mr. FARRIS: May I ask my honourable friend if the word "dominion" was at issue at that time?

Hon. Mr. McGEER: I am not saying what was at issue, but I should like to quote the words of the mover of the motion for the six months' hoist, the Honourable Mr. Lewin, of Saint John. They will be found at page 204 of the Senate Debates of 1879, and are as follows:

> Hon. Mr. Lewin: I hope that the house will pause before they add another holiday to the number we already have. I observed that there is a bill now before Parliament to add four more. Really, these interruptions to business are a great nuisance. It is a serious inconvenience to business men to have the banks and public offices so frequently closed during the year, and the benefit to the persons employed in these institutions is very doubtful, indeed. I think that the feeling of the country is averse to increasing the number of holidays. If it is desirable that the day should be observed, it is in the power of the local governments to proclaim it a public holiday. I therefore move that the bill be not now read the second time, but that it be read the second time this day six months.

The seconder of that motion, the Honourable Mr. Power, said, as reported at page 205:

> I took the liberty of seconding the motion of the honourable senator from Saint John for two reasons. One has been given by the honourable senator from Richmond (Mr. Miller), because the day is observed voluntarily now, and this measure is therefore unnecessary. I have understood that the practice in Ontario and Quebec has been to observe Dominion Day as a holiday universally. I was not aware that it was so universally observed in New Brunswick, and I know that it is not so in Nova Scotia.
>
> Those communities and institutions which now desire to observe this day as a holiday have every opportunity of doing so. Those who do not, are at liberty to go on with their business as usual, and I think that we should leave the matter as it now stands. I know that making this day a compulsory holiday will be a decidedly unpopular step in a great part of Nova Scotia. I do not think that the people of that province, as a general rule, any more than the the people of British Columbia, feel that they have any reason to congratulate themselves upon their union with Canada.

Of course, that came to me as somewhat of a surprise, although having had the privilege of attending law school in Nova Scotia, and having made my first political speech at Halifax, I have some knowledge of political history in the Maritimes. That knowledge was at least sufficient to enable me to appreciate a story that the honourable gentleman from Vancouver South (Hon. Mr. Farris) used to tell in British Columbia when he first brought the breath of active Maritime politics to our province. The story went something like this. There was a dispute between two residents of New Brunswick, one a Liberal and the other a Conservative. To prove his point, the Liberal declared it was based upon a statement that had been published in the great Liberal Bible of that day, the Toronto Globe, now somewhat fallen from grace. The Tory said, "Well, I wouldn't read that paper," and the Liberal retorted that the statement had also appeared in the Halifax Herald. The Tory said that he did not read that paper either, and he was asked what he did read. The reply was that his reading was limited to his favourite newspaper—I am not sure whether it was the Moncton Times or the Fredericton Gleaner—and the Bible. The Liberal looked at him for a moment, and then said: "Well, you get both sides of everything, don't you?"

It would seem, after listening to the transplanted New Brunswicker who is now the

honourable senator from Vancouver South (Hon. Mr. Farris) and to his colleague the honourable senator from Lunenburg (Hon. Mr. Duff) that times have changed somewhat.

Hon. Mr. DUFF: Not with me.

Hon. Mr. McGEER: No, not with my honourable friend from Lunenburg, and I do not think they have changed with many people in Nova Scotia or New Brunswick.

Sitting here as an appointed member of parliament, I have at least to respect the views expressed in another place by the elected representatives of the people. When I looked at the vote in the House of Commons, I found that the minister representing New Brunswick in the cabinet, and all but three of the other elected representatives from that province, supported the bill. I also found that in regard to Nova Scotia the Minister of Finance and all but one of the other members from the province supported the bill. I have even more difficulty in regard to my own province. Am I to take my lead from the honourable senator from Vancouver, who is senior to me (Hon. Mr. Farris), or am I to be guided by the Minister of Veterans Affairs and the eight other British Columbia representatives who voted for the bill? I do not know, on an issue such as this, that I should sit in judgment on the majority of the elected representatives of my province.

I have great difficulty in following the logic of the honourable senator from Lunenburg (Hon. Mr. Duff)—

Hon. Mr. DUFF: I am not surprised.

Hon. Mr. McGEER: —because, in the ultimate, I cannot distinguish between communism and socialism.

Hon. Mr. DUFF: They are both pretty bad.

Hon. Mr. McGEER: I agree. But I did not think the honourable gentleman was up to date on current history when I heard him speaking yesterday, because, if I remember correctly, he, in effect, asked me to repudiate a majority of the elected representatives of British Columbia, Nova Scotia and New Brunswick on the ground that to pass this bill would be to break the tie with the United Kingdom, and that as a result in forty years or less we should all become communists. I thought the people of Great Britain voted socialist in the last election. If the electors of Canada had done to our Prime Minister what the electors of Great Britain did to the Right Honourable Winston Churchill, we in this house would probably have legislation before us to nationalize the Canadian Pacific Railway Company and our coal mines. That might be a good thing, for I believe that we would not then have any shortage of coal and would not need to import any from the United States. But that is beside the issue.

By what logic could my association with a socialistic government prevent me from becoming a communist? If there is some great distinction between socialism and communism, that line of reasoning may be sound; but I doubt whether it would convince a great many people in British Columbia who want to be associated with the United Kingdom for the purpose, not of preventing themselves from becoming communists, but of uniting the people of the British Empire with the people of the United States and all other lovers of freedom throughout the world, so that humanity shall have a better deal than it has had in the past. Our representatives in the United Nations organization are struggling today to find some way of working in co-operation with the representatives of the people of Russia. We want to see those ends achieved; but, above all, we want unity in our own great Dominion of Canada.

Kill the bill? Yes, there may be good reasons for killing it, but those reasons must be such as will be accepted not only by the majority of the members of the other place, but also by the majority of our people. To repudiate this bill upon any other ground might have serious repercussions. I do not know how other members of my profession or of my chosen activities in public life deal with things. I like to take the other side; to put myself in the position of the mover of the bill. If as a private member, elected for the first time to the House of Commons, I had introduced a bill of this significance and got 129 of my fellow-members to support me, I would feel mighty proud of the achievement, for a private member does not find it easy to get much support for anything he may propose in that house—and I happen to know it better than most of you.

Hon. Mr. EULER: Or in this house.

Hon. Mr. McGEER: My usual experience there was to find myself in a minority of one.

What is the situation at Westminster today? For the first time in the history of England a socialist government has at the call of its own whip an overwhelming majority in the House of Commons. If I were the father of this bill in the other place, and it were killed here, I would move to have the Senate made an elective assembly—

Hon. Mr. DUFF: It might not be a bad idea.

Hon. Mr. McGEER: —and I would insist on the government taking the proper constitutional course for the appropriate amendment to the British North America Act. As I have said, the British House of Commons is completely controlled by socialists, who declare that they are going to bring in a new heaven and a new earth for the masses of England. Whose voice do you think they would hear when the amending bill came before them, the voice of the elected representatives in the other place or the voice of the members of the House of Lords of Canada?

Yes, I should be very much concerned to see this bill defeated on any basis that could justify the charge that this Senate stands as a reactionary power to frustrate the elected representatives in expressing what they believe to be the will of the majority of the people in Canada. The 129 members in the other house who voted in favour of the bill did not come from any one section; they came from all parts of the country. The leader of the C.C.F. and every member of his party supported the bill.

Leaving that thought in your minds, honourable senators, I want to come to what I believe to be a more important issue. Why is it that the celebration of the first of July has fallen into disuse? I have been in Ottawa on more than one Dominion Day, but never in any of our cities have I noticed less activity in celebrating that particular day than here in the capital of the dominion. The celebration of a national holiday as an indication of the regard we have for history is a great event; but to forget all about the national holiday on its every anniversary, and then to get into a condition of national disagreement, and call upon one to repudiate the action of the House of Commons because of some of the reasons which have been given, is hardly in line with logic and the importance of this matter.

In the records I find that the first time Dominion Day was celebrated as a holiday was in 1869. This resulted from a proclamation issued by the Right Honourable Charles Stanley Viscount Monck, Baron Monck of Ballytrammon, in association with John A. Macdonald, Minister of Justice, and Hector L. Langevin, Secretary of State. The proclamation reads as follows:

Whereas by Royal Proclamation dated at Windsor Castle on the 22nd day of May, in the year of Our Lord, 1867, Her Most Gracious Majesty did ordain, declare, and command, that on and after the 1st day of July, 1867, the provinces of Canada, Nova Scotia and New Brunswick should form and be one dominion under the name of Canada;

And whereas the Anniversary of the formation of the Dominion of Canada falls upon Wednesday, the 1st day of July next ensuing;

And Whereas it is meet and proper that the said Anniversary should be observed and kept;

Now Know Ye, that I, Charles Stanley Viscount Monck, Governor General of Canada, do hereby proclaim and appoint Wednesday, the first day of July next, as the day on which the anniversary of the formation of the Dominion of Canada be duly celebrated. And I do hereby enjoin and call upon all Her Majesty's loving subjects throughout Canada to join in the due and proper celebration of the said anniversary on the first day of July next.

That proclamation did not appoint a national holiday, but selected one day, the first of July, as the occasion on which to celebrate an event in history. From 1869 until 1879 no proclamation concerning a national holiday was issued by the Dominion Government, and as pointed out by the mover of the six-months hoist, any celebrations that took place did so by virtue of provincial proclamations.

When the bill of 1879 went to the House of Commons it did not receive as much attention as the bill now before us has received. I have heard the criticism that the Prime Minister did not speak on that bill. There were a number of the Fathers of Confederation in the government and in the house at that time. Sir John A. Macdonald was one. The bill was treated as a private member's bill coming from the Senate. The debate was most perfunctory, there was no division and, according to Hansard, not one member of the government gave it even the blessing of recognition. Why was that?

The Fathers of Confederation had very much the same job on their hands that we have upon ours today. They were confronted by the problem of making confederation work. We have a similar challenge facing us today. The recent conference held in this chamber gave evidence of that challenge when the representatives of our provincial governments, and of our great cities in which nearly five million people now live, walked out because of failure to agree on the basis of taxation, living standards for the Canadian people, and the sources of revenue to be made available to governments of provinces and cities responsible for health and education.

We have good reason to concern ourselves about the name of the day commemorating our national birth. But anyone who brings forward for settlement at this time an issue that is going to add to discord, or disunity, or who does anything that will prevent the continuation of the kind of unity which so recently saved us from universal disaster, is making no contribution to our history, our present or our future.

It seems to me that we should not overlook world conditions in 1867. The problems of that day were very similar to the problems of today. Do not forget that between 1859 and 1865, when the representatives of the British colonies of North America were convening, the whole world was in a state of turmoil. The worst war in history was grinding to its brutal and bloody close in the once British colonies that had signed a declaration of independence. In France, Napoleon III was on the throne, the tyranny of dictatorship had returned and the ideals which provoked the French revolution had disappeared. At that time Victor Hugo was an exile from France and the singing of the Marseillaise was punishable by death. With such world conditions it is little wonder that the French people in Canada felt themselves abandoned. But they had no wish to return to the France of Napoleon III.

In England the great aristocracy and the upper middle classes were battling against reform, and looking upon the United States with its universal franchise as a threat to the property-owning classes. Wittke's history of Canada tells us that many of those belonging to the upper classes in England were willing to see Canada ceded to the United States. Goldwyn Smith tells us in his memoirs that Gladstone had written to him stating that he would be willing to have Canada ceded to the North, if the South was allowed to go free.

It was in that atmosphere that our fathers got together to form confederation. They did so with a background of history which stands out as a great moving drama of the advance of political civilization. At one corner of our Parliament Buildings is a monument to Sir John A. Macdonald, and at another is a monument to Sir George Cartier. We can pay tribute to the Fathers of Confederation, who in giving us our constitution also gave to the British Empire a pattern for all the dominions which go to make up that free and voluntary association of nations comprising what I believe is still the strongest force for freedom in the world today.

There was something very significant in the reply by Mr. Churchill when Marshal Stalin proposed that there should be sixteen Soviet representatives in the United Nations Organization because the British Empire had representatives from seven of its self-governing dominions. Mr. Churchill's reply was: "These self-governing dominions of ours have the power to declare war or to remain at peace. Does that apply to the sixteen Soviet republics?" Mr. Churchill further pointed out that on the declaration of war one British dominion had decided to remain neutral. That ended the argument. We can pay tribute to our fathers for developing a constitution that made possible that freedom of choice.

If honourable senators will read again those marvellous documents, the Confederation Debates, they will find that probably the most brilliant of those who opposed confederation was the representative from, I think, Brome, a man by the name of Dunkin. He predicted a situation somewhat similar to the one we have today. In 1865 he had this to say:

> We have a large class whose national feelings turn towards London, whose very heart is there; another large class whose sympathies centre here at Quebec, or in a sentimental way may have some reference to Paris; another large class whose memories are of the Emerald Isle, and yet another whose comparisons are rather with Washington; but have we any class of people who are attached, or whose feelings are going to be directed with any earnestness, to the City of Ottawa, the centre of the new nationality that is to be created?

The answer to that question came in the passage of the Act of Confederation, and in the spirit of tolerance and co-operation that has given to the world the example that Canada offers of two great and proud races of people living together and building a great power in one national home.

I think the finest expression of the spirit that made that achievement possible was by George Brown, and with the consent of the house I should like to read his remarks, as reported at page 85 of the Confederation Debates:

> The scene presented by this chamber at this moment, I venture to affirm, has few parallels in history. One hundred years have passed away since these provinces became by conquest part of the British Empire. I speak in no boastful spirit—I desire not for a moment to excite a painful thought—what was then the fortune of war of the brave French nation, might have been ours on that well-fought field. I recall those olden times merely to mark the fact that here sit today the descendants of the victors and the vanquished in the fight of 1759, with all the differences of language, religion, civil law, and social habit, nearly as distinctly marked as they were a century ago. Here we sit today seeking amicably to find a remedy for constitutional evils and injustice complained of—by the vanquished? No, sir,—but complained of by the conquerors! Here sit the representatives of the British population claiming justice—only justice; and here sit the representatives of the French population, discussing in the French tongue whether we shall have it. One hundred years have passed away since the conquest of Quebec, but here sit the children of the victor and the vanquished, all avowing hearty attachment to the British Crown—all earnestly deliberating how we shall best extend the blessings of British institutions—how a great people may be established on this continent in close and hearty connection with Great Britain. Where, sir, in the page of history, shall we find a parallel to this?

The great achievement, then, was not merely in creating a Dominion or forming a nation, but in laying down a plan whereby two peoples, two races, could build and live together. And it is to be remembered that there were men of British extraction who had not the faith which Taché and Cartier had in the future of Canada as a British Dominion associated with the Crown. Cartier offered these arguments:

> Some entertained the opinion that it was unnecessary to have British North American confederation to prevent absorption into the vortex of American confederation. Such parties were mistaken. We knew the policy of England towards us—that she was determined to help and support us in any struggle with our neighbours. The British provinces, separated as at present, could not defend themselves alone, and the question resolved into this: shall the whole strength of the empire be concentrated into Prince Edward Island, or Canada, as the case may be, in case of a war with the United States—or shall the provinces be left to fight single-handed, disunited? We were not sufficiently united. We had our duties, with regard to England, to perform. In order to secure the exercise of her power in our defence we must help her ourselves. We could not do this satisfactorily or efficiently unless we had a confederation. When all united, the enemy would know that, if he attacked any part of those provinces—Prince Edward Island or Canada—he would have to encounter the combined strength of the empire.

Some public journals and public men were stating it was a great misfortune that there should be a distinction between the French and British races in this country, and the record shows that Cartier desired on this point:

> —to vindicate the rights, the merits, the usefulness, so to speak, of those belonging to the French-Canadian race. In order to bring these merits and this usefulness more prominently before his hearers, it would be only necessary to allude to the efforts made by them to sustain British power on this continent, and to point out their adherence to British supremacy in trying times.

Cartier also pointed out how the French Canadians had resisted the appeals of George Washington and Baron D'Estaing to join in the revolution, and had maintained their allegiance to the British Crown.

Moving forward with our history, we find that Sir John A. Macdonald, an able and powerful Scotch Canadian personality, became the Prime Minister of the young nation. Then we see that some years afterwards a French Canadian, born of humble parents in the province of Quebec, rose to the leadership of our government and gave to that high office as rich and glorious a lustre as it had acquired under Macdonald. Are we Canadians not proud of the fact that because of our association with the French people we were privileged to have such a leader as Laurier, who at the time of his death was recognized as a great statesman, not only of Canada but of the British Empire? I know of no man whose passing evoked greater tribute from the heart of the empire.

Throughout the history of Canada our associates from the province of Quebec have made a conspicuously valuable contribution to the public service. I ask if we Anglo-Canadians have ever known of a more capable Minister of Justice than the late Right Hon. Ernest Lapointe, or the present incumbent, the Right Hon. Mr. St. Laurent. And for a considerable period, as other honourable members are better aware than I, the Senate profited from the able leadership of the late Senator Dandurand. For just another illustration, I would refer to the Honourable Mr. Rinfret, Chief Justice of the Supreme Court of Canada, a tribunal whose judgments are respected in this country and throughout the empire. I know that I echo the sentiment of not only the Bench and Bar of Canada, but of the Canadian people, when I say that he has fully maintained and, indeed, added to the splendid traditions of his high office.

I mention these things, honourable senators, because I cannot believe that this proposed change, which was voted for by 129 members of the other house, should be rejected by us until we have at least made an attempt to find some basis for agreement.

When travelling through the province of Quebec I find that the farther east I go the more difficulty I encounter, but here in the Ottawa Valley the French Canadian and the Anglo-Canadian move very largely on common ground. I am told that in many parts of Quebec the first of July is not celebrated as a national holiday, but that its place has been taken by the twenty-fourth of June, Saint Jean Baptiste Day. My French Canadian friends inform me this is not a church holiday, but is established as a public holiday by provincial law. Now, do we want a united country in the future? Can we spare a little time, honourable senators, to propose some basis of common understanding in accord with the principle eulogized by George Brown in 1865, or have we lost our sense of tolerance, good will and co-operation?

I do not want to propose an amendment to this bill, but I suggest that if we provided for a national holiday to celebrate confederation, the people of Quebec could call the day "Canada Day", if they wished to, while the people in the other provinces, if they so desired, might choose some other name—perhaps "Dominion of Canada Day". After all, it was the Dominion of Canada that was brought into being on the first of July, 1867. Surely instead of killing this bill and

repudiating the action of the House of Commons, thereby giving material to persons eager to create disunity, we can work out some basis of compromise between this honourable body and the one occupied by the elected representatives of the people.

Now I come to the bill itself. Section 4 provides for the repeal of the Dominion Day Act of 1927. That statute repealed the act of 1886, which in turn repealed the act of 1879. In the act which this bill would repeal, Dominion Day is established as an entity. The significance of that has apparently been overlooked by the draftsman. I find with regard to holidays that as late as 1935 there was an amendment to the Interpretation Act. That Act, as honourable senators know, is the basic act for the interpretation of certain words and expressions in the fields of legislation and jurisprudence. Paragraph 11 of section 37 of the act was amended in 1935 by chapter 6 of the statutes of that year. In its amended form the paragraph reads:

(11) 'holiday' includes Sundays, New Year's Day, the Epiphany, Good Friday, the Ascension, All Saints' Day, Conception Day, Easter Monday, Ash Wednesday, Christmas Day, the birthday or the day fixed by proclamation for the celebration of the birthday of the reigning sovereign, Victoria Day, Dominion Day, the first Monday in September, designated Labour Day, Remembrance Day, and any day appointed by proclamation for a general fast or thanksgiving.

I find no provision in this bill to amend the Interpretation Act. Now, let me bring this to your attention again. Our statutes have not been revised since 1927, they are very badly indexed, and to make a list of the statutes in which Dominion Day is specifically referred to, not as a national holiday, not as a holiday at all, but as Dominion Day, would take a great deal of research work. It appears not only in the Bills of Exchange Act and the Banking Act, but also in the Civil Service Act. I would not be sure, but I believe section 45 of the Civil Service Act, in providing for certain holidays, includes Dominion Day in the list. If this bill were to pass, it would be necessary to amend every statute that contains the word "Dominion Day." I do not know that the members of the House of Commons considered this feature at all. I think they lost sight of the practical place that Dominion Day, established as a holiday, has taken in its long existence from 1879 to 1946. All private bills incorporating private companies would have to be examined to see if they contained any reference to Dominion Day. Then consider the ramifications of contracts that are based on Dominion Day. Probably in a loose omnibus way you could amend this bill to say that wherever "Dominion Day" appears in statutes, orders in council or contracts "Canada Day" shall be substituted. But have we the power to make that amendment applicable to provincial statutes?

Hon. Mr. DUFF: No.

Hon. Mr. McGEER: Every province has its own Interpretation Act, and there is a good deal of provincial legislation, both public and private, in which Dominion Day is referred to.

But let me take you even further than the provincial legislatures. "Dominion Day," as the legal description of our national holiday, has gone into many civic ordinances throughout the dominion. Let me ask a practical question of the members of this house. To make the change suggested might involve private individuals. How many contracts are there today in operation across this dominion involving Dominion Day concessions? Every one of those contracts is based upon the acceptance of Dominion Day as a legal entity having a legal meaning in our dominion, provincial and civic laws.

Let me go along with you in asking myself this question: Have I, as a senator, the right to judge the action of the elected representatives in the other place on issues where they are just as competent to express the will of the people as we are? The answer to that question is very simple—I do not think I have any such right, and I am not going to assume the responsibility of exercising it.

But I come to another question. Have I, as a senator, the right to make up the minds of the members of the other house as to what they should do in changing a law that affects the legal position of the whole population not only in its dominion but in its provincial and civic jurisdiction and in its private relations? I do not believe I have any right to say to them: I think you intended to change this whole situation in our provincial legislation, our civic ordinances and our contractual relationships. If the members of the other place wish to do that, action should originate there. I, as a senator, have no power and no right and no responsibility to help in making up the minds of the elected representatives of the people, and I will not attempt to do so. I do not know that any amendment that I could offer would correct this bill and make it do what on its face it purports to do. I do not know whether I could draw an amendment which would satisfy even those who voted for this bill in the other house.

But I do know this. I believe I came here with one responsibility above all others, and that is to prevent, as far as my limited abilities go, the passing of legislation that would

add to the appalling confusion that already exists through the long delayed revision of our statutes.

I was interested in reading the sentiment of Sir Joly de Lotbiniere, who became Lieutenant Governor of British Columbia and was probably one of the most loved, most respected and most revered of any that ever held that high office. He described confederation in somewhat facetious terms as a very elongated, very thinly held together proposition, and he suggested that because of its visionary, cloudy, vague atmosphere and its elongation to the Pacific Coast the rainbow would be a good emblem for it. But if we in this house pass legislation that would throw our whole statutory provisions into the kind of chaos that this simple little bill would create, then I think we have found a solution for the emblem that should be on our Canadian flag. We should have a good picture of "Confusion Corner" or "Confusion Centre" as they call it down here, put on the flag and let it go at that.

But I thought this matter was serious, so I went to the very capable and brilliant representative of the Bar that the Senate has at its service as legal adviser. I placed this bill before him, and the position of Dominion Day in our dominion and provincial statutes and civic ordinances, and then I put to him this plain simple question: Can the Senate accept the bill in its present form? His answer was no.

Hon. Mr. DUFF: He is quite right.

Hon. Mr. LEGER: It can be amended, though.

Hon. Mr. McGEER: That is another responsibility. Of course it can be amended.

Hon. Mr. VIEN: Would the honourable senator give the reason for the negative answer?

Hon. Mr. McGEER: I argued that if this bill were passed it would destroy the term "Dominion Day" as a legal entity in our statutes, and to discontinue it as a legal entity you would have to change "Dominion Day" to "Canada Day" in all dominion statutes and orders in council and in all provincial statutes and civic ordinances. This bill would effect, as I say, a complete change not merely of the name of the day we celebrate, but of the contractual relations of the whole country in respect to the term "Dominion Day" as a legal entity.

As I say, the bill could be amended here, but I do not know whether the members of the other house ever considered these implications.

Hon. Mr. DUFF: No, they did not.

Hon. Mr. McGEER: If they did and they want to go through with them, then I think it is up to the other place to so declare. I do not think it is up to us to assume that they want us to make up their minds for them.

Hon. Mr. LEGER: Honourable senators, I suggest that the honourable gentleman is out of order when he mentions the vote on this bill in another place and quotes and identifies members. We have had too much of this in the past, and for the future I think it would be well to refrain from continuing the practice.

The Hon. the SPEAKER: I have been following the remarks of the honourable senator from Vancouver-Burrard, and so far I find he has kept within the rules of the Senate. Our rules do not permit honourable senators to refer to the way in which members have voted in the other house, but this bill has received so much attention in the newspapers that I do not think it can be discussed properly without some reference to what has taken place elsewhere.

Hon. Mr. McGEER: Thank you very much, Mr. Speaker.

In conclusion may I say that I do not know of any procedure for a conference between the two houses, similar to that which obtains in Washington.

Hon. Mr. HAIG: Yes, there is a procedure.

Hon. Mr. McGEER: But I do think that during the week-end adjournment it might be possible for members of this house to meet representatives from the other place with a view to coming to some understanding.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. McGEER: The honourable member for Grandville (Sir Thomas Chapais) suggested that the name "Confederation Day" would be more acceptable to Quebec than "Dominion Day." I believe that we in other parts of Canada have some responsibility in the matter of reaching a state of unity with our French Canadian brethren.

Hon. Mr. HAIG: Will the honourable gentleman permit an interjection? It has been the practice when we in this house do not like a bill to send a message to the other place saying that we are rejecting the bill, and asking for a conference. They either accede to our request or refuse it. If they accept, the Senate appoints a committee of managers to meet with representatives from

the other place, and they get together and try to iron out the difficulties. This procedure has been adopted twice in my experience.

Hon. Mr. McGEER: To my mind the great future of Canada is to be found in the tourist trade. We have in Quebec and in the French people a touch of the old world. I know of no grander section of our dominion—and I am not forgetting the grandeur of the Rocky Mountains—than I encountered in my travels through Gaspé. I am told that even that magnificent scene, where the mountains reach down into the mighty Atlantic, is not to be compared with the beauty of the scenery in the Lake St. John country and many other parts of Quebec as yet completely unexplored. I have flown over northern Quebec to see a picture of the thousands of lakes spread before me.

We have before us a bill, but we have more than that. We have a pattern that we should like to believe will become the pattern for all the races of the world. Our two races each have their faults and weaknesses; but I am sure that if we strike a balance, we will find that in the people of each race there is far more to be praised, loved and appreciated by the other than there is to be hated and despised.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: Our fathers dreamt of the day when the two races could live together. Is this not the time to seek the road of sympathetic tolerance and good will?

In my varied career I once acted as counsel for the province of British Columbia in an application to the Board of Railway Commissioners for the removal of what we thought was a very vicious discrimination against the people of that province. Because the railway had to cross the mountains to get from the prairies to the Pacific coast we had to pay what was called the mountain differential. We said that in our opinion the mountains were common to confederation, and we did not see why we should suffer that penalty. The problem was intensified a little when our friends from the maritimes came to Ottawa to get a bill passed because of another geographic disadvantage involving a difference in the mileage between Montreal and Saint John and Halifax and the mileage between Montreal and New York. The Dominion Government passed the Maritime Freight Rates Act fixing an arbitrary rate at less than cost, and taxed the whole of Canada—including British Columbia, which already was suffering by reason of a geographical disadvantage—in order to benefit Montreal, Saint John and Halifax.

Hon. Mr. HAIG.

Hon. Mr. DUFF: Why Montreal?

Hon. Mr. McGEER: At the time I speak of the Canadian Pacific Railway was operating almost as a branch line from Calgary to Vancouver to meet the boats from the Orient that carried passengers and silks. We said: "Why cannot grain be shipped to the Pacific coast at the same rate as to Fort William? Our port is open the year round, and boats do not have to be tied up for five months." The objection to our proposal was the mountain grades. Then Mackenzie and Mann came along and built a road through the Yellowhead Pass, where there were no mountain grades, but the mountain differential continued.

The two distinguished representatives of the board who heard the case were the late Mr. Justice McKeown, formerly Chief Justice of the Supreme Court of New Brunswick, and the late Honourable Frank Oliver. They decided in my favour. Three other members of the board who did not hear the evidence in the case announced to the public that they would repudiate the decision of the sitting tribunal. With that invitation the railway appealed. There were then five members of the appeal board and one vacancy, and the government stepped in and appointed a sixth member. I came from British Columbia to appear before a court, three of whose members had declared their intention of voting against me. Two had already voted in my favour, and one was an unknown quantity. The three members of the board who were against me were all from Ontario. The new member was not only from Quebec, but—of all places—from Montreal, where all the power exists. However, when the day of final judgment came the gallant representative from the city of Montreal—a French Canadian who afterwards became Speaker of this house, the Honourable Lieutenant-Colonel Thomas Vien—voted for the rights of British Columbia. The board divided three to three, with the result that grain poured through to the Pacific Ocean and on into the markets of the world.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: May I say that it is not easy to forget an experience of that kind. My relations with the people of the province of Quebec have taught me that the French Canadian is not only an asset to Canada but to the British Empire and the freedom-loving peoples of the world. I hope the day is not far distant when we will come to revere the memory of the fathers of this nation—

Hon. Mr. DUFF: Sir Wilfrid Laurier.

Hon. Mr. McGEER: —not alone because of our power and strength but because we can

offer to the world the kind of lesson it must learn before peace and good will can come to mankind.

Some Hon. SENATORS: Hear, hear.

Hon. IVA C. FALLIS: Honourable senators, after listening to the very eloquent address of the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) it is a brave person who dares to take the floor. One might say that a woman rushes in where angels fear to tread.

Hon. Mr. DUFF: But women are angels.

Some Hon. SENATORS: Oh, oh!

Hon. Mrs. FALLIS: I agree with a great deal of what the honourable senator has said, but with all due respect I beg to differ very sharply with him on some of the remarks in the early part of his speech. Since coming to this house I have always understood that the Senate is an independent body, and that what the members of the other house do or how they vote has nothing whatever to do with the way we think or vote.

Some Hon. SENATORS: Hear, hear.

Hon. Mrs. FALLIS: And if the time should ever come when we as members of this chamber subscribe in practice to the theory enunciated this afternoon—that we should keep one eye on the records of the House of Commons to see how the members have voted there before we cast our vote—then I say to honourable senators that we have become nothing but a rubber stamp for the other house, and there is no longer any justification for our existence.

Some Hon. SENATORS: Hear, hear.

Hon. Mrs. FALLIS: Neither do I accede to the theory that, because the House of Commons passed this measure in one day, its members represent the opinion of the people of this country better than we do. I doubt if many of the members of the other house who voted on the bill had consulted their constituents.

We hear it said in this house over and over again that one of the chief functions of the Senate is to give the people of Canada a chance to think twice. This bill was passed so hurriedly that I do not think the members of the House of Commons gave the people a chance to think even once. In the interval between the passage of the bill over there and the discussion in our chamber there has been an opportunity for the registration of public opinion. That public opinion has been registered in the press is evident, and if the size of my mail is any indication, it has been registered by many protests from city councils, women's organizations and clubs all over the country. Therefore I think that, when it comes to deciding on this bill, the position of the members of this chamber is quite as good as, or perhaps better than that of the members in the other place.

I am sorry to differ so sharply with the member from Vancouver-Burrard, but I feel strongly that we have a perfect right to gauge public opinion by what has happened, and what has been reflected in the press since this bill was passed in the other place. I believe that we should base our votes upon the judgment we form now, and not upon what has happened over there.

Some Hon. SENATORS: Hear, hear.

Hon. Mrs. FALLIS: Aside altogether from considerations of tradition, history and sentiment, which were so ably presented in this house by the honourable senator from Vancouver South (Hon. Mr. Farris) and the honourable senator from Lunenburg (Hon. Mr. Duff), I am opposed to this bill for another reason which I think is one of the chief reasons in the minds of many. I am a Conservative, and perhaps what some might call a "dyed-in-the-wool Conservative", but I am not opposed to the bill simply because it means a change. I am definitely opposed to the name that is suggested—"Canada Day." Some of my reasons for this have already been expressed by the honourable senator from Sorel (Hon. Mr. David), the honourable senator from The Laurentides (Hon. Mr. Bouchard) and the honourable senator from Winnipeg (Hon. Mr. Haig). These honourable gentlemen said that to those who live in Canada and love it, every day is Canada Day. To that view I fully subscribe. For our national holiday we want a name that has some special significance.

The honourable senator from Vancouver South (Hon. Mr. Farris) pointed out how inappropriate would be a change in the name of the national holiday of the United States from "Independence Day" to "America Day". Having some Irish blood in my veins, I happened to think of St. Patrick's Day. I am quite sure that if it were possible for St. Patrick to come back to Ireland today, a great many people there, because of deep religious convictions or for some other reason, would not even be on speaking terms with him. Yet no one would seriously suggest changing the name of Ireland's national day on that account, for down through the years the day has become associated with a wealth of tradition and sentiment. And, I repeat, we in this country want for our national day a name that has special significance.

For this reason, and others expressed by previous speakers, I am opposed to the bill.

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

The Senate adjourned until Monday, May 20, at 8 p.m.

THE SENATE

Monday, May 20, 1946.

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

Prayers and routine proceedings.

CANADIAN CITIZENSHIP BILL

FIRST READING

A message was received from the House of Commons with Bill 7, an Act respecting citizenship, nationality, naturalization and status of aliens.

The bill was read the first time.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE moved the third reading of the following bills:

Bill C5 an Act for the relief of Edith May Hort Search.

Bill D5, an Act for the relief of Alexander Thompson Powell Scott.

Bill E5, an Act for the relief of Frances Eleanor Miller Foster.

Bill F5, an Act for the relief of Mary Kathleen Maloney Rassie.

Bill G5, an Act for the relief of Mildred Florence Rooke Cochrane.

Bill H5, an Act for the relief of Eileene Ruby Aspell Stinson.

Bill I5, an Act for the relief of Edna Bookalam Howick.

Bill J5, an Act for the relief of Berthe Alice Cardinal Reid.

Bill K5, an Act for the relief of Elizabeth Jean Warden Leupold.

The motion was agreed to, and the bills were read the third time, and passed, on division.

NAVIGABLE WATERS' PROTECTION BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 9, an act to amend the Navigable Waters' Protection Act.

Hon. Mr. FALLIS.

He said: Honourable senators, I have asked the honourable senator from Thunder Bay (Hon. Mr. Paterson) to explain the bill.

Hon. NORMAN McL. PATERSON: Honourable senators, the amendments proposed in Bill 9 is to substitute, in subsection 2 of section 5 of the Navigable Waters' Protection Act, the words "one thousand nine hundred and thirty eight" for the words "one thousand nine hundred and eighteen".

The section as it stands at present reads:

The Governor in Council may approve of works constructed, or in process of construction, on the first day of June, one thousand nine hundred and eighteen, subject to the provisions of section seven hereof, and such approval shall have the same effect as approval of works to be constructed.

Section 7 reads:

The local authority, company or person proposing to construct any work in navigable waters, for which no sufficient sanction otherwise exists, may deposit the plans thereof and a description of the proposed site with the Minister of Public Works, and a duplicate of each in the office of the registrar of deeds for the district, county or province in which such work is proposed to be constructed, and may apply to the Governor in Council for approval thereof.

The Navigable Waters' Protection Act was passed in 1886 for reasons of security and defence purposes, to ensure that there were no obstacles or impediments to navigation in navigable waters. The act has not been amended very often since 1886, but on a few occasions parliament has approved the change of the date in subsection 2 of section 5.

Since 1918 certain works have been undertaken without authority, and the department is unable to legalize them under the act as it stands. I understand that a general case that might come to the attention of the department is one in which someone, through ignorance, puts up some works without applying for approval of the site or the plans, and later on the works are transferred to other parties who request approval of the site and works. The Governor in Council cannot give approval of these works, because subsection 2 of section 5 fixes June 1, 1918, as the date on which the Governor in Council may approve of works constructed or in process of construction. Under the amendment any work constructed prior to June 1, 1938, may, if the Governor in Council approves the site and plans, be approved under section 5, subsection 2 of the act.

A more specific case could be cited in connection with certain hydro electric power developments on the North river in the province of Quebec. These works were developed by a man named Wilson, about 1923 or 1924. Later on the works were sold to a concern which sold its rights in 1928 to

the Gatineau Power Company. When this company applied to the department it was found that approval of these works could not be granted. If the amendment is adopted, this case would be met.

The sole object of the bill is to change the date from June 1, 1918, to June 1, 1938.

Hon. Mr. LEGER: Honourable senators, can the honourable gentleman explain why the act is to be brought up only to 1938? I should think his argument would apply just as strongly to any works built since 1938. If the bill is passed in its present form, any works built since then would be under the same disability that the bill seeks to remove with respect to works built between 1918 and 1938. It seems to me that while we are amending the act we may as well bring it up to date, and not leave a gap over the last seven or eight years.

Hon. Mr. PATERSON: A similar question was put to the Minister in another place. He was asked why the date has been set at June 1, 1938; why not bring it up to date? The Minister explained that probably this is an arbitrary date. Years ago, in 1926 or 1927, when the act was amended the date was fixed at 1918. Now it is being moved up, and the Minister believes that has been going on since 1886. The officials of the department think June 1, 1938, would be a proper date. I think that question could be better answered in committee.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

FEEDING STUFFS BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 64, an Act to amend the Feeding Stuffs Act, 1937.

He said: Honourable senators, I will ask the honourable gentleman from St. Jean Baptiste (Hon. Mr. Beaubien) to explain the bill.

Hon. A. L. BEAUBIEN: Honourable senators, the purpose of this short bill is to amend the Feeding Stuffs Act of 1937. It has been the practice in some parts of Canada to offer for sale feed in sacks or bags without indicating the weight of the contents. The amendment provides for the bagging or packaging of whole grains at standard content weights, and in this way will afford some protection to purchasers. Certain exemptions are provided for so as not to interfere with dealings between farmers.

Section 2 amends section 14 of the Act by adding the following paragraph:

(dd) Prescribing and limiting the vitamin claims that may be made for any feeding stuff or any ingredients or constituents thereof.

It has been the practice of the manufacturers to claim that their products contain more vitamins than are really necessary according to expert opinion. The amendment will enable the Minister and his officials to regulate the vitamin claims.

The present vitamin regulations apply only to articles which are primarily vitamin A and D supplements, such as cod liver oil or other feeding oils. There is a need and demand to regulate other vitamin products, and also to limit claims to those vitamins and potencies which feeding authorities recognize as necessary supplements to ordinary rations. There is a growing tendency in the marketing of multiple vitamin products to make claims which are misleading to the average feeder, inasmuch as some of the vitamins are adequately supplied without such supplements, or the potencies are insufficient to serve the needed purposes. This is to safeguard the farmer who is purchasing against representations which are not in accordance with the facts.

I think this will enable honourable members to appreciate the purpose of the bill.

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

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

Hon. Mr. ROBERTSON: Next sitting.

YUKON PLACER MINING BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 62, an Act to amend the Yukon Placer Mining Act.

He said: I would ask the honourable senator from Churchill (Hon. Mr. Crerar) to explain this bill.

Hon. T. A. CRERAR: Honourable senators, the Yukon Placer Mining Act is chapter 216 of the Revised Statutes of Canada, 1927. This bill is for the purpose of amending it in two particulars.

The first amendment is to give the Governor in Council power to make regulations for the exemption of members of the armed forces from the provisions of the act respecting forfeiture for non-performance of work, and so

forth, on claims held by them at the time of their enlistment. This exemption was formerly granted by authority of the Order in Council passed under the War Measures Act.

The other amendment is necessary by reason of the improvement in transportation facilities in the Yukon Territory. Gold, whether derived from placer operations or quartz mining, is subject to a royalty. This amendment will strengthen the hands of the police in preventing the smuggling of gold out of the territory. Penalties are provided for violations of the law.

Subsection 4 of section 83 (a) contains a provision which may require some explanation when the bill goes to the Committee on Banking and Commerce. This subsection provides that any peace officer who suspects that a person intends to take gold out of the country without paying royalty may search such person without a warrant. Honourable members will readily appreciate the difficulty a peace officer might have in going fifty or a hundred miles to get a search warrant. Of course on his return he would find the suspected person had disappeared.

Hon. A. D. McRAE: I do not think any of us will question the first part of the bill, which extends to men discharged from the services freedom from assessment work and assessment duties on their mining claims during their period of service and for one year thereafter.

With respect to the subsection permitting search without a warrant, my familiarity with Yukon Territory convinces me there is no other practical way of dealing with the difficulty. The Yukon Territory is a far-flung country and settlement is very sparse. As a consequence, peace officers would frequently have to travel two or three hundred miles to secure a warrant from a police magistrate, and by the time they had done this and returned, the suspect would be far away. Furthermore, new methods of transportation, the airplane and that sort of thing, now enable people to get out of the coutnry very rapidly. In my opinion the bill proposes the only practical way of meeting the situation.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: At the suggestion of the honourable senator from Churchill, I move that the 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.

YUKON QUARTZ MINING BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 61, an act to amend the Yukon Quartz Mining Act.

He said: Honourable senators, I would ask the honourable senator from Churchill to explain this bill.

Hon. T. A. CRERAR: Honourable senators, this bill has to do with quartz mining, and is in some respects a companion measure to the Yukon Placer Mining Bill which I explained a few moments ago. Like that bill, it authorizes the Governor in Council to make regulations exempting members of the armed forces from the forfeiture provisions of the act.

There are also one or two further amendments of some importance. Under the act, as it stands, a prospector may go out into unknown territory and stake a claim. Also, if he satisfies the recorder as to certain matters, he is allowed to act as attorney for two other individuals, and to stake a claim for each of them. This imposes a considerable handicap on the development of claims. A prospector may be hundreds of miles from the recorder's office when he finds a prospect upon which he desires to locate. He then has to return and record his location, and he is not allowed to file on another location for twenty days. If in the meantime word has gone around, others may stake claims immediately adjoining his. I think it is reasonable to believe that this practice handicaps development.

It is proposed to amend the act so that a prospector who finds a strike of ore, as it is called, may immediately locate—for himself, or under power of attorney for others—eight claims along that strike. I think it is reasonable to expect that this will help in the securing of capital for development.

Hon. Mr. HAIG: How large is a claim, may I ask?

Hon. Mr. HARMER: Fifteen hundred feet.

Hon. Mr. CRERAR: The thought which I am endeavouring to convey to this house is that a prospector who has several claims together is in a better position to attract capital for development.

Hon. Mr. LEGER: Does the amendment increase the number of claims by six?

Hon. Mr. CRERAR: The prospector has been allowed to stake one claim for himself and one each for two other persons, by power

of attorney. It is now proposed that he be permitted to stake up to eight claims for himself, or for others.

Hon. Mr. LEGER: That represents an increase.

Hon. Mr. CRERAR: That increase is proposed for the purposes which I have just stated.

There are a few amendments to subsequent sections which bring those sections into line with the proposed changes.

Hon. A. D. McRAE: Honourable senators, I wish to endorse what the honourable senator from Churchill (Hon. Mr. Crerar) has said with respect to this bill. I believe the situation to be a trifle worse than he has described it. For instance, a prospector who stakes one claim for himself and who wishes to stake claims for two other persons by power of attorney, must make an affidavit that he paid the travelling costs of those persons to the location. I am advised that had it not been for the leniency shown by the recorder, the act would have been entirely unworkable in the Yukon. Certainly three claims are not of much use in quartz mining, particularly in that far-flung country where undertakings are expensive and the prospector must have a sufficient area to at least promise the development of a large mine. I believe that this bill has been introduced at the request of the prospectors in the Yukon territory.

In my opinion the bill should not be referred to a committee, because it involves only the question of whether we are going to give the prospectors the right to stake claims on a practical basis, and with some hope of finding a mine.

The motion was agreed to and the bill was read the second time.

The Hon. the SPEAKER: When shall the bill be read a third time?

Hon. Mr. McRAE: Now.

Hon. Mr. ROBERTSON: Next sitting.

CANADA DAY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, May 16, the adjourned debate on the motion of Hon. Mr. Foster for the second reading of Bill 8, an act respecting Canada Day.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I should like to pay tribute to the honourable senator for Rigaud (Hon. Mr. Dupuis) for the kind way in which he introduced his remarks on this measure two or three days ago. He said:

> I shall endeavour to approach the subject in a friendly manner, and with the greatest respect for the opinions of others, even though those opinions are repugnant to my understanding of policy in this country.

That, honourable senators, is the spirit in which we should approach all questions of national importance. I hope that the same tolerance will be extended to me in the few imperfect remarks which I propose to make this evening, and that I shall be able to emulate the spirit in which my honourable friend began his address. I say that particularly because I wish to refer to something that was said last Thursday by the honourable gentleman from Vancouver-Burrard (Hon. Mr. McGeer). He made references to certain opinions expressed in another place, and there was some sharp criticism of his remarks. His Honour the Speaker ruled them to be in order, and while I agree with the criticism I think the Speaker's ruling perhaps ends the discussion. There was one remark, however, with which I feel I ought to take issue. It will be found in the Senate Hansard, on page 289:

> If I were the father of this bill in the other place, and it were killed here, I would move to have the Senate made an elective assembly.

May I say at once that that does not frighten me in the least.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: No doubt there are reasons on both sides—certainly there would be arguments advanced on both sides—of the question whether or not the Senate should be made an elective assembly, or even whether it should be abolished. That would be a matter of public concern, to be brought forward, as should all public questions, in the interests of the Dominion of Canada; and I take objection to any suggestion that my vote here shall be influenced by any consideration that if I vote one way the Senate will be abolished or made elective, and that if I vote the other way I might somehow protect my position. I think we in the Senate should be particularly careful in remarks of that kind. Were a proposal to abolish the Senate or to make it elective being really considered by the people of Canada, we would probably stand aside and say to them, "Do whatever you think wise in this measure, without any consideration for us." Our personal interests would not play a part in their decision.

Having made that reservation—and I feel sure the honourable senator will agree with what I have said—I approach the bill itself. And let me say here, lest because of the

remarks I shall make there be any misunderstanding of my position, that I intend to vote against this bill. I take that position because if we are to change the name of this holiday, which has become embedded in the memory and in the language of all our people individually, I think there had better be first a period of advocacy, so that the change, if it is to be made, shall have the backing of a considerable section of public opinion. That is an advantage which the bill does not now possess, unless it be in the French-speaking sections of our country, as to which I cannot speak with any degree of authority. I have found that, largely because of the way it has been advanced, the proposed change is very unpopular in the province of Ontario. Perhaps only slight indications of public opinion come to anyone, but my own mail has been preponderantly against the bill. Some few people speak for it, but for the most part my friends and correspondents are opposed to it; and I notice that it is almost unanimously opposed in the press.

There may be reasons for that, entirely aside from the merits or demerits of the proposal. In the first place, I would call the attention of the sponsors of the bill to the very sudden way in which it was sprung upon the people of my province. Without any prior advocacy, without even knowledge by most people that such a change was in contemplation, the bill came as a complete surprise to the province of Ontario; and that surprise was intensified by the almost indecent haste with which the bill was sent forward in another place, where it was given the first and second readings at a single sitting, in one day. I realize that that is entirely aside from the merits or demerits of the proposal, but I submit to honourable senators that it is sufficient ground for rejection of the bill in this chamber, in order that those advocating the change may have an opportunity of explaining it to people in other provinces than their own, and generally to their fellow-citizens, with a view to securing the concurrence of at least those people who might be expected to support a measure which undoubtedly was intended to promote the Canadian spirit. For that reason I suggest that this house might very well consider a period of delay for the bill, and that a delay of one, two or even three years might be salutary and in order.

But while I intend to vote for this measure of delay, so there may be further explanation and discussion, I am not able to find in the bill that degree of sinister purpose implied by some of the remarks of those who oppose it; neither can I see anything sinister in the intention of those who have presented it. I myself prefer to discuss a measure of this nature strictly on its merits, without animus or suspicion. That goes almost without saying.

The honourable senator from Vancouver South (Hon. Mr. Farris) stated that names and memories are closely associated, and he saw something wrong in the revocation of the consecration of the name of a holiday which was adopted in 1879—one year after he was born. Well, it seems that he and I were born in the same year. So I too am old enough to sympathize with those who attach a sentimental value to things, that are old, because they have become used to them and like them. If there is such a sentimental value attached to Dominion Day, then, honourable senators, I suggest it should be respected.

The honourable senator also said that the burden of proof rests heavily upon those who propose the change. That argument of course is sound. On the other hand, I submit there is a limit to how far we should permit our sympathetic attachment to things, just because they are old, to influence us against change. Far too many consecrated absurdities have held their place in the world, only because the adult has silenced the objections of the child. This attitude, if maintained, would pretty well abolish progress. I once heard a citizen say that because he hated change of all kinds he could not bear to see cobwebs swept out of corners. To my mind, he was an ideal conservative.

Hon. Mr. DUFF: A man or a woman?

Hon. Mr. ROEBUCK: Oh, a man.

Hon. Mr. DUFF: I thought so.

Hon. Mr. ROEBUCK: Of course. An inordinate deference to sentimental attachments to the old and outmoded would stall progress and put the mossbacks in control. So there is a very definite limit on how far we should go in clinging to things that have gone by. The honourable senator from Lunenburg (Hon. Mr. Duff), who is smiling at me from across the way, says that he cannot see any reason for this change.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. ROEBUCK: Well, neither can I.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. ROEBUCK: That is why I shall vote against the bill. There is no real need, no urgency for immediate action, and every reason why we should give time for thought and consideration in an effort to bring about greater unanimity among our own people with regard to the bill.

But when the honourable senator from Lunenburg says that this bill would knock out the supports from under the house—well, I cannot go that far with him. Nor can I agree with people, more English than the King of England, who find in every constitutional change which we propose some sinister plot to cut the cords which bind Canada to the British Empire. We have made all our constitutional progress in the face of colonially-minded people of that kind. Notwithstanding the tremendous contributions which we made in the course of the last war, when, goodness knows, we paid with blood and treasure to cement the bonds of empire, there are still those who fear that this domestic measure to merely change the name of a holiday will "bust up" the British Empire. It seems to me, honourable members, that the great British commonwealth of nations is built of sterner stuff than to be influenced by small things of this kind.

I believe in the association of the British commonwealth of nations, the first successful league of nations in the history of the world, a league of nations whose members have found it possible to get along without undue quarrelling. True, at times there have been clashes of opinion, but these have always been resolved by consideration and discussion, and in a friendly and sympathetic spirit. It is a grand association of friendly nations in which we play a part. We are bound together not by rules of law, but rather by sympathetic understanding and good will.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: My father's family was English, my mother's Irish. That is a good mixture, is it not? I myself am of the fourth generation of those who have called Canada home. So I feel that I am qualified to speak as a Canadian—not perhaps with the long vista of years that lie behind some of my Canadian fellow-citizens, but with ancestral background sufficient at least to justify me in saying that I am above all things a Canadian. In that capacity I am free to admit that we in Canada owe much to the British race.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. ROEBUCK: The traditions of constitutional government, of biblical morality, of a great literature, of industrial and commercial development, are among the blessings which we have received from our British forefathers. But, honourable senators, I should like respectfully to point out that we should distinguish between what we owe to the generations of the past and what those of this generation who live in Canada owe to that section of this generation which still remains in England. The things that I have mentioned are our common inheritance from the past, to which we in Canada are as much entitled, and to which I personally am as much entitled, as are our cousins who still live in England. To the generations of the past we owe a debt of gratitude never to be repaid, and which we acknowledge with affectionate regard and respect. In this there can be no accounting. But as between the two sections of the present generation it is quite another matter. Here too there can be no ledger account as between us, nor is one desirable. There would be many, many entries on both sides of such a ledger, and it would serve no real purpose, in fact it would be objectionable, and I for one would not be greatly interested in whatever balance the books might show. But, on the other hand, after what I have seen of two great wars and several minor ones, I am not prepared to admit today that the balance is against us. I am ready to cry quits and to acknowledge that each owes to the other a debt of sympathetic understanding, of friendly co-operation and mutual respect—nothing else. So I suggest that dragging into a debate, here and in the press, on a purely domestic question of small moment, the changing of the mere name of a holiday, what we owe to England, is out of place and, to say the least, not at all helpful.

Now, the proposal to change the name from Dominion Day to Canada Day is, I feel, an assertion of Canadianism. That is what lies behind it. In that assertion I find some grounds for sympathy. I like it because I am a Canadian—and an aggressive Canadian at that. For a quarrelsome or an arrogant national spirit I have no sympathy. It is not desirable in Canada any more than it is desirable elsewhere. The world should be growing out of exaggerated national loyalties, and certainly out of international jealousies; and, in my judgment, should be moving towards world government and the rule of law. That is the direction in which we in Canada should be moving. We should be developing a broader loyalty towards the whole human race in support of a world government as the only possible means by which we can prevent a recurrence of the wars that have devastated this world in the past. I have no use, and I think you will agree with me, honourable senators, for the bellicose spirit of jealous, narrow-minded and quarrelsome nationalities that have embroiled this world in war after war as far back as recorded history.

I do not wish Canadianism to take that form or anything similar to it. I should like to see us in Canada developing a still more

generous communal spirit among ourselves, and above all I should like to see my fellow citizens gradually outgrowing that inferiority complex which we have inherited from colonial days. I prefer the assertion of our rights and our dignity of nationhood. For this reason I would be inclined to agree with the honourable senator from Rigaud (Hon. Mr. Dupuis) who suggested that we strike "Dominion" out of some of our statutes. I would rather like to see it struck out of the British North America Act. I would, as he suggested, substitute for it the word "nation". Instead of saying that the former provinces shall form "one dominion under the name of Canada", I should like to substitute the words, "one nation under the name of Canada".

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: I have in my hand a resolution prepared by that excellent organization, the Independent Order of the Daughters of the Empire.

Hon. Mr. FARRIS: The Imperial Order of the Daughters of the Empire.

Hon. Mr. McRAE: They are both.

Hon. Mr. ROEBUCK: I beg your pardon. They may be more imperial than they are independent; however, I give them greetings and my respects. The resolution is addressed to "all members of the Senate" and paragraph 5 reads as follows:

> Whereas the term dominion clearly indicates the status of Canada as a free, self-governing nation among the other dominions of the British commonwealth of nations,—

I call attention of honourable senators to the fact that they speak of Canada as a self-governing nation—and I emphasize the word "nation"—which of course it is. But does the term "dominion" mean a self-governing and altogether autonomous nation? While I was considering that question I picked up the dictionary that lies on my secretary's desk. It is called "The Winston Dictionary", published by the John C. Winston Company of Philadelphia, and is on the desks of many thousands of secretaries in the United States, Canada and elsewhere. I looked up the word "dominion" and found the same definition that was quoted by the honourable senator from Rigaud (Hon. Mr. Dupuis). It gives this meaning:

> Dominion: a territory or a country with a high degree of local authority, but subject to the control of another government; as, the Dominion of Canada.

Gentlemen, that may not be a correct definition of the word "dominion".

Hon. Mr. DUFF: Change the dictionary.

Hon. Mr. ROEBUCK: Perhaps it is a good idea when you do not like a book to get another one; but unfortunately, it is not possible to obliterate the many thousands of copies of that dictionary which occupy space on the desks and in the homes of people all over the United States, Canada and elsewhere. Moreover, this book is not exclusive in its interpretation of the word "dominion". Webster's dictionary gives this definition:

> —a country considered as subject; as the dominions of a king.

I draw attention to the word "subject". If a country is called a dominion there must be someone who holds dominion over it. The word is open to misunderstanding and misinterpretation by all the varying peoples of the world. Funk and Wagnall's dictionary defines the word "dominion" as follows:

> A country under a particular government; often in the plural; as the Papal dominions.

In none of these definitions is there the thought of a nation, autonomous and free; but rather a nation—as in the first definition I gave—with a high degree of autonomy but subject to the domination of someone else. So, gentlemen, I do not like the word "dominion" because it is not thoroughly expressive of conditions as they are in Canada today.

The honourable senator from Vancouver South (Hon. Mr. Farris) said the word dominion was used because it was descriptive of the country being born. It is quite true that the word was highly descriptive of Canada in 1867. But, gentlemen, if it rightly described the constitution we enjoyed at that time, it cannot correctly describe the constitution we have today, because the one is far different from the other. I think the people of Canada have tolerated the use of the word dominion because they have failed to realize the constitutional progress that has been made since Confederation.

If honourable senators will bear with me I shall mention some of the outstanding points in the progress we have made during the last seventy or eighty years. When the British North America Act was adopted it did not give to Canada the complete local, domestic or external autonomy which is enjoyed today. In the first instance, the Act of Confederation was an act of the Imperial Parliament, which retained the right of amendment, and even the right of abolition of the act, should the Imperial Parliament see fit. The Parliament of Canada set up by the British North America Act was, in the very nature of things, subordinate to the parliament by which it had been created.

In the second place, the Colonial Laws Validity Act was in force at that time, and laws passed by the Imperial Parliament which were intended to apply to Canada remained in force, or came into force when they were enacted. Laws passed by our dominion and provincial parliaments, if held by the courts to be repugnant—that was the word used—to Imperial legislation were, under the Colonial Laws Validity Act, held to be invalid. At that time the Parliament of Canada was a very secondary legislative hall, and its acts were subject to a superior power across the sea.

In the third instance, the Governor-General was appointed by the Crown on the advice, not of his Canadian ministers but of the British Government. The Queen and her representatives were given the power of veto over Canadian legislation—a power which was exercised. The Canadian parliament at that time was indeed an inferior parliament, subject to the supervision of authorities abroad.

When confederation was accomplished Canada had no treaty-making powers. Her foreign relations were reserved as the right of the British Foreign Office in London; and even in negotiations in which Canada's interests were involved, the discussions were carried on by Imperial statesmen, although on some occasions they did have the grace to permit a Canadian representative to accompany them, provided he knew his place and kept his mouth shut. Gentlemen, we have travelled a long, long way since then.

The Commander-in-Chief of the Canadian armed forces was at that time appointed by the government in London, and was empowered to deal with the administration of military affairs in Canada. And for this the Canadian taxpayer was called upon to pay. Canada's highest court of appeal at that time, both in criminal and civil jurisdictions, was appointed by the Chancellor in Great Britain. This is true today, only because we have voluntarily tolerated such a situation. But the jurisdiction of that court has been considerably curtailed; I should not be surprised if in a very few years the venerable wigs were knocked off entirely.

Up until the present moment the flag of Canada has been—I hope it will not long remain—the combined Jacks of England, Scotland and Ireland, with no suggestion of Canada.

Finally, the national anthem of Canada was "God Save The King"—of England.

Hon. Mr. HORNER: The King of Canada as well.

Hon. Mr. ROEBUCK: The King of Canada now. Today, we sing with whole-souled loyalty, the national anthem of "God Save The King" because we are singing God save the King of Canada as well as God save the King of the Empire at large.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: The King of whom we sing in our national anthem, and for whose life and prosperity we pray, is the King of Canada.

Hon. Mr. DUFF: That is quite right.

Hon. Mr. ROEBUCK: The same individual may also be the King of England, but we now sing praises to the King of Canada, and not as we once did to the King of England.

Canada, by a countless series of self-respecting assertions of the kind that one will find in this bill, has improved that situation until she is a thoroughly grounded nation in her own right, able to look everybody in the face and to extend to England and to all the rest of the dominions of the British Commonwealth the hand of loyalty, welcome, fellowship and equality.

Hon. Mr. HORNER: We are able to do that because we did the other things.

Hon. Mr. ROEBUCK: That may be so. And just here may I go along with the honourable gentleman. I think it is highly to the credit of this Dominion of Canada, and equally to the credit of the statesmanship of those who sat in authority in Westminster, that the development which I have indicated has been brought about by peaceful means. No shot has been fired between us, and as a matter of fact very little animus has been shown at any time; but by friendly co-operation and understanding we have gradually developed from the status of a Dominion, as we were in 1867, until we have emerged today in the status of a nation.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: May I ask the honourable gentleman a question? Do we lack anything of nationhood as compared with that, say of the United States?

Hon. Mr. ROEBUCK: Do we now lack anything of nationhood?

Hon. Mr. HAIG: Yes.

Hon. Mr. ROEBUCK: In my judgment we do not. We are free and autonomous.

Hon. Mr. HAIG: Then we, like the United States, can amend our constitution?

Hon. Mr. ROEBUCK: We ought to be able to do so, and in fact we can. We can amend our constitution, and we do it regularly: not in form, but in substance and in fact. A resolution is passed by our two houses of parliament; it goes across the ocean and as a matter of form it is agreed to by the Imperial Parliament. That has been done so far without question. If any such resolution in some way infringed the rights of the provinces, the British statesmen then might demur and ask us to reconsider. So far they have never done so, and any restrictions upon our autonomy in that regard are theoretical and not practical. We are a free—and independent, if you like to use the word, although it has implications that are unnecessary—a free, autonomous, grown-up, adult nation.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: I sympathize with those who have brought forward this measure, because it is their hope to bring our phraseology into keeping with facts as they have developed. I sympathize with their purpose, and I fancy that if they will keep on discussing it, ironing out difficulties and objections, they will in due season have their way.

I was about to speak of that development which took place following the passing of the British North America Act, with its very marked limitations upon Canada's status as a nation. In 1867 Canada was not a nation, but a dominion. Our statesmen, by countless acts of self-respecting assertion, have gradually, peacefully and wisely developed our status to the point where it is today. Sir Wilfrid Laurier played his part when, at the time of the Queen's Jubilee, he conducted negotiations between Canada and France, for the first time in our history. Sir Robert Borden certainly played his part when he insisted upon putting Canada's name to the Treaty of Versailles. Mr. King has undoubtedly played his part in a thousand different ways, too recent to specify particularly. And, finally, the situation culminated in that great charter of Canadian liberty and self-respect which was passed at the Imperial Conference of 1926, under the chairmanship of Lord Balfour, in which the component parts of the Commonwealth were declared to be:

> —autonomous communities within the British Empire, equal in status, in no way subordinate one to the other in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown and freely associated as members of the British Commonwealth of Nations.

That is the charter of our land. It is fine phraseology, which should be memorized by every child who is educated in a Canadian school. Let every child be taught love of country and respect and admiration for the strength, the breadth and the deeds of this nation. I am a Canadian. I am not an aggressive Canadian in the sense of being quarrelsome with or objectionable to other peoples, for I would be friendly with them all. I am glad that we are discarding that inferiority which is the heritage of a colonial status, and I should like to see us realizing more fully in the future than we have in the past the dignity of our position as a nation.

So I sympathize thoroughly with those who have proposed this measure; but I say to them that in view of the rapidity with which it has been brought forward, the handling which it has received in one of our halls of parliament, and under these circumstances its unpopularity in the province from which I come, it would be better and wiser for us as a legislature to bring about at least some period of delay. For that reason I propose to vote against the bill.

Hon. A. L. BEAUBIEN: May I ask the honourable gentleman a question?

Hon. Mr. ROEBUCK: Certainly.

Hon. Mr. BEAUBIEN: At the outset of his remarks he said he was against this measure, whose object is to change the name of our national holiday from "Dominion Day" to "Canada Day." Yet he has left me under the impression that he is very much in favour of all those changes which have taken place since 1867, and which he has been enumerating for the last half hour. I cannot reconcile his approval of all those changes with his opposition to the change of one word.

Hon. Mr. LACASSE: That is not a question; that is the subject of a long speech.

Hon. Mr. ROEBUCK: As the honourable gentleman says, that was the subject of my speech. While I sympathize with the proposed change and see the reasons that have been advanced for it, I am of the impression that we who wish to make progress in matters Canadian should hold our hand at the moment until a greater advocacy has carried the day. In the course of my remarks I have said many things which I think should be repeated in the province of Ontario, so that when this measure comes before us a second time—as it will, and I hope in perhaps a slightly different form—it may be carried unanimously.

Hon. GUSTAVE LACASSE: Honourable senators, to ease the minds of my colleagues I will say that I intend to hold the floor for only about fifteen minutes this evening, and then adjourn the debate until tomorrow.

An Hon. SENATOR: Go ahead.

Hon. Mr. LACASSE: I could hold the floor for about five hours, if I were allowed, but I do not want to impose myself on the house at length right now.

Hon. Mr. HORNER: Go right ahead tonight.

Hon. Mr. LACASSE: I am just indicating in an indirect way how much more can be said in favour of the bill than so far has been said against it.

Evidently, honourable senators, since the proposal to change one single word in the statutes of Canada is causing such a commotion on this otherwise beautiful and very serene hill of parliament, not enough oil was spread over the angry waves of our stormy seas during the many weeks of debate on oleomargine. I recall that in the first comments published in many Canadian newspapers upon the debate on this issue in another place, there occurred such expressions as "a tempest in a teapot"—that was not very new, but rather worn out; I mean the expression, not the pot—"nothing but piffle," and "a silly bill," which last term has since been glorified in this house. Why is a so-called "bagatelle" now causing such a sensational and noisy discussion? I am confident that my humble remarks will answer that question, if not tonight, tomorrow.

When this bill No. 8 reached the Senate, after its mysterious wanderings between the two houses, its fate looked very gloomy indeed. Nobody seemed over-anxious to pick up the orphan child left on our door-step, although it had been richly wrapped in an imposing majority before being brought here in the thick of night. I myself was almost convinced, right then and there, that we might never see the dawn of "Canada Day." Fortunately, a good Samaritan went to the rescue of the freezing child, picked it up tenderly, pressed it to his fatherly bosom and placed it where it belonged. That good man was our honourable colleague from Saint John (Hon. Mr. Foster), who never before, I am sure, had justified his name to such a glorious extent.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. LACASSE: But how fared his adopted son from then on? That I shall endeavour to describe as briefly as possible—if not tonight, then tomorrow.

Hon. Mr. HORNER: Never put off until tomorrow what you can do today.

An Hon. SENATOR: The night is quite young.

Hon. Mr. LACASSE: Of course, we cannot all "say it with sugar", like my honourable friend from Kennebec (Hon. Mr. Vaillancourt) but I will honestly try to refrain from using harsh words to express my indignation over the ruthless treatment to which, at times, the poor little one was subjected. I shall not follow the example of some honourable members and quote from the Sacred Book, for fear that my words should be taken for Gospel truth—a presumption that might not be justified in this Gothic chamber.

I said a moment ago that this bill had all the appearance of a still-born baby when it came to us. My honourable friend from Lincoln (Hon. Mr. Bench) volunteered to allay my apprehension and alluded pathetically to the fate of certain captured persons in Europe who are accused of war crimes. He said:

> The reports say they will most certainly be given a fair trial . . . and also that they most certainly will be shot.

May I suggest to my legal friend the following inscription over the lofty entrance of certain courts—and even houses of parliament:

> Know ye who enter this abode that this tribunal is impartial, but that, because of its human frailty, or deep-rooted prejudices, it is sometimes not quite impartial. Ye therefore who are already flirting with the executioner's axe, trust your luck more than your lawyer.

In other words, it is the "morituri te salutamus" of ancient Roman days. I hope the most distinguished member of the Canadian Bar does not so far despair of human justice and fair trial. If he does, I plead guilty of contempt of court on his behalf. Irrespective of it all, however, I do not feel today as pessimistic as I then did over the possible "dawn of Canada Day."

I now leave it to honourable members to express their opinion as to whether I should proceed or not.

Some Hon. SENATORS: Go ahead.

Hon. Mr. LACASSE: Before I move adjournment of the debate I should like to clarify an aspect of the bill because it will apply to what has been stated by my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) and while the expression is fresh in everybody's memory I may as well tackle it.

Even before my honourable friend referred to the suddenness and haste, made more emphatic by adding indecent, with which the measure was carried in another place, much along the same lines had already been said in this debate. So far as suddenness and haste are concerned, may I with the indulgence of the house quote, the opinion of a former Deputy Speaker of the other house, taken, not from a speech he delivered there but from

a letter he wrote on that very issue? Before quoting the letter I want to make it clear to all concerned that although I am not a lawyer I claim to know enough about parliamentary procedure to pronounce that this is not a private bill; it is a public bill. According to parliamentary rules and practice there are three kinds of bills—government bills, private members' public bills, and private bills sponsored by private members. Am I right or am I wrong? I submit that this is a public bill, moved, presented and sponsored by a private member. It is absolutely wrong to call it, either in the press or in the house, a private bill. I want to make that plain. It is emphasized in this letter which appeared in Saturday Night of April 27 last. I think it is important that it be placed on Hansard in order to answer the question at issue. This is the letter:

I was highly surprised at the heat and the irrelevancies that permeated your (S.N. April 13) article entitled "Let's Keep Dominion Day."

It is not really my intention of discussing the merits or the demerits of Bill No. 7, an Act respecting Canada Day, presented by Mr. Philéas Côté, M.P. for Matapédia-Matane, P.Q., but I would like, however, to discuss and rectify some of the comments that you wrote about this question.

You make the following statement: "One of these times was when we learned that the House of Commons after an hour or two of debate and without a word of previous notice has decided to change the name of Dominion Day to Canada Day." The facts are as follows: The promoter of this bill had to follow all the necessary proceedings on public bills, which are covered by standing order 69 of Beauchesne's Parliamentary Rules & Forms, second edition, which reads as follows: "Every bill is introduced upon motion for leave, specifying the title of the bill; or upon motion to appoint a committee to prepare and bring it in. Citation 736—Every member who wishes to introduce a bill must give eight hours' notice, which appears in the Votes and Proceedings and on the Orders of the Day."

This was fully done and in fact its introduction was placed on the Votes and Proceedings at the very beginning of this session.

I would direct the attention of honourable members to those words, "at the very beginning of this session."

It had its first reading on March 27 and its second and third readings on April 2, so that all the necessary notices that are required were fully complied with. As for its deliberations, it took nearly a full day of the time of the house, so no one could argue that it was rushed through. And you write as follows: "Is it precisely democratic to set about the job by sneaking in private bills—

Again "private bills", which is wrong.

—to delete the official uses of the terms one by one?" The writer should know that the bill was not a private bill, but a public bill presented by a private member, and so that this point will be well understood, I will cite citation 741 of S.O. 69 of Beauchesne. "A public bill is introduced as a measure of public policy in which the whole community is interested and originates on the motion of some member of the house in which the bill is introduced."

In the second last paragraph, you seem to make the wish that this bill will not be passed by the Senate. The Senate has "a gorgeous opportunity to insist that this business shall not be rushed through by a snap vote,—

This apparently will not take place here.

—in total defiance of one of the most vital rules of parliamentary procedure," that "only in the case of the most urgent emergency is a bill put through all three readings at one session." This is the most startling statement of the whole article. I don't know of any such parliamentary procedure, and I am positive that the writer could not show it to me either. So that such procedure will be fully understood I will quote S.O. 73 of Beauchesne, which fully covers that argument: "Every bill shall receive three several readings on different days, previously to being passed. On urgent or extraordinary occasions, a bill may be read twice or thrice, or advanced two or more stages in one day. Citation 749—It is occasionally the custom to pass bills through their different stages at one and the same sitting. That course, however, is never taken except in cases of extreme urgency and with the general assent of the house. It is for the house to declare whether there is such urgency as to require the rapid passage of a measure; and whenever the sense of the house is to take more than one stage on the same day, the Speaker has permitted it to be done.

I must repeat that all the necessary precautions have been taken, and the parliamentary rules and forms have been strictly followed. Any other actions would have been strongly and diligently dealt with by the members in the House of Commons and would not have been allowed to be proceeded with.

Your editorials and articles are generally so accurate, that I'm sure you would not want to see the inaccuracies that I just mentioned not being rectified.

Ottawa, Ont.

J. A. Bradette, M.P.

The author of that eloquent letter was formerly Deputy Speaker of the House of Commons. I reafirm, honourable senators, that that is not taken from a speech delivered in the other house, but is a letter written to Saturday Night.

On Motion of Hon. Mr. Lacasse the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, May 21, 1946.

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

Prayers and routine proceedings.

NATIONAL RAILWAYS AUDITORS BILL

FIRST READING

A message was received from the House of Commons with Bill 10, an act respecting the appointment of auditors for National Railways.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: On Thursday next.

NATIONAL PARKS (BOUNDARIES) AMENDMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 63, an Act respecting the boundaries of certain national parks.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Thursday next.

CANADIAN NATIONAL RAILWAYS—FUNDED DEBT

INQUIRY

Hon. Mr. HUGESSEN inquired of the Government:

1. (a) What was the total principal amount of the funded debt and loans owed by Canadian National Railways on December 31, in each of the years 1939-1945, inclusive?

(b) How much of such funded debt and loans were payable to the public and to the Dominion of Canada, respectively?

2. For each of the years 1939-1945, inclusive—

(a) What was the total annual interest charge upon the funded debt and loans owed by the Canadian National Railways?

(b) How much of such annual interest charge was payable to the public and to the Dominion of Canada respectively?

(c) What was the average rate of such annual interest charge taken as a whole?

(d) What was the average rate of such annual interest charge payable to the public and the Dominion of Canada respectively?

3. During the years 1939-1945, inclusive, what amount of the funded debt and loans of Canadian National Railways payable in other currencies has been retired, and how much thereof has been replaced by funded debt or loans payable in Canadian currency only?

Hon. Mr. ROBERTSON: The answer to the honourable gentleman's inquiry is as follows:

1. (a)	Funded debt and Government loans
1939	$1,304,492,977
1940	1,313,698,668
1941	1,329,740,186
1942	1,312,072,535
1943	1,281,556,237
1944	1,274,557,777
1945	1,247,381,610

	Payable to	
(b)	Public	Dominion of Canada
1939	$1,259,110,896	$ 45,382,081
1940	1,199,816,334	113,882,334
1941	1,134,394,303	195,345,883
1942	809,216,074	502,656,461
1943	744,232,472	537,323,765
1944	629,453,906	645,103,871
1945	573,179,997	674,201,613

2. (a)	Interest on funded debt and loans
1939	$50,730,543
1940	50,439,487
1941	50,344,989
1942	48,982,152
1943	49,663,044
1944	48,069,639
1945	46,328,142

	Interest payable to	
(b)	Public	Dominion of Canada
1939	$49,814,378	$ 916,165
1940	48,701,524	1,737,963
1941	44,698,227	5,646,763
1942	34,939,558	14,032,634
1943	30,998,196	18,664,848
1944	28,125,938	19,933,701
1945	26,021,784	20,306,358

(c) Average interest rate in Canadian funds

	For whole
1939	4·08
1940	4·06
1941	4·05
1942	4·03
1943	4·07
1944	3·89
1945	3·85

(d) Average interest rate in Canadian funds

	For public	For government
1939	4·13	2·62
1940	4·15	3·15
1941	4·18	3·30
1942	4·42	3·42
1943	4·54	3·42
1944	4·57	3·23
1945	4·69	3·14

Note: The percentages in (c) and (d) allow for the premium on payments in United States funds, the discount on payments in sterling, and for the proportionate amount of discount and issue expense suffered at the time bond issues were made.

3. (a) The amount of funded debt of Canadian National Railways retired, payable in other currencies is, $540,183,274; (b) the amount thereof replaced by funded debt or loans payable in Canadian currency, $421,887,610.

FEEDING STUFFS BILL

REFERRED TO COMMITTEE

On the order:

Third reading of Bill 64, an Act to amend the Feeding Stuffs Act, 1937.

Hon. Mr. ROBERTSON: Honourable senators will recall that we gave second reading to this bill yesterday. Since then the Law Clerk has sent me a memorandum saying he thinks that some of the phraseology in the bill might be improved. Therefore, with leave, I would move that the bill be not now read a third time but that it be referred to the Standing Committee on Banking and Commerce. At the meeting of that committee tomorrow morning there will be an opportunity to consider the Law Clerk's suggestions. Perhaps someone from the department will be present as well.

Hon. Mr. HARDY: Honourable senators, may I ask the honourable leader of the government if this bill might not be more suitably referred to the Standing Committee on Natural Resources? It seems to me that that committee should be given some work to do. I know a similar suggestion was made some years ago when the Right Honourable Mr. Meighen was leading the Senate, and he agreed to it at once. There may be something in this bill dealing with commerce, and if so the appropriate committee would no doubt be the one mentioned by the honourable leader.

Hon. Mr. HAIG: The Committee on Natural Resources is very busy at the present time, conducting the inquiry into metalliferous mines. The bill has to do not with the character of feeding stuffs, but with packaging and labelling.

Hon. Mr. ROBERTSON: I knew that the Committee on Natural Resources was very busy, and I thought action on the bill would be facilitated by a reference to the Banking and Commerce Committee, which is meeting tomorrow morning. The bill is apparently a border-line one that could be appropriately referred to either of the committees mentioned, but unless there is serious objection I should like to have the reference to the Banking and Commerce Committee.

Hon. Mr. HARDY: In view of what the honourable leader has said, I think it is quite right that the reference be to that committee.

The motion was agreed to, and the bill was referred to the Standing Committee on Banking and Commerce.

YUKON QUARTZ MINING BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 61, an Act to amend the Yukon Quartz Mining Act.

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

UNEMPLOYMENT INSURANCE BILL

SECOND READING POSTPONED

On the Order:

Second reading of Bill L5, an Act to amend the Unemployment Insurance Act, 1940.

Hon. Mr. ROBERTSON: Honourable senators, there has been some delay in printing this bill and I shall not be prepared to deal with the second reading stage until Thursday next. Consequently I would ask that the order stand until then.

Hon. Mr. HAIG: Will the bill be distributed by that time?

Hon. Mr. ROBERTSON: I am so advised. The honourable senator from Inkerman (Hon. Mr. Hugessen), whom I have asked to explain the bill, will then be in a position to do so.

Hon. Mr. HAIG: I have no copy of the bill.

Hon. Mr. ROBERTSON: It had to be printed after introduction here.

The Hon. the SPEAKER: The motion stands until Thursday next.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills, which were read the first time:

Bill M5, an Act for the relief of Thomas Bryson Beakes.

Bill N5, an Act for the relief of Lila Edna Page Kennedy.

Bill O5, an Act for the relief of Ernest Crete.

Bill P5, an Act for the relief of Pauline Hellier Kirsch.

Bill Q5, an Act for the relief of Wilfred Fields Benlow.

Bill R5, an Act for the relief of Thomas Allan.

Bill S5, an Act for the relief of Martta Haavisto Aaltonen.

Bill T5, an Act for the relief of Rhona Gertrude Paikowsky Munn.

Bill U5, an Act for the relief of Arthur Joseph Hubbard.

Bill V5, an Act for the relief of Eleanor Hibberd Howe.

Bill W5, an Act for the relief of George Graver.

Bill X5, an Act for the relief of Malcolm Ernest Bigelow.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: Next sitting.

CANADA DAY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Foster for the second reading of Bill 8, an Act respecting Canada Day.

Hon. G. LACASSE: Last night I concentrated most of my remarks with respect to this bill on a description of the mysterious Odyssey of the bill which is at long last before us, and which almost failed to reach our shores. I then made it abundantly clear that this is a public bill and that all concerned, including the press, had been given ample time to study all its aspects and to educate public opinion according to their respective views regarding it. Yes, there was ample time for "a period of advocacy," such as suggested by my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck).

This afternoon I propose to deal with the various reactions, as I observed and recorded them, which this bill, since its rather enthusiastic endorsation by the elective branch of the Parliament of Canada, has provoked on the part of this chamber, on the part of the public, and in the press of Canada. I hope that in so doing I shall convince the house, and even my honourable friend from Toronto-Trinity, that this measure is not quite as unpopular as we have been told. I shall emphasize no more than is necessary the poor spirit of hospitality exhibited by this house when the bill reached us in its normal course, and I shall refrain from describing the "silly discussion"—to use a term honourable members are now fully conversant with—which took place on that occasion.

Leaving that first skirmish behind, I shall now try to analyse and sum up all the arguments advanced by the speakers who have expressed opposition to the name "Canada Day" and I shall endeavour to reply to each of them as effectively as possible. Before proceeding with my summary, I wish to extend my compliments to those who have unreservedly favoured the bill. I have in mind particularly my honourable friend from Saint John (Hon. Mr. Foster). One cannot but admire his courageous and patriotic stand on this matter; and I respectfully add that few of us are as qualified as he is, from the standpoint of personal sorrow, to discuss this issue.

I would emphasize that all the honourable gentlemen who spoke in favour of the bill clearly and definitely stated their views and the way they intend to vote. This cannot be said of most of the speakers who, more or less reluctantly, are opposed to the measure. It is plain to see that most of them do not know on which leg to stand.

We heard first from our honourable friend from Vancouver South (Hon. Mr. Farris). I am sorry I was away when he spoke, but my absence was quite justified since I was attending a ceremony which was much more symbolic of unity than the exhibition this house is now giving—the wedding of my eldest daughter.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LACASSE: All honourable senators will agree that the honourable gentleman is a lawyer and a debater of outstanding ability; they will recall also that he sometimes excels in the art of cutting a bill to pieces, and then voting for it.

We heard from our honourable friend from Lunenburg (Hon. Mr. Duff)—

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. LACASSE: —who attacked the bill from all possible angles and with all the earnestness of a native son of Canada. Though I listened to his remarks attentively, I may say with all due respect that I failed to discover any connection between the adoption of the name "Canada Day" and the safety of the British Crown or the danger of Communism. On that score I should like to refer the honourable gentleman to the very apt replies of his "fellow-sinners", the honourable senators from Vancouver-Burrard (Hon. Mr. McGeer) and Toronto-Trinity (Hon. Mr. Roebuck). This is where consistency in the argument begins—or ends before it begins.

We then heard from the leader opposite (Hon. Mr. Haig) for whom I have always had great respect and a certain admiration—the more so now, since, in the speech he

delivered, he showed more caution and ability than even an admiral displays in avoiding the explosive mines that infest his uncharted course. May I say to the honourable gentleman, however, that on an issue as important as the one we are now discussing, one expects more than an after-dinner speech from a party leader in this house. We are proud to be Canadians, he said. Of course we are, and I challenge him to vote against the bill, if he meant what he said. But the fact is that we do not yet know how he is going to vote, for his concluding remarks were to this effect: I do not want to vote for the bill, and I do not want to hurt the feelings of many of my honourable friends by voting against it. Is there anything clear and definite about that? That is the brand of leadership which the honourable leader is giving to his followers in this house.

As to the most uncalled for remarks of my honourable friend from Parkdale (Hon. Mr. Murdock) I shall say very little, because here again one of his "fellow-sinners", who presumably intends to vote against the bill, has already replied in a very clever, though indirect, manner, by an eloquent eulogy to the outstanding contributions of the French Canadian to the public life of Canada. He could have added that if the number of French Canadian soldiers were calculated on the basis of enlistments throughout the nine provinces of Canada—which for some mysterious reason was never done—the total would compare most favourably with the figure for any other racial group in the country. In passing may I draw the attention of my honourable friend from Parkdale to the too-easily-forgotten fact that this bill was seconded in the other place by a member who represents a constituency very close to his own senatorial division, in the heart of Ontario; and that it is jointly sponsored in this house, not by two senators from Quebec, but by one from New Brunswick and one from his own province of Ontario.

Our thunderous friend from Vancouver-Burrard (Hon. Mr. McGreer) also spoke. It is always a pleasure to listen to him. The honourable gentleman excels, probably because he is an outstanding lawyer and is used to the ways of the courtroom, in bending his logic to meet the necessities of the moment. After having made a very forceful plea in favour of the bill on the basis of the overwhelming majority it received from the elected representatives of the people, he smartly turned about and from the statutes of Canada dug out new arguments to justify more or less effectively his eventual opposition to the measure.

I never dare say anything bad of what "falls" from the eloquent lips of a lady, such as the sympathetic senator from Peterborough (Hon. Mrs. Fallis); but I sharply differ with her view that the press is always a true reflection of public opinion. Honourable senators know that I am somewhat familiar with "newspapering." In the publishing game as well as in Parliament, it often happens that followers lead and leaders follow. I must give credit to the honourable lady for clearly stating her opposition to the bill. She deserves our admiration for many reasons, but particularly because she was one of the few, if not the only one who, in opposing the bill, clearly stated the intention of voting against it.

I come now to our solemn and unctuous friend from Toronto-Trinity (Hon. Mr. Roebuck). I must confess that this time, which in all fairness to him I hasten to say is an exception, his arguments fell desperately short of the mark. In fact, I could not possibly make a better speech in support of "Canada Day" than he himself did last night. The removal of two or three sentences from his address, or five at the most, is all that would be required to accomplish the miracle. I will go further and say that his action would be more consistent with what he said if he decided to vote for the bill. I replied last night to his criticism that the bill had been brought forward in the other house hastily. What I shall say in a moment will, I hope, meet his argument as to the alleged general unpopularity of the measure.

So much for the arguments used against the bill, which were few in number and, it seems to me, very weak indeed. Having analysed the Senate's reaction, in so far as it has been expressed in opposition to the bill, I will now proceed to study the reaction of the public, as expressed in conversation or by written communication. I have received but two letters voicing objection to the proposed change. As other letters have been read in this debate, I should like to quote these. The first is from the Business and Professional Women's Club of Windsor, Ontario. No street address is given, but I am generous enough to feel that the letter is authentic, and I sent a reply, addressed to Windsor. If the club failed to receive it, the echoes from this debate will prove that at least I paid some attention to the letter. With it was enclosed a resolution, reading as follows:

Resolution passed at the business meeting, April 16, 1946.

Whereas the name "Dominion of Canada" was chosen by the Fathers of Confederation and,

Whereas the words "Dominion of" were purposely placed in the name of our country, and,

Whereas the omission of the word "Dominion" entirely removes the lofty significance and origin of the name—Psalm 72-8, "He shall have dominion also from sea to sea, and from the river unto the ends of the earth."

Therefore be it resolved that the name "Dominion Day" be continued as the name of this national holiday established to commemorate the confederation of the Dominion of Canada.

I am waiting for applause from among those who are opposed to the bill. They seem to be lacking in the enthusiasm which they have displayed on other occasions.

The next letter is a funny one. At least, I will make it funny, with all due respect for those who addressed it to me. It comes from the Association of Canadian Clubs of Canada, at Ottawa. Honourable members will understand why I emphasize the word "Canadian". I suppose every member of the Senate received a copy.

Some hon. SENATORS: No.

Hon. Mr. LACASSE: It reads as follows:

At a meeting of the National Executive of the Association of Canadian Clubs, held in Ottawa last week, the question of changing the name of Dominion Day to Canada day was discussed and the following resolution was passed, namely:

"That ancient landmarks should not be removed without consideration. A step of that nature should not be taken as a Bill in the name of a private member without notice to the public, and there has been no manifest desire of the public throughout Canada to have the name changed. Dominion Day was chosen for historic and spiritual reasons and it has a spiritual and national significance which the Fathers of Confederation foresaw when they chose it."

Hon. Mr. DUFF: Who signed that?

Hon. Mr. LACASSE: It is signed by Lois Wheeler, National Secretary.

I would have been less surprised to receive such a letter from the Sons of England or the Daughters of the Empire. From them it would have shown consistency with their ideals. To demonstrate the inconsistency of the stand taken by the National Executive of the Association of Canadian Clubs, I dare ask: Why do they not call their organization "dominion clubs"? I wonder if it ever occurred to the patriotic and loyally inspired members of that organization that the title "Canadian Club" sounds much like the widely-advertised trade name of a most popular beverage? This, by the way, is an indirect reply to the following wise-crack in the editorial page of the usually more serious Ottawa Journal:

"Canada Day" sounds much like the widely-advertised trade name of a certain soft drink.

There is my reply to the National Executive of the Association of Canadian Clubs—supplied to me by some of their friends. I thank them for the accommodation. Who does not know the name "Canadian Club"?

Hon. Mr. ASSELTINE: Has the honourable member ever heard of the advertisement "Drink Canada Dry"?

Hon. Mr. LACASSE: Sure, I have. Mixed with something else, Canadian Club for instance, it is after all an example of unity.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. LACASSE: I have referred to the reaction to this bill on the part of this chamber and on the part of the public. I now come to the reaction in the press. This is a very important point. I do not want to bore honourable senators with long quotations, but I think they are essential to prove to all concerned, particularly to those who claim that the measure is most unpopular, that if there was one occasion when they were wrong this is it. Some of those who have opposed the bill and have expressed their reasons for so doing in the course of this debate have based their stand more or less entirely on the reaction of the press. They contend that the press is a true reflection of public opinion. Differing as I do very sharply with this last contention, I pick up their challenge on their chosen ground and, with the permission of the Senate, will endeavour to prove that the press of Canada is far from being unanimous in voicing its opposition to this bill.

While my material is coming from the library I will take the opportunity of telling a story to justify the point I am making. Once upon a time in one of the largest cities in Canada a man offered himself for election as mayor, and all five daily newspapers of the city were unanimously against him. A true reflection of public opinion, you say. Or was it? To prove that it was not, I may say that he was elected by an overwhelming majority. I think my honourable friend from Alma (Hon. Mr. Ballantyne) knows the personage I am referrring to.

Hon. Mr. BALLANTYNE: Very well.

Hon. Mr. McGEER: The same thing happened to Roosevelt in the last presidential election.

Hon. Mr. LACASSE: On the night of his election the man I have referred to was paraded through the streets of Montreal—I have named the city. He spoke from the office steps of each of the newspapers which had opposed him, thanking them for their

"warm support"; and, rather bluntly, he added, "I thank you, my dear friends, because had I been supported by you I don't think I would have been elected." This shows that in many cases the press does not truly reflect public opinion, particularly in what we call "one-paper" towns. I wish to make it plain that I am not referring here to Kingston or to Lethbridge, where two honourable senators publish newspapers; but in many other one-paper towns public opinion is simply dictated to by the newspaper publishers, who seem to have adopted as their slogan, "Believe or die." That is one of many reasons why it is healthy for Canada to have a Senate.

I do not intend to read long newspaper editorials, although the newspaper quotation placed on record by one of my honourable friends was the main part of his speech.

On April 13, 1946, the Montreal Standard—and it is not a French language newspaper—contained this editorial:

With the change from Dominion Day to Canada Day as the name for our July 1 celebration, not many Canadians will be greatly concerned. What should concern them, however, is to know that this country is officially Canada and to make that name more widely known around the world.

The British North America Act declares that "the Provinces of Canada, Nova Scotia and New Brunswick shall form and be one Dominion under the name of Canada . . ." and throughout the Act and its many amendments the country is referred to simply as "Canada." The Great Seal of the country contains the word "Canada" and no reference to "dominion."

These facts would have little importance were it not that Canada's growing stature has made her name more widely known. Throughout Europe, wherever Canadian troops have been stationed, their shoulder patches with the word "Canada" on them, the same name emblazoned on Canadian Army vehicles, has come to mean something to people. Surely it should mean as much to Canadians at home, and to the Members of Parliament who represent them!

My second quotation is from a newspaper published in the very city of my honourable friend from Vancouver South (Hon. Mr. Farris), and it shows that there public opinion against the bill is by no means unanimous. The Vancouver News-Herald of April 8, 1946, carried an editorial from which I quote the following extracts:

The change would be all to the good. There is no particular reason for emphasizing "dominion" status on our major national holiday, now that we are a co-equal partner of the British commonwealth . . .

The fact that the move to change "Dominion Day" to "Canada Day" carried by a majority of 123 to 62 in the House of Commons shows that Canada, at last is governed mainly by representatives whose first loyalty is to Canada . . .

But it is a logical change, and one which is bound to come in time.

Hon. Mr. LACASSE.

I have several more editorials which I wish to bring to the attention of honourable senators, but as the honourable leader of the house has asked me to adjourn the debate to enable members to attend a caucus this afternoon, I shall postpone the reading of these editorials to the next sitting of the house.

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

PRIVATE BILL

FIRST READING

Hon. Mr. McGEER presented Bill Y5, an Act to incorporate Co-operative Life of Canada.

The bill was read the first time.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 22, 1946.

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

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. HORNER presented the report of the Standing Committee on Miscellaneous Private Bills on Bill B5, an Act to incorporate Evangelical Churches of Pentecost.

He said: Honourable senators, the committee report this bill without amendment.

THIRD READING

Hon. Mr. HARMER moved the third reading of the bill.

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

BUSINESS OF THE SENATE

INTERIM SUPPLY

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, last week I intimated my intention of moving on Thursday of this week that, circumstances permitting, the Senate adjourn until Monday evening next. This is still my intention; but I may say for the information of honourable senators that interim supply is urgently needed, and I understand that it

may be asked for in the other place this afternoon. Should that be so, the bill should reach us tomorrow, when, if the Senate sees fit to pass it, we might have Royal Assent. On the other hand, if the bill does not reach us tomorrow it will be necessary for this house to sit on Friday.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved second reading of the following bills:

Bill M5, an Act for the relief of Thomas Bryson Beakes.

Bill N5, an Act for the relief of Lila Edna Page Kennedy.

Bill O5, and Act for the relief of Ernest Crete.

Bill P5, an Act for the relief of Pauline Hellier Kirsch.

Bill Q5, an Act for the relief of Wilfred Fields Benlow.

Bill R5, an Act for the relief of Thomas Allan.

Bill S5, an Act for the relief of Martta Haavisto Aaltonen.

Bill T5, an Act for the relief of Rhona Gertrude Paikowsky Munn.

Bill U5, an Act for the relief of Arthur Joseph Hubbard.

Bill V5, an Act for the relief of Eleanor Hibbard Howe.

Bill W5, and Act for the relief of George Graver.

Bill X5, an Act for the relief of Malcom Ernest Bigelow.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. SPEAKER: When shall these bills be read the third time?

Hon. Mr. ASELTINE: Next sitting.

CANADIAN CITIZENSHIP BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 7, an act respecting citizenship, nationality, naturalization and status of aliens.

He said: I have asked the honourable senator from Toronto (Hon. Mr. Hayden) to explain this bill.

Hon. S. A. HAYDEN: Honourable senators, this bill deals with citizenship, nationality, naturalization and the status of aliens in Canada. A casual reading of the bill does not, I think, convey the real meaning of what we are seeking to do at this time in establishing a definite rank of citizenship to be extended to those whom we regard as worthy to become citizens of this country.

Citizenship cannot be defined by metes and bounds, any real conception of citizenship must have in it something of the spirit. May I, therefore, take a moment to present what I conceive to be the spirit of citizenship, and the regard which we should have for citizenship in Canada, quite apart from the qualifications, limitations and conditions with which we should surround the granting of that right to people who come to our shores? There has been wide opportunity for discussion of this bill throughout the country, and there appears to be a reasonably unanimous opinion that it is about time that Canada set a standard of citizenship such as might reasonably be expected of her as one of the ranking nations in the world today. Why it was not done sooner, I do not know. Why it was not done shortly after the Statute of Westminster, as I think it reasonably and logically should have been done, I am not in a position to say. However, better late than never, and we have finally got around to doing it now. In a word, my conception of citizenship is pride of country; it is the objective that the people of a country have over and above their personal and partisan views upon domestic issues; it is a sort of badge or label, a very prized possession, by which we mark those whom we regard as being sufficiently inspired with pride and love of country to consider their country and its welfare above all else.

May I quote a brief passage which I think expresses that idea of love of country clearly and concisely? It is an extract from a famous speech that a famous man by the name of Burke made in the British House of Commons when speaking on the question of conciliation with America. Though these words were first uttered in 1775, I think they still are a good description of what it is that constitutes real citizenship. This is what Burke said:

> Do you imagine then, that it is the land tax which raises your revenue? That it is the annual vote in the committee of supply which gives you your army? or that it is the Mutiny Bill which inspires it with bravery and discipline? No! Surely no! It is the love of the people, it is their attachment to their government, from the sense of the deep stake they have in such a glorious institution which gives you your army and your navy and infuses into both that liberal

obedience without which your army would be a base rabble and your navy nothing but rotten timber.

In other words, citizenship is a great inspirational quality which should be a focal point for all the energy, earnestness, courage and industry of the people of a country.

After these few preliminary remarks, may I say that this bill seeks to create some basic and clear conception of what Canadian citizenship shall be. The purpose of the bill is to create a sort of badge which people may use for the purpose of crystallizing their love of country. Many of the provisions of this bill are not new, but are contained in various sections of other statutes, where they will continue to have effect until this bill becomes law. Of the forty-seven sections in the bill, at least eighteen correspond substantially with sections of the Naturalization Act. The bill also contains provisions that are now to be found in the Immigration Act, and possibly in the Canadian Nationals Act. The Naturalization Act provides that aliens who come to Canada and comply with prescribed conditions may acquire the status of naturalized British subjects. That act does not in any way relate to or affect the status of a British subject coming from another part of the commonwealth of nations and taking up his residence in Canada. The Immigration Act specifies certain conditions that must be fulfilled before a person may gain a lawful entry into Canada. Under that act, a person who enters Canada, whether a British subject or an alien, remains liable to deportation for certain causes at any time within a period of five years of his entry.

A British subject in Canada will not find his status changed one iota by this bill. He will, however, have the additional privilege of applying for and receiving a certificate of citizenship upon satisfying the requirements set forth in the bill. Otherwise, he will not be affected by it. For instance, under our Election Act, a British subject resident in Canada for one year acquired the right to vote. By virtue of certain other measures he became eligible for old age pension, for unemployment insurance and for appointment to office in the public service of Canada. None of these rights and privileges is affected in any way by this bill. As I say, the only difference the bill makes is to give him the privilege of obtaining a certificate of citizenship, if he desires it.

Hon. Mr. LEGER: If he already has all the rights, why bother about a certificate?

Hon. Mr. HAYDEN: I think the question of my honourable friend is a very good one. What will a certificate of citizenship give to a British subject coming to Canada? First of all, by way of answering, may I ask: What will a certificate of citizenship give to any person in Canada? What will it give to a natural born Canadian?

Hon. Mr. BALLANTYNE: Nothing.

Hon. Mr. HAYDEN: In metes and bounds the certificate will give him nothing that he did not enjoy before, but it will give him a rank or position which is most important in our relationships with the peoples of other countries. It has been suggested, and I for one strongly hold this view, that a definite category of Canadian citizenship could be regarded as a sort of prize; that citizenship under our law would be the highest rank to which anyone in Canada could aspire. It is something which is of value to him in his communications and dealings when he is travelling elsewhere in the world. Unless, in relation to the affairs of your country, you accept the viewpoint that there is something of the spirit needed to inspire and promote cohesion and unity, I cannot properly answer the question. I might answer it by asking another question. Nationality is another name for citizenship so far as this bill is concerned. What does nationality give you; what kind of feeling does it give you to be able to describe yourself before the whole world as a Canadian citizen?

Hon. Mr. BALLANTYNE: May I say to my honourable friend, that he and I and millions of other Canadians born here are Canadian citizens and British subjects. What difference does this bill make so far as we are concerned?

Hon. Mr. LEGER: Every Canadian is a British subject now. By adding something to it will the title be enhanced?

Hon. Mr. HAYDEN: Let us go back to the beginning of it. We are British subjects—

Hon. Mr. BALLANTYNE: We are Canadians, too.

Hon. Mr. HAYDEN: —and we are Canadians too; but up to the present we have not under the law been in a position to describe ourselves as Canadian citizens for all purposes.

Hon. Mr. LEGER: Section 26 says that a Canadian citizen is a British subject.

Hon. Mr. HAYDEN: That is right. But a British subject is not necessarily a Canadian citizen.

Hon. Mr. LEGER: That is what I want to get at.

Hon. Mr. HAYDEN: Under this bill a Canadian citizen is a British subject; but in reverse it does not follow that a British subject is necessarily a Canadian citizen. Under this bill a British subject does not become a Canadian citizen until he has complied with certain requirements. It is an interesting question to raise, and I am not yet satisfied with the answer I have given. Those born in Canada prior to the enactment of this bill have acquired citizenship by right of birth. You may say, "I was born, raised and educated and I have conducted my business in Canada. What more does it give me now to call myself a Canadian citizen?" To the person who approaches the question with that materialistic view it is very difficult to make any convincing answer. But surely there is something in this quality of citizenship, of being able under our law to call ourselves Canadian citizens, and of facing the people of every country in the world with the proud declaration: "We are a nation; we have our distinct nationality and our distinct citizenship." Now, it may be asked, what does it mean in dollars and cents? I do not suppose it means anything.

Hon. Mr. QUINN: Will my honourable friend excuse a question? He has said that if this bill is passed, as not doubt it will be, we shall be termed Canadian citizens. He has also stated that as Canadian citizens we are British subjects. Under the Statute of Westminster we became an independent, self-governing nation. After this bill is passed are we still to be considered British subjects? What does that mean?

Hon. Mr. HAYDEN: Today the King of Great Britain and Ireland is also the King of Canada. My conception of the term "British subject" is that we are subjects of the king, as that designation is used now.

Hon. Mr. QUINN: We are subjects of the King of Canada. Does that make us British subjects?

Hon. Mr. BALLANTYNE: Surely.

Hon. Mr. HAYDEN: My friend is sticking at words; I can take those words in one leap. The King of Great Britain and Ireland is also the King of Canada, and we have seen fit to preserve the designation of British subject which has come down to us. It is a well-known designation and common throughout the length and breadth of the British Commonwealth of Nations. If some people do not like it and prefer another, I am not in a position to express any opinion on that. I am telling honourable members now what the bill provides, I am explaining why it does so, and I am expressing my own views in support of the bill.

Hon. Mr. QUINN: I do not wish to be classed among those who object to being called British subjects. That is not what I have in mind at all. As a Canadian citizen, a member of a self-governing autonomous nation, because the King of Great Britain and Ireland is also King of Canada must I be termed a British subject? As a citizen of Canada, what obligation am I under to Great Britain, and to being termed a British subject? Do I make myself clear?

Some Hon. SENATORS: Order!

Hon. Mr. HAYDEN: I enjoy answering these questions so far as I am able to. I do not believe you are under any obligation.

Hon. Mr. QUINN: Why should we be called British subjects?

Hon. Mr. BALLANTYNE: You were born that way.

Hon. Mr. HAYDEN: All this bill says is that a Canadian citizen is a British subject. You ask me why. My answer is that all the people of the British Commonwealth of Nations have heretofore been known as British subjects.

Hon. Mr. FARRIS: They have not lost what they already have.

Hon. Mr. HAYDEN: If this bill provided that Canadian citizens would cease to be British subjects I am sure there would be many more voices raised than the voice of the honourable senator. But he is entitled to ask the question. I say the designation British subject is something we have enjoyed, and certainly I do not feel any weight on my shoulders in continuing to carry it, as well as the proposed designation of Canadian citizen. I am one of those who feel that we should not periodically raid the places where we preserve our national monuments and say: They have been up long enough. Let us tear them down to make way for newer and more recent models.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAYDEN: My view has been, and I still hold it, that it is a wholesome thing for nations as well as individuals to mark great events in their history by milestones along the way, and to preserve those monuments.

Hon. Mr. EULER: I do not want to interrupt my honourable friend, but I should like to clear up a point in my mind and perhaps in the minds of some other members. When you are spoken of as a British subject, it means you are a subject of the King of Canada; you have no obligation to the British Government?

Hon. Mr. HAYDEN: No. It is the continuance of an existing designation. It does not mean that the Government of the United Kingdom has any authority or control over a citizen of Canada—nor indeed of Australia or of any other of the self-governing Dominions.

Hon. Mr. QUINN: That is what I say. I want to go on record as not objecting to being classed as a British subject—far from it.

Hon. Mr. HAYDEN: I thought I should first deal with the description of "British subject," because a great deal of attention has been focussed upon this provision. It was necessary for me to find out that a British subject who has acquired Canadian domicile will on the enactment of this bill become a Canadian citizen. A British subject after one year's continuous residence in Canada may become a Canadian citizen by doing certain things. He must apply directly to the minister—that is the Secretary of State—declaring his wish to become a Canadian citizen. Then he must satisfy the other requirements, the principal ones being that, as well as having some education, he shall have an understanding of the privileges and responsibilities of citizenship; that he shall take the oath of allegiance; that he shall satisfy the residential requirement, which means residence in Canada for four years out of the six years immediately preceding his application. In other words, in order that a British subject may become qualified for citizenship, five years' residence is still necessary, in the same way that five years' residence is necessary before, under the provisions of the Immigration Act, a British subject ceases to be liable to deportation for any of the causes specified in that statute. So you have a correlation between the two statutes.

Hon. Mr. WHITE: But that does not place the British subject in a more favourable position than any other immigrant coming to Canada.

Hon. Mr. HAYDEN: I am glad my honourable friend raised that question, because I intended to deal with it next. If the honourable gentleman will read the bill he will find that it does provide for a more favourable position.

Under section 10, subsection 1, an alien coming to Canada must satisfy certain requirements. Instead of going through the simple procedure of making an application to the minister, as a British subject may do, the alien must make an application to the court. He must also satisfy the other requirements. I may say that under this bill it is more difficult for an alien to become a Canadian citizen than under the Naturalization Act. Under that act an alien could satisfy the residential qualifications by living for four out of the five years in any of the countries of the British Empire. Under the present bill his residence must be in Canada. The difference is this. Under the Naturalization Act an alien who resided for four years in any part of the British Empire and one year in Canada could satisfy the residential qualifications, whereas, under this bill he must for four of the last six years have resided in Canada. If he satisfies that requirement his application is heard by the court some three months later, and if the court approves the application it is conveyed to the minister who may, if he sees fit, grant a certificate. May I definitely say that this bill takes nothing away from the British subject. His position is better than that of an alien, the position of whom under this bill is more difficult than under the Naturalization Act.

I thought honourable senators might be interested in the position of women under this measure. I can safely say that it goes further than any provision in other countries respecting women. For instance, a non-Canadian woman who marries a Canadian may, under the provisions of this bill, become a Canadian citizen after a residence of one year and upon application for a certificate of citizenship. At the present time a non-Canadian woman who is married to a Canadian—for instance a soldier—may upon application secure a certificate of Canadian citizenship immediately. After the passage of this measure a Canadian woman who marries a non-Canadian retains her Canadian citizenship, even if she does nothing about it and takes no action to that end. If she marries a person who for some of the reasons stated in the bill ceases to be a Canadian citizen, she can by some positive act within six months renounce her citizenship. There is provision generally which enables women who marry non-Canadians to renounce

their citizenship, and also under certain circumstances and upon application to the minister, to regain or recapture it.

Hon. Mr. EULER: If an alien woman marries a Canadian—a British subject—does she then become a British subject?

Hon. Mr. HAYDEN: After the passage of this bill an alien woman who marries a Canadian could after one year apply for and obtain a certificate of Canadian citizenship.

Hon. Mr. EULER: Does she become a British subject immediately upon marrying a Canadian?

Hon. Mr. HAYDEN: No. This is a Canadian citizenship bill and does not deal with the question of British subjects. She would only become a British subject after she became a Canadian citizen.

Hon. Mr. QUINN: Does an alien who marries a Canadian woman have to go through the same procedure as any other alien in order to obtain citizenship?

Hon. Mr. HAYDEN: Is the honourable gentleman speaking of a situation where the husband is an alien?

Hon. Mr. QUINN: Yes.

Hon. Mr. HAYDEN: Then he would definitely have to follow the same procedure.

Hon. Mr. DuTREMBLAY: Under the English law would a Canadian citizen retain the advantages which he has previously enjoyed?

Hon. Mr. HAYDEN: A Canadian citizen is a British subject, and therefore when he is travelling anywhere in the British Empire he enjoys all the rights of a British subject, and further, he has all the rights of his own nationality.

May I say, honourable senators, that I think we have jumped into the middle of this bill, and I should now like to get back to my explanation.

Hon. Mr. HAIG: May I ask one more question? An American citizen who marries a Canadian woman does not, of course, lose his citizenship; but does she become an American citizen if she so wishes?

Hon. Mr. HAYDEN: A Canadian woman marrying an American citizen—assuming they live in the United States—would not lose her Canadian citizenship unless she took some positive action towards that end. In those circumstances, under the law of the United States she would assume the nationality of her husband; but she would have the right to make a declaration of retention of Canadian nationality, and could do whatever is necessary under the law of that country to disassociate herself from its nationality.

Hon. Mr. VIEN: When the bill goes to committee it would be interesting to compare the advantages given to a Canadian citizen in England and in foreign countries with the advantages that we give to a Britisher in Canada. However, I do not wish to interrupt the honourable senator at this time, and suggest that he should deal with that question at a later date.

Hon. Mr. HAYDEN: That is quite a large question and I would not attempt to answer it now. It seems to me that the subjects most discussed are the status of a British subject under this bill, and the status of an alien after becoming a Canadian citizen. In this connection I call attention to Sections 37 and 38 of the bill. Section 38 makes provision for teaching alien applicants for Canadian citizenship something of the high responsibilities they assume and the privileges they secure through becoming Canadian citizens. I think that is a step in the right direction. Section 39 provides that the court proceedings upon the admission of an alien to Canadian citizenship and the administering of the oath of allegiance shall be attended with appropriate ceremonies.

There is another provision which I am sure will cause honourable senators to feel that they are gaining some support for a view widely expressed in this chamber. I refer to the discretionary powers vested in the minister. Honourable senators have at various times discussed in a critical way the wide discretionary powers of ministers. Under this bill there is a reversal as regards the position of the minister. When a judge has heard an application for certificate of citizenship, and has approved of it, the minister may still exercise discretion as to whether or not the certificate should be granted; but by section 14 of the bill, where the minister entertains a doubt as to the propriety of granting a certificate after it has been approved, it is his function then to refer the case back to the court for re-hearing, and the decision of the court on re-hearing shall be final and conclusive. In other words, the minister has divested himself of the discretionary power that is found in other legislation, and the responsibility is placed upon the court to investigate any additional information that is available before making a decision that is final. Holding the views that I do with respect to the wide discretionary powers exercised by ministers, I

could not help calling the attention of honourable senators to the fact that this bill takes a step in the right direction.

As I have said, there are seven parts in this bill. I have dealt with Part I, which has to do with natural-born Canadian citizens, and Part II, respecting Canadian citizens other than natural-born. I would point out here that according to section 3, if any person who is a Canadian citizen under this new law is required to declare his national status, it will be sufficient for him to declare that he is a Canadian citizen.

The section reads:

Where a person is required to state or declare his national status, any person who is a Canadian citizen under this Act shall state or declare himself to be a Canadian citizen and his statement or declaration to that effect shall be a good and sufficient compliance with such requirement.

So after this bill is passed, any person who correctly describes himself as a Canadian citizen will not be told that he has to make a further declaration as to ancestry or racial origin.

Hon. Mr. EULER: That section would not necessarily apply to a person who had come from a foreign country, would it? There might be an insistence that he declare his racial origin.

Hon. Mr. HAYDEN: No one could insist upon that. Any person who can correctly declare himself to be a Canadian citizen under this legislation, need make no further declaration of national status.

Hon. Mr. EULER: We know that, but other people may not.

Hon. Mr. HAYDEN: I do not think any further declaration could be demanded.

I come now to Part III, which deals with grounds upon which a person may lose his Canadian citizenship. I think the most interesting section in this part is section 21, which gives the Governor in Council power to revoke Canadian citizenship in certain circumstances. Subsection 1 of that section says:

The Governor in Council may order that any person other than a natural-born Canadian citizen shall cease to be a Canadian citizen if, upon a report from the Minister, he is satisfied that the said person either

(a) has, during any war in which Canada is or has been engaged, unlawfully traded or communicated with the enemy or with a subject of an enemy state or has been engaged in or associated with any business which to his knowledge is carried on in such manner as to assist the enemy in such war.

Hon. Mr. FARRIS: Is there an appeal from that order?

Hon. Mr. HAYDEN: No.

Paragraph (d) of that subsection provides that the Governor in Council may revoke Canadian citizenship of any person other than a natural-born Canadian who:

if out of Canada, has shown himself by act or speech to be disaffected or disloyal to His Majesty, or, if in Canada, has been convicted of treason or sedition by a court of competent jurisdiction.

Hon. Mr. BALLANTYNE: Have we not got that authority now?

Hon. Mr. HAYDEN: The only authority we have to deport anyone from Canada at present is under the provisions of the Immigration Act. Of course, a natural-born Canadian citizen cannot be deported.

Hon. Mr. BALLANTYNE: For treason he can.

Hon. A. L. BEAUBIEN: What about the Japanese?

Hon. Mr. HAYDEN: I should think that any such question would be more appropriately considered in committee. Certainly I do not intend to enter into any discussion today on the reasons for the enactment of various orders in council, for I am attempting to do nothing more than explain the principle of this bill.

Before leaving Part III, may I call attention to section 25, which says:

Where a person ceases to be a Canadian citizen or a British subject, he shall not thereby be discharged from any obligation, duty or liability in respect of any act or thing done or omitted before he ceased to be a Canadian citizen or a British subject.

Part IV has to do with the status of Canadian citizens and recognition of British subjects. I have already pointed out that, as provided in section 26, a Canadian citizen is a British subject.

Part V treats of the status of aliens. Section 29, subsection 1, states that an alien may acquire, hold and dispose of property just as a natural-born Canadian may. But under subsection 2 an alien is subject to certain disabilities. For instance, he cannot vote, and, except as regards property, he is not entitled to the rights or privileges of a British subject. Under section 30 an alien is made triable in the courts of the land in the same manner as a natural-born Canadian.

Part VI is headed "Procedure and Evidence." Most of the provisions in this part, which runs

from sections 31 to 38, inclusive, correspond to existing provisions in the Naturalization Act.

The final sections of the bill, in Part VII, are general. Section 39 specifies certain matters with respect to which the Governor in Council may make regulations for administering the act. Section 45 provides for the repeal of the Naturalization Act and the Canadian Nationals Act.

I did not deal with the Canadian Nationals Act, because it does not seem to be very important now. Its purpose, I think, was the creation of a sort of substitute for the status of Canadian citizenship that this bill seeks to establish. The status of "Canadian national" was established to meet the need for one that could be comprehended by the representatives of other countries at meetings of the League of Nations and other international organizations. Subsection 2 of section 45 preserves the rights acquired by people who come within the definition of "natural-born British subject", "naturalized British subject" and "Canadian national" in the two acts that are to be repealed. And section 46 says:

> Notwithstanding the repeal of the Naturalization Act and the Canadian Nationals Act, this Act is not to be construed or interpreted as depriving any person who is a Canadian national, a British subject or an alien as defined in the said Acts or in any other law in force in Canada of the national status he possesses at the time of the coming into force of this Act.

I should have mentioned that the births of children born abroad of Canadian parents are required to be registered with the nearest Canadian trade commissioner, diplomatic office or consul, or with the minister at Ottawa, within a period of two years. The purpose of that is to facilitate in later years the issuing of certificates of citizenship to Canadians born outside the country. As honourable senators know, appointment to positions in the public service and with many large companies and other institutions in this country is dependent upon proof that the applicant is a Canadian citizen or a British subject.

I have tried in a general way to give a broad picture of this bill. My remarks have been somewhat at random, and because I attempted to answer questions when asked, regardless of the part of the bill to which they applied, the explanation has lacked that continuity which it otherwise might have had. The bill cannot be said to contain much that is absolutely new. It is rather a sort of revision and consolidation of existing legislation for the purpose of creating the status of Canadian citizenship.

In closing, may I repeat what I said at the outset, that if we study this bill simply to see whether it is constitutionally sound, whether it does not unduly damage the rights of minorities, and whether sectional interests are preserved, I do not think we shall be giving it all the consideration it deserves. In my opinion, this is a case where we should have regard to more than the dry bones of the law. If we cannot look at the bill from a higher and nobler point of view than that, we shall miss the greater part of its significance.

In our approach to this subject we should not lose sight of the spirit that actuated the people of Canada in various generations preceding ours. Many of the advantages we now enjoy were obtained only after long and arduous efforts under adverse conditions. Responsible government, for instance, was not achieved until there had been a struggle which lasted many years and which could not have been carried on had the people lacked vision, courage and perseverance. Confederation was not a sudden conception, but the result of a process of evolution. In the course of time and of further evolution we became a nation, with our status set forth in the Statute of Westminster. Something more than the cold, calculating spirit of material ambition must have been responsible for the sacrifices that were made for the sake of certain ideals. Some people became proscribed and only escaped death by leaving the country, and others lost their lives. What was it that urged on the Canadians of those days but pride of country and the desire to bring about greater unity among the people and a higher state of national development?

That is the sort of thing that goes to make up this very intangible spirit of citizenship that I am trying to describe. I think it is good for a country and for its people to be imbued with that spirit. In the United States it is emphasized to the extent of setting aside a day in the year on which the people rededicate themselves in ceremonies all over the country with the significant declaration, "I am an American." We might follow that practice in Canada with the declaration, "I am a Canadian," and follow it up with the question "Why am I a Canadian?" If we did that sincerely, I believe we should be able to work out a solution for many of the problems that seem to disunite rather than unite us at the present time. If we could only build up that common denominator upon which, no matter what our political views, we could focus every ounce of energy and every thought for the development of this country of ours, it might give us greater ability to

function as a united whole in our relationship with the rest of the world. That I am satisfied is the inspiration that lies behind this bill, and behind the favourable consideration which it has received throughout the length and breadth of Canada.

Here may I be permitted to quote D'Arcy McGee, one of the political leaders who played a prominent part in bringing about confederation, and whose eloquence was such as to sway the people and compel their support of the proposal? He might be described as a new Canadian at that time, yet he had already become so enthused and so consecrated to the country of his adoption that in 1860, in the legislature of Lower Canada, he said:

> I look to the future of my adopted country with hope though not without anxiety. I see in the not remote distance one great nationality bound like the shield of Achilles by the blue rim of ocean. I see it quartered into many communities each disposing of its internal affairs but all bound together by free institutions, free intercourse and free commerce. I see a generation of industrious, contented moral men, free in name and in fact, men capable of maintaining in peace and in war a constitution worthy of such a country.

That was his conception of what Canada meant. We have progressed a long way since those days, but there is still much to be done in the way of developing national unity if this great nation is to function 100 per cent.

In conclusion I read the words in which the present Prime Minister in 1925 described his conception of what this country should be.

> A Canada single in aim and purpose, utilizing for the good of all what properly is the inheritance of all.

As we have gone along the road we have progressively made gains and advances in our political and national life, and I submit that the setting up of a distinct Canadian citizenship is definitely a real objective gain, because it provides a focal point upon which we can direct the energies, the attention, the ability and the courage of our people, and around which we can gather and unite many different and divergent viewpoints. I believe therefore that the bill is essentially a very good thing for Canada.

Hon. Mr. KINLEY: I gather from what the honourable senator has said that a British subject after one year in Canada has for all practical purposes whatever rights a Canadian citizen has—that is, he can vote, seek public office, and enter the public service. If so, may I ask if these privileges are reciprocal throughout the British Empire?

Hon. Mr. HAYDEN: Under the provisions of the Immigration Act that British subject, until he has been five years in Canada, can be deported; a Canadian citizen cannot be.

Hon. Mr. KINLEY: But are these privileges reciprocal throughout the British Empire?

Hon. Mr. HAYDEN: That I cannot answer.

Hon. C. C. BALLANTYNE: If no other senator wishes to speak at this time, I should like to congratulate the honourable member from Toronto (Hon. Mr. Hayden) on the very lucid and comprehensive manner in which he has explained this bill—and in so doing I know I shall be expressing the views of all honourable senators.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BALLANTYNE: Those who have read the bill—and I believe that includes all of us—reached the conclusion, confirmed by the honourable senator, that we were Canadian citizens and British subjects long before this bill was introduced, and will still remain so after it is eventually enacted. We are proud indeed at all times to say we are Canadian citizens, and we are equally proud to say we are British subjects. I am very glad indeed that under the bill we are to be allowed exactly the same status as we now enjoy. There are certain commendable features of the bill in regard to aliens who may desire to become Canadian citizens. Altogether, speaking as a private member, I find no objection to the bill, and once more I wish to heartily congratulate my friend on the very able manner in which he has explained the measure.

Some Hon. SENATORS: Question!

The Hon. the SPEAKER: Honourable senators, the question is on the second reading of this bill. Is it your pleasure to concur?

Some Hon. SENATORS: Carried!

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: Honourable senators, I desire to have this bill referred to whatever would be the most appropriate standing committee. It has been suggested to me that this would be the Standing Committee on External Affairs.

An Hon. SENATOR: Committee of the Whole.

Hon. Mr. ROBERTSON: No. I think it might facilitate the securing of information on the details of the bill if it were considered in one of our standing committees, where some of the departmental officials might appear to answer questions.

Hon. Mr. PATERSON: Immigration.

Hon. Mr. HAIG: No, it is not a suitable bill for the Standing Committee on Immigration and Labour. I did not speak on the bill, but there are some features of it on which I should like to have further information. I refer particularly to those provisions dealing with the status of women. I think the United States and one or two of the South American republics are the only countries where a similar law applies. In my opinion the bill should go to the Standing Committee on Banking and Commerce, where departmental officials could appear and answer any questions we may find it necessary to put to them in regard to certain features of the bill.

Hon. Mr. ROBERTSON moved that the 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.

CANADA DAY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Foster for the second reading of Bill 8, an Act respecting Canada Day.

The Hon. the SPEAKER: Honourable senators, before the honourable member from Essex (Hon. Mr. Lacasse) resumes his speech, I would direct attention to our rules. It will be recalled that last Thursday when the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) was speaking the honourable member from L'Acadie (Hon. Mr. Leger) called attention to an infraction of the rule against references being made to what had taken place in the other chamber of parliament. At the time I was of the opinion that, because of the attention the bill had received in the newspapers, some latitude should be allowed in the application of not only this rule but also the rule governing the reading of newspaper editorials and comments. During the course of this debate an ample number of press extracts have been read into Hansard, and honourable members are now fully conversant with current public opinion with regard to the measure. This being so, I would ask honourable members to confine their remarks to the bill itself, and to refrain from quoting any further newspaper editorials and comments.

Some Hon. SENATORS: Hear, hear.

The Hon. the SPEAKER: In this connection, honourable senators, I may cite Bourinot:

> It is also irregular to read extracts from newspapers or documents referring to debates in the house in the same session. In making extracts a member must be careful to confine himself to those which are pertinent to the question; it is not regular to quote a whole essay or pamphlet of a general character. Neither is it regular for a member to read a paper which he is asking the House to order to be produced. Nor is it in order to read articles in newspapers, letters or other communications, whether printed or written, emanating from persons outside the House, and referring to, or commenting on, or denying anything said by a member, or expressing any opinion reflecting on proceedings within the House.

The rule in regard to reading newspaper articles should be observed. Short, direct extracts from newspapers may be necessary to round out a speech, but to place on Hansard copious newspaper editorials and comments expressing opinions of persons not members of parliament cannot be considered good practice and certainly is not in accordance with the rules of the Senate.

With regard to making reference to incidents which occur between the two branches of parliament there is a very important rule. This rule is not to be found in our rule book, but it is generally conceded in the British parliament and in our own, that such references do not tend to increase the amenities that should exist between the two branches of parliament. I would therefore ask honourable senators who may speak in this debate to keep that rule in mind and to try not to go beyond what is considered proper.

Hon. Mr. G. LACASSE: Honourable members, I believe the ruling which his honour the Speaker has just made has some relation to the "sins" which I have already committed and to those which I was about to commit. I cheerfully bow to the ruling of the Chair because I do not need newspaper editorials to prove the soundness of my argument. In view of the fact, however, that a previous speaker has been allowed to build his whole speech on a long newspaper editorial, I think I should at least be permitted to give the names of a certain number of newspapers without quoting the language used in their editorials. That would be quite sufficient as far as the proof of my case is concerned.

It would appear that the size and the number of books which I have on my desk have frightened some honourable members in this chamber; but may I say that it never was my intention to read any of them from cover to cover—to have done so would have bored me as much as the house. I am very

glad that my speech has been cut into two or three slices—or instalments, as we say in business—because it gives the house a chance to have short recesses and to digest each portion of it more quietly.

Honourable members will recall that I was quoting precisely from the press, before I adjourned the debate for a second time yesterday. I quoted short excerpts, but not long editorials as already had been done by somebody else. I used only two extracts in my previous remarks, and have about a dozen or more left. But I will not challenge the ruling of His Honour the Speaker, for whom I have the utmost respect. My quotation from an editorial in the Montreal Standard of April 13 is already on the record, as is my excerpt from the Vancouver News Herald of April 8. I had intended today to read from the Richmond Hill Liberal of April 11, but, abiding by the ruling just enunciated, I shall refrain from doing so. However I wish to put the name of the paper on the record so that honourable senators may, if they wish, refer to the article of that date. I call to your attention the fact that this is an Ontario newspaper.

I should also have liked to read an extract from the Lethbridge Herald, of April 15, which is a newspaper well known to this house because one of our members is directing its destiny.

I wish the members of the house to be fair enough under the circumstances to take for granted that the editorials to which I refer are sympathetic to my case, and absolutely authentic.

Another paper from which I would have quoted is the Toronto Daily Star—another Ontario newspaper. I intended also to quote from the Montreal Daily Star, which is a Quebec newspaper but of English expression, and I have never heard that it was of Liberal disposition. Another paper whose name I should like to place on the record is the Newmarket Era and Express. That is another Ontario newspaper, if you please—even there they seem to be getting away with it.

Hon. Mr. BALLANTYNE: Might I say to my honourable friend that the paper he has just mentioned, and the one quoted from by the honourable senator from Parkdale (Hon. Mr. Murdock) are under the same ownership.

Hon. Mr. LACASSE: I did not know that; we do get all kinds of information here. I was aware of two papers which were in the same hands, but I did not know of a third one.

I have another newspaper containing a very interesting quotation, but honourable members, because of the ruling by his honour, are deprived of the enjoyment of listening to it. Apparently one cannot do with newspapers what one is free to do with the Bible.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. LACASSE: I admit, of course, that the Bible should have a moral priority.

I should have liked to read from the St. Vital Lance—a Manitoba newspaper, if you please. Another one from Ontario is the Huntsville Forester. I am almost ashamed of my own province. I have an article here from the Vancouver Sunday Sun, and one from the Quebec Chronicle and Telegraph—a Quebec paper but rather conservative, and of English expression. I have not mentioned all the newspapers I have before me, but that ought to be sufficient. I suggest that those who are interested might take the names of the newspapers mentioned and their dates and check me up to ascertain whether or not I am honest in my interpretations.

Hon. Mr. DUFF: Are they for or against us?

Hon. Mr. LACASSE: Apparently his honour will have to allow me to quote from them to make my position clear to my honourable friend. I mentioned earlier in my remarks that all the papers I was referring to favour the bill, and I have already asked honourable senators to take that for granted, there being nothing else that I could do about it, under the circumstances.

Honourable senators will appreciate that the articles referred to were taken from newspapers published in almost every province in Canada, which ought to demonstrate and prove that the substitution of "Canada Day" for "Dominion Day" would be more popular throughout the whole country than one might be led to believe—even in Ontario, whose premier went to the extent of calling this bill "an insult to the intelligence of the people of Canada". Bear that in mind, honourable senators, before registering your votes for or against this contemplated amendment to, or repeal of, the Dominion Day Act, if you are still of the opinion that the attitude of parliament as expressed by words and deeds should be a true reflection of the wish and will of the people they serve in a democratic country such as Canada.

Having dealt as thoroughly as I could with the multi-coloured and far-from-harmonious, if not altogether contradictory, reactions of those who individually or collectively opposed the substitution of the name "Canada Day" for "Dominion Day," I must now, to be logical

and honest, state my reasons for supporting this measure. I favour the adoption of the name "Canada Day" as the new designation of our national holiday for the three following reasons: First, there is at present throughout the country an overwhelming movement towards a truer expression of genuine Canadianism in every way;—Secondly, the word "dominion" has become a misnomer and an anachronism which reminds us of colonial days;—Thirdly, because of the consequences, immediate and remote, that would follow the non-adoption of the bill now before us.

Hon. Mr. DUFF: Is the honourable gentleman looking at the clock?

Hon. Mr. LACASSE: Even skippers have to look at clocks once in a while.

Hon. Mr. DUFF: Just to change the watch.

Hon. Mr. LACASSE: Nobody will deny that Canada, because of her gradual evolution towards full nationhood during recent years, and because of her newly acquired prestige through her exceptionally generous contribution towards the winning of the war, now occupies a world position that she never had before. All Canadians are fully conscious of that fact. Should there be some here and there who forget it, their heavy tax bills will soon remind them of it. Fame and glory have their ransom, but is it not legitimate that full advantage be taken of them? In other words, do we not deserve at last to fly our own colours and to call ourselves by our own name?

I do therefore take strong exception to keeping the word "dominion" tagged to the name of my fatherland. The word is nothing but an unnecessary appendage and a misnomer. I am satisfied that such a feeling is general throughout Canada, and particularly among those who went abroad to stem the bloody tide of tyranny and to fight on common battle fields. Should some honourable senators doubt my words I shall tell them, if they permit, two short anecdotes which are quite illuminating, and which will rest their minds as well as my own. As honourable senators know, the complement of a Canadian corvette was 60 men. On a certain occasion when one of our corvettes was in an English port the crew went ashore and proceeded to a night club, where they participated in the dancing and other recreation provided. When the time came to close the place the orchestra, according to practice, played "God Save the King." Everyone stood at attention and sang the solemn anthem. When the last echoes of the song subsided, one of our Canadian sailors asked the orchestra: "Would you please play 'O Canada' for us?" That request was bluntly turned down, and, as our boys would not take that rejection "on the chin," they reacted violently and the place was wrecked. For the enlightenment of some honourable senators, I wish to point out that among that crew there was but one French-Canadian, and he is the one who told me the story.

In the second incident I was one of the actors. On my last trip home I happened to be sitting in the train with two English-speaking Canadian soldiers who had just returned from overseas and were on the way to their homes in Essex county. One of them, without any question from me, made this spontaneous remark: "Senator, within ten years from now we will be on our own." That came from the lips of a Canadian boy who had been overseas for five years in the fight against tyranny and for the maintenance of the British commonwealth and all that it represents. I asked him what he meant by his remark, and he replied: "I mean that then we will run our own business, without any interference from outside." I am not inventing those words, nor am I quoting them here to provoke anyone. I simply want to prove my contention that there is in the country a thirst and a hunger for a greater manifestation of true Canadianism.

Hon. Mr. MURDOCK: May I ask the honourable gentleman if we do not run our own business now?

Hon. Mr. LACASSE: We are still appealing to the Privy Council in England to settle our disputes. And I would ask if the United States sends abroad to get a Governor General. That issue was raised here years ago—I happened to be in the house on the occasion—when there was a debate as to whether the time had not come for Canada to get—

Hon. Mr. HORNER: Honourable senators, I rise on a point of order. Is the honourable senator not entirely out of order? Is he discussing the merits of this bill? He is telling stories, which may be interesting to him but have nothing to do with the bill.

Hon. Mr. LACASSE: Mr. Speaker, I respectfully ask you if I have said anything that I should withdraw. I will cheerfully abide by your ruling.

The Hon. the SPEAKER: I feel the honourable senator will do his best to keep within the rules.

Hon. Mr. LACASSE: Yes, honourable senators, that irresistible manifestation of a truly national conscience on the part of all Canadians is more and more evident everywhere, and it will soon become irrepressible, whether honourable senators like it or not.

It is permeating everywhere, and nothing will stop it. I noticed an expression of it even during our recent debate on oleomargarine, when an honourable gentleman was concluding his remarks against the bill sponsored by my honourable friend from Waterloo (Hon. Mr. Euler).

Hon. Mr. HAIG: A point of order. I submit that the honourable gentleman cannot refer to a former debate of this session.

The Hon. the SPEAKER: The point is well taken. The honourable gentleman is out of order.

Hon. Mr. LACASSE: This is what he said—

The Hon. the SPEAKER: I think the honourable gentleman should confine himself to the subject-matter of this debate and not refer to what was said on another matter.

Hon. Mr. LACASSE: Do I take it, Mr. Speaker, that we are not allowed to quote from the press and from opinions expressed in this house when they are directly connected with the subject we are discussing at present?

The Hon. the SPEAKER: The reading of editorials is not in order. References to another debate of the present session should not be made. A point of order has been raised by the honourable leader of the opposition (Hon. Mr. Haig), and I would ask my honourable friend to keep within the rules. I know he is adroit enough to do that and still make his point.

Hon. Mr. LACASSE: Surely the honourable leader opposite (Hon. Mr. Haig) will agree that I should be allowed one minute to prove the relevancy of the remark I wish to quote. I just want to say that in the debate on oleomargarine—

Hon. Mr. HAIG: My honourable friend has apparently missed my point. He cannot refer to a former debate of this session.

Hon. Mr. MURDOCK: The bill to legalize oleomargarine was killed in this house. The Senate did as it liked, and rejected it. Why bring up something that was said in that debate?

Hon. Mr. LACASSE: Here is the remark.

Hon. Mr. HAIG: What my honourable friend is now saying has no connection with what we are discussing.

Hon. Mr. LACASSE: Knowing my honourable friend as I do, I am sure he will be generous enough to allow me one single minute to justify my quotation. Here is the remark:

You will be more Canadian if you defer the adoption of this bill—

to legalize oleomargarine. That more or less irrelevant conclusion was betraying none the less a state of mind and a patriotic fervour which should not pass unnoticed.

As I stated before, the word "dominion" has, in my humble judgment, become a misnomer and an anachronism under present conditions, because it is to me a label of subserviency, irrespective of whatever may be said to the contrary. I am not going to quote definitions taken from various dictionaries—I shall guard against quotations from now on—to prove my point. My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) has given us one sufficiently clear and eloquent to satisfy everybody. And is it not true that, after all—and more so today than ever before—words have the meaning that the people slap on them, quite often against the rules of grammar or former interpretations? The world is travelling at a terrific pace nowadays, even in that respect. We do not even take the time any more to write in full the names of industrial firms, professional associations or government organizations. Thus we have the C.I.L. here, the AMLFAN there and the UNRRA elsewhere, and so on. So flurried and so busy is our present generation that I should not be surprised to read tomorrow in our sports programme for the first of July "C.D.", instead of "Canada Day."

Why should that word "dominion" precede the name of Canada on the maps of the world? I fail to see that any qualifying words are used before the names of other countries, as, for instance, (The kingdom of) England, (The fourth republic of) France, or (Les cantons fédérés de) Suisse. Why should we not henceforth read, at least on our Canadian maps, "Canada" without any cumbersome, useless and untrue identification?

As to the consequences of the non-approval of this proposed liberation from that untrue symbol of outside domination, one is foremost in my mind. In this debate more than one honourable senator has deplored the fact that our national holiday, whether it be called "Dominion Day", "Confederation Day" or anything else, is not celebrated as it should be celebrated throughout the land. How unfortunate and how true! But why? Because of a lack of national education and of systematic co-operation along that line. Has not the time arrived to remedy that condition? Why then should a gallant initiative on the part of our members of parliament be opposed and wrecked by those who single out that very deficiency? That is beyond my comprehension. It would rather seem that any move to stimulate the patriotism of our people, and especially of the youth of the country, should be encouraged. Give the

Canadian people slogans, flags and symbols that truly correspond to their national pride and civic ideals, and give their national holiday a more fitting name, and you will stimulate rather than impede the expansion of a truer Canadianism.

I predict that a turning down of "Canada Day" would be a very severe blow to the legitimate pride and lofty aspirations of all true Canadians, as expressed by the great majority of their representatives elsewhere. It would be indeed a very poor way of asserting ourselves as newly confirmed citizens of a country which has such a glorious record and such tremendous responsibilities in responding to the anxious expectations of what I believe to be the majority of my fellow-Canadians.

Here is my conclusion, honourable senators.

Hon. Mr. HORNER: Hear, hear.

Hon. Mr. LACASSE: I am sorry to have kept my honourable friend from Saskatchewan so long listening to me, but many a time have we extended to him the same patient courtesy. Before concluding I will say in all sincerity that I apologize for whatever remarks I may have made which some of my colleagues might consider a little too stinging. Whatever should be withdrawn I withdraw by making a blanket apology.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LACASSE: I believe that nothing I said was irrelevant on any count, even though it might have been a little brutal—as always is the truth, according to the great moralists.

Deeply impressed by the popular reaction that followed the presentation of this bill, and confirmed in the views I already held by the able speeches delivered by my honourable friends from Vancouver-Burrard (Hon. Mr. McGeer) and from Toronto-Trinity (Hon. Mr. Roebuck) whose eloquent contributions persuaded me that I was right in the first place, I cannot bring myself to believe that it would be a crime or a sacrilege to place on our Canadian calendars, in the little square marked July 1st, the three-syllable word which during the war was carried and paraded in shining brass on the proud shoulders of our gallant boys and girls to the four corners of the world. Is it possible that a name which, because of the heroism of our sons and daughters, gained so much respect and admiration everywhere abroad in those six tragic and fateful years, should not at last be recognized and appropriately glorified by the citizens of the country it designates, as provided for in this bill? My answer to that question is an emphatic "No," and I shall indeed make it my solemn duty to support this bill by my vote with the same honesty of purpose and the same patriotic pride with which I support it by words. Yes, honourable senators, let us make it Canada Day!

Hon. A. MARCOTTE: Honourable senators, we have had quite a long discussion on this bill, and it would seem that enough has been said to enlighten us before we vote. But this measure is more important than some people think, and as honourable senators may have noticed while listening to some of the speeches delivered, there is always something more to be said on the matter.

It was befitting that the first opposition to the bill should come from one of the representatives of the province of British Columbia. As we all know, the bill creating the statutory holiday called "Dominion Day" was presented by a senator from that province, honourable Dr. Carrall. I am sure that every member was impressed by the splendid address delivered by the honourable senator from Vancouver. Loquacity, or what in French we call "bagout" is easy. But real eloquence—clearness of exposition, soundness of argument—is altogether different, and I am glad to pay my compliments to the honourable gentleman for his lucid presentation of the arguments against the bill.

I wish also to pay my compliments to the honourable senator from Peterborough (Hon. Mrs. Fallis). She stated that honourable members should not be governed by outside influence. The Senate is not to be coerced. "We will do our work, and fulfil our duty with courage and dignity." These are the words with which I concluded a speech last session. I repeat them today.

The honourable senator from Vancouver South (Hon. Mr. Farris) referred at some length to the preamble of the Dominion Day bill as presented here in 1879, but in my opinion he referred too briefly to what was reported in the Debates of the Senate on the bill. Since some persons desire to change laws passed years and years ago, it may prove a good thing to refer to the discussion which took place then between men who had taken part in bringing together the colonies of British North America to form what became known as the Dominion of Canada. The discussion then was rather sentimental. You all know that confederation, culminating in the British North America Act, was not easily secured.

I would not for a moment dare lecture honourable senators on the bitter electoral campaign which took place at the time. In 1879, although twelve years had elapsed since confederation, passions had not yet died down. The few citations I am going to make will prove that we should not be surprised that the

discussion taking place now is in fact very similar to the one that took place then. Men disappear, but the ideas they have sown remain to germinate, and after years of unseen growth again appear in full view as a new crop; but if carefully studied this crop will be found to be the same as the old one, with the same good qualities but also with the same defects.

The honourable senator from Vancouver South stated that he was born just one year before the Dominion Day bill; the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) went one better by saying that he also was born the same year. Would honourable members be interested to learn that for me not only was the Dominion Day celebration of 1879 the first one I participated in as a youngster, but that 1879 was also the year I started to go to school. I have a good recollection of the ceremonies of that 1st of July. We young boys could not understand the merits of the speeches delivered but we greatly admired the silk hats and long coats of the speakers.

The honourable gentleman from Vancouver South quoted a few words said by the sponsor of the bill at that time. I would supplement the quotation with this paragraph:

I have always loved the dominion dearly. I helped to bind it together, and I have worked since with all the energy I possessed by vote and voice to consolidate it. While they have in Lower Canada and other provinces of the dominion many saints' days and holidays, I think we should have one day which should be observed throughout the dominion as the anniversary of confederation. I think we ought to pass this bill, particularly at this time when the dominion, like the mighty empire of Rome, is so large that it is always in rebellion in some part of it. British Columbia is irritated and restive, and now is the time to legislate for a complete crystallization of the factions of the dominion into one harmonious whole. I have no desire to make a spread-eagle speech, but I speak my own feelings, claiming to be a patriotic Canadian descended from a race of patriotic Canadians—one of the oldest families in Canada.

Another senator, honourable Mr. Campbell, said:

No one, by feeling and exertion, is better entitled than my honourable friend to propose that the anniversary of confederation be a public holiday. Some years since, when a similar measure was before parliament in this house, the government thought that it was best that it should not become law then. There was a good deal of uneasy feeling at the time in some of the provinces of the dominion, and it was thought that to make Dominion Day a compulsory holiday, as it were, would be distasteful to the community, and that it would, instead of promoting a kindly sentiment, give rise to a feeling of irritation in those portions of the dominion where that uneasiness prevailed. I hope that the feeling of dissatisfaction has passed away in all the provinces. I think it has, and if we are now more united than we were then, and are ready to observe the anniversary of the formation of the dominion as a day of which we are proud, as a day which we think marks an event which has contributed to the prosperity of the country, it seems to me that this bill should pass.

Had this feeling of dissatisfaction passed? Let us hear from Honourable Senator Cornwall:

Since then British Columbia has invariably done all that she undertook to do; but the Dominion of Canada, although eight years have since elapsed, has not carried out her part of the solemn obligations by which she bound herself, and I am forced to hold the unwelcome opinion that confederation is at present only nominal instead of real. I confess that, holding such a view, I cannot lend myself to setting aside any particular day to commemorate an event which has not yet occurred. In saying this I do not wish the house to doubt for a moment my earnest loyalty both to the dominion and confederation.

The discussion was continued by Honourable Senator Miller, who said:

Even with that explanation, I should like to know whether it is true that the local legislature of British Columbia is at the present time threatening secession; and, if so, why it is that a representative of that province is a suitable mover of such a bill as this? I presume that these reports which we see in the press can have no foundation in fact. I sincerely hope that they have not, but I think that my honourable friend should be in a position to give the house, before the bill has been read a second time, some satisfactory information with regard to what has appeared in the newspapers about a local agitation of that kind in the province from which he comes.

The answer came as in a duel. This is the "riposte".

I do not think that it comes with a good grace from any gentleman who represents Nova Scotia to question the loyalty of the representatives of British Columbia. The honourable gentleman from Richmond does not observe, on all occasions, becoming reticence. It is true that the local government of British Columbia, a small body of men, following up a previous resolution of a former government, did unwisely put in the Speech from the Throne words for which, if I had been in the Governor's place, I would have put them in jail. They were words which should not have been used. I am certain that there are enough Canadians, apart from other loyal subjects of the Empire, in that country, to hold it with hooks of steel to the Dominion. I was one of those who made the terms of union, and I shall do my utmost to hold these provinces together as one dominion extending from ocean to ocean.

Hon. Mr. Dever: As a representative of New Brunswick, I feel it my duty to say that since confederation has been carried in that province, I have seen nothing that would lead me to suppose that Dominion Day was not a statutory holiday. Every year by a majority of the people it has been kept sacredly; the stores have been closed, and business has been suspended, with very few exceptions. Nothing, I am sure, would give greater satisfaction to the people of New Brunswick, than to feel that it was looked upon as a national holiday.

These citations, honourable senators, show that if passions had not died, they were under

control. Senators at that time were true patriots, loving their country and working for its development. We today are animated by the same patriotism, and if we are sometimes divided in our opinions, there is no reason to show bitterness.

Now I come to one opinion which, in my estimation, carried more weight than some expressed before. Honourable Mr. Girard spoke as follows:

Although the bill does not appear important in itself, it is by no means a trifling matter. I would have no objection to vote for it if it were a government measure. It seems to me that to establish holidays in any country is a prerogative of the Crown, and the responsibility of doing so should rest with the government. I do not think that this bill should have been introduced in this house except as a government measure. I feel as much as anyone else the necessity of observing the 1st of July as a public holiday. I rejoice at the success of confederation, and believe that there should be legislation to make Dominion Day a public holiday, but until it comes in a legitimate way before parliament I feel it my duty to vote against it.

That argument, forceful as it was then, has more real force today, if honourable senators pay attention to what has been said here and in another place. We heard the honourable senator from Rigaud (Hon. Mr. Dupuis) state that the present bill does not go far enough and that the word "Dominion" should disappear from all statutes, including the Statute of Westminster—even from the prayers opening our sittings. I would argue that if we are coming to that point, the issue, assumes so much importance that it should not be left to a private member to formulate such a policy. The government should take the responsibility.

It is not my habit to trespass on the patience of this honourable house. I will not add to the arguments of the honourable senator from Vancouver South against the bill. It will be sufficient for me to say that I am in agreement with him on the points he raised. But there is one particular phase I wish to dwell upon, the word "dominion", what it means and what it represents. Most of the supporters of the bill claim that the word "dominion" means inferiority, domination by superior and exterior authority; at least as a souvenir from the past. Two definitions were cited by the honourable senator from Rigaud, and one was repeated by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). He said that "dominion" means:

The right of absolute possession and use; ownership; a country under a particular government—as Canada has been under British dominion since 1867—same as domination.

I wish honourable senators to note the interjection made by the honourable senator—"as Canada has been under British dominion since 1867"—because I am going to quote the definition of the word "dominion" as given in the Oxford dictionary:

Dominion: Lordship, sovereignty, control; domains of feudal lord, territory of sovereign or government. (Dominion of Canada, name given to Canadian colonies united 1867; Dominion of New Zealand, title given 1907); Law: right of possession.

True, "Dominion" was the name given to united colonies in 1867, but already with something made superior. I am referring to a true representative government.

I come now to the other definition which has been repeated by the honourable senator from Toronto-Trinity.

Dominion: a territory or a country with a high degree of local authority, but subject to the control of another government.

Indeed, and this is taken from a dictionary edited and published in 1940, nine years after the Statute of Westminster had definitely stated in section 4 that:

No act of parliament of the United Kingdom passed after the commencement of this act shall extend, or be deemed to extend, to a dominion as part of the law of that dominion, unless it is expressly declared in that act that that dominion has requested, and consented to the enactment thereof.

Section 11 reads:

Notwithstanding anything in the Interpretation Act, 1889, the expression "colony" shall not, in any act of the Parliament of the United Kingdom passed after the commencement of this Act, include a dominion or any province or state forming part of a dominion.

What authority will you give to a dictionary which does not take cognizance of notable facts changing the definition of words? Which do you prefer, the inaccurate dictionary or the statute which clearly states the meaning of the words used to assure your status as a free nation?

Let us read from Webster's dictionary:

Dominion: Sovereign or supreme authority; the power of governing and controlling; independent right of possession, use, and control; sovereignty; supremacy. That which is subject to sovereignty or control. The estate or domain of a feudal lord. Territory governed, or over which authority is exercised; the tract, district, or country, considered as subject; as, the dominions of a king. Dominion has no technical meaning as used in the names "Dominion of Canada" and "Dominion of New Zealand;" but the name is popularly taken as implying a higher political status than the term colony.

To the people of New Zealand the Prime Minister in 1907 said,

To-day your island home attains the prouder title of dominion.

Dominion means: sovereignty, control, rule, authority, jurisdiction.

The honourable senator from Winnipeg (Hon. Mr. Haig) has cited most of the Statute of Westminster to prove that since 1931 Canada has been absolutely free from

outside control and is a self-governing country, equal in legal and constitutional status to the other members of the commonwealth. I will not repeat the quotations. The honourable senator from Rigaud (Hon. Mr. Dupuis) is very fond, it seems, of definitions from dictionaries. He would prefer the words "nation" or "sister nation" to the word "dominion." I would refer him to Webster, where he would read among other definitions that "nation" means:

> The body of inhabitants of a country united under a single government, whether dependent or independent; a people united politically.

My honourable friend will note the words dependent or independent.

Before I conclude my remarks, I should like to say something more about the word "dominion." One objection which has been made is that the word has no proper translation in French. Well, the French edition of our statutes have given one. It is not ethical, it is said. If so, I will not argue the point; but honourable senators who know the French language are aware of the very large number of English words which our language has absorbed. Then why not enrich our language with the word "dominion"—a name noble from its sources, a name meaning sovereignty over this vast territory with immense natural resources; the name of a country whose contribution to the salvation of Christianity, civilization, democracy and liberty has been called a stupendous contribution? "Dominion", the name of a country where live the descendants of two nations who were enemies for centuries, and who under the guidance of Providence have become closely allied to save the Christian world from moral and physical slavery. These descendants are now united to make of Canada the promised land of today.

Honourable senators, time, energy and moneys are spent to preserve monuments of past days. Why should we not preserve the very name which is the living monument of the value of the British institutions under which the miracle has happened that a vanquished nation has become the equal of its conqueror; that together, step by step, they have reached the goal of absolute freedom, of sovereignty for a united people which will live in liberty and in peace? Let us be proud of our past; let us preserve that symbol; let us continue to celebrate "Dominion Day":

Some Hon. SENATORS: Hear, hear.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

THURSDAY, May 23, 1946.

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

Prayers and routine proceedings.

NAVIGABLE WATERS' PROTECTION BILL

REPORT OF COMMITTEE

Hon. Mr. COPP presented the report of the Standing Committee on Transport and Communications on Bill 9, an Act to amend the Navigable Waters' Protection Act.

He said: Honourable senators, the committee report this bill without amendment.

THIRD READING

Hon. Mr. COPP moved the third reading of the bill.

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

BUSINESS OF THE SENATE

INTERIM SUPPLY

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, I said yesterday that our adjournment this afternoon would depend, among other things, upon the progress made in another place on the Interim Supply Bill. I am advised that the bill has not yet been introduced, but that it may be disposed of by the other house before we adjourn this afternoon. I have suggested, if such be the case, that a message be sent to His Honour the Speaker, when the Senate, if it sees fit, might deal with the bill this afternoon, whereupon we could adjourn until next week.

Should our afternoon sitting close before 6 o'clock, I shall ask honourable members to consider adjourning during pleasure so that we may re-assemble and dispose of the bill if it should reach us. I am advised that passage of the bill is urgently needed.

DIVORCE BILLS

THIRD READINGS

Hon. JOHN T. HAIG, on behalf of Hon. Mr. Aseltine, moved third reading of the following bills:

Bill M5, an Act for the relief of Thomas Bryson Beakes.

Bill N5, an Act for the relief of Lila Edna Page Kennedy.

Bill O5, an Act for the relief of Ernest Crete.

Bill P5 an Act for the relief of Pauline Hellier Kirsch.

Bill Q5, an Act for the relief of Wilfred Fields Benlow.

Bill R5, an Act for the relief of Thomas Allan.

Bill S5, an Act for the relief of Martta Haavisto Aaltonen.

Bill T5, an Act for the relief of Rhona Gertrude Paikowsky Munn.

Bill U5, an Act for the relief of Arthur Joseph Hubbard.

Bill V5, an Act for the relief of Eleanor Hibbard Howe.

Bill W5, an Act for the relief of George Graver.

Bill X5, an Act for the relief of Malcolm Ernest Bigelow.

The motion was agreed to and the bills were read the third time, and passed, on division.

PRIVATE BILL

SECOND READING

Hon. Mr. McGEER moved the second reading of Bill Y5, an act to incorporate Co-operative Life of Canada.

Hon. Mr. CRERAR: Explain.

Hon. Mr. McGEER: Honourable senators, this bill proposes the federal incorporation of a company, Co-operative Life of Canada, to take over an existing company known as Co-operative Life Insurance Company, which is incorporated under the provisions of part XIa of the Saskatchewan Insurance Act. I understand the bill has been submitted to the insurance division of the Department of Finance and that it has been generally agreed to with the exception of clause 6, which provides for the method of voting in the company. That matter can be determined in committee when Mr. Finlayson, Superintendent of Insurance, and the solicitors of the proposed company are present. I intend to move, after second reading, that the bill be referred to the committee on Banking and Commerce.

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

REFERRED TO COMMITTEE

Hon Mr. McGEER moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

UNEMPLOYMENT INSURANCE BILL

MOTION FOR SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill L5, an Act to amend the Unemployment Insurance Act.

He said: Honourable members, I would ask the honourable senator from Inkerman (Hon. Mr. Hugessen) to explain this bill.

Hon. Mr. HAIG: Before he does so, I wish to intervene. Heretofore I have always received through the mail a copy of each of the bills which appear on our order paper. I do not know who is responsible for the omission, but I did not get a copy of this bill. The bill has been placed on some files, but not on others. The honourable senator from Thunder Bay (Hon. Mr. Paterson) very kindly lent me his copy half an hour ago, and of course I have not yet been able to peruse it thoroughly. I am quite willing that the bill should be proceeded with. I am sure the honourable leader will not object if the debate is adjourned.

Hon. Mr. VIEN: I have ascertained that copies are now on some of the files, but three times yesterday I made inquiry and was informed that the bill had not reached the distribution office. Only five minutes ago I sent a messenger there for a copy, but none had yet been received. I am not blaming the honourable leader of the government, he is not responsible; but when a bill is introduced and given first reading copies should be distributed immediately. It is virtually impossible for one to follow the explanation intelligently unless one has seen the bill.

Hon. Mr. ROBERTSON: I am sorry for the inconvenience caused some honourable senators. I made inquiries this morning and was advised that the bill had been distributed, but apparently it failed to reach all honourable members. I will take steps to see that a similar failure does not occur again. If the house is agreeable, I think the honourable senator from Inkerman (Hon. Mr. Hugessen) might proceed with his explanation of the bill.

Hon. ADRIAN K. HUGESSEN: I can quite appreciate the objections raised by two honourable senators by reason of the non-distribution of the bill, for it is an important and complicated measure consisting of twenty-eight pages, and will require careful study.

Before I go into the details of the bill itself, the house might like to have some sort of general picture and a few statistics in relation to what may be termed the over-all condition of unemployment insurance in this

country at the present time. It will be recalled that the Unemployment Insurance Act was passed in 1940 and was amended in 1943. It came into force on the 1st of July, 1941, and has thus been in effect for nearly five years. Honourable senators are, I know, familiar with the basic structure of the act, and they will pardon me if I go over it somewhat briefly.

The act sets up an Unemplayment Insurance Commission with headquarters at Ottawa. This commission, which administers the act, is responsible to the Governor in Council. It consists of three whole-time, fully-paid members, one of them represents the employers and one the employees, while the third being the chairman, is neutral, I suppose. The act also sets up an Advisory Unemployment Insurance Committee—an unpaid committee which has various important duties assigned to it, including those of reporting annually to the Governor in Council as to the financial condition and actuarial solvency of the fund, of investigating possible extensions of unemployment insurance to further classes of employees, and of considering adjustments in the contributions made by employers and employees. It is important, I think, to realize that this is essentially an insurance scheme, and in order to retain its quality as such it is necessary that at all times the fund be actuarially sound, which is the reason for the setting up of the advisory committee and for the functions entrusted to it.

The act also sets up an employment service for Canada, which has opened offices in all the principal centres throughout the country. In connection with that service the act provides for a national employment committee, consisting of representatives of employers and of employees in equal proportion, and for the appointment of similarly constituted regional committees in different areas of the country.

Generally speaking, the act covers those who are engaged in what one might call industrial employment, and includes not only all employers, but all employees earning wages up to $2,400 a year. The contributions of employers and employees are made to what is called the Unemployment Insurance Fund. That, as I say, is made up of contributions by employers and employees. The latter contribute on a sliding scale based upon earnings. The sliding scale will be found in the second schedule to the act. The employees, graduated according to their wages, are classified from No. 0 to No. 7 inclusive. Class 0, for instance, covers employees earning less than 90 cents a day, or who are under sixteen years of age. The contribution for them is at the rate of 18 cents a week, and is paid entirely by the employer. Then you come to class 1, employees earning $5.40 but less than $7.50 a week. Here the contribution of the employer is 21 cents and of the employee 12 cents—and so on, to the highest paid employees, class 7, earning $26 or more in a week, where the employer contributes 27 cents and the employee 36 cents a week. The rates were roughly designed so that the contributions by employers as a class and by employees as a class should be about equal. To the fund so contributed by employers and employees, the government adds one-fifth, and the total forms the Unemployment Insurance Fund. The government also pays the cost of administration.

When an insured person has the misfortune to be unemployed he becomes entitled to receive, subject to compliance with the requirements of the act, a weekly benefit, the amount of which depends upon his contribution to the fund. The rates of the weekly benefit will be found at page 7 of the bill. Honourable senators will see that, depending upon the rate of contribution, the weekly benefit payable is divided into two sections, one being the benefit payable to a person without dependents, and the other, on a slightly higher scale, that payable to persons with dependents. Thus, an unemployed person in the highest class, and having dependents, receives a weekly benefit at the rate of $14.40.

Hon. Mr. HAIG: Is there any change there?

Hon. Mr. HUGESSEN: I will come to that point in a few moments. The duration of the benefit is roughly one-fifth of the time during which a man was employed and was contributing to the fund. For instance, if he had been employed for a period of five years, and at the end of that time had the misfortune to become unemployed—assuming he had contributed to the fund and that he had dependents—he would be entitled to a weekly benefit of $14.40, payable throughout the whole of the following year.

I do not wish to weary the house with figures, but I think it would be interesting to state a few of the highlights of the position which has been reached. The figures I am about to give are as of March 31 last. On that date the number of employees covered by this act was 2,294,460. If honourable gentlemen care to do a little calculating, they will see that that figure comprises almost one-fifth of our total population. It should further be borne in mind that a very considerable number of these 2,000,000 odd persons have one or more dependents, which shows that a very large portion of our population has a vital interest in the unemployment insurance scheme.

Hon. A. L. BEAUBIEN: Is the honourable member referring to the year 1945?

Hon. Mr. HUGESSEN: I am speaking as of March 31, 1946. The amount of the fund at that date in round figures was $317,240,000, which represents almost $150 for every insured person. The total benefits paid up to march 31 last were $39,425,000.

Hon. Mr. HAIG: Will the honourable gentleman at this point tell us how the fund has been operating since we have run into a little unemployment?

Hon. Mr. HUGESSEN: I am about to come to those figures.

Hon. Mr. BALLANTYNE: The honourable leader wishes to know how much has been contributed by the employee, the employer, and the government.

Hon. Mr. HUGESSEN: I was about to ask permission of the house to place on Hansard certain statistical tables which I think will give the honourable leader opposite exactly the information he desires. The first table is a statement of revenue of the Unemployment Insurance Fund for the period from July 1, 1941, to March 31, 1946, showing the contributions made in each year by employers, employees and the government, with a total contribution of over $356,000,000.

Unemployment Insurance Fund
Revenue
Statement for the period July 1, 1941, to March 31, 1946

Period	Number of insurance books issued to date	Contributions				Interest	Gross revenue for period
		Employee (estimated)	Employer (estimated)	Government	Total		
		$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
July 1/41 to Dec. 31/41	2,307,272	12,241,551.73	11,345,253.15	4,717,360.97	28,304,165.85	105,890.48	28,410,056.33
Year ending Dec. 31/42	2,813,843	29,311,650.16	25,785,436.61	11,019,417.36	66,116,504.13	1,303,097.53	67,419,601.66
Year ending Dec. 31/43	3,067,891	32,433,686.35	27,964,239.81	12,079,585.22	72,477,511.38	3,483,839.20	75,961,350.58
Year ending Dec. 31/44	2,947,990	34,970,699.75	29,313,674.79	12,856,874.91	77,141,249.45	5,632,644.52	82,773,893.97
Year ending Dec. 31/45	3,040,966	33,713,269.43	28,373,782.93	12,417,410.49	74,504,462.85	5,974,265.63	80,478,728.48
Month ending Jan. 31/46	3,102,941	2,882,561.65	2,426,023.34	1,061,717.00	6,370,301.99	561,077.29	6,931,379.28
Month ending Feb. 28/46	3,155,758	2,611,204.32	2,197,643.41	961,769.55	5,770,617.28	563,753.89	6,334,371.17
Month ending Mar. 31/46*	3,225,201	3,432,910.94	2,889,208.67	1,264,423.91	7,586,543.52	769,891.16	8,356,434.68
Total:—		151,597,534.33	130,295,262.71	56,378,559.41	338,271,356.45	18,394,459.70	356,665,816.51

*Preliminary figures.

The second table I wish to file shows the total expenditure and the net revenue of the fund for the period from July 1, 1941, to March 31, 1946, and gives by yearly periods the number of persons benefiting, the amount of benefits paid, the net revenue after payment of benefits, and the balance in the fund at the end of each period.

Unemployment Insurance Fund
Expenditure
Statement for the period July 1, 1941 to March 31, 1946

Period	Number of persons commencing benefit on initial claim *	Benefit	Net revenue for period after payment of benefit	Balance in fund
		$ cts.	$ cts.	$ cts.
July 1/41 to Dec. 31/41	Nil	Nil	28,410,056.33	28,410,056.33
Year ending Dec. 31/42	9,635	349,655.94	67,069,945.72	95,480,002.05
Year ending Dec. 31/43	16,583	929,219.33	75,032,131.25	170,512,133.30
Year ending Dec. 31/44	46,161	3,265,707.67	79,508,186.30	250,020,319.60
Year ending Dec. 31/45	145,108	14,561,475.71	65,917,252.77	315,937,572.37
	Number of persons drawing benefit during period			
Month ending Jan. 31/46	102,718	4,492,081.25	2,439,298.03	318,376,870.40
Month ending Feb. 28/46	139,222	5,900,722.63	433,648.54	318,810,518.94
Month ending Mar. 31/46†	156,180	9,926,293.28	−1,569,858.60	317,240,660.34
Total:		39,425,155.81	317,240,660.34	

* Number of persons commencing benefit on Initial Claim for first quarter of 1946 is 124,875.
† Preliminary figures.

Now may I make a specific answer to the question by the honourable leader opposite? I take his question to be: Has the fund at all times and in every month had a surplus of income over expenditure, particularly in the last few months? This is the answer: Last March was the first month in which the benefit payments exceeded the amount of contributions to the fund. The excess of benefits over payments in that month was about $1,500,000. Honourable senators will realize that the month of March was a time when there was considerable unemployment, largely seasonal, and perhaps to some extent of a technological character arising from the closing down of war industries and the reconversion to peacetime activities. I am advised that for the month of April the fund was again in balance, and that the receipts exceeded the expenditures.

Hon. Mr. EULER: How much is in the fund now?

Hon. Mr. HUGESSEN: A total of $317,248,000.

Hon. Mr. EULER: Could the honourable senator give an estimate as to the number of employees to come under this scheme as compared with the number under the previous provision?

Hon. Mr. HUGESSEN: There is no change in the scheme.

Hon. Mr. EULER: I understood the honourable senator to say that other employees and classes were being added in this scheme.

Hon. Mr. HUGESSEN: Not in this scheme. As I go along with my remarks I will explain how they come in.

The third table goes into a little more detail, and gives the number of persons receiving benefits and the amounts paid to them for the years 1942 to 1945, inclusive, and for the first quarter of 1946. The figures are first given for Canada as a whole, and then they are broken down by provinces. If any honourable senator is particularly interested in his own province he will find the details in this third table, which I now crave permission to file.

Hon. Mr. FARRIS: Does the table give totals?

Hon. Mr. HUGESSEN: It gives the total for Canada, and then it breaks the figures down according to the provinces.

Number of persons who commenced receipt of benefit on initial claims and amount of benefit paid by province, for the calendar years 1942–1945 and for the first three months of 1946.

—	1942		1943		1944		1945		1st quarter 1946	
	Number of persons commencing benefit on initial claims	Amount of benefit paid	Number of persons commencing benefit on initial claims	Amount of benefit paid	Number of persons commencing benefit on initial claims	Amount of benefit paid	Number of persons commencing benefit on initial claims	Amount of benefit paid	Number of persons commencing benefit on initial claims	Amount of benefit paid
		$		$		$		$		$
Canada	9,635	349,656	16,583	929,219	46,161	3,265,708	145,108	14,561,476	124,875	17,595,591
Province—										
P.E.I.	64	1,905	107	6,031	172	11,823	601	57,373	528	55,287
N.S.	919	16,839	1,173	44,324	1,835	162,012	6,475	713,804	4,762	697,848
N.B.	284	11,918	670	37,336	865	43,205	1,897	152,167	2,567	216,556
Que.	2,592	104,698	6,674	405,344	19,063	1,555,881	60,417	6,599,261	43,702	7,154,462
Ont.	2,253	84,293	2,730	142,096	6,975	469,772	39,437	3,506,549	42,291	5,501,100
Man.	1,233	46,010	1,751	99,389	3,635	254,203	10,015	962,950	6,743	807,731
Sask.	607	23,348	869	47,622	1,735	129,093	3,365	318,314	2,952	345,250
Alta.	955	35,632	1,053	70,314	6,446	276,899	6,261	663,275	4,713	536,998
B.C.	728	25,013	1,556	76,763	5,435	362,820	16,640	1,587,783	16,617	2,280,359

There is one more table that I should like to file. It is a short one, and gives from the commencement of the act to March last the ratio of the contribution of the employees to that of the employers. This table is rather interesting because, as I have stated, the payments were based on the theory that the contributions by the employer and by the employee would be about equal. However during the past five years, as a result of the increasing wage scale in industry, more and more employees have been earning higher wages and contributing more than their employers. In July, 1941, the employees subscribed 50·5 per cent, and the employers 49·5 per cent; but by March of this year a position had been

reached in which the employees were paying 54·3 per cent and the employers 45·7 per cent of the fund.

I shall now file the table.

Ratio of Employee to Employer Contributions Unemployment Insurance Fund

	Employee per cent	Employer per cent
July, 1941	50·5	49·5
Dec., 1941	51·9	48·1
Dec., 1942	53·2	46·8
Dec., 1943	53·7	46·3
Dec., 1944	54·4	45·6
Dec., 1945	54·3	45·7
Mar., 1946	54·3	45·7

I referred earlier in my remarks to the Unemployment Insurance Advisory Committee. That committee, I am informed, is now studying proposals of three different kinds. The first is to adjust the rates of contribution as between the employer and the employee, with a view to restoring the relative contributions to the 50-50 basis upon which the scheme was originally set up. The second step which the committee is considering is that of creating a new class of employee, in addition to those now covered in the second schedule. I said a moment ago that at the present time the highest-class employee is the one earning $26 or more per week, and whose employer contributes 27 cents while he contributes 36 cents. It is now suggested that an eighth class should be incorporated, covering persons earning $34 a week or more.

Hon. Mr. EULER: The government's proportion remains the same?

Hon. Mr. HUGESSEN: The government's proportion remains the same. It is always one-fifth of the total contribution of employers and employees.

The third question now under study by the committee is whether it would not be possible to increase the weekly rates of benefits to persons with dependents. The present rates are shown on page 7 of the bill. Apparently the committee have reached the conclusion that this insurance scheme can be kept actuarily sound and yet permit a slight increase in the present rates of these benefits.

Another subject that I wanted to touch upon is the classes of employment covered by the scheme. I think we all agree as a matter of general policy that it is advisable to extend the benefits of unemployment insurance as widely as possible. I may say here, parenthetically, that in England, for instance, where the experience with unemployment insurance has been much longer than ours, they have ultimately and by degrees succeeded in extending coverage to practically every class of the community, including agricultural labourers, domestic servants, and so on, who are now excluded from our scheme. Part II of the first schedule of our act of 1941 contained a list of what were called excepted employments—that is employments not covered by the scheme. It was quite long and included employment in agriculture and forestry, fishing, lumbering and logging, transportation by water or by air, domestic service and various other classifications. Honourable senators will recall that the amending act of 1943 extended the coverage in two ways. First, it extended the maximum wage of persons covered by unemployment insurance from $2,000 to $2,400 a year; and secondly, it brought under the act a whole class of employees who are paid, not by the year but by the hour, day or week, or by mileage, as railroad employees are, regardless of whether the remuneration of any of these persons exceeds $2,400.

Furthermore, section 86 of the act provides that after investigation by the advisory committee and on the general recommendation of that committee and of the commission, the Governor in Council may extend the provisions of the act to any of the employments specified as excepted employments in part II of the first schedule. In 1945 that was done in two cases after investigation. The act was extended to the business of transportation by air and to professional nurses. In that year it was extended also, in theory, to lumbering and logging. I say "in theory", because it has not yet been extended in fact to that industry. I am advised that the different seasonal and climatic conditions under which the industry is carried on in various parts of the country make the administrative problem extremely difficult. For some time the question has been under study, and it is expected that the act will shortly be made applicable to the industry in the province of British Columbia.

Perhaps at this point I should refer to section 19 of the bill, which would amend part II of the first schedule so as to make clear that the provisions of the act may be extended to part of an industry in one section of the country and not necessarily to the whole industry throughout the country. If this amendment is adopted it will be possible to introduce the scheme that has been devised for logging and lumbering in British Columbia. I am advised also that it is hoped to extend the provisions of the act to transportation by water on our Atlantic coast. The extension is advisable because the manning pools for marine seamen are shortly to close. Special techniques will be required to handle the contributions and claims of men engaged in this particular employment, and also it will be necessary to have a reciprocal arrangement

with other governments as respects trans-ocean shipping. I would refer honourable senators to section 26 of the bill, which seeks to amend part I of the first schedule so as to permit the making of agreements in cases where men are employed in transportation by sea between Canada and some other country or countries.

After this lengthy preamble, for which I apologize to the house, I proceed to a short consideration of the principal provisions of the bill itself. A good many of the changes are of a purely administrative character, providing merely for rearrangement and clarification, and involving no basic change of principle. Honourable senators will observe that section 5 extends from page 3 to page 13 of the bill. The object of this long section is to repeal sections 27 to 40 of the present act and to substitute a similar number of other sections, considerably rearranged and clarified but importing no great departure in principle from the existing sections.

There are three changes which honourable members might be interested to know about. One is in the proposed new section 29, subsection 1, paragraph (b), subparagraph (ii), on page 5. That permits a person who is in receipt of unemployment insurance benefit to earn up to $1.50 a day from part-time employment without prejudicing his benefit rights. The former limit was one dollar.

Hon. Mr. HAIG: I know of industries in a certain province where the men and women employed are mostly from the rural parts. How in the world can the unemployment officials keep track of what those people are earning?

Hon. Mr. HUGESSEN: Of course, the honourable senator will realize that this is the case of a person in receipt of the weekly unemployment insurance benefit. He has to come in every week and make a declaration, and so forth. I do not know how the fund is administered.

Hon. Mr. HAIG: Cheques are sent by mail.

Hon. Mr. HUGESSEN: I am not aware of that. I assume that payment depends upon a sworn declaration. I understand the commission has local inspectors who check up on these things all the time.

The second change is in section 31, at page 6. As I said before, people with dependents are entitled to benefits at a slightly higher rate than those without dependents. Subsection 2 (d) extends the definition of a person with a dependent to include:

> A person who maintains a self-contained domestic establishment and supports therein a wholly dependent person connected by blood relationship, marriage or adoption.

If I remember rightly, a similar provision was inserted in the Income Tax Act a year or two ago.

Hon. Mr. HAIG: Yes.

Hon. Mr. HUGESSEN: The third change is that the table of rates of benefits, which formerly were tucked away in a schedule at the very tail-end, has now been transposed to the body of the act, page 7—where I submit it ought to be.

The next important change to which I think honourable members should pay some attention will be found in the new section on page 21. It amends section 88 of the act, which deals with the setting up of the employment service for Canada, and provides that "in respect of the administration of that service" —that is the employment service—"the commission shall be responsible to the minister." That raises rather an interesting administrative problem, because it places the commission in a position where it serves two masters. With regard to the fund and the insurance provisions and the regulations thereunder, it still remains what one might call an autonomous body, subject only to the Governor in Council.

Hon. Mr. EULER: Is that fund, which I now understand amounts to about $300,000,000, entirely under the control of the commission, or does it go into the Consolidated Revenue Fund and remain as a credit to the commission, or is it invested in government bonds?

Hon. Mr. HUGESSEN: I understand the fund is entirely in the control of the commission and is invested in government bonds. In fact the unemployment insurance fund was a very fruitful source of subscriptions to the different war loans.

Under this proposed amendment the commission will still remain its own master in respect of its insurance functions; but in respect of the employment service it will become responsible to the Minister of Labour. The explanation is that the employment service, while it is useful and indeed essential to any proper scheme of unemployment insurance, is not necessarily confined to that function; in fact it was used during the war, and has been since, for many other purposes than those related strictly to unemployment insurance. As honourable members know, it was used during the war for National Selective Service. It is being used today for the reinstatement of veterans in civil employment and in connection with their vocational training. So much is this the case that if you turn to the estimates for the current year you will find the government has

recognized that to the extent of 60 per cent the cost of the employment service should be charged, not against the Unemployment Insurance Commission but against other branches of government work. Again, I think it will be readily recognized that under present conditions in this country, with the acclaimed policy of all parties "full employment for all", an employment service fills a lot more functions than merely being an adjunct to a scheme of unemployment insurance. I am informed with respect to this proposed duality of function, that a similar situation exists in the United Kingdom, in the United States and in New Zealand.

Hon. Mr. VIEN: If I understand correctly, the duality of the system does not disappear. It means only that the Unemployment Insurance Commission, instead of being responsible to the Governor in Council, will, with respect to the employment part of its activities, be responsible to the minister. Therefore the commission will continue to have a dual responsibility, one in respect of unemployment insurance, and the other in respect of employment. Is that correct?

Hon. Mr. HUGESSEN: My honourable friend has put it far more clearly than I could myself.

Hon. Mr. VIEN: I am leading to another question on which I should like to have information. The point has been raised in Montreal by various groups interested either from the standpoint of employers or employees, that there is no reason why 250,000 unemployed should be drawing so heavily on unemployment insurance, and that there appears to be a lack of co-ordination between the employment and the insurance ends of the commission's activities. They feel that when a man applies for unemployment insurance he should immediately be directed to a job. If he applies to the insurance branch the officials should say: "You are not entitled to insurance. You are a painter. Here is a job for a painter"; or "You are a carpenter. Here is a job for a carpenter." By more widely separating the responsibilities of the commission which will now be accountable partly to the Governor in Council and partly to the Minister of Labour are we not creating a greater chasm between these two very important branches of the administration?

Hon. Mr. HUGESSEN: That is one of the questions which honourable senators will have to study very carefully when they come to consider the bill in committee. I can quite appreciate the force of my honourable friend's suggestion. I am just trying to point out these principal provisions of the bill that I think will engage our attention when we come to deal with the details.

Hon. Mr HAIG: Of course during a strike there is no unemployment insurance. I am told that when the truck-drivers for the National Breweries in Montreal went on strike other men were employed and the strikers lost their jobs. Are those displaced men now entitled to unemployment insurance.

Hon. Mr. HUGESSEN: This is a long and very technical measure. I think I could find the answer for my honourable friend in the material before me but I must confess that without looking through it I am not in a position to answer him with any reasonable degree of accuracy. But that again is a question which can be very properly asked of officers of the department when we come to consider the bill in committee.

Hon. Mr. HAIG: Suppose I am a carpenter and unemployed and I am offered a job at some other place—not in Winnipeg but say in Vancouver, what about it then?

Hon. Mr. FARRIS: You ought to be satisfied at Vancouver!

Hon. Mr HAIG: I would not be satisfied, I know that, for I should hate to leave Winnipeg to go to Vancouver. Could the commission compel me to take a job there?

Hon. Mr. HUGESSEN: No. There again I cannot answer with any great degree of accuracy, but I do know there is a provision in the act by which the commission can advance funds to a man in that position to enable him to travel to another place where he may find a suitable job.

Hon. Mr. HAIG: We will ask the officers of the commission about that.

Hon. Mr. HUGESSEN: Yes.

Hon. Mr. VIEN: I appreciate that this is not the proper time to discuss details of the bill, but is the character of the bill such as to enable the committee to go into the questions that have been raised both by the honourable leader opposite and by me? I think the question I raised clearly falls under section 20. As to the question of the honourable leader opposite, shall we have an opportunity to deal with it in committee?

Hon. Mr. EULER: That is what the committee is for.

Hon. Mr. HUGESSEN: That, of course, is an inquiry which the honourable leader on this side can answer better than I can. But my understanding of the usually rather free and easy procedure of our standing commit-

tees is that a departmental officer who appears before a committee can be asked any questions dealing with the administration of his department, even though it does not fall directly within the ambit of the particular bill under discussion.

Hon. Mr. ROBERTSON: I might point out to honourable senators that this is a government measure, and as far as I am concerned I hope it will have most careful scrutiny in committee. In view of what the honourable leader opposite has said, I should like to take this opportunity of stating that while I am anxious to get the bill to committee, I am quite willing to abide by his suggestion that all reasonable time be allowed for discussion at this stage, consistent with our making as much progress as possible.

Hon. Mr. VIEN: My point was directed to the well-recognized rule that when we are in committee we must discuss the specific item before the chair.

Hon. Mr. HUGESSEN: It is my intention, when the bill is given second reading, to suggest that it be referred to the Standing Committee on Immigration and Labour, not to Committee of the Whole.

Hon. Mr. VIEN: I agree, but if we are to have a complete survey of the situation, I think we should have before us in committee not only this bill but the Unemployment Insurance Act of 1940, which it purports to amend. This is absolutely necessary because of the many interlocking questions arising out of these amendments and their effect on the whole structure of the act.

Hon. Mr. HUGESSEN: I should think, offhand, that anything of that kind would be properly within the purview of the standing committee.

Hon. Mr. COPP: There is no doubt about that.

Hon. Mr. HUGESSEN: I wish now to direct attention to the section dealing with powers of the commission to make regulations.

Hon. Mr. HAIG: What section is that?

Hon. Mr. HUGESSEN: Section 21, at pages 22 and 23, sets out the new section 92, which it is intended to incorporate in the act. This new section confers the power to make regulations concerning a great number of things. Most of these provisions are copied out of the old act; but some new powers are sought for the making of regulations. I think two of them deserve the particular attention of this house. I refer to paragraphs (o) and (p) at the bottom of page 23. I shall read them so that the house will appreciate their importance. They read as follows:

(o) requiring every person who has engaged an employee, who ascertains that he requires or will require to engage an employee or who ascertains that an employee has left or will be leaving his employment, subject to prescribed conditions, to notify the employment service organized under Part III of this Act, of such fact and to supply prescribed incidental information in such manner and within such time as may be prescribed;

(p) requiring every person seeking employment to notify the employment service of such fact and to supply prescribed incidental information in such manner and within such time as may be prescribed;

Those paragraphs empower the commission to require every employer and employee to inform the commission of his intentions with respect to employment. I suggest that when we come to look at the bill in detail honourable senators will wish to consider the granting of those powers very seriously.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. HUGESSEN: On the other hand it should be borne in mind that if we are committed to a policy of full employment—and all parties in this country are—it would seem necessary, in order to permit of full employment, that the government agency charged with the duty of getting information about employment throughout the country should have the power to collect that information as quickly and as expeditiously as possible. May I say that the International Labour Conference held in Philadelphia in 1944 recommended that government should empower their employment services to require information of this kind from employers and employees. I do not say that in an attempt to influence the opinion of any honourable senators; I simply make the assertion for what it may be worth, and perhaps as some justification for the matter being submitted to this house for consideration.

Section 23, which creates the new section 104, is one which I think honourable senators will approve without demur. It provides that the records regarding rates of pay supplied to the commission by employers and employees shall be secret, and shall not be disclosed to anybody. That is similar to a provision contained in the Income Tax Act. I am advised that a number of unauthorized persons, such as collection agencies, and wives whose husbands have disappeared, have at times attempted to obtain information from the commission. This section makes it quite clear that information as to employment shall be secret as between the individual and the commission.

One further provision of the bill on which I should like to say a few words is part V, commencing at page 25, under the general heading of "Veterans". Sections 105 to 108 inclusive originally appeared in the post-discharge order in council, and then were brought into the Veterans Rehabilitation Act. They are now being taken out of that act and placed in the Unemployment Insurance Act where they really belong. They deal with the rights of veterans with respect to unemployment insurance.

I shall give honourable senators a brief outline of the rights of veterans with respect to unemployment insurance. A man or woman who during the recent war was on active service with the Canadian forces, the British forces or, under certain conditions, the forces of an allied country, and who returns to Canada and enters insurable employment and continues in such employment for a period of at least fifteen weeks within the first year, is entitled to be treated as if he or she had been under the provisions of this act from the day of enlistment, or the first of July, 1941, whichever is the earlier. Here is an example: A man enlists for active service on the first day of January, 1942, is discharged on the first of January, 1946, after four years of service; he enters insurable employment on the first of February, and continues in that employment until the end of April. He then has had fifteen weeks' work, which automatically entitles him to be treated as if he had been employed and subject to the provisions of this act since the day of his enlistment, the first of January, 1942, and the government thereupon pays into the Unemployment Insurance Fund the total amount of the contributions which he and his employer would have paid had he actually been so employed since the date of his enlistment.

I am rather proud of the fact that we in this country have done so much more for the veteran of the late war than was done for the veteran of the previous war. I recall very well coming back at the end of the last war and joining the Great War Veterans Association—which very soon ran on the rocks because it got into the hands of irresponsible people who raised the cry that every returned veteran of the war should receive a $2,000 gratuity from the country. The cry raised by these irresponsible people was: "Give us our $2,000." There was some justification for that cry, for the enlisted men who had gone overseas had lost a good many of the rights and privileges which their fellows at the next bench or in the same factory had enjoyed by reason of staying at home and continuing to work. As I say, to that extent there was justification for the cry that the veteran should get a cash bonus to make up to him what he had lost because of his military service. In this bill we are doing almost that very thing. In effect we are saying to the veteran: It does not matter that you left your employment and served with the overseas forces of the Crown, because as far as unemployment insurance is concerned, and provided you are employed steadily for fifteen weeks, we are going to put you in the position you would have been in had you not interrupted your employment by military service. I believe that is a position which every honourable senator will gladly endorse.

Hon. A. L. BEAUBIEN: Does that provision apply to men called up under the National Resources Mobilization Act?

Hon. Mr. HUGESSEN: It applies to every man who was on active service in the Canadian forces, and would include men called up under the Mobilization Act who went on active service. It is interesting to note that up to the end of March this year 50,958 veterans have become entitled to the advantages of this provision, and that their portion of the unemployment insurance fund has been paid by the government under the conditions which I have just outlined.

I repeat what I said at the outset of my remarks, that after the debate on the second reading is concluded I intend to move that the bill be referred to the Standing Committee on Immigration and Labour. Now it only remains for me to apologize to the house for having taken so long in explaining the bill.

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

NATIONAL PARKS (BOUNDARIES) AMENDMENT BILL 1946

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 63, an Act respecting the boundaries of certain National Parks.

He said: Honourable senators, I would ask the honourable senator from Lethbridge to explain this bill.

Hon. W. A. BUCHANAN: Honourable senators, when I looked at this bill the first, second and third times I thought it would be very difficult to explain to the members of the Senate, because in a sense it is complicated. It will be observed that the bill for the most part is composed of schedules describing the boundaries of a number of parks. I have prepared in manuscript form as accurately as I can a concise explanation of what the bill proposes.

The purpose of the bill is to adjust the

boundaries of six national parks in Canada. All the properties which are being added by this bill to the various parks have been owned by the Crown for some years. It is now desired to make the National Parks Act apply to these parcels of land and, in the case of withdrawal, to make a declaration that such parcel is no longer required for park purposes —in which case the land automatically reverts to the province under the appropriate Natural Resources Transfer Act. This provision respecting the return of property would apply more particularly to the provinces of Alberta, Saskatchewan and Manitoba.

May I deal first with Banff National Park, which is referred to in the bill. This park was first surveyed in 1940 by the Surveyor General. The boundaries set out in schedule A to the bill follow the description in that survey. Two small parcels of land not formerly within the boundaries of the park are now included. Title to one parcel situated near the eastern gateway of the park was donated by the province of Alberta, and the other parcel, with the consent of the province, was included within the park. May I add that this piece of land near the eastern gateway was acquired for the purpose of protecting the park from encroachment by people who might establish a camp at its entrance. The other area included in the park by consent of the province is about one-sixth of a square mile on the crest of a mountain.

The next park to which I wish to refer is the Kootenay Park, located west of Banff. The description set out in schedule A follows the official survey made by the Surveyor General. Here reference should be made to the Banff-Windermere road agreement, in which the province of British Columbia agreed to grant a five-mile strip on each side of the road, with the proviso that the crests of the mountains shall constitute the boundaries of the area. The survey by the Surveyor General fixes the position of the crests, and the description of the park as set out in the schedule is now in accordance with the intention of the agreement. Of course the outside boundaries of the five-mile strips do not coincide with the position of the crests, and consequently it is necessary to provide that areas added to the park come under the Parks Act, and the areas beyond the crests are no longer required for park purposes.

There is a change in the boundaries of Riding Mountain National Park in Manitoba. Of the parcels being added to the Riding Mountain National Park two were expropriated in 1934, namely the north-east 24-19-19 west of the principal meridian, from Mr. Walter E. Dean, and the North-west 19-19-18 west of the principal meridian, from Mr. R. J. Pollen. The price fixed for the first of these parcels was $2,400, plus $232.77 interest allowed by the court, as the action was not completed until 1936. The price for the second lot was $2,200. The other parcels were transferred to the Dominion Government by the province of Manitoba without cost.

The two small parcels being withdrawn from Riding Mountain Park are former sites of cabins of forest wardens. The wardens were moved inside the boundaries of the park and there was no further need for these small pieces outside. The improvements have been disposed of and the lands will revert to the province under section 15 of the Manitoba National Resources Transfer Act.

Some changes are being made in the boundaries of Point Pelee Park in south-western Ontario, one of the very small national parks. The areas being added are set out in schedule C and are really three separate parcels. One, which I understand was a farm of considerable size, was purchased in 1938 from the estate of Joseph W. Post for $45,000. The second parcel consisted of two lots acquired at a tax sale. The other comprised the roads in the park area, which were expropriated with the consent of the municipality.

In the Georgian Bay Park there are some thirty islands. One of them, Flowerpot Island, which was acquired from the Department of Indian Affairs in 1930, has been added to this national park.

The only other park mentioned in the bill is a small one known as Mallorytown Landing, one of the St. Lawrence Islands Parks. The Government of Ontario, having taken a part of this park for its new scenic highway along the river, secured a parcel and transferred it to the Dominion in lieu of the land taken.

These are all the parks affected by the bill I thought it well to make some explanation with respect to each of them, as otherwise honourable members might not clearly understand the purposes of the bill.

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

NATIONAL RAILWAYS AUDITORS BILL

SECOND READING

Honourable Mr. ROBERTSON moved the second reading of Bill 10, an Act respecting the appointment of auditors for National Railways.

He said: Honourable senators will recognize this as the usual bill that we pass every year

for the appointment of auditors for the Canadian National Railways. It provides for the reappointment of the present auditors, George A. Touche and Company, of the cities of Toronto and Montreal, who have acted as auditors for the company continuously since 1924, I believe, with the exception of the year 1935. I will repeat what I think was said last session in answer to an inquiry as to the annual remuneration of the company. I am advised that it is $51,800, of which $50,000 is for auditing the books of the Canadian National Railways and $1,800 for auditing the books of Trans-Canada Air Lines.

Hon. Mr. HAIG: Honourable senators, George A. Touche and Company have offices in Winnipeg also, and I happen to know one of the resident partners there. I have much pleasure in supporting this bill.

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

CANADA DAY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Foster for the second reading of Bill 8, an Act respecting Canada Day.

Hon. C. E. FERLAND: Honourable senators, the object of this bill, the short title of which is "The Canada Day Act," is the substitution of "Canada Day" for "Dominion Day" as the name of our national holiday on the first of July. The name "Dominion Day" was first authorized by the Dominion Day Act of 1879, which was reproduced in the Revised Statutes of 1927.

I shall unhesitatingly support this bill, with all due respect for those honourable senators who have opposed it in eloquent and able speeches. The celebration of "Canada Day" on the first of July would recall to our minds the birth of confederation and our gradual development to the status of a nation.

To those who have suggested they do not like the present name of the holiday, but would prefer something other than "Canada Day," I would point out that the second reading of a bill involves only its principle. This bill could be amended in committee or on the third reading. So far as I am concerned, I would support the suggested change in the name to "Confederation Day," or to "National Day," for our country is now a nation.

What we celebrate on the first of July is not the name "Dominion," but the great event of the union of the provinces into a confederation. In other words, it is the birth of our constitution, of our confederation, of our nation. The word "dominion" has acquired a colonial significance in our history. In different periods Canada has been given different names. At the beginning of our history she was a French colony. Under the Treaty of Paris she became an English colony. Later on the country was divided into the provinces of Upper and Lower Canada, which were reunited by the Union Act of 1840. Then the name "Dominion" was given by the British North America Act of 1867.

Under the name "Dominion" our country was still a British colony, subject to the domination of the British government. To find out what were the aim and will of parliament at the time of the adoption of the Dominion Day Act, in 1879, let us read the preamble of that statute, 42 Victoria, chapter 47:

> Whereas it was on the first day of July that the Provinces of Canada, Nova Scotia and New Brunswick became one Dominion, under the name of Canada; and whereas Rupert's Land and the North-Western Territory, and the Province of British Columbia became part of the Dominion in the month of July, and Prince Edward Island became part of the Dominion on the first day of July; and whereas it is expedient that such important events should be commemorated; Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:
>
> 1. Throughout the Dominion of Canada in each and every year, the first day of July, not being a Sunday, shall be a legal holiday, and shall be kept and observed as such, under the name of "Dominion Day."

At the London Conference of December, 1866, there was a slight and friendly dispute between the British authorities and the Canadian delegates over the name to be chosen for Canada. Sir John A. Macdonald and the other Canadian delegates objected strongly to the proposed name of "Colony of Canada," and they suggested the "Kingdom of Canada." In their resolutions they asked that the provinces of Canada be united federally into a confederation; but that word is not incorporated in the British North America Act, which uses instead the word "Union." The name "Kingdom" was not acceptable to the British statesmen—and I do not blame them —because they feared it would hurt the tender susceptibilities of our neighbour to the south; and the expression "Dominion of Canada" was finally accepted and incorporated in the British North America Act.

It has to be remembered that at the time of confederation there were in the United States some anti-British elements and trouble makers who were pouring oil on the fire started by the Fenians and others. "We must take Canada by all means, by force if she will not come willingly," the New York Herald stated

on April 11, 1865. The French-Canadians at the time of the passing of the British North America Act accepted confederation without enthusiasm, indeed with suspicion and fear, as implied in the slogans: "A change is necessary and unavoidable." "We must accept confederation or face annexation by the United States." It was far better that the French-Canadian minority should continue to enjoy their essential rights—rights attached to person and family—their religion, their language, their civil code, their freedom in the domain of education and the autonomy of their provincial legislature.

I ask honourable senators, is it not true that French-Canadians, whether statesmen or private citizens, have always been loyal to the Crown and faithful to confederation, preferring always British institutions to those of the United States? British institutions have always been one of the main sources of our prosperity, and our guarantee of peace and security.

We have been told in this debate that "Dominion" is a historic name chosen for good reasons, and that it is not customary to change a Christian name. But "Dominion" is not a Christian name. The honourable senator from Vancouver South (Hon. Mr. Farris) suggested that the name "Dominion" was derived from the Bible, and in support of this he cited psalm 72, verse 8: "He shall have dominion from sea to sea from the river to the end of the world." It is to be noted that our coat of arms bears the phrase "A mari usque ad mare"—in English, "from sea to sea". I do not question the honourable gentleman's citation. But let me say to him that "dominion" as used in the Bible means domination. We find the word in several of the books of the Old and the New Testaments:

> And a mighty King shall stand up, that shall rule with great dominion.—Daniel X, 3.
>
> Judah was his sanctuary, Israel his dominion. —Psalm XIV, 2.
>
> Whether they be thrones, or dominions, or principalities, or powers.—Colossians I, 16.

Some honourable senators who have spoken in favour of the bill read definitions from dictionaries to the effect that "dominion" means a self-governing state, subject to a government other than its own. I will not labour the point. But there is no doubt that in its plural form the word is defined in most of the French and English dictionaries as meaning the British possessions overseas. We are not a British possession, but a nation associated with the other nations of the British Commonwealth of Nations, and of equal status with them.

On that point we are all in agreement, and I shall not take the time of the Senate to discuss our national status. I need only say that I am well satisfied with the interpretation given by all honourable senators who have preceded me in this debate. The other night the honourable member from Toronto-Trinity (Hon. Mr. Roebuck), who is a great lawyer, told us about the status of Canada as a member of the British Commonwealth of Nations. I am myself a lawyer, and having given some thought to the subject I may say to him that in his speech with regard to our nationality there is nothing that I could not agree with. My only point of disagreement with him is his plea for postponement of final action on the bill for a year or two.

As I said a moment ago, the word "Dominion" in the British North America Act has a colonial sense. It was applied to the self-governing autonomous colonies then subject to the Imperial Government. In 1867 the title of dominion had already been given to one of the British Colonies in America. According to history, "Old Dominion" was the name given to the then state of Virginia to distinguish it from New Virginia, and also because all the communications of the home government were addressed "To the Colonies and Dominion." As these were divided into the new and the old, the word colonies was dropped, and the two portions were spoken of as the New and the Old Dominion. The latter title has since been retained to designate the state of Virginia. Let me add that the Dominion of Canada is even described as a colony in some Imperial Statutes adopted after the passing of the British North America Act in 1867. For instance, the Colonial Boundaries Act, chapter 34 of the Statutes of the United Kingdom of Great Britain and Ireland, was passed in 1895, and I would direct the attention of honourable senators to the schedule:

Schedule

Self-Governing Colonies

Canada	Western Australia
Newfoundland	Tasmania
New South Wales	New Zealand
Victoria	Cape of Good Hope
South Australia	Natal
Queensland	

The Imperial Interpretation Act of 1889, chapter 63, contains the following:

> 2. The expression "British possession" shall mean any part of Her Majesty's dominions exclusive of the United Kingdom, and where parts of such dominions are under both a central and a local legislature, all parts under the central legislature shall, for the purposes of this definition, be deemed to be one British possession.

3. The expression "colony" shall mean any part of Her Majesty's dominions exclusive of the British Islands, and of British India, and where parts of such dominions are under both a central and a local legislature, all parts under the central legislature shall, for the purpose of this definition, be deemed to be one colony.

Now, honourable senators, after listening attentively to all the arguments advanced against the bill I find they are to the effect that the word "dominion" has acquired a new significance under the Statute of Westminster. The following clause is cited in support of that view:

In this Act the expression "dominion" means any of the following dominions, that is to say, the Dominion of Canada—

and so forth.

The only change, if any, is to the effect that the term dominions now means and includes the British countries overseas which were not named dominions—for instance, the Commonwealth of Australia, the Union of South Africa, and so on. But let me add, in the Statute of Westminster there is no other definition of the word dominion. We must name things appropriately—a child is a child; a colony is a colony; a dominion is a dominion —and we are a nation.

Now honourable senators, whatever may be the significance of the great word "dominion," with all its traditions and memories, I would submit with the greatest respect, that the main purpose of this bill is not to change a name which has been improperly chosen to commemorate the events of the birth of our confederation. The main aim of the bill is to improve the conditions under which our national holiday on the first of July is celebrated, to increase the popularity of that holiday and to unite all Canadians in one common sentiment in their commemoration of the great events surrounding the birth of our constitution and confederation. Canada, with all its achievements, traditions and evolutions is proud of its ascent from the rank of a humble colony to that of a self-governing dominion, and thence to the status of a nation—an international power allied with the other great nations of the British commonwealth and working in co-operation with the powerful United States of America to preserve peace and world security and bring about a common prosperity.

It has been observed, honourable senators, that our national holiday is not celebrated with enough enthusiasm in some sections of the country. The old law does not even declare that the first of July shall be a national holiday. Under our statutes we have two names for our first of July holiday. In the English statutes it is called "Dominion Day"; in the French Statutes of 1879, "le jour anniversaire de la Confederation." For that reason I do not agree with those who say that the word "dominion" is a symbol of unity, a word that unites the Canadian people on the national holiday. The same duality of expressions is to be found in the Revised Statutes of 1886. It also occurs in the Interpretation Acts of the Revised Statutes of 1906 and 1927, and in the Special Interpretation Act of 1935. It has been said that the word "dominion" is an English word for which there is no parallel in the French language. Why should we not adopt a word that would have the same meaning in both languages?

Honourable senators, before concluding let me refer to the obsolete argument based on the fear of weakening the ties that bind us to the Mother Country. There is no substance to that argument. The Canadian people have remained British to the core with but little in the way of legal ties since the so-called Balfour Declaration of 1926, or at least since the Statute of Westminster of 1931. Is it not true that the ties that bind us to the Briish Crown and Briish institutions are stronger today than ever before? Our ties of friendship and memories of our political, social and historical association with the British people must remain in the minds of our people and become part of our traditions and sentiments, the subject of our common interest and our national pride and faith.

We have been told for the last fifteen years that Canada is a nation, but there may be some people who do not believe it. It is a nation without a flag of its own, without the characteristics that are to be found in a free nation. But let us act as a free nation; let us remove the colonial label from our national holiday and make our people more united by celebrating Canada Day on the first of July.

Some Hon. SENATORS: Hear, hear.

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

BUSINESS OF THE SENATE

INTERIM SUPPLY

Hon. Mr. ROBERTSON: Honourable senators, I am advised that no further progress has been made with the Interim Supply Bill in the other place. However there is a possibility of its passage this evening, and I think we should be ready to deal with it if it should come to us tonight. I would therefore suggest that His Honour call it six o'clock, and that we re-assemble at the call of the bell at approximately nine o'clock.

The Hon. the SPEAKER: Honourable senators, it now being six o'clock, the house will adjourn during pleasure, and re-assemble at the call of the bell.

The Senate adjourned during pleasure.

The sitting was resumed.

Hon. Mr. ROBERTSON: Honourable senators, so far as I can learn no further progress has been made with the interim supply bill in the other house. There appears to be a general hope that it may be passed this evening, either before eleven o'clock or afterwards, but I do not think there would be much point in our adjourning during pleasure in the expectation of receiving the measure within the next two or three hours. In these circumstances, if it be agreeable to honourable senators, I would move that we now adjourn.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, May 24, 1946.

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

Prayers and routine proceedings.

REDISTRIBUTION

NOTICE OF MOTION

Hon. WISHART McL. ROBERTSON: Honourable senators, I beg to give notice of a motion which I will move on Wednesday, May 29. It will appear in the minutes tomorrow, but for the information of honourable senators I may say that it has to do with the request for a joint resolution of the two houses in relation to the question of redistribution.

BUSINESS OF THE SENATE

INTERIM SUPPLY

On the orders of the day.

Hon. Mr. HAIG: Honourable senators, before we proceed to the orders of the day, I wish to state how delighted I am to see so many honourable senators from Quebec and Ontario with us on a Friday. It must be a happy occasion which enables them to get acquainted with those of us whose homes are in the remote parts of Canada.

Hon. Mr. MURDOCK: Was that sarcasm?

Hon. Mr. HARDY: Pure sarcasm.

Hon. Mr. ROBERTSON: Honourable senators, as perhaps is generally known, the interim supply bill has not yet been passed in the other place. I am advised that the intention is to try to facilitate its passage this afternoon, or, if that should prove impossible, this evening. I desire to notify honourable members now that after we have finished with our rather short order paper I will suggest that the Senate adjourn during pleasure, to reassemble at the call of the bell, at approximately 5.30.

NATIONAL PARKS (BOUNDARIES) AMENDMENT BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 63, an Act respecting the boundaries of certain national parks.

Hon. DONALD MacLENNAN: Honourable senators, I wish to register a protest in regard to the Cape Breton Highlands National Park. The Government of Nova Scotia is desirous and ready to grant land to enlarge this park, which is regarded as one of the most important and picturesque in the whole Dominion.

Hon. Mr. QUINN: Hear, hear.

Hon. Mr. MacLENNAN: It seems to me that the boundaries of almost every other national park are being extended by this bill. True, the total area added is not large—a little more than 23,000 acres, I think—but the important fact is that something is being done to improve each of the parks affected. The Nova Scotia park, though, is not even mentioned in the bill, and it would appear to me that the Minister of Mines and Resources is running true to form in that improvements are being made for the rest of the country while the Maritime Provinces are being ignored. Considering that the province of Nova Scotia has expressed its willingness to pay for a grant of land, I do not see any reason in the world why the Cape Breton Park is not dealt with. I have no more to say about the matter, except to add that this conduct has not been unnoticed by at least some people from Nova Scotia, in particular.

Hon. Mr. HARDY: Does the honourable senator know how many acres are in the Nova Scotia park at present?

Hon. Mr. MacLENNAN: About 249,600.

Hon. Mr. HARDY: That must be most of Nova Scotia.

Hon. Mr. MacLENNAN: Oh, no. You had better learn a little more geography.

Hon. Mr. HARDY: Is there room to enlarge the park?

Hon. Mr. MacLENNAN: I can assure the honourable senator that there is. And I can also tell him that in the opinion of not only myself, but of most people who go there, the Cape Breton Highlands National Park is the most beautiful park in the whole Dominion.

Hon. Mr. QUINN: Hear, hear.

Hon. Mr. MacLENNAN: In saying that, I appeal to the honourable leader of the house (Hon. Mr. Robertson), who is a Nova Scotian.

Hon. Mr. ROBERTSON: I agree. There is no question about it.

Hon. Mr. MacLENNAN: He has gone over the park many times, and he knows that what I say is true. In order to make the park even more beautiful than it is now, the Government of Nova Scotia is desirous of expropriating some land, paying for it and making a gift of it to the Dominion Government. But, running true to form, the department has ignored this offer.

Hon. Mr. VIEN: Does the honourable senator know whether the Government of Nova Scotia has put itself on record to this effect with the Department of Mines and Resources?

Hon. Mr. MacLENNAN: Yes.

Hon. Mr. VIEN: What is the area of the parcel that the province desires to grant?

Hon. Mr. MacLENNAN: I do not know the exact area, but it is small in comparison with the present area of the park.

Hon. Mr. ROBERTSON: While of course I agree thoroughly with the descriptive eloquence of the honourable senator from Margaree Forks (Hon. Mr. MacLennan) as to Cape Breton Highlands National Park, and share his belief that it is without doubt the most beautiful of our national parks, I am not in a position to answer the specific question he has raised as to why the department has not seen fit to accede to the request of the government of Nova Scotia for an extension of the park boundaries. I have no knowledge of the matter, but I can assure the honourable gentleman that if he is agreeable to the bill being given third reading, I will endeavour to secure the required information for the benefit of himself and of the house generally.

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

NATIONAL RAILWAYS AUDITORS BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 10, an Act respecting the appointment of auditors for National Railways.

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

PRIVATE BILL

FIRST READING

Hon. Mr. LACASSE presented Bill Z5, an Act to consolidate and amend the Acts relating to La Société des Artisans Canadien-Français.

The bill was read the first time.

The Senate adjourned during pleasure.

The sitting was resumed.

BUSINESS OF THE SENATE

INTERIM SUPPLY

Hon. Mr. ROBERTSON: Honourable senators, I am advised that no further progress has been made in the other place on the interim supply bill, but it is hoped that the bill will be ready for us early this evening. I would therefore suggest that His Honour call it 6 o'clock, and that we reassemble at the call of the bell at approximately 9 o'clock.

The Hon. the SPEAKER: Honourable senators, it now being 6 o'clock, the house will adjourn during pleasure, to reassemble at the call of the bell at approximately 9 o'clock.

The Senate adjourned during pleasure.

The sitting was resumed.

APPROPRIATION BILL No. 3

FIRST READING

A message was received from the House of Commons with Bill 141, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1947.

The bill was read the first time.

SECOND READING

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

Hon. WISHART McL. ROBERTSON: Honourable senators, with leave of the Senate I would move second reading now.

This bill, whose short title is the Appropriation Act No. 3, 1946, is a request for further

interim supply. It will be recalled that the total estimates for the fiscal year 1946-47 amount to $2,769,349,815.66. One-sixth of this sum has already been voted. That one-sixth was intended to cover two months' supply, that is for the months of April and May, but in fact it does not work out exactly that way, because the financial requirements for the first part of the year are not divisible into equal monthly amounts.

Of the total estimates the sum of $1,202,652,841.26 is authorized by statute; the balance of $1,566,696,974.40 must be voted by parliament.

Section 2 provides for $136,598,972.86, being one-twelfth of the main estimates. Section 3 provides for $2,327,018.33, or one-twelfth of the items set forth in Schedule A, totalling $27,924,220. Section 4 provides for $64,911,397.66, or one-sixth of the several items set forth in Schedule B, totalling $389,468,386. The total interim supply is therefore $203,837,388.85.

Schedule B comprises mainly expenditures of $283,170,171 for the armed forces, and $89,900,000 for reconstruction and supply.

I might point out that, as honourable members will readily appreciate, the expenditure for the armed forces in the early part of the year is very much heavier than it would be on the ordinary monthly basis. This also applies to reconstruction and supply, where the main expenditure is for liquidation and termination of contracts.

Needless to say, honourable senators, if you see fit to pass the bill, any questions which may arise with respect to the main estimates will of course be quite in order when the final supply bill is placed before this house.

Hon. JOHN T. HAIG: Honourable senators, it is not my intention to delay the house for more than a few moments. I do not intend to object now to the items mentioned by the honourable leader of the government, but I reserve the right to do so when the general estimates come down.

May I take this opportunity of making a suggestion to the government? It is my opinion that parliament should meet early in January every year, and that there is no justification for commencing a session in the middle of March. Members who come from a distance find it a hardship to be here during the summer months, when weather conditions in this part of Canada are most uncomfortable. I know of many parts of the country where the summer weather is much more pleasant than it is in Ottawa.

I do not think we should be asked to vote estimates for more than one or two months until we know the source from which the money will come. We have already voted one-sixth of the year's estimates and now we are asked to vote a similar amount. If the members of parliament outside of the government are going to exercise any real control over expenditures, the government should not only bring down its estimates but should indicate its sources of revenue. Nobody can judge of the wisdom of expenditures unless they know the basis upon which the money to meet them is to be raised. There are some people who run wild and incur obligations without knowing where they are going to get the money from to meet them, but that is not the common practice in everyday life.

On more than one occasion I have objected on behalf of the people of my province, and I object now, to the controls which certain government officials exercise in defiance of parliament, and which they refuse to remove. The statement of the Minister of Finance that he controls, is no answer to this objection, because from a practical standpoint the policies are made by people outside of the government altogether. We have drifted into a position from which it is hard to escape.

If the budget were brought down in February or March we would have an opportunity, before voting a dollar of supply, to see where the money was coming from. We could then go over the items, and if there were any we did not like, out they would go.

Hon. Mr. MURDOCK: Does the honourable gentleman suggest that we have the right to cut out an item of supply?

Hon. Mr. HAIG: Certainly we have. We cannot increase items, but we can cut them out by refusing to vote the estimates.

Hon. Mr. MURDOCK: That is a new one on me.

Hon. Mr. HAIG: This house can always refuse to vote estimates.

Hon. Mr. SINCLAIR: That is the aggregate.

Hon. Mr. HAIG: We in this house can refuse to pass an item because of what is in it, and can send it back to the other house, which can either accept our proposal or fight it. In that respect we have more control than the House of Lords, for if a bill is passed three times by the British House of Commons it becomes law. But I am not raising the question of power now. I am saying that if we are to exercise any real control over expenditures we must know where the money is coming from to meet those expenditures.

During the war years, I did not object, nor did anyone else in this house, because we did

not wish to do anything which would in any way hamper the prosecution of the war. Those days are past and we are back to peacetime. We in this country cannot look across the border to the United States, or across the sea to the continent, without realizing that we are in for a terrible struggle. If we want to produce goods in this country we have got to cut taxes. The voting of money before we know what the taxes are going to be is wrong in principle, and I object to this procedure. However, since the public service must be carried on, I will vote for the bill, but under protest. I hope that the next session of parliament will be called early in January and that the government will not postpone the budget until nearly the end of the session. I can say to the government now that—maybe not in this house but in another place—it will be held up, and held up hard, if an attempt is made to get supply before the budget is brought down and the people know what money is to be expended and where it is coming from.

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

THIRD READING

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

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

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

The Senate adjourned until Monday, May 27, at 8 p.m.

THE SENATE

Monday, May 27 1946.

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

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills, which were severally read the first time:

Bill A6, an Act for the relief of Mary Epstein Harris.

Bill B6, an Act for the relief of Helen Irene Flewelling Wilson.

Bill C6, an Act for the relief of Maitable Horwitz Hollander.

Bill D6, an Act for the relief of Pauline-Gisèle Guénette Villeneuve.

Bill E6, an Act for the relief of Mary Jaclyn Robinson Jeffrey.

Bill F6, an Act for the relief of Jessie Hope Forbes Hardie.

Bill G6, an Act for the relief of Robert Venor.

UNEMPLOYMENT INSURANCE BILL

SECOND READING

The Senate resumed from Thursday, May 23, the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill L5, an Act to amend the Unemployment Insurance Act.

Hon. JOHN T. HAIG: Honourable senators, I am not rising in opposition to this bill; indeed, I think a good deal can be said for some of the amendments it proposes. I am not able to give in detail the effect of each of the amendments, but I think the honourable senator from Inkerman (Hon. Mr. Hugessen) did that pretty well when he explained the bill last Thursday. He indicated that the principal amendments were three in number: 1, to place the administration of the employment service under the Minister of Labour; 2, to increase from $1 to $1.50 a day the limit which may be earned by a person on unemployment relief; and 3, to make compulsory the reporting of information concerning employment. I certainly do not disagree with amendments 2 or 3. No. 3 will of course entail quite a bit of additional work, but it will help to give a better idea of the unemployment situation.

What I want to deal with is something more fundamental. As originally drafted, the act was to be administered by a commission independent of the government. Those of us who were members of this house when that measure was before us will remember that there was considerable objection to the appointment of a body which was outside the control of the government, and a good many of us suggested that the real test would come when unemployment became serious. There has been no real test since 1941, because there were more jobs than people to fill them, and naturally the fund accumulated a considerable reserve. But as I asked the honourable senator from Inkerman last week, I want to know what has happened since January, 1946. Up to that point there had been very little unemployment in the strict sense of the term. The war with Germany terminated in May of last year and the war with Japan in August. Then the soldiers began returning home, but there was a certain amount of reconstruction work, and unemployment really

did not start to climb until about the first of January this year. As soon as that happened I was sure, as were many others that the government would be in a position where it must practically take over control.

Under this bill the government is assuming a good deal of control of unemployment insurance—and I think I am in favour of that proposal. I am unable to see how a scheme of unemployment insurance can be carried on unless the government agency which has the placing of the unemployed is co-ordinated with the agency that is carrying on the insurance operations.

I was one of those who objected to the amendment of 1943, and my objection to this bill is that to some people it means only a bill of taxation. There have been included people for whom, if they become unemployed, there is no chance of providing re-employment. Here is an illustration: bank clerks are obliged to pay unemployment insurance. If men or women working for, say the Royal Bank of Canada, get out of a job, it is because the bank has let them out. No other bank will hire them, first, because previously they have been employed by a different bank; and if they were not good enough to hold their positions there, no other bank will take them in. Employees of real estate offices and law students are also obliged to pay unemployment insurance. If the law student becomes unemployed, there is no chance of the government getting him into another office. To a great many classes the amount contributed to the fund is just a tax for the benefit of people whose occupations are subject to seasonal unemployment. It is those people who benefit under this act; the rest are taxed to support them through the Unemployment Insurance Fund. That is not the principle underlying the income tax law, and it is one that I think we ought to oppose.

The only ground on which the collection of contributions from certain classes can be justified is that they will have, not compensation for a month or two while unemployed, but a chance of re-employment. Otherwise they are being taxed largely for the support of somebody else. I do not object to seasonal employees benefiting by the fund, or to men or women being taken into other employment. This last feature is fundamentally good, and the sooner we appreciate it, the better for Canada.

May I digress for a moment? The great uproar throughout Canada today because the price of milk is up two cents a quart shows a tremendous ignorance on the part of people in this country who believe somebody else should help them to buy something they need. That principle is all wrong. The sooner we learn that old age pensions come as a result of contributions throughout the years, and the sooner health insurance is put on a contributory basis, the better it will be for the people of this country. The same argument applies to the family allowance. The contributory principle that underlies unemployment insurance should apply in all these other matters.

I do not know how far the government proposes to go in taking over the management of unemployment insurance, but I think they will have to take it over completely. I believe that the commission represents the fifth wheel to the coach. The advisory body could advise the Minister of Labour, or whatever minister was responsible for the scheme, but I cannot see what power the commission will have if under the act the Minister of Labour and his deputies are going to control its administration. My honourable friend shakes his head, but I think that within another year or two the department will inevitably be applying to parliament for full control. The very nature of the different operations makes it necessary to have them brought together. If a person becomes unemployed, he is entitled to a certain unemployment insurance benefit, the amount depending on the length of time he has worked. To make the scheme a success you have got to get that person back into employment as soon as possible. The employment service comes under the Department of Labour, so both the department and the commission have to work together.

Hon. Mr. MURDOCK: May I ask the honourable gentleman a question? If a bank clerk is fired by the Royal Bank and no other bank will hire him, he will have to get into some other line of work, will he not?

Hon. Mr. HAIG: Well, yes, that is true, but I am doubtful if the commission would be able to get him much in another line of work. I never heard of any bank clerks being fired.

Hon. Mr. MURDOCK: Then why worry?

Hon. Mr. HAIG: Why tax them for something that is not any good to them, that cannot possibly be any good to them? That is what I am asking. The same question might be asked with respect to law students. Why should a law student have to pay an unemployment insurance tax? Why should a young man or woman studying law in my office, who is not a partner in the business, have to pay a tax, while I pay no tax? Of course, as an employer I make a contribution, but that is a different thing. I do not think the act should cover people in these classes of occupation. Employees in real estate offices also

should not have to pay a tax, in my opinion. If a man working with a real estate firm loses his position or wishes to change his job, it depends largely upon his own endeavours whether he gets employment with another firm. If you conducted a real estate office and wanted a man, it would not help much to have the Unemployment Insurance Commission send a man to you. You would want a person in whom you could place confidence, for the business is a peculiar kind of business. In that respect it is like law and the insurance business. I object to the principle which requires these people to make unemployment insurance contributions, though I do say that it is better than what we are doing in regard to old age pensions and children's allowances.

I am pleased that the administration of part of the act is being brought under the Department of Labour. During several years there has been a tendency in Canada to put the administration of laws under commissions. Take the Canadian Broadcasting Corporation. You cannot get at them at all; yet if there is a shortage of money, the people have to pay the piper. So I am glad to note a change from the practice of recent years, and to see a partial return to the older practice of having laws administered by people who can be held accountable.

I think the proposed amendments will improve the law. I would have preferred it if the bill had gone farther and placed the whole act under a department of government, which would then have been held responsible for the entire administration. No brains are required by a commission that simply collects so many millions of dollars and invests them in government bonds—which is the only security the commission does invest in. I have nothing against the commission personally and am not criticizing it. So far as I know, it has carried on satisfactorily, but my point is that a commission is not needed at all. Apart from that point, I am quite willing that the bill should pass and go to committee.

Hon. J. J. KINLEY: Honourable senators, I have a few remarks to make with regard to this rather important piece of legislation. First I wish to compliment the honourable senator from Inkerman (Hon. Mr. Hugessen) upon the way he explained the bill after second reading had been moved. In his explanation he touched on most of the important features of the Unemployment Insurance Act, and he did this in such a splendid way that I think we are all indebted to him.

The Unemployment Insurance Act is modern legislation. The act has been in force for some five years, and it is only natural that it should be amended so as to be brought up to date and in line with the experience we have gained over that period. I think all will agree that the act was put into force at a very opportune time. Employment was increasing and pay-rolls were expanding. Both employment and pay-rolls kept on expanding during the whole period of the war, so that a considerable fund was built up without a corresponding drain upon it, and after benefits of $39,425,155.81 had been paid there was a net revenue of $317,240,660.34. I think we all realize that the last five years were rather easy on the insurance fund, but there are signs that careful handling and intelligent administration will be needed in the future in order that the fund may fulfil the purposes for which it was intended. It will be noted that in the month ending March 31, 1946, the persons commencing benefit on initial claim numbered 156,180, and that for the month there was a deficit of $1,569,858.60. This would look as though the outgo of the fund is catching up with the intake, and it is fortunate indeed that we have had the experience of five years' full employment.

There has been some discussion about unemployment, in this house and in various parts of the country. We are told that in March unemployment was a bit abnormal, due to the confusion of reconversion and the seasonal unemployment that prevails in many Canadian industries at that time of year. I think it can fairly be said that unemployment insurance may have contributed somewhat to the statistical number of unemployed in Canada. I know from experience that this is true. The principle of unemployment insurance is that it provides a contributed fund which is pooled for the purpose of relieving those who are unemployed. And that purpose should be kept in mind.

Both unemployment insurance and family allowances help to remove from unemployment some of the disastrous features of other days. Sometimes people will go on unemployment insurance when they should find another job. Under the Unemployment Insurance Act, section 27, a person must, among other things, prove that he is unable to obtain suitable employment; and it seems to me that for the proper functioning of this valuable piece of legislation considerable attention should be given to what is "suitable" employment. The new section 40 which appears in the bill deals with disqualification for neglecting the opportunity to work or failure to attend a course of instruction. Subsection 2 of this section reads:

> For the purposes of this section, employment shall be deemed not to be suitable employment for a claimant if it is
>
> (a) employment arising in consequence of a stoppage of work due to a labour dispute;

(b) employment in his usual occupation at a lower rate of wages, or on conditions less favourable than those observed by agreement between employers and employees, or failing any such agreement, than those recognized by good employers; or

(c) employment of a kind other than employment in his usual occupation at a lower rate of wages, or on conditions less favourable than those which he might reasonably expect to obtain, having regard to those which he habitually obtained in his usual occupation, or would have obtained had he continued to be employed.

Next is what I consider the important part of the section, because, as I have said, there should be a definition of what is "suitable" employment. This is subsection 3:

Notwithstanding paragraph (c) of subsection two of this section, after a lapse of such an interval from the date on which an insured person becomes unemployed as, in the circumstances of the case, is reasonable, employment shall not be deemed to be not suitable by reason only that it is employment of a kind other than employment in the usual occupation of the insured person, if it is employment at a rate of wages not lower and on conditions not less favourable than those observed by agreement between employees and employers or, failing any such agreement, than those recognized by good employers.

That is similar to what is now in the act except for a slight change in phrasing. In my view, when this bill is referred to the appropriate standing committee we should consider whether the expression "reasonable" is sufficiently explicit to determine the rights of an employee.

In this morning's Journal there is an article reading, in part, as follows:

A downward revision in employer contributions and an upward revision in benefits for persons with dependents is provided in new schedules under consideration of the Unemployment Insurance advisory committee and announced Saturday.

The committee is meeting here June 17 to hear representations on the suggested revisions.

Then follow the proposed revisions. On reading the foregoing it occurred to me that there is no authority given to any committee, otherwise than within the four corners of this bill, to make any revision either downward or upward in unemployment insurance, whether in favour of employers or employees. It seems to me there must be some misunderstanding, in view of this bill being now before us.

Hon. Mr. HUGESSEN: I hope my honourable friend will permit me to interrupt him. In my speech last Thursday I mentioned the three points referred to in the news this morning as being considered by the advisory committee. The committee has no power of legislation at all. It is proposing to hold hearings to ascertain whether it would be advisable to recommend to parliament that these very alterations should be made. My honourable friend is perfectly right in saying that the committee has no legislative sanction to make revisions either upwards or downwards.

Hon. Mr. KINLEY: I thank the honourable gentleman. The article is, I think, misleading.

I was interested in what the honourable leader opposite (Hon. Mr. Haig) said about control of the commission. It would appear that by the proposed amendment the unemployment service will be placed under the Minister of Labour. The officers of the department know the personnel in any industry who are on the tide going out or coming in. I think it is very desirable that the employment service should be handled by this commission.

The additional duties of the commission are set forth in subsection 4 of section 20 in these words:

The Commission shall assume and carry out such other duties and responsibilities as the Governor in Council, on the recommendation of the Minister, may require from time to time and, in respect of such other duties and responsibilities, shall be responsible to the Minister.

That is, the government is really assuming the responsibility of providing employment so far as lies within its power.

My honourable friend also referred to the extension of the daily rate of benefit to certain persons with dependents. It is in paragraph (d) of section 31, subsection 1, and includes:

(d) A person who maintains a self-contained domestic establishment and supports therein a wholly dependent person connected by blood relationship, marriage or adoption.

This extends the benefits enjoyed by a married person to an unmarried person maintaining certain dependents. The honourable senator stated that a similar provision was inserted in the Income Tax Act, and the honourable leader opposite (Hon. Mr. Haig) corroborated the statement. I have several times run up against this question of who can be classed as dependents. A cousin would naturally be a blood relation, but the Income Tax authorities rule out cousins as dependents. I hope the Unemployment Insurance Commission will not follow such a narrow ruling.

I was interested in what the honourable gentleman said about bank clerks and others who were paying unemployment insurance premiums. Men so engaged have always asked to be excluded from unemployment insurance schemes. But unemployment insurance is somewhat analagous to fire insurance. I am glad to have insured my house against

fire, but I hope I may not need insurance benefits. The man out of employment is the unfortunate man. So everybody pays unemployment insurance and the unfortunate man reaps the benefit. At the same time all who contribute are putting themselves in a position where, if they lose their jobs, they will get the benefit of unemployment insurance. I have seen many boys leave banks or insurance companies thinking to improve their positions, but after a while I have been sorry to see them unemployed. It always seemed to me to be a mistake to exclude the so-called "safe" industries from the act.

Reference has been made to the extension of the Unemployment Insurance Act to lumbering and logging. The different seasonal and climatic conditions under which the industry carries on in various parts of the country make the administrative problem extremely difficult. In the Maritime Provinces farmers work in the lumber camps during the winter. For many years the question of whether or not this industry should come under the workmen's compensation legislation was a bone of contention, some maintaining that its inclusion would impose a burden on the board and on the industry. It may be that in some of the provinces lumbering is on such a permanent scale that it could be brought under the Unemployment Insurance Act, but in other provinces it may not be desirable to do so. I think it is well that the provisions of the act should be extended piecemeal and applied only where the necessity is indicated.

We are told that special privileges are given to returned soldiers. That is true. Many of these men are returning to our plants. The honourable gentleman from Inkerman stated that the fund is on an actuarial basis, so that if the benefits of the act were extended too freely the fund might be impaired from an actuarial standpoint. The government is making a contribution to the fund for the purpose of assistang those who have returned after fighting in defence of their country, and they have received benefits without impairing the fund.

There is a provision in the act which increases from a dollar to a dollar and a half a day the amount an unemployed person may earn and still be permitted to draw on the fund. That provision might work both ways. It might be an incentive to a man to do some work; on the other hand, it is pretty hard to prove how much a day is earned by farmers or their sons, and I can visualize a situation in which a man upon leaving the factory could go and work on the farm and at the same time draw unemployment insurance benefits.

I was interested in the remarks of the leader opposite (Hon. Mr. Haig) to the effect that in this country we were drifting into a condition of control by bureaucrats, and that they were doing things they should not do. I take the stand that when a responsible senator makes an accusation of that kind he should, in fairness to the civil service, be more specific. But I do not think the honourable gentleman intended it in that way.

Hon. Mr. HAIG: Yes I did, and I will give names if you want me to do so.

Hon. Mr. KINLEY: I think it would be better to make the accusation in that way. The honourable gentleman thought we were taking the management of unemployment insurance out of the hands of the commission.

Hon. Mr. HAIG: We are putting it into the hands of the minister.

Hon. Mr. KINLEY: We are putting certain features of it into the hands of a responsible minister, but I should not like to see the unemployment insurance fund made a matter of political control. I think it should have an actuarial set-up and its management should be independent and for the protection of all classes of people who contribute to it. The Unemployment Insurance Act is a fine piece of legislation, and I have no doubt that in the future it will be used extensively. But in all legislation which provides for the pooling of money we must remember that the fund must be guarded so that the money will go to the purpose for which it was intended. While it is necessary to make drastic provisions to prevent malingering under the act, I think we all agree that the man who is unfortunate enough to be unemployed should be cushioned by the state so that he can carry on, and that every industry that is able to pay should contribute its share to the fund.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I should like to pay tribute to this remarkable piece of legislation. It is with some satisfaction that I recollect that I was a member of the committee in another place which considered this legislation before it was enacted in 1940, to come into effect in June, 1941. The act has thoroughly justified the hope that we entertained for it at that time.

I am inclined to agree with the views expressed by the leader opposite, rather than with those of my friend from Queen's Lunenburg (Hon. Mr. Kinley), with respect to the abolition of the commission. Commissions, as I have said before, are the most irresponsible

and least responsive form of democratic government which we possess in this country. I favour—to use the words of the honourable gentleman—"political control."

Hon. Mr. McGEER: Responsible political control.

Hon. Mr. ROEBUCK: Why should political control be irresponsible? I would put as much confidence in a minister of the Crown, irrespective of the party to which he belonged, as in some individual selected and appointed by order in council. I would put as much confidence in the Minister of Labour, who has to justify his acts and reply in the house to the questions put by the opposition, as I would in some person who could serve a purpose and hide behind anonymity. So if in these proposed amendments there is a tendency towards the abolition of the commission, I am in favour of it.

I do not agree with the honourable senator from Winnipeg (Hon. Mr. Haig) when he criticizes the provisions of the act which require people in more stable forms of employment than others to make contributions. That question was argued at some length before the committee in another place before the act was adopted. The bankers appeared before that committee, and representations were made on behalf of their employees. It was said that because bank clerks occupied a very assured position and the turnover in personnel was very slight as compared with other forms of employment, it was unfair that they should have to contribute as much as those in more precarious kinds of employment. Our answer was: If bank clerks have assured employment, they are lucky and should not refuse to make some contribution towards a fund for the protection of people whose employment is less stable. Furthermore, it was pointed out at that time that it was utterly impossible to draw a line between one type of employment and another, and to say: We will leave this one out because it is assured, and include that one because it is precarious. The whole act justifies itself to all employees because of its general benefit to the public. One might argue that a man who has no children should not contribute to the support of public schools because he gets no benefit from them.

Hon. Mr. LACASSE: Or to separate schools.

Hon. Mr. ROEBUCK: I include both public and separate schools. Such institutions are the guardians of our country's future.

May I give some statistics which I picked up at random? As of August 31, 1945, there were 147,000 registered employers in Canada, and 2,691,000 insured persons. Two and a half million people were enjoying the protection afforded by this act, and no one could definitely say that he was beyond the possibility of becoming unemployed. Between the 31st of July, 1941, when the act came into force, and the 31st of August, 1945, which is the latest date for which I have figures, there was deposited in the insurance fund $310,000,000. Out of that sum we have paid insurance claims amounting to about $10,500,000, so that at the present time we have as a backlog of insurance against the disasters of unemployment approximately $300,000,000. This is not charity by any means, but is as much the property of the contributors as though it was insurance they had placed with a private concern against their becoming unemployed and having no pay cheques to take home.

This is humanitarian legislation of the highest order; it is public legislation of the wisest type. I am glad to see that minds are at work upon it to improve it. I have not given much study to the amendments, they are much too detailed for discussion here, but I take it that they will come before a committee where they can be examined thoroughly. I hope that in the form in which they come from the committee they will improve the act, and that it will be better administered year after year and will confer upon humanity the benefit we planned when we passed the law in the session of 1940.

Hon. G. G. McGEER: Honourable senators, I think there is a good deal to be said for those people who contribute to the unemployment insurance fund and have little hope of getting any benefit, since they are not likely to become unemployed. I have in mind not bank clerks or other classes of employees with assured employment, but that great army of workers who are rarely out of employment. Go into any of the insured industries and you will find a worker who is seldom away from his job, either through sickness or through being laid off. He pays into the fund continuously. He belongs to that group compendiously described as the lucky ones who should be willing to contribute to the well-being of their less fortunate brothers. That is a fine sentiment, but it does seem to me that this whole programme, with all its magnificent features, would be greatly strengthened if there were added to it a provision that when a man reaches retiring age, whether that be 60 or 65, he shall be entitled to participate in a retiring allowance. That would be a basis for the development of a sound and practical contributory old age pension scheme. My own view is that the amendment which transferred jurisdiction in unemployment insurance from the provinces to the dominion

is wide enough to include a provision for retirement allowances or compensation for old age. That may or may not be a correct opinion, and it may be necessary to amend the contributory feature further. Certainly a contributory old age pension scheme is long overdue, and if it were included in the benefits flowing from this measure there would be much more justice in the exactions now imposed upon that group of industrious workers who are the backbone of all successful businesses within the insured classes. Also, it would make the benefits far wider and the burdens less onerous.

This type of legislation is in keeping with the times. I do not think we should overestimate the fact that during the last few years of intensive employment we have accumulated a very large surplus. We have also accumulated a tremendous industrial capacity and a new army of trained industrial workers. That fact in itself has imposed a new responsibility to expand external trade and internal consumption, and it carries with it the risk of increased unemployment in the event of collapse. It is in such a collapse, or the possibility of it, that our society faces its greatest danger. Whatever else may be said of the lessons we have learned from this war, no one can deny that we on this continent, in both Canada and the United States, have achieved the capacity to produce with comparative ease an abundance of all that we need, not merely of the necessities of life, but of the many comforts and conveniences which go to make up a much higher standard of living than we ever before enjoyed. That lesson is not something which can be brushed aside with indifference, for it carries a new responsibility and a greater difficulty into the field of government. The distribution of abundance presents society and government with problems far greater, not only in number but in complexity, than ever develop in periods of scarcity.

I am somewhat concerned about the problem mentioned tonight by the honourable leader of the opposition (Hon. Mr. Haig)—that of working out a price which will give the farmer a fair return for the food he produces and yet be low enough that the children of the poorest in the city can get the nutrition they need. It is a very easy thing to sit at home and drink milk, but it is another thing to go out morning and evening, seven days in the week, and milk cows. We are all comfortable as we sit beside a grate with a coal fire, but it is not so comfortable to go down into the bowels of the earth and dig out the coal. In an age of abundance it becomes the responsibility of the government to see that the production of the necessities of life, whether on the farm or in the mine, is attractive to the producers, and that food and fuel are available at prices that consumers in the cities and other communities can pay.

During the war men, women and children went to work, and family incomes increased enormously. The only people who suffered any measure of hardship were the women who had to look after their families while their husbands were overseas. When wages were flowing in a stream the like of which we had never known before, we helped the farmer to produce by giving him a bonus which held down the price for the consumers in the cities. Now our soldiers have returned from overseas, and young men who served in the forces for several years are bringing up families. All of a sudden we find the government withdrawing the bonus that was used to keep down the price of milk during the war, and now the returned soldier, with his young family, has to carry a burden that we thought was too heavy for the highly paid industrial worker during the years of wartime wages. We are reverting to the same kind of thinking that brought us into the appalling disaster of the hungry and workless thirties, when in this great nation of Canada, with all its wealth, we saw our youth straggling across the countryside, weary and wanting food, and unable to find anything to do in a land where millions of jobs were crying to be done. The honourable leader opposite (Hon. Mr. Haig) tonight condemned the bonus on milk, which gave an incentive to the farmer to produce, and made it possible for the children of our land to receive the nourishment so essential to their development. If that kind of thinking ever again dominates in the Dominion of Canada, then the troubles we suffered during the hungry thirties will be as nothing to the wave of disaster that will sweep over the land in the wake of a depression brought about by such a philosophy.

This kind of legislation is long overdue in Canada. The act has been in operation only a few years. The fact that this bill comes before us with such a volume of amendments should commend it to us.

Hon. Mr. LESAGE: I should like to hear the honourable senator's opinion as to whether the provinces have anything to do with the question of unemployment insurance, and, if so, what their attitude should be in regard to it.

Hon. Mr. McGEER: Under the constitution the provinces have exclusive jurisdiction in the field of property and civil rights. This particular legislation is before us only because of an amendment to the constitution. Whether

or not, in respect of social service, unemployment insurance, and standards of living, we should have nine systems or standards or only one may be a question upon which many would disagree. We in British Columbia, who enjoy a very high standard of living, high minimum wages and reasonable rates of workmen's compensation, would certainly like to see them prevailing all across Canada, because we are now suffering from the competition of some other sections where standards of wages and living are not so high. But whatever may be the rights or wrongs of transferring unemployment insurance from provincial to dominion jurisdiction, it has been done, and it is a step in the right direction not likely to be retraced.

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

REFERRED TO COMMITTEE

Hon. Mr. HUGESSEN moved that the bill be referred to the Standing Committee on Immigration and Labour.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, May 28, 1946.

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

Prayers and routine proceedings.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Honourable Thibaudeau Rinfret, acting as Deputy of His Excellency the Governor General would proceed to the Senate Chamber at 5.50 p.m. this day for the purpose of giving the Royal Assent to certain bills.

INCOME AND EXCESS PROFITS TAXATION

FINAL REPORT OF COMMITTEE—PART ONE

Hon. W. D. EULER presented Part One of the final report of the Special Committee appointed to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940.

He said: Perhaps I should say for the information of honourable senators that this report represents only Part One of the final report. Parts Two and Three will follow in due course. Honourable senators will note that Part One deals with a very vital part of the proceedings of the committee, that of a recommendation to appoint an appeal board, from which there is no recourse to the minister. Part Two will deal with the necessary changes to the act recommended by the committee; and Part Three will relate to details of administration. I should point out that attached to the report is a draft bill, the purpose of which would be to implement the recommendation made in the report.

(*See Appendix at end of today's report*).

The Hon. the SPEAKER: When shall the report of the committee be considered?

Hon. Mr. EULER: With the consent of the Senate, to meet the wishes of the leader opposite, who I understand cannot be with us on Thursday, and in view of the desirability of having the report dealt with before the house takes recess, I would move that the report be considered tomorrow.

The motion was agreed to.

CANADIAN CITIZENSHIP BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN presented the report of the Standing Committee on Banking and Commerce on Bill 7, an Act respecting citizenship, nationality, naturalization and status of aliens.

He said: Honourable senators, the committee report this bill without amendment.

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

Hon. Mr. HUGESSEN: Next sitting.

YUKON PLACER MINING BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN presented the report of the Standing Committee on Banking and Commerce on Bill 62, an Act to amend the Yukon Placer Mining Act.

He said: Honourable senators, the committee have examined this bill and made four minor drafting amendments, as follows:

1. Page 1, line 23. Leave out the word "such".
2. Page 1, line 25. For "shall" substitute "may in his discretion".
3. Page 2, line 8. After "or" insert "has reason to believe that any person".
4. Page 2, line 9. For "section eighty-three" substitute "subsection one".

The Hon. the SPEAKER: When shall these amendments be taken into consideration?

Hon. Mr. HUGESSEN: Next sitting.

PRIVATE BILL

REFUND OF FEES

Hon. Mr. HARMER moved:

That the parliamentary fees paid upon the Bill B-5, an Act to incorporate the Evangelical Churches of Pentecost, be refunded to the Rev. Albert D. Marshall, Heinsburg, Alberta, one of the promoters of the bill, less printing and translation costs.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. G. LACASSE moved the second reading of Bill Z5, an Act to consolidate and amend the Acts relating to La Société des Artisans Canadiens-Français.

He said: Honourable senators, La Société des Artisans Canadiens-Français has been in existence for upwards of seventy-five years under a federal charter. The three main purposes of the bill are—one, to shorten the name of the society to La Société des Artisans; two, to clarify and bring up to date the interrelationship between the executive council, the general council and the convention of the society; and three, to give the society the same power to administer its general fund that is enjoyed by all other similar societies.

I may add that Mr. Finlayson, the Superintendent of Insurance, has gone over all the clauses and approves the bill.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Lacasse, the bill was referred to the Standing Committee on Banking and Commerce.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill A6, an Act for the relief of Mary Epstein Harris.

Bill B6, an Act for the relief of Helen Irene Flewelling Wilson.

Bill C6, an Act for the relief of Maitable Horwitz Hollander.

Bill D6, an Act for the relief of Pauline-Gisèle Guénette Villeneuve.

Bill E6, an Act for the relief of Mary Jaclyn Robinson Jeffrey.

Bill F6, an Act for the relief of Jessie Hope Forbes Hardie.

Bill G6, an Act for the relief of Robert Venor.

The motion was agreed to, and the bills were read the second time, on division.

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

Hon. Mr. ASELTINE: Next sitting.

CANADA DAY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, May 23, the adjourned debate on the motion of Hon. Mr. Foster for the second reading of Bill 8, an Act respecting Canada Day.

Hon. R. B. HORNER: Honourable senators, I desire to say a few words on this bill, but I can assure His Honour the Speaker that in doing so I shall not transgress the rules of the Senate by reading either my own remarks or newspaper articles and comments.

I wish to congratulate the honourable senator for Rigaud (Hon. Mr. Dupuis) who spoke in favour of the bill. I understand that he is a lawyer, and if I had a doubtful case I should be very glad to secure his services, for it seemed to me he acquitted himself very well in presenting what I consider a bad case.

I would also congratulate a colleague from my own province, the honourable senator from Ponteix (Hon. Mr. Marcotte), on his convincing speech against the bill.

I wish to discuss this bill from an angle that has not been considered by any of those who have preceded me in this debate. It is true that in the older parts of Canada the people would regard any attempt to change the name of our national holiday as quite an undertaking. And this feeling, I am convinced, also pervades the people of the more recently settled provinces. I have watched the western provinces grow. Following the building of the railroads, villages sprang up every ten miles or so, schools were built, and the population, drawn largely from all parts of the world, soon became good Canadian citizens. The first duty of the school teachers was to impress on their pupils the significance of Dominion Day, and throughout the schools of Saskatchewan the 1st of July is celebrated as the anniversary of the day when the Dominion of Canada was born. Therefore, to change the name of Dominion Day would be, to say the least, very confusing.

I can assure the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) that in my part of the country we do celebrate Dominion Day. The celebration may have been considered tame on some occasions, because I have been asked to make a few remarks. I believe that Ottawa's Dominion Day celebrations are not what they would be if the honourable senator from Vancouver-

Burrard were called upon to speak to the people. Perhaps the programmes were rather full and time would not permit.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. HORNER: I am sure the citizens of Ottawa missed a great deal in not having the honourable gentleman as their speaker. I have no doubt they celebrated Dominion Day, but I can understand the honourable gentleman thinking it was not much of a celebration because he was not present.

One honourable senator spoke about the need of tolerance and broadmindedness. Certainly I agree that we should all exhibit these qualities—but it is a two-way row.

I am not asking for any change in the name of Dominion Day, nor am I in favour of a new national flag. I am satisfied with the name, and I believe that if the gentleman who moved the bill in the other place had given the matter and its implications a little more thought, and had appreciated the urgency of many of the matters at present before parliament, he would not have raised the question. The time already spent in debating this subject could have been used to much greater advantage.

We must think of the men who left this country during the first Great War, and particularly the 60,000, including my own brother, who are now buried in France. They went to fight for the Dominion of Canada. The men who went abroad during the recent war also went to fight for the Dominion of Canada. May I say that since confederation this is the first time to my knowledge that there has been any difficulty about the interpretation of the word "dominion." Dominion of Canada was simply the name given to this country, and it did not mean that we were in any way dominated by someone else. Surely it never entered the minds of such men as Sir George Etienne Cartier and the Right Honourable Sir Wilfrid Laurier that there was anything wrong with the word "dominion."

The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) gave the definition of the word "dominion" from an American dictionary. I am not much concerned about what the Americans think. They like to poke a little fun at us. For instance, a geography recently in use in the United States described Canada as a narrow strip of land north of the 49th parallel, covered with snow and ice the greater part of the year and mortgaged to the International Harvester Company.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. HORNER: I think the most serious effect of the debate is the possible misunderstanding of the situation in other countries of the world. After all the sacrifices we have made, the like of which we hope to avoid in the future, I think a matter of this kind might very well be deferred. For that and other reasons I do not think it wise to go further in the discussion of the bill at the present time.

I do not believe there is any necessity for a change in the name of our national holiday. "Dominion Day" is the name under which we have taught our children to celebrate the anniversary of confederation, and I am against any measure which proposes a change.

Hon. JEAN MARIE DESSUREAULT: Honourable senators, so much has already been said regarding the Canada Day bill that I do not wish to unduly prolong the debate. The honourable senators who have already spoken have presented both sides of the argument so well that I can say very little without repeating what they have said. Frankly, I have not many new arguments to present in support of the bill, but I should like, briefly, to give my viewpoint on this much-discussed and controversial question.

I do not see why there should be so much opposition in this honourable chamber to changing the designation "Dominion Day" to "Canada Day", or some other appropriate and generally-accepted name. Personally I am in favour of the change because I believe the title "Dominion Day" does not convey the true significance of our national holiday. It reminds one too much of the old days when Canada was merely a British colony. I feel that Canada, like other free countries should now have a historical national holiday which is its very own.

While I favour the change to "Canada Day," I would prefer the name "Confederation Day," for it would have a greater historical significance and should receive the approbation of all Canadians, irrespective of creed or origin. As the name of the day on which we commemorate the birth of our nation, "Confederation Day" would mean more and be more significant than "Canada Day" or "National Day." It would incorporate the meaning of the other suggested names for the first of July, Canada's national holiday.

It is interesting to note that there is no proper French translation for "Dominion Day," whereas the word "confederation" has identically the same meaning in French as in English. Further, the children in the schools of Quebec have been taught and know the meaning of "Confederation Day", but they know very little about "Dominion Day."

Though we do not necessarily have to copy or imitate our good neighbours in the United

States, "Confederation Day" as the name of our national holiday would be somewhat similar to "Independence Day," the name of their national holiday, the 4th of July, when they commemorate their declaration of independence.

I respect the opinion of all honourable members who have either supported the bill or opposed it, but I appeal to their good spirit to accept an honourable compromise rather than kill the bill, which has received the assent of a large majority in the other house. I cannot agree that this bill, though sponsored by a French-Canadian member of the other place, is a French-Canadian bill, for after long discussion it has been approved by a great majority of English-speaking Canadians.

As the representative in this honourable house of the people of Quebec City, who are largely French Canadians, I think I know them and can express their feelings; and I am confident in saying that they are just as loyal as any other Canadians, regardless of origin, and that they do not like the name "Dominion," which can be interpreted as signifying domination. They want only equity and equality and do not seek to rule over others, and I think they are entitled to expect and receive the full co-operation of others which will help to bring about the achievement of unity in this country of ours.

For these reasons I hope all honourable members will support the bill on second reading, after which I undertake to move or support an amendment proposing "Confederation Day" as an honourable compromise with those who object to "Canada Day."

Hon. CYRILLE VAILLANCOURT (Translation): Honourable senators, may I be permitted to add a few words in French about this famed "Canada Day" bill? I shall not discuss the advantage of using the word "Canada" instead of the word "Dominion", nor the reason why the name "Dominion Day" was given to the legal holiday of July 1st. Hearing all the speeches delivered on this bill, I had, at times, the impression of being in attendance at a sitting of the U.N.O. in New York, where all the United Nations met and were, in the end, less united than ever. This also happened in the case of the Paris conference of the foreign ministers of the four greatest and most powerful nations of the world, who met in order to ensure the fullest freedom to all peoples of the world but parted without having been able to reach any agreement.

If this Canada of ours is to be truly strong and powerful, she must acquire a patriotic spirit such that each and every one among us may become convinced that we have some object in view, that we are not indulging in mere banter, that we are endeavouring to build up a strong and prosperous nation. Let us stop this bandying of words and devote our attention to action and facts.

Years ago, Confederation came into being. Twelve years later, some thought was given to the establishment of a national holiday. Unfortunately, instead of being called "Confederation Day" it was given the name of "Dominion Day", and we are told that this name must be preserved, because it commemorates something which was done at that time. That is true, and I respect the views of those who hold that opinion. Since then, however, our country has progressed; the Statute of Westminster, granting us independence, has received imperial sanction; we may henceforth appoint diplomatic representatives to any country in the world, and we are free to sign our own treaties, as an independent nation.

From confederation to this day, Canada has fought the wars of 1914-18 and 1939-45, doing perhaps more than she should and more than she could. It thus seems to me that we are known throughout the entire world under the name of "Canada."

Seeing that we have achieved such unity by working for this Canada of ours, why not give to confederation, on the 1st of July, its real and true meaning? We will bring to life in our time the dreams of our fathers. To my mind, the rallying cry of all Canadians should be on our lips on the 1st of July, because we are all Canadians, and we should sing not only of past glories, but of present doings and future hopes, crying out with one soul and one voice: "O Canada, my beloved country!"

It is most fitting that we should wish to commemorate our forefathers. Can one find a better word than "Canada" to honour the memory of all the ancestors of Canada? That name was bestowed on our country from the outset and therefore stands for all of its people. Let us not pass up the splendid opportunity provided by the July 1st commemoration to develop this sense of patriotism, this feeling of attachment for our country; let us celebrate "Canada Day," and be content with rejoicing in the Canadian spirit rather than in the spirit of a dominion, as was suggested a few years ago.

Canada, whether spoken in French or English, remains the same. To us, the word "Canada" represents not only a country by adoption but the land of our birth, the background of our development, the resting place where tomorrow we shall be happy to take our last sleep, blessing and loving this name which has a meaning for us since it stands

for the soil which is our very own. Five dominions which do not belong to us are scattered about the world; there is, however, but one Canada which we alone can claim. It is ours! And if we will but develop a true love for our country, we may bequeath our children a legacy to be jealously safeguarded and looked upon as a treasured possession. What do we not do to preserve that which we love, to enhance its greatness, its beauty and its prosperity. I ask that this bill respecting "Canada Day" be adopted for the advancement, the prosperity and the welfare of our country, together with the well-being of all its inhabitants. I hope that each year, on the 1st of July holiday, every Canadian will proudly join his fellow-citizens and say with love and true devotion: "Long Live Canada!"

Hon. Mr. KINLEY: Honourable senators, I desire to speak on this bill, and would ask to have the privilege of adjourning the debate until after the coming recess of the Senate. I understand that there is considerable important business to be dealt with before the recess begins, and for that reason I do not wish to take up the time of the house now. Further, I feel that a little additional time would have a salutary effect on the opinions of honourable members here and in another place.

The Hon. the SPEAKER: I think the honourable gentleman's motion should specify a date for resumption of the debate.

Hon. Mr. KINLEY: I move that the debate be adjourned until the 18th of June.

The motion was agreed to.

Hon. Mr. ROBERTSON: Honourable senators, I move that the Senate do now adjourn during pleasure, to be reassembled at the call of the bell.

The Senate adjourned during pleasure.

ROYAL ASSENT

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

An Act to amend the Department of External Affairs Act.

An Act respecting the Financial Agreement between Canada and the United Kingdom signed on the sixth day of March, 1946.

An Act to amend the Criminal Code. (Race meetings.)

An Act to amend the Export Act.

An Act to amend The Opium and Narcotic Drug Act, 1929.

An Act respecting the Manufacture, Testing, Sale, Storage and Importation of Explosives.

An Act to amend the Yukon Quartz Mining Act.

An Act to incorporate Canadian Acceptance Company.

An Act respecting Rupert's Land Trading Company.

An Act to amend the Navigable Waters' Protection Act.

An Act respecting the appointment of Auditors for National Railways.

An Act respecting the boundaries of certain National Parks.

An Act for granting to His Majesty certain sums of money for the Public Service of the financial year ending the 31st March, 1947.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

FINAL REPORT OF THE SENATE COMMITTEE ON TAXATION

Part One

On October 31, 1945, a Special Committee of the Senate was constituted with the purpose, as expressed in its terms of reference, of examining into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940, and formulating recommendations for the improvement, clarification and simplification of the methods of assessment and collection of taxes thereunder."

On November 15, 1945, the terms of reference were amended by the addition of the following words after the word "thereunder":

"and the provisions of the said Acts by redrafting them, if necessary."

Hon. Mr. VAILLANCOURT.

Since its inception on October 31, 1945, your Committee has heard briefs from the following organizations and individuals:

C. Fraser Elliott, K.C., C.M.G., Deputy Minister of National Revenue for Taxation
Canadian Federation of Agriculture
Trades and Labour Congress of Canada
National Life Insurance Company
Senator A. N. McLean
Income Taxpayers Association
D. A. McGibbon
Canadian Federation of Labour
Edmonton Chamber of Commerce
Canadian Manufacturers Association
Dominion Association of Chartered Accountants
Canadian Bar Association

Montreal Stock Exchange and Montreal Curb Market
Joint Stock Insurance Companies
Canadian Chamber of Commerce
Toronto Board of Trade
Certified Public Accountants Association of Ontario
Canadian Electrical Association
Senator John T. Haig
Regina Board of Trade
Canadian Federation of Insurance Agents
Confederation Canadienne et Catholique du Travail
Montreal Chamber of Commerce

In the main these briefs dealt with those aspects of the dominion tax system which impose hardship as being, in the opinion of their proponents, inimical to a healthy economic development of this country and to certain rights of the individual. Some of the briefs have suggested remedies or alternative courses of action which might be taken by the government to remove the objects of criticism.

Having considered the objections, criticisms and remedies stressed by the various organizations heard, it has been thought fit to prepare a report embodying certain conclusions and setting forth certain possible courses of action which might commend themselves as suitable means of reaching a number of the objectives for which your committee was set up.

Before considering hypothetical suggestions relating to any reorganization of the tax administration or a redraft of the law itself, it is necessary to consider briefly the factors in the field of dominion taxation which appear to underlie the criticisms voiced by the witnesses. Briefly, public dissatisfaction appears to concern itself with three broad general heads.

1. There is dissatisfaction with the appeal procedure as now found in the Income War Tax Act and with the lack of facilities afforded taxpayers to have cases decided rapidly and objectively. Co-existing with this feeling is the more technical and less widely held objection to the use of ministerial or administrative discretion and to the absolute authority of the administration in many matters of substantive importance.

As exemplifying the widespread discretionary jurisdiction now granted to the Minister of National Revenue, representations have been made which categorize the fields of administrative and ministerial discretion under the following heads:

A. Administrative and punitive powers;
B. Powers which make the minister the judge of reasonableness or equity;
C. Powers which constitute the minister the judge of the facts;
D. Powers to grant or refuse exemption and allowances;
E. Power to approve a pension fund or plan.

For a detailed analysis of the number and degree of discretionary powers accorded to the Minister of National Revenue, see Appendix A.

2. Secondly, a portion of the criticism which has been received deals with the phraseology of the statute itself. There appears to be a growing feeling among economists, lawyers and accountants throughout Canada that the language of the present dominion Income War Tax Act is no longer capable of permitting the legislation to fill its proper place in the vastly changed economic structure of the country in the face of concepts of profit and necessary expenditures which now exist when compared with those whose presence helped to shape the original statute in 1917.

3. The third head under which criticism falls is that pertaining to the administrative framework of the Taxation Division itself. Most of these objections are directed to the low salaries paid, delays within the Department, in assessing and the disposition of individual cases, and to the inability of the public to obtain the various inter-office administrative directives that are issued to the district offices by the Deputy Minister at frequent intervals.

It is our proposal, therefore, that the report be submitted in three parts, each part dealing with remedies applicable to the three main phases of the criticisms received. While this part of the report will be chiefly confined to the criticisms and proposed remedies relating to appeal procedure and the exercise of ministerial discretion, it is felt by your committee that certain of the suggestions and recommendations made with respect to matters which properly fall into categories 2 and 3 above are of such prime importance that they should be noted briefly at this stage. As much as possible, the suggested solutions are drawn from the briefs presented to us. In a substantial measure, however, the contents of this report also necessarily reflect the conclusions of the committee.

Almost without exception the witnesses who appeared before your committee urgently advocated a complete revision of the taxing statute to the end that not only may clarity and coherence be achieved but that its provisions be brought into conformity with modern business practice. With this suggestion your committee is in complete accord.

Specific examples cited as illustrative of the need are the present limitative forms of sections 6(1)(a) and 16 of the Income War Tax Act. It is suggested that section 6(1)(a) be amended to conform with modern accounting practice. While your committee does not put forward at this time a concrete suggestion in legislative form, it is suggested that the general principles underlying the proposal which was made by Lord Macmillan who presided over the Income Tax Codification Committee appointed in 1926 in England be given serious consideration. This recommendation reads as follows:

"The amount of the profits of a business shall be computed in accordance with the ordinary commercial principles applicable to the computation of the profits of that business."

Moreover, at the present time, there would appear to be no provision in the Income War Tax Act which would allow the taxpayer as a matter of right to maintain his accounts and report his profits on an accrual basis. While the taxing authorities have in most cases recognized this to be a practical necessity for the efficient conduct of modern business, it is recommended that the statute be amended to give clear statutory authority for such practice.

It is also recommended that section 16 should be so amended as to clearly define a liability which shall be certain and subject to accurate computation arising out of certain alterations in corporate capital structure already referred to in that section. For example, a measure of the liability might be the monetary gain to shareholders occasioned by any capital reorganization or share split which increased

their potential equity participation in existing earned surplus rather than by the present ambiguous form of the Section which imposes a charge whose severity lies in the interpretation placed upon the facts by departmental officials.

The continued presence in the statute of section 32A has been sharply criticized on the grounds that it has created grave uncertainty among taxpayers as to their liability to tax and accordingly your committee recommends that the section should be wholly eliminated from the statute.

A further criticism repeatedly voiced by witnesses appearing before your committee was related to the question of an allowance for depreciation. At the present time, depreciation is referred to under section 6 (1) (n) where it is expressly prohibited as a deduction save as to such amount as the Minister in his discretion may allow. It is recommended that depreciation be recognized as a charge against profits to which every taxpayer is entitled as of right and that the Income War Tax Act be amended accordingly.

Another recurring complaint in the representations made to your committee was that directed to the delay which many taxpayers experience in obtaining their assessments. Instances were cited where as many as five years had elapsed before assessment notices issued. While it is recognized that there are situations where such delays might well be unavoidable, it is recommended that the period within which the department must issue a notice of assessment be reasonably limited by statutory provision. Closely allied with the criticism directed at these delays is the suggestion that interest charges which are now contained in the taxing statutes with respect to underpayment of taxes should be imposed for a period of two years only, unless before the expiration of that period an Interim Notice of Assessment has been mailed to the taxpayer. Upon the mailing of the Notice of Assessment within the two year period, it is felt that interest should continue to be assessed on any underpayment until the tax is paid in full; or if mailed after the two year period the liability to interest on such underpayment should revive until payment of the amount finally determined to be due. It is further felt that the present rate of interest is too high and that it should be lowered to 4 per cent, at simple interest, a recommendation which your committee endorses.

One further matter which may be mentioned at this point is that dealing with the deduction of tax at the source. It is felt that this system has met with the endorsation of taxpayers in general throughout the country and should be maintained as a permanent policy in the administration of the act.

Appeals

In order that the suggestions and recommendations of your committee in regard to appeals may be fully appreciated, a summary of the chronological steps involved in the appeal procedure, as presently provided in the statute, is here outlined.

(a) The taxpayer estimates his income, files a return and pays tax thereon.

(b) An Assessment Notice is forwarded to the taxpayer over the signature of the Deputy Minister which shows any arrears in the tax estimated or confirms the amount which has been paid.

(c) If the taxpayer wishes to contest the assessment before the Exchequer Court or to preserve his legal rights of recourse thereto while discussing the assessment on its merits with departmental officials, he must file a Notice of Appeal with the Minister of National Revenue within one month after the date of mailing of the Notice of Assessment. This Notice of Appeal sets out all the facts involved and contains a full statement of the reasons upon which the taxpayer intends to rely. If the Notices of Appeal or Dissatisfaction are not filed within the time stipulated by the statute, the taxpayer is barred from further action and the assessment becomes valid and binding, notwithstanding any error, defect or omission therein.

(d) The taxpayer may and usually does discuss the assessment with departmental officials in the district office and at Ottawa in an informal way. In the event that a satisfactory solution is not found, the taxpayer may continue with his appeal.

(e) Following the mailing of the Notice of Appeal, the Minister issues his decision which is a formal document based on a review of the assessment. The decision may either affirm or amend the assessment.

(f) Within one month from the date of mailing of the minister's decision, the taxpayer must send by registered mail a Notice of Dissatisfaction. This notice must state all further facts, statutory provisions and reasons which the taxpayer intends to submit to the court in support of the appeal and which were not included in the Notice of Appeal.

(g) Within one month after the mailing of the Notice of Dissatisfaction, the taxpayer is required to give security for costs in a sum of not less than $400.00.

(h) In the light of all the facts and reasons submitted the minister sends a reply to the taxpayer and the issues are joined.

(i) Within two months from the date of mailing the reply, the minister is required to transmit to the Exchequer Court, all the documents set out above and any other material which may affect the disposition of the appeal.

While pleadings are the general rule in practice, technically the Exchequer Court Act appears to permit of trial without pleadings and thus necessitates a court order that pleadings be filed if they are desired. Consent must, therefore, be obtained to the order for pleadings.

Generally speaking, the rules of practice before the Exchequer Court are elastic and, provided that both sides are given adequate opportunity to object, it would seem that application may be made to the court for the extension or varying of specific rules according to the extenuating circumstances present in any particular case.

From the decision of the Exchequer Court, an appeal lies to the Supreme Court of Canada if the amount in dispute is in excess of $500. A further appeal lies to the Judicial Committee of the Privy Council, but it should be noted that this is not an appeal as of right, special leave to appeal being required from that body.

Effective Remedies Upon Appeal.

Since the appeal from the assessment may, as already indicated eventually find itself a cause in issue before the Exchequer Court, it becomes important to consider the jurisdiction

of this court as granted to it in matters of income taxation by Section 66 of the Income War Tax Act.

Section 66 reads as follows:

"Subject to the provisions of this Act, the Exchequer Court shall have exclusive jurisdiction to hear and determine all questions that may arise in connection with any assessment made under this Act and in delivering judgment may make any order as to payment of any tax, interest or penalty or as to costs as to the said court may seem right and proper."

An ancillary power of the court in connection with the disposition of an appeal by a taxpayer is found in section 65, subsection (2) where it is stated that

"The court may refer the matter back to the minister for further consideration".

It will be noted from the above that under the express language of the statute an appeal is stated to be from an assessment only. This has been confirmed on a number of occasions by the Exchequer Court of Canada and the inference is clear that there is no direct appeal from the exercise of the minister's discretion per se. The only method by which a taxpayer can attack or even question the exercise of ministerial discretion under the law as presently constituted is by means of taking an appeal to the Exchequer Court and urging that the court consider the exercise of discretion as one of the factors in the assessment which is appealed against.

The practical effect of such an appeal involving discretion may be judged by the fact that the leading decisions of the courts in Canada and the United Kingdom in this connection disclose that a court may only interfere with the exercise of a discretionary power where it appears that:—

1. The discretion has not really been exercised.

2. It has not been exercised honestly and fairly.

3. The person exercising the discretion was influenced by extraneous and irrelevant facts.

4. The decision was based on principles incorrect in law. Important Canadian cases in this connection are: Pioneer Laundry and Dry Cleaners Limited, v. Minister of National Revenue, (1940) A.C. 127; Pioneer Laundry and Dry Cleaners Limited v. Minister of National Revenue, (1942) Canada Tax Cases 201; the King v. Noxzema Chemical Company of Canada Limited, (1942) Canada Tax Cases 21; Nicholson v. Minister of National Revenue, (1945) Canada Tax Cases 263, and Wrights' Canadian Ropes Limited v. Minister of National Revenue, (1945) Canada Tax Cases 177; (1946) Canada Tax Cases 73.

Accordingly, it is now well established in law that, if the court determines, by applying the canons of the proper exercise of ministerial discretion, that such discretion has not been properly used, it may only state that the assessment has been erroneously or wrongly levied and refer the matter back to the Minister of National Revenue under subsection (2) of section 65. In no case may the court adjudicate upon or substitute its own opinion for the discretionary opinion of the minister. If the element of discretionary consideration in the assessment has satisfied all the tests of legal propriety as above set forth, then, assuming the assessment to be otherwise in order, the court may not interfere in any way with the conclusions of the minister or the issue of the assessment. If, however, discretion has been improperly exercised in the light of the established legal principles all that the court may do is to refer the assessment back to the minister to be considered again.

Thus, under the present statute and the case law, there does not appear to be an instance where the court can review the actual substance of the minister's discretion, even if improperly exercised, or substitute its opinion for the minister's, if it so desires.

Suggested Remedies

Your committee has been greatly impressed by the urgency of the criticism directed at the appeal provisions as presently existing in the taxing statutes and the lack of an independent tribunal to which the taxpayer may appeal in the first instance when dissatisfied with his assessment. The effective bar to a successful appeal to the Exchequer Court of Canada under the present law in cases where the taxpayer is dissatisfied with the exercise of discretionary powers has already been pointed out.

The Deputy Minister of National Revenue for Taxation, who in the initial hearings of the committee gave evidence touching on various aspects of the administration of the taxing statutes, appeared again at the request of the committee after the other witnesses had been heard, and presented his views as to the advisability of establishing a Board of Tax Appeals. In this connection, he expressed himself as being in favour of establishing a board which would operate as a court of first instance to hear appeals from assessments on questions of law only. In so far as appeals from assessments which originated from the exercise of ministerial or administrative discretion were concerned, however, he indicated that he was not in favour of superimposing an appeal board to consider or review the exercise of discretion as to its substance. He indicated, however, that it might be possible to establish a committee which would act in an advisory capacity to the minister and to which the taxpayer or the minister might refer questions arising from the exercise of discretion for consideration and advice. This committee, he thought, would function in a somewhat similar manner to the Board of Referees as described in Section 13 of the Excess Profits Tax Act, 1940, but should not be independent of the Minister of National Revenue.

It was suggested by the deputy minister that should a matter of discretion arise with which the taxpayer was dissatisfied, he might apply to the minister to have the application of the discretionary power reviewed by this advisory body and that the taxpayer should be permitted to make all necessary representations thereto. Mr. Elliott indicated, however, that the findings of the board or committee should, in essence be advisory only and that should the Minister of National Revenue desire to adhere to a conclusion differing with the findings of the board, no further review or appeal should be provided but that, as is the case under the presently enacted legislation, the decision of the minister in respect thereto should be final and conclusive.

Your committee has given consideration to these submissions of the deputy minister and has concluded that they represent a direct conflict of opinion with the suggestions advanced by other witnesses in briefs and examinations, with which suggestions your committee agrees in principle as will be hereafter shown.

Board of Tax Appeals

As a result of the consideration and study of the appeal procedure and tax court suggestions made to your committee by all the witnesses during the aforementioned hearings, and benefiting from assistance provided in the briefs submitted, it is recommended that the following principles be adhered to as conditions precedent to any solution that may be reached in this phase of the problem.

The first important consideration which appeared repeatedly throughout the hearings and which is felt to be a fundamental principle in this connection is that the Board of Tax Appeals, when established in whatever form considered desirable, should be entirely divorced from and independent of the control of that department of government which is charged with the levying and collection of taxes.

The second consideration which is equally important is that the administering officials of the department which levies and collects the taxes be not accorded any authority relating to the exercise of administrative or ministerial discretion, the levying of assessments or the imposition of penalties which is not subject to the immediate, effective and conclusive jurisdiction of an independent tribunal. It is felt that this jurisdiction should relate not only to the formal proceedings and departmental directives but to the underlying considerations of fact which enter into the exercise of such authority by the Minister of National Revenue and his administering officials.

With these two cardinal principles in mind, your committee recommends that there be constituted a Board of Tax Appeals, either by a separate statute of the Dominion Parliament or by some appropriate amendment to the taxing statutes. It is felt desirable that this board should bear such a name as that of "Board of Tax Appeals for Canada" and that it should have the authority and jurisidiction in matters of fact and of law of a court of record.

It is further recommended that, in addition to having the judicial powers of a court of record, such board be also empowered to dispose of questions arising on matters of fact which may enter into a determination of the law relating to the proper construction of the aforementioned statutes, and, moreover, that it have full power to hear and determine any appeal made by a taxpayer from an assessment under the act. In this connection it is also recommended that the board should, for the purposes of entertaining and disposing of appeals from assessments have the statutory authority to exercise all the powers and discretions of whatever nature as may now be vested in the Minister of National Revenue under any of the provisions of the Income War Tax Act or the Excess Profits Tax Act 1940, or any such powers as may be imported into them at any subsequent time by legislative or administrative authority.

It is recommended that the board should be composed of not less than seven members. There should be sufficient authority in the statute setting up the board to increase the total number where circumstances make it desirable. In the opinion of your committee, the Chairman, Deputy Chairman and one other member of the board should be qualified legal practitioners of any province of Canada with at least ten years' standing. Two additional members, it is felt, should be professional accountants of at least ten years' standing, and the remaining members representatives of the taxpaying community. At least two of the members so appointed should be bilingual. It is further recommended that in order to ensure the appointment of experienced and properly qualified men, provision should be made for the payment of adequate salaries commensurate with the positions created. It is suggested that the members of the board be appointed for a term of ten years and that they should be eligible for reappointment.

It is recommended that the board be established at Ottawa but that it be given full authority to travel and to hold sittings at any place in the Dominion of Canada as circumstances may demand. At any hearing of the board, a quorum of three should be required to be presided over by either the Chairman or the Deputy Chairman.

The Board of Tax Appeals as here contemplated would thus take its place as a court of first instance, below the Exchequer Court of Canada.

Instead of a taxpayer receiving, as is now the case, a Notice of Assessment after his return has been filed and the appropriate auditing on the part of the departmental officials has been effected, it is recommended that the Minister of National Revenue issue to each taxpayer at that point in the proceedings, a document entitled a "Notice of Intention to Assess". This "Notice of Intention to Assess" should, like the Notice of Assessment under the present statute, verify or alter the amount of the tax as estimated and reported by the taxpayer in his return. It is recommended that the taxing authorities be required to issue such notice to every taxpayer within two years from the date of mailing of his income tax return. Following the issue of such "Notice of Intention to Assess", provision should be made that the taxpayer have 30 days from the date of mailing of such notice within which to lodge a "Notice of Objection" with the minister, should he be of the opinion that the amount of tax to which the "Notice of Intention to Assess" indicates him to be liable is excessive or for any reason unwarranted.

The Notice of Objection should be in writing and should set out in detail the grounds upon which it is based. Service of such notice should be effected by mailing the same by registered post addressed to the Minister of National Revenue at Ottawa.

Upon receipt of the said Notice of Objection, the Minister of National Revenue should duly consider it and, within 60 days from the date of mailing thereof, forward by registered post to the objecting taxpayer a formal Notice of Assessment either affirming or amending the Notice of Intention to Assess.

If the objector, after receipt of the said Notice of Assessment, is dissatisfied therewith it should be provided that he may, within 30 days from the date of the mailing of such Notice of Assessment forward, addressed to the minister by registered mail, a formal Notice of Appeal to the Board of Tax Appeals which should set out any additional facts, statutory provisions or other information upon which he wishes to rely and which were not included in the original Notice of Objection.

It is recommended that within 15 days from the date of mailing of the Notice of Appeal, the minister be required either to allow the appeal or to refer it to the Board of Tax Appeals, notifying the appellant taxpayer accordingly. In the event that the appeal is

referred to the board, the following documents should be forwarded by the minister to the registrar of the board:

A. The income tax return of the appellant, if any, for the period under review.
B. The Notice of Intention to Assess.
C. The Notice of Assessment.
D. The Notice of Appeal.
E. All other documents and papers relative to the assessment under appeal.

It is recommended that the appellant be required to furnish security for costs to the satisfaction of the board in a sum of not more than $10 when the amount in dispute is less than $200 and not more than $25 when the amount in issue is in excess of $200. The matter should then be deemed to be an issue before the said board ready for hearing provided however that if it be deemed advisable by the board or a member thereof that pleadings be filed an order may issue directing the parties to file pleadings.

Within 15 days from the receipt by the board of all the aforementioned documents and papers relative to the assessment, the board should notify the Minister of National Revenue and the appellant of a date for hearing. After the appeal has been set down for hearing, as above provided, any fact or statutory provision not set out in the said Notice of Objection or Notice of Appeal may be pleaded or referred to in such manner and upon such terms as the board or any member thereof may direct. Either party to the appeal might appear in person or by his agent. All hearings of the board should be held in camera, unless the parties otherwise agree.

Rules of procedure relating to the conduct of the hearings should be those as may be issued from time to time by the Board of Tax Appeals.

Following the hearing and consideration of the appeal by the board, it is recommended that the decision and the reasons in support of it should be given in writing and made public, and that copies be forwarded to the Minister of National Revenue and to the appellant. Such decision would be conclusive in its determination of the issue before the board and binding on both parties.

It is recommended that provision should be made for an appeal from the decision of the Board of Tax Appeals to the Exchequer Court of Canada similar to the presently existing right of appeal to that court from the decision of the minister. Accordingly, if either the Minister of National Revenue or the taxpayer is dissatisfied with the decision of the Board of Tax Appeals, an appeal would lie from its decision to the Exchequer Court. The party launching such an appeal should be required, within thirty days of the date of mailing of the board's decision, to file a Notice of Appeal with the Registrar of the board who would thereupon transmit the record of the proceedings to the Exchequer Court. For a specific suggestion as to the form which the legislation may take in setting up the Board of Tax Appeals see Appendix B.

It is felt by your committe that if a Board of Tax Appeals is established as indicated above, three principal objections raised by the majority of witnesses, as already described, will be suitably met.

1. The taxpayer will be provided with a speedy and inexpensive tribunal to which he may take all disputes arising from assessments including questions of fact, of law and of the exercise of ministerial or administrative discretion, and he will be assured of an impartial and considered adjudication in the course of which the Board may substitute its opinion on all matters for that of the Minister of National Revenue, or of any administrative tribunal whose decision has entered into the making of the assessment.

2. By the fact that the decision of the board will have considered and, if necessary, varied or confirmed the exercise of discretionary power, the flexibility of the statute will remain unimpaired since the necessity to remove entirely the discretionary authority now contained therein will be somewhat modified while the administering officials acting for the Minister of National Revenue will be afforded guides of increasing usefulness as a body of jurisprudence is established relating to the proper exercise of such discretion in a variety of instances.

3. The accumulation of a body of precedent through publication of the decisions and their supporting reasons of the Board of Tax Appeals, which decisions will in many cases inevitably be the result of contestations arising out of the application of departmental directives and rulings, will tend to diminish the force of and the need for such rulings within the department. In addition thereto, this body of precedent will assist in the clarification of many sections of the taxing statutes now obscure for want of official interpretation and will in turn diminish to some extent the need to redraft portions of the statutes since those sections, which are now charged with ambiguity by the public and administering officials, will perforce obtain certainty, if not clarity, from the application to them of the decisions of the Board.

The whole respectfully submitted.

W. D. EULER,
Chairman.

APPENDIX "A"

DISCRETION OF THE MINISTER

Sections of Income War Tax Act

2 (1) (i)	6 (2)
2 (1) (s) (ii)	6 (3)
3 (2)	6 (4)
3 (4)	6 (5)
3 (6)	7A (1) (b) (ii)
4 (1) (i)	7A (1) (d)
4 (1) (k)	8 (1)
4 (1) (m)	8 (2A)
4 (1) (o)	8 (2B)
4 (1) (r)	8 (3)
5 (1) (a)	8 (5)
5 (1) (b)	8 (9)
5 (1) (ff)	8 (11)
5 (1) (g)	9A (b)
5 (1) (j)	9B (1)
5 (1) (k)	9B (7)
5 (1) (m)	9B (11)
5 (1) (p)	10 (2) and (3)
5 (1) (s)	11 (2)
5 (1) (u)	11 (5)
6 (1) (d)	13 (1) and (2)
6 (1) (i)	21 (3)
6 (1) (k)	23
6 (1) (n)	23A
6 (1) (o)	23B

26	46A	90 (6)	92 (12) (b)
27A	47	92 (2)	Rule 6, S, 1, 1st Sch.
31 (1)	55	92 (8)	Rule 7, S, 2, 1st Sch.
32 (1)	59		
32B	74 (1)	Sections of the Excess Profits Tax Act	
36 (3)	75 (1) and (2)	2 (1) (d)	5 (5)
39 (2) (B)	76A (1) and (2)	2 (1) (h)	6 (1) (b)
39 (5)	77 (3) and (4)	2 (1) (i)	6 (2) (b)
39A (3)	82	3 (1)	6 (2) (c)
40	84 (3)	4 (1) (a), (b) & (c)	7 (1) (b)
41 (1)	88 (5)	4 (2)	7 (1) (g)
42	88 (7)	4A (1)	8 (1) (b)
43	89 (1) (2) and (4)	5	9 (1) (2) and (3)
44	90 (3)	5 (1)	10
45	90 (4) (x)	5 (2)	13
46	90 (5)	5 (3)	15A
		5 (4)	1st Sch., S, 3 (b)

Minister's Discretionary Powers

Generally speaking these sections may be categorized as follows:

Categories of Discretion

1. Allowance of Reserves:

5(1) (a)	a. Depletion;
6(1) (n)	b. Depreciation;
6(1) (d)	c. Bad Debts;
6(2) (c) E.P.T.	d. Inventory.

2. Limitation of Expenses:

6(2)	1. Expenses;
6(3)	2. Salaries;
90(4) (x)	3. In capital expenditure allowance;
5(1) (b)	4. Interest.

3. Determination of the true nature of transactions where lessening of tax may be involved with reference to companies and individuals:

23	1. Inter company purchases and sales;
21(3)	2. Value of shareholders' property transferred to company;
23(b)	3. Unreasonable payment to non-resident companies;
31(1) and 52(1)	4. Transactions between husband and wife and parent and child.

4. Determination of the nature of Income:

3(2)	1. Interest portion;
3(4)	2. Tax free living allowance.

5. Determining nature and effect of certain legal documents and reciprocal acts:

7A(1) (d)
4(1) (m)

6. Approval of Pension Schemes:

5(1) (m)

7. Minor Administrative Discretions:

40	1. Extending time for making return;
42	2. Require production of letters and documents involved in assessment;
46	3. Require keeping of books;
74(1)	4. Demand payment of taxes for a person suspected of leaving Canada.

8. Regulations to carry Act into effect:

75(2)

9. Waiving of Penalties:

77(3) (b)	1. Failure to file return.

10. Determination of Standard Profits:

2(1) (h) E.P.T.	a. Commencement of business;
4(2) E.P.T.	b. Nature of business.

11. Adjust Standard Profits:

4(1) (a) E.P.T.	1. Basis of partial fiscal period;
4(1) (b) E.P.T.	2. Alteration of capital.

12. Reference to Board of Referees in case of new or substantially different business:

5(2) and (4) E.P.T.

(The sections listed are from the Income War Tax Act unless they are marked E.P.T. which signifies Excess Profits Tax Act.)

APPENDIX "B"

Suggested Legislation Setting Up Board of Tax Appeals and Appropriate Procedure for Assessment

Constitution of Board of Tax Appeals

1. There shall be a Board appointed by the Governor in Council to be called the Board of Tax Appeals of Canada consisting of seven members and such additional number as may be required from time to time, the members of which shall jointly and severally have all the powers and authority of a commissioner appointed under Part I of the Inquiries Act.

(2) The Governor in Council shall appoint one of the members of such board as Chairman and another as Vice-Chairman. The Chairman and the Vice-Chairman and one other member of the board, including the Chairman and the Vice-Chairman, shall be qualified legal practitioners of any Province of Canada of at least ten years' standing. In the absence of the Chairman, the Vice-Chairman shall be vested with all the powers conferred upon the Chairman.

(3) Each member shall hold office for a term of not more than 10 years but shall be eligible for reappointment. Any member may be removed for cause at any time by the Governor in Council.

(4) The Chairman, Vice-Chairman and other members of the Board shall be paid such annual salaries as the Governor in Council may determine.

(5) If any member by reason of illness or other incapacity is unable at any time to perform the duties of his position, the Governor in Council may make a temporary appointment of a qualified person to sit in his place and stead upon such terms and conditions and for such term and at such salary as the Governor in Council may prescribe.

2. The board shall act as a court of appeal to hear and determine any appeal made by a taxpayer from an assessment under the Income War Tax Act or the Excess Profits Tax Act, 1940.

(2) The board shall have power to determine all disputes between taxpayers and the Department of National Revenue with respect to taxes payable under the Income War Tax Act or under the Excess Profits Tax Act, 1940.

(3) The board in determining any question before it shall have and may exercise all the powers and discretions vested in the Minister of National Revenue by the Income War Tax Act or by the Excess Profits Tax Act, 1940 and, notwithstanding any previous exercise or purported exercise thereof by the minister, shall exercise such powers and discretions in the manner in which in the opinion of the board the minister should have exercised the same in the first instance.

(4) At all sittings of the board, three members shall constitute a quorum one of which shall be the Chairman of the board or the Deputy Chairman and the decision of the majority shall prevail.

(5) An appeal shall lie from any decision of the Board of Tax Appeals to the Exchequer Court of Canada.

Procedure

3. Within 2 years of the date of mailing of the taxpayers return, the minister shall examine the said return and shall forward to the taxpayer, by registered mail, a Notice of Intention to Assess verifying or altering the amount of tax as estimated in the said return.

4. Any person who objects to the amount as set out in the said Notice of Intention to Assess may within 30 days of the date of mailing of the said notice lodge with the minister a Notice of Objection.

(2) Such Notice of Objection shall be in writing and shall set out clearly the reasons for the objection and all the facts relative thereto.

(3) Such notice may be served on the minister by mailing the same by registered mail addressed to the Minister of National Revenue at Ottawa.

5. Upon receipt of the said Notice of Objection the minister shall duly consider the same and shall within 60 days from the date of mailing thereof forward by registered post to the objecting taxpayer a formal Notice of Assessment either affirming or amending the Notice of Intention to Assess.

6. If the objector, after receipt of the said Notice of Assessment, is dissatisfied therewith he may within 30 days from the date of mailing of the Notice of Assessment lodge with the Minister of National Revenue a Notice of Appeal to the Board of Tax Appeals. Such notice shall be in writing and shall set out any additional facts, statutory provisions or other information relative to the appeal upon which the taxpayer wishes to rely and not set out in the Notice of Objection.

7. Within 15 days from the date of mailing of the said Notice of Appeal, the minister shall either allow the appeal or transmit the same to the Board of Tax Appeals and shall forthwith notify the taxpayer accordingly.

(2) Upon the appeal being transmitted to the Board of Tax Appeals the minister shall at the same time cause to be transmitted to the said board copies of the following documents:

(a) The income tax return of the appellant, if any, for the period under review.
(b) The Notice of Intention to Assess.
(c) The Notice of Assessment.
(d) The Notice of Appeal.
(e) All other documents and papers relative to the assessment under appeal.

(3) Upon notification by the minister that the appeal has been transmitted to the board, the taxpayer shall forthwith give security for costs to the satisfaction of the Board in a sum of not more than $10 where the amount in dispute is $200 or less and not more than $25 where the amount in dispute is in excess of $200.

8. The matter shall thereupon be deemed to be an action before the said board provided however that if it be deemed advisable by the board or a member thereof that pleadings be filed an order so directing may be made by the board.

9. Within 15 days from the receipt by the board of the aforementioned documents the registrar of the said board shall notify the Minister of National Revenue and the appellant of a date for hearing.

10. After the appeal has been set down for hearing any fact or statutory provision not set out in the Notice of Objection or in the Notice of Appeal may be pleaded or referred to only upon such terms and in such manner as the board or any member thereof may direct.

11. The Board of Tax Appeals shall duly consider the appeal and upon hearing the evidence adduced and upon such other enquiry as it deems advisable shall determine the matter

affirming or amending the assessment and shall state its decision in writing together with reasons therefor.

(2) Copies of the said decision and reasons shall be forwarded forthwith to the Minister of National Revenue and the taxpayer.

(3) Subject to the provisions of Section 2(5) the decision of the board shall be final and conclusive in its determination of the issue before the board and binding on both parties.

12. Either party may appear in person or by their agent.

13. If the minister or the taxpayer is dissatisfied with the findings of the board he shall within 30 days from the receipt of the decision of the board file a Notice of Intention to Appeal to the Exchequer Court of Canada with the Registrar of the Board of Tax Appeals and the said Registrar shall thereupon deliver to the Registrar of the Exchequer Court of Canada the record of the appeal then in the possession of the said board.

14. The Board of Tax Appeals may with the approval of the Governor in Council make all necessary rules and regulations respecting:

(a) the sittings of the board and divisions thereof throughout Canada,

(b) the practice and procedure in all matters of business to be dealt with before the board,

(c) the apportionment of the work of the board among its members, the allocation of members to divisions and the assignment of divisions to sit at hearings,

(d) the publication of the decisions of the board,

(e) generally, the carrying on of the work of the board, the management of its internal affairs and the duties of its officers and employees,

(f) any other matter or thing deemed necessary in the performance of the function of the board as a court of tax appeals.

15. The Governor in Council may appoint such officers, clerks and other assistants as may be necessary for the proper carrying out of the duties of the said board.

16. The remuneration of all officers, clerks and assistants, and all the expenses of the board incidental to the carrying out of the provisions of this act including all actual and reasonable travelling expenses of the members of the board and the Registrar and Assistant Registrars and of such members of the staff of the board as may be required by the board to travel, necessarily incurred in attending to the duties of their office, shall be paid monthly out of moneys to be provided by Parliament.

17. No member of the board or registrar or clerk or assistant shall communicate or allow to be communicated to any person not lawfully entitled thereto any information obtained under the provisions of this Act or allow any such persons to inspect or have access to any written statement furnished thereunder.

18. No member of the Board of Tax Appeals shall, either directly or indirectly, as director, manager, partner or employer of any corporation, company or firm, or in any other manner whatever for himself or others, engage in any occupation or business other than his duties as a member of such Board of Tax Appeals but every such member shall devote himself exclusively to such duties.

THE SENATE

Wednesday, May 29, 1946.

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

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills, which were severally read the first time:

Bill H6, an Act for the relief of Lillian Audrey Atkinson Jackson.

Bill I6, an Act for the relief of Bernard Cook.

Bill J6, an Act for the relief of Estelle R. Warhaft Slobod.

Bill K6, an Act for the relief of Alexander Fitz Ormonde Spooner.

Bill L6, an Act for the relief of Eleanor Williams.

Bill M6, an Act for the relief of Joseph Henri Veaudry.

Bill N6, an Act for the relief of Amelia Jezik Pascas.

Bill O6, an Act for the relief of Cyril Mackie.

Bill P6, an Act for the relief of Carol Gordon Cass Planche.

Bill Q6, an Act for the relief of Eveline Richmond Sykes Lacoe.

Bill R6, an Act for the relief of Miriam Vineberg Perel.

Bill S6, an Act for the relief of Paul Krawchuk.

Bill T6, an Act for the relief of Henry Arthur Creates.

Bill U6, an Act for the relief of Stephanie Tymchuk McLean.

Bill V6, an Act for the relief of Annie Spivack Prosterman.

Bill W6, an Act for the relief of Kenneth Edwin Morrison.

Bill X6, an Act for the relief of Almeda Mabel Hartry Ritchie.

Bill Y6, an Act for the relief of Margo Ismena Graydon Heubach.

Bill Z6, an Act for the relief of Erika Gossen Tenzer.

Bill A7, an Act for the relief of Isabel Greenshields Biggs.

Bill B7, an Act for the relief of Henri Edme Bernard.

Bill C7, an Act for the relief of Nellie Harrison Andersen.

Bill D7, an Act for the relief of Marie Irene Clementine Elizabeth Ash.

Bill E7, an Act for the relief of Alexander Grant.

Bill F7, an Act for the relief of Thomas Beach.

Bill G7, an Act for the relief of Fanny Miller Astrofsky.

Bill H7, an Act for the relief of Grace Ellen Rafter Munro.

FEEDING STUFFS BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN presented the report of the Standing Committee on Banking and Commerce on Bill 64, an Act to amend the Feeding Stuffs Act, 1937.

He said: Honourable senators, the committee have, in obedience to the order of reference of May 21, 1946, examined this bill, and now beg leave to report the same without any amendment.

THIRD READING

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

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

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

CANADA'S NATIONAL FLAG

JOINT COMMITTEE—CHANGE OF PERSONNEL

Hon. Mr. ROBERTSON: Honourable senators, with leave I would move that the name of the Honourable Senator Paterson be substituted for that of the Honourable Senator Davies on the Senate section of the joint committee appointed to consider and report upon a suitable design for a distinctive national flag.

The motion was agreed to.

MESSAGE TO HOUSE OF COMMONS

Hon. Mr. ROBERTSON: Honourable senators, I would move that a message be sent to the House of Commons to inform that house that the name of the Honourable Senator Paterson has been substituted for that of the Honourable Senator Davies on the Senate section of the joint committee of both houses appointed to consider and report upon a suitable design for a distinctive national flag.

The motion was agreed to.

THE INDIAN ACT

JOINT COMMITTEE—CHANGE OF PERSONNEL

Hon. Mr. ROBERTSON: Honourable senators, with leave I would move that the name of the Honourable Senator Stevenson be substituted for that of the Honourable Senator Paterson on the Senate section of the joint committee appointed to examine and consider the Indian Act.

The motion was agreed to.

MESSAGE TO HOUSE OF COMMONS

Hon. Mr. ROBERTSON: Honourable senators, I move that a message be sent to the House of Commons to inform that house that the name of the Honourable Senator Stevenson has been substituted for that of the Honourable Senator Paterson on the Senate section of the joint committee of both houses appointed to examine and consider the Indian Act.

The motion was agreed to.

PRIVATE BILL

FIRST READING

Hon. Mr. CRERAR presented Bill I7, an Act respecting the Canadian Indemnity Company.

The bill was read the first time.

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

Hon. Mr. CRERAR: Next sitting.

PRIVATE BILL

FIRST READING

Hon. Mr. CRERAR presented Bill J7 an Act respecting the Canadian Fire Insurance Company.

The bill was read the first time.

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

Hon. Mr. CRERAR: Next sitting.

LITERATURE PRIZE FOR CANADIAN AUTHORS

MOTION POSTPONED

On the Order:

That this house express the wish that it may please the Government of Canada to acknowledge the importance of literature in the life of a nation by fostering the production of literary, scientific, economic and social works in this country, and creating a prize in literature; and

that each year, a jury selected by the government shall grant this prize to Canadian authors submitting the most meritorious works.

Hon. Mr. DAVID: I am ready, honourable senators, to proceed with this motion, but it has been represented to me that in view of the many important inquiries engaging the attention of our standing committees, and the large volume of legislation before the house, it would meet the general convenience to have the motion stand over until June 19 next.

The Hon. the SPEAKER: The motion stands until the 19th of June.

EMERGENCY SITTINGS OF THE SENATE

MOTION

Hon. Mr. ROBERTSON moved, seconded by Hon. Mr. Haig:

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 of such adjournment, the Honourable the Speaker be authorized to notify honourable senators at their addresses as registered with the Clerk of the Senate to meet at a time earlier than that set out in the motion for such adjournment, and non-receipt by any one or more honourable senators of such call shall not have any effect upon the sufficiency and validity thereof.

He said: Honourable members, the Senate has been in almost continuous session for a much greater period of time than has been usual in previous years, and the legislation which has come before us to date is well advanced. As the business in prospect does not appear to warrant our sitting during the next week or two, I have given some consideration to the question of an adjournment, on which I shall make an announcement tomorrow. At the moment, in order to accommodate honourable senators, particularly those who come from the extreme east and the extreme west of the dominion, it would seem desirable that we adjourn until Monday, June 17. But circumstances may arise which make it advisable for us to re-assemble before that date. Therefore, after consulting with the leader opposite, I have presented this motion in order that His Honour the Speaker may recall honourable members, if absolutely necessary. I may say that similar motions have been passed during previous sessions.

Hon. JAMES P. McINTYRE: Honourable senators, I realize that it is very difficult for the leader of the house to fix a certain date which will accommodate the members from the east and from the west, but I should like to point out that in order to be here on Monday, June 17, those of us who live in Prince Edward Island will have to leave home on Saturday, two days in advance of our meeting; whereas, if we adjourned until June 18, we would not need to leave until one day before. There is no train service in Prince Edward Island on Sunday—the people are church-goers and prefer to attend church—and if it is agreeable to the leader and other honourable senators, I should like to suggest that we adjourn until June 18.

Hon. Mr. ROBERTSON: As compromise is the essence of good government, being a man of deep religious conviction I should be very happy to accept the suggestion made, provided it meets with the approval of honourable senators.

Some Hon. SENATORS: Carried.

Hon. Mr. DUFF: Honourable senators, may I make a suggestion which, though unimportant to some, may be very important to others? We are quite willing to adjourn subject to call before June 18. However, it is possible that some of us might not be able to answer the call immediately. In that event I do not think any days we lose should be counted against us.

Hon. Mr. HAIG: Honourable senators, I concur in the remarks of the honourable leader of the government. As a westerner who is a long way from home, I appreciate his consideration in this matter. It is a unique situation when the two leaders in the house come from the opposite ends of Canada.

For once in their lives the senators who come from a distance are getting a "break", and I have very much pleasure in seconding the motion.

The motion was agreed to.

CANADIAN CITIZENSHIP BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 7, an act respecting citizenship, nationality, naturalization and status of aliens.

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

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE moved the third reading of the following bills:

Bill A6, an Act for the relief of Mary Epstein Harris.

Bill B6, an Act for the relief of Helen Irene Flewelling Wilson.

Bill C6, an Act for the relief of Maitable Horwitz Hollander.

Bill D6, an Act for the relief of Pauline-Gisèle Guénette Villeneuve.

Bill E6, an Act for the relief of Mary Jaclyn Robinson Jeffrey.

Bill F6, an Act for the relief of Jessie Hope Forbes Hardie.

Bill G6, an Act for the relief of Robert Venor.

The motion was agreed to, and the bills were read the third time, and passed, on division.

INCOME AND EXCESS PROFITS TAXATION

FINAL REPORT OF COMMITTEE—PART ONE

The Senate proceeded to consideration of the First Part of the final report of the Special Committee of the Senate appointed to examine into the provisions and workings of the Income War Tax Act and The Excess Profits Tax Act, 1940, and to formulate recommendations for the improvement, clarification and simplification of the methods of assessment, collection of taxes thereunder and the provisions of the said Acts by redrafting them, if necessary, and to report thereon.

Hon. W. D. EULER moved concurrence in the report.

He said: Honourable senators, in rising to move the adoption of this report it is not my intention to discuss its recommendations at length. The report has been printed in Hansard and in yesterday's Minutes of the Proceedings, and it speaks for itself. I hope that honourable members, in the few hours the printed copy of the report has been in their hands, have had an opportunity to read it and give it some consideration.

As chairman of the committee I should like to convey my thanks to the members of the committee for the harmonious conduct of the proceedings, and for the co-operation which made the duties of the chairman both pleasant and easy. During my experience of almost thirty years in parliament I have had the privilege of acting as a member of various parliamentary committees, in some cases as chairman, and I say in all sincerity that at no time have I had the honour and pleasure of being associated with a committee whose members possessed so much general information and showed such tact and freedom from prejudice and partisanship as the members of this committee which has given birth to what I regard as a very excellent report indeed.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: I should also say here that the committee is unanimous in this report.

It may not be fitting to single out one member of the committee, but I believe all members will agree that a special meed of appreciation is due to the honourable senator from Toronto (Hon. Mr. Campbell).

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: He not only fathered the resolution appointing this committee, but he made a very valuable contribution to its proceedings. I should also say that the committee was very fortunate in having the assistance of Mr. Stikeman, who for some years had been employed in an executive position in the Taxation Branch of the Department of National Revenue. He brought to the committee the benefit of his experience and knowledge, and displayed great ability in examining the witnesses who came before us and drawing from them information that none of us would have been able to obtain. Besides that, much of the credit for the drafting of the report should go to Mr. Stikeman. Mr. Stikeman was assisted by a young lawyer, Mr. Hall, who while perhaps not so conspicuous in his activities, gave good service indeed. I wish also to mention Mr. Emerson and his staff, the reporters of the Senate. The staff is considerably undermanned, and with the large number of committees that have been meeting this session, in addition to the Senate itself, the reporters have been hard put to it to carry on their work. I must congratulate them and thank them for making such a good job of reporting the proceedings of this committee.

The committee received submissions from some twenty-three organizations and three or four individuals. These organizations represented almost every class of people in the country: organized labour, organized agriculture, boards of trade and chambers of commerce—which are pretty much the same kind of body—the Bar Association, professional accountants' associations—

Hon. Mr. HAIG: The Chartered Accountants.

Hon. Mr. EULER: We had representations both from the Chartered Accountants and the Certified Public Accountants. I am including them both in the term "professional accountants." We also heard from insurance companies and their agents, from the Canadian Manufacturers' Association and from the stock exchanges; and I must not forget the Income Taxpayers' Association of Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: It has a very large membership, I understand. The first witness and also the last, but by no means the least, was Mr. C. Fraser Elliott, Deputy Minister of National Revenue for Taxation.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. EULER: I shall perhaps refer to Mr. Elliott later on, but here I wish to say that I think the committee was greatly impressed—certainly I was—with his intimate knowledge of the affairs of the department. His evidence was given freely and was intensely informative and interesting to all members of the committee.

Almost all the briefs presented to us were reasonably concise and clear, and more or less to the point. I say "more or less to the point" because some of them made representations with regard to policy and the incidence of taxation, with which our committee was not empowered to deal. Many others were excellent and irreproachable in this respect. We usually were aware of what was in the briefs, as they were submitted to us prior to the date of presentation to the committee, and the witnesses were told that we could not deal with any recommendation respecting policy. It was, however, impossible to withdraw from the briefs any parts not coming within the terms of our reference, so we accepted them in their entirety. Generally speaking, they were very helpful. The gentlemen who presented them submitted themselves willingly to the questions of not only Mr. Stikeman, but also of the members of the committee. One might have expected that a committee with so many able lawyers on it would have subjected witnesses to some embarrassing cross-examination, but I am happy to say that was not done and that everyone who appeared before us was treated with every courtesy.

The representations contained in the briefs and made by the witnesses are pretty well reflected in the report before us today. As is known to all members of the committee and to all others who have had time to read the report, its outstanding feature is a recommendation for the establishment of a Board of Tax Appeals, to which any taxpayer could appeal against his assessment. It is recommended further that the procedure for bringing appeals should be made easy and inexpensive. The present law provides an appeal to the Exchequer Court, but, regardless of the amount of tax involved, the apellant is required to make a deposit or guarantee of $400 as security for costs. The proposal is that, if the Board of Tax Appeals is established, the appellant in a case involving less than $200 shall be required to put up not more than $10 as security, and that where more than $200 is at issue the deposit shall not be greater than $25.

The most important recommendation as respects the proposed board is that its decisions shall be final and binding upon the minister and the department in all matters, including the exercise of discretion. It is of course recommended that there should be provision for an appeal from the board's decision, by either the minister or the taxpayer, to the Exchequer Court. The present act gives the minister very wide discretionary powers, a feature of the law which was criticized by many of the organizations that appeared before us. The proposal is that the board, which would be appointed by the government, shall consist of seven members, or more, if thought advisable; that three members of the board, the chairman, the vice-chairman and one other shall be lawyers of ten years' standing; that two shall be professional accountants of ten years' standing; and two shall be drawn from the general body of taxpayers, whether they be business men or otherwise. It is also proposed that two of the seven shall be bilingual; and that all should be appointed for ten years at salaries which will make it possible for the government to obtain men fully qualified for the work they will have to undertake.

I have said that it is proposed to make it more convenient for taxpayers to appeal assessments with which they are dissatisfied. In the recommendation provision is made that panels of three members of the committee may go to all parts of the country to hear appeals. This will make it much more convenient for the taxpayer than is now the case.

I said a moment ago that the decisions of this appeal board should be final. This perhaps is not quite correct. We propose that they should be final so far as the discretion of the department is concerned, but of course the taxpayer or the minister would still have the right of appeal to the Exchequer Court, and beyond that to the Supreme Court of Canada.

At our final meeting yesterday, a member of the committee suggested that a short-cut be taken from the appeal board direct to the Supreme Court of Canada, but this suggestion was too late to receive full consideration. Perhaps honourable senators may wish to discuss that proposal.

I should add here that while our committee was unanimous that there should be no authority exercised by the minister or his deputy over the board itself, Mr. Elliott, the deputy minister administering the act, was

not in agreement with us. He felt that while there might well be an appeal board, its decisions should still be subject to the approval of the minister. However, the members of the committee remained unanimous in their support of the recommendation as it stands, and judging from the representations made by the various organizations that appeared before us, I believe all our suggestions and recommendations will meet the approval of the great body of them and of the people generally.

As I intimated yesterday, what is before us now is Part One of the final report. There will be two other parts. I do not intend to go into the details of these, but perhaps some other members of the committee may desire to do so. Generally speaking, one is intended to meet the criticism that the present act is very obscure, uncertain and out of date, and that it no longer reflects the practices of modern business. The other will deal with details of the administration—the making of assessments, and the low salaries of the departmental staff, which have caused many of the officials to go to more remunerative positions outside.

There is one other item which I think will be of some interest to honourable senators. It was felt that the rate of interest charged on overdue taxes was higher than it reasonably should be and that it could very well be reduced to 4 per cent.

I do not propose, honourable senators, to go any further into particulars of the report. As I said before, it speaks for itself. Let me add once more that this is a unanimous report. It is the outcome of the most careful thought and examination by an exceedingly able and conscientious committee, and will, I hope, receive from the government that careful consideration which the labours of the committee surely justify and deserve.

Hon. JOHN T. HAIG: Honourable senators, I do not intend to delay the house at any great length. I heartily concur in the kind references which the chairman of the committe made to the honourable senator from Toronto (Hon. Mr. Campbell), who for initiating this investigation deserves the thanks of not only his fellow-members but also the government of the day and all income tax payers.

An Hon. SENATOR: Hear, hear.

Hon. Mr. HAIG: The members of the committee were very happy in the choice of their chairman.

An Hon. SENATOR: Hear, hear.

Hon. Mr. HAIG: It was a happy choice from several standpoints. His good judgment would, of course, be shown on any occasion, but the committee also had the benefit of his long experience in the administration of the Income Tax Act and as a member of the government. He has told the house, and I agree with him, that there was no partisan spirit shown at any stage of the committee's proceedings. It was agreed at the outset that the committee would deal not with questions of policy but only with those of procedure—that is, how the act should be redrafted and what should be done with respect to ministerial discretion and appeals from that discretion. We stuck to that agreement, and when certain delegations presented briefs that dealt with questions of policy, we pointed out that these were outside our terms of reference, and then allowed them to proceed with the presentation.

This report is really the first light on the question of income tax that I have seen in the last fifteen years. I want to pay my meed of praise to the Deputy Minister of National Revenue. Mr. Elliott is a very able man, and he has done great service in his department.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: But the volume of income tax business has become so great that one man cannot keep up with it. It puts too great a responsibility on Mr. Elliott to require him to exercise the more than one hundred discretions which the act grants to the minister. Our recommendation takes nothing from the minister or his deputy. We are simply saying to a taxpayer who is aggrieved by the Income Tax Department's assessment: "Your appeal will be heard by an independent board of three or more persons, who will meet you in your city and give you full opportunity of stating your case." I can picture taxpayers appearing before this proposed appeal board in Vancouver, Edmonton, Saskatoon, Calgary, Winnipeg, Toronto, Quebec, Halifax, Fredericton, Saint John, Charlottetown or any other centre in the dominion, and the board taking up each case in turn and talking it over with the aggrieved man or woman. The very fact that there is friendly discussion will help make the taxpayer satisfied with whatever disposition the board may make of his appeal. It is pretty "lame-duck" procedure to write down to Ottawa and receive an official refusal, no matter how kindly its wording may be. A letter cannot give much warmth to the word "no"; but "no" can be said by a tribunal in a way that does not hurt the feelings of the aggrieved person. During world war No. 1, and again during world war No. 2, it was my experience that when any man objecting to his call-up appeared before the military tribunal, and

they talked it over with him before rejecting his appeal, he felt much better satisfied than if he had merely received a letter to the same effect.

The cost of appeals under the present income tax law is so high and the procedure so complicated that taxpayers who are dissatisfied with the decision of the Income Tax department give up and resent the act itself. We have got to pay our income tax, and the rate of taxation is a matter of government policy. But every taxpayer wants to know that he is paying what he ought to pay, not what he feels he ought not to pay. It is easy enough for us to get the idea that government officials are not giving us proper consideration. I believe the proposed board will remove that sense of grievance. It may be urged that setting up a board of seven members will cost a lot of money. But it must be borne in mind that we are dealing with a department that collects about a billion dollars every year, and that an annual expenditure of $70,000, $80,000 or even $100,000 is a comparatively small item compared to the satisfaction which our taxpayers will derive from having their appeals considered by an independent tribunal.

I am heartily in agreement with the opinion of the other members of the committee that the witnesses presented their briefs and answered all our questions in a most satisfactory manner. They all came there feeling that we would listen to them sympathetically, and they were not disappointed. But when they got through they found that, while they knew their subject thoroughly, the committee knew at least something about it, too. I believe without exception they went away well satisfied that they had been given full opportunity to put their cases before the committee in fairness to themselves and the country, and convinced that whatever conclusions the committee might reach would be in the national interest.

I repeat that I am heartily in accord with the report. With all due deference, I say that the government of the day, or any future government, would be wise to study this report very seriously. It may be said that by providing this measure of appeal we remove some authority from the minister and put it into the hands of another body. But that is in keeping with our whole judicial system. We are adopting a court of record.

The honourable senator from Waterloo (Hon. Mr. Euler) is not a lawyer—which may be to his advantage—but those of us who are members of the legal profession know that the adoption of this recommendation would provide a record of appeals and judgments rendered from which a code of law might be built up for the benefit of the ordinary practitioners across the country. They would at least be able to tell the people what the law is.

The honourable member from Waterloo in his remarks perhaps inadvertently overlooked mentioning a young man who came to us, at his own expense, from the Income Tax Department of the United States government. He was very helpful, and we owe a debt of gratitude to his government for allowing him to come and give us the benefit of his experience. I was surprised to hear him say that upon the establishment in his country of a tax appeal court and a code of law, the number of appeals suddenly dropped off.

I wish to congratulate the honourable member from Toronto (Hon. Mr. Campbell) for having introduced this subject, and the honourable member from Waterloo (Hon. Mr. Euler) upon the manner in which he presided over the committee, and the fine service he rendered to the Senate and to the people of Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CAMPBELL: I would move the adjournment of the debate.

Hon. Mr. FARRIS: Before the debate is adjourned may I ask the chairman a question? I have looked over the list of those who made representations before the committee and should like to know if any individual or group presented a brief or made a submission contrary to the recommendation that there should be the right of appeal from the minister's discretion.

Hon. Mr. EULER: Honourable senators, my memory is not perfect, but I cannot recall that the representative of any business or group of individuals who appeared before us was opposed to the recommendations now contained in our report.

Hon. Mr. FARRIS: I did not wish to include the deputy minister.

Hon. Mr. HAIG: The deputy minister was mentioned.

Hon. Mr. EULER: I said that the deputy minister was opposed to the recommendation, in that he favoured an appeal board which would be in the nature of an advisory body and whose decisions would be subject to the approval or disapproval of the minister. I may not have made that point clear in my earlier remarks.

Hon. Mr. FARRIS: Apart from the position taken by the deputy minister there was no opposition?

Hon. Mr. EULER: No.

Hon. Mr. KINLEY: Before the debate is adjourned, may I say that the motion is for the adoption of a part of the final report of a very important committee of this house, and one which has received considerable publicity. I agree with all that has been said concerning the committee. In my opinion the chairman is a man of experience, and probably more capable of doing the job than anyone else in this house.

The Hon. the SPEAKER: A motion has been made to adjourn the debate.

Hon. Mr. KINLEY: I do not propose to debate the question. I only wish to say that a motion for the adoption of a report of this kind, which has been in the hands of honourable members for only a few minutes, is not complimentary to this chamber.

Some Hon. SENATORS: Order.

The Hon. the SPEAKER: There is a motion before the house to adjourn the debate.

Hon. Mr. KINLEY: If the debate is adjourned, that will save the situation.

Hon. Mr. HAIG: Honourable members, may I rise on a question of privilege? I wish to protect the chairman of the committee by saying that I am responsible for the debate being called. I requested that the motion for the adoption of the report be made today so that I could speak to it before leaving the city tonight.

Hon. Mr. KINLEY: I wish to thank the honourable senator who moved the adjournment of the debate.

The motion of Hon. Mr. Campbell was agreed to and the debate was adjourned.

YUKON PLACER MINING BILL

REFERRED BACK TO COMMITTEE

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill 62, an Act to amend the Yukon Placer Mining Act.

Hon. Mr. HUGESSEN: Honourable senators I move concurrence in the amendments.

Hon. Mr. LEGER: Honourable senators, I understood that it was the wish of the committee to strike out the word "such" in both places where it appeared at line 24 of the bill. From the report it appears that the word "such" is to be deleted in only one place.

Hon. Mr. MURDOCK: It was decided by the committee that the word "such" should be struck out in both places.

Hon. J. J. BENCH: Honourable senators, there is one other feature of this bill to which I should like honourable senators to give some consideration before the report is adopted.

There seems today to be a growing tendency to give police authorities, particularly the Royal Canadian Mounted Police, drastic and arbitrary powers over persons and property. I am quite sure that our people do not like these measures, and I say without hesitation that I dislike them very much. They remind one entirely too much of the practices in force in some of the totalitarian countries. Recently we saw in another place what proved to be an abortive attempt to place some sort of legislative restriction upon the power of the state to take from the individual rights which he has always enjoyed under our democratic system and which are actually part and parcel of our democratic heritage. If the present trend continues I am convinced that sooner or later this parliament will be obliged to take steps to place legislative fetters on the powers of police in this regard.

When I was in attendance before the Banking and Commerce Committee yesterday I voiced, perhaps quite inadequately, my objection to the provisions of subsection 4 of section 2 of this bill. I voiced the criticism at that time that no police officer—not even an officer of the Royal Canadian Mounted Police—should be given the right of search of any person, merely on the ground of suspicion, without a warrant issued by some judicial authority. Honourable senators will notice that subsection 4 gives that authority to any peace officer. It says:

> Where any peace officer has reason to suspect that any person has committed or is about to commit an offence described in section eighty-three or has in his possession or in his belongings any gold in respect of which the royalty imposed by section eighty-three has not been paid, such peace officer may without warrant search such person and his belongings and any articles believed to be his belongings and may seize any gold found upon such person or in such belongings.

And subsection 6 provides that for the purpose of this section the meaning of the expression "peace officer" is as defined in section two of the Criminal Code. Included in that definition is a constable, a sheriff's officer or a process server.

The honourable gentlemen of the Banking and Commerce Committee did not see fit to entertain my objection, and consequently I do not intend to press it unduly today. However, one other feature of the bill has occurred to me since I was before the committee, and I

consider it of such major importance as to justify my taking a few minutes' time to discuss it today.

I acknowledge that before appearing in the Banking and Commerce Committee I had not seen the bill and was not too well prepared to discuss it. However, I feel very strongly about matters of this kind which extend these arbitrary powers to the police, and when I came from the committee it occurred to me that there must be some similar provision regarding the right of search in the Customs Act. Consequently, I undertook to see what that piece of legislation had to say on this particular subject.

The Customs Act is Chapter 42 of the Revised Statutes of Canada, 1927. Sections 153 and 154 of that Act deal with the searching of persons, and with leave of the Senate I should like to read them. Section 153 is as follows:

Any officer, or person by him authorized thereunto, may search any person on board any vessel or boat within any port in Canada, or on or in any vessel, boat or vehicle entering Canada by land or inland navigation, or any person who has landed or got out of such vessel, boat or vehicle, or who has come into Canada from a foreign country in any manner or way, if the officer or person so searching has reasonable cause to suppose that the person searched has goods subject to entry at the Customs, or prohibited goods, secreted about his person.

Section 154 reads as follows:

Before any person can be searched, such person may require the officer to take him before some police magistrate or justice of the peace, or before the collector or chief officer at the port or place, who shall, if he sees no reasonable cause for search, discharge such person, but, if otherwise, he shall direct such person to be searched:

I should like to draw particular attention to the following words contained in this section:

Provided that if such person is a female she shall be searched by a female, and any such magistrate, justice of the peace or collector may, if there is no female appointed for such purpose, employ and authorize a suitable female person to act in any particular case or cases.

2. Every officer required to take any person before a police magistrate, justice of the peace, or chief officer as aforesaid, shall do so with all reasonable despatch.

Honourable senators will notice the wide difference between the provisions of sections 153 and 154 of the Customs Act and those which appear in subsection 4 of section 2 of the bill now being reported upon. May I remind you that the term "peace officer" includes even a process server, any sheriff's officer or constable. These men may search any person, including a woman.

Hon. Mr. BENCH.

Hon. Mr. MURDOCK: May I interrupt the honourable gentleman for a moment? It is unfortunate that he was not at the committee the day this was discussed.

Hon. Mr. LEGER: He was at the committee.

Hon. Mr. BENCH: I was there yesterday.

Hon. Mr. MURDOCK: When this was dealt with the first day it was stated that in some remote parts of the country there would be no magistrate or justice of the peace available within probably four hundred miles of places where planes fly out, and that police officers could not always comply with a requirement to get authorization before searching suspected persons.

Hon. Mr. BENCH: I regret that I was not present at the meeting at which that point was discussed, but it seems to me that the answer is simple. If this bill contained provisions such as are in the Customs Act, any person whom a police officer proposed to search could decide whether or not he would submit to examination on the spot or demand to be taken before a magistrate or justice of the peace. If the nearest magistrate or justice of the peace was two, three or four hundred miles away, it would be for the suspected person to determine whether he wanted to be transported that distance.

Hon. Mr. HUGESSEN: At whose expense?

Hon. Mr. BENCH: I do not intend to deal with that, for it is irrelevant to the point I wish to make. In answer to a question put to him in the committee yesterday the Honourable the Minister of Mines and Resources stated, as I understood him, that the appointment of stipendiary magistrates and justices of the peace in the Yukon and Northwest Territories is a matter wholly within his jurisdiction. My suggestion is that it would not be at all out of the way to appoint a sufficient number of such officers to ensure that at least one would always be available in circumstances of the kind contemplated by this bill.

Hon. Mr. MURDOCK: Wherever a plane might land?

Hon. Mr. BENCH: I suggest to the honourable gentleman from Parkdale (Hon. Mr. Murdock) that planes ordinarily land, not on barren wastes, but at or near centres of population, from which goods may be exported.

The complaint that I rose to make—and I shall be surprised if the honourable senator from Parkdale does not support me—is that this bill purports to vest in any police officer,

sheriff's officer, or process server the right to search any woman merely upon his own suspicion that she may be in possession of gold. Since parliament saw fit to insist that any woman suspected of a breach of the Customs Act may be searched only by a woman, I suggest that there should be at least a similar provision in the Yukon Placer Mining Act. That is all I am asking, and I shall be shocked if the honourable senator from Parkdale does not support me on this.

I am quite satisfied in my own mind that this point never occurred to the Honourable the Minister of Mines and Resources. I am quite sure that it never occurred to honourable members of our Standing Committee on Banking and Commerce, including the honourable senator from Parkdale. I therefore think the bill should be referred back to the committee for consideration of that feature, and I have no apologies for drawing it to the attention of honourable senators.

I would move, seconded by the honourable senator from Peterborough (Hon. Mrs. Fallis), that the amendments made by the Standing Committee on Banking and Commerce to Bill 62, an Act to amend the Yukon Placer Mining Act, be not now concurred in, but that the bill be referred back to the said committee for further consideration.

Hon. Mr. HUGESSEN: Honourable senators, I was the Acting Chairman of the Banking and Commerce Committee yesterday when this matter was considered, and I think the house should know that both the minister and the honourable member for the Yukon in another place appeared before the committee and specifically stated that it now is, and for some years has been, the practice to employ a woman to conduct searches of suspected women. I have no objection whatever to the bill going back to the committee in order that, if it is thought desirable, the practice may be authorized by a specific provision. I simply want to inform honourable members of what the practice is now and has been for many years.

The motion, in amendment, of Hon. Mr. Bench was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 30, 1946.

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

Prayers and routine proceedings.

UNEMPLOYMENT INSURANCE BILL

REPORT OF COMMITTEE

Hon. Mr. MURDOCK presented and moved concurrence in the report of the Standing Committee on Immigration and Labour, as follows:

Your committee recommend that it be authorized to print 1,000 copies in English and 200 copies in French of the day-to-day proceedings on Bill L5, entitled an Act to amend the Unemployment Insurance Act, 1940, and that rule 100 be suspended in relation to the said printing.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill H6, an Act for the relief of Lillian Audrey Atkinson Jackson.

Bill I6, an Act for the relief of Bernard Cook.

Bill J6, an Act for the relief of Estelle R. Warhaft Slobod.

Bill K6, an Act for the relief of Alexander Fitz Ormonde Spooner.

Bill L6, an Act for the relief of Eleanor Williams.

Bill M6, an Act for the relief of Joseph Henri Veaudry.

Bill N6, an Act for the relief of Amelia Jezik Pascas.

Bill O6, an Act for the relief of Cyril Mackie.

Bill P6, an Act for the relief of Carol Gordon Cass Planche.

Bill Q6, an Act for the relief of Eveline Richmond Sykes Lacoe.

Bill R6, an Act for the relief of Miriam Vineberg Perel.

Bill S6, an Act for the relief of Paul Krawchuk.

Bill T6, an Act for the relief of Henry Arthur Creates.

Bill U6, an Act for the relief of Stephanie Tymchuk McLean.

Bill V6, an Act for the relief of Annie Spivack Prosterman.

Bill W6, an Act for the relief of Kenneth Edwin Morrison.

Bill X6, an Act for the relief of Almeda Mabel Hartry Ritchie.

Bill Y6, an Act for the relief of Margo Ismena Graydon Heubach.

Bill Z6, an Act for the relief of Erika Gossen Tenzer.

Bill A7, an Act for the relief of Isabel Greenshields Biggs.

Bill B7, an Act for the relief of Henri Edme Bernard.

Bill C7, an Act for the relief of Nellie Harrison Andersen.

Bill D7, an Act for the relief of Marie Irene Clementine Elizabeth Ash.

Bill E7, an Act for the relief of Alexander Grant.

Bill F7, an Act for the relief of Thomas Beach.

Bill G7, an Act for the relief of Fanny Miller Astrofsky.

Bill H7, an Act for the relief of Grace Ellen Rafter Munro.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

Hon. Mr. ASELTINE: Honourable senators, it is very desirable that these bills should reach the House of Commons before the end of the next two weeks, and therefore, with leave of the Senate, I would move that they be read the third time now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

PRIVATE BILL

SECOND READING

Hon. Mr. CRERAR moved the second reading of Bill 17, an Act respecting the Canadian Indemnity Company.

He said: Honourable senators, the Canadian Indemnity Company was incorporated in 1916, and has its head office in the city of Winnipeg. The purpose of the amendment contained in section 1 of the present bill is to authorize the company to divide its present shares of $100 par value into shares of $10 each. Honourable senators are no doubt aware that other companies seek and are granted similar powers.

Hon. Mr. ASELTINE: Why is that necessary?

Hon. Mr. CRERAR: It is for the purpose of giving the shares a wider distribution.

Hon. Mr. EULER: The same as under the Bank Act.

Hon. Mr. CRERAR: I think the banks were obliged to do it by an amendment to the Bank Act.

Hon. Mr. LEGER: Honourable senators, the explanatory notes to the bill contain these words:

> —shall be divided into shares of $100 each or, if the special act so provides, into shares of $5 each or any multiple thereof but not exceeding $100 each.

I have not the statute before me, but it would seem from the explanation that the company already has the power which is now sought.

Hon. Mr. CRERAR: I do not think the powers provided for by the act referred to in the explanatory notes have been operative. While my information is far from complete, I understand that the company seeks an amendment to limit the value of the shares to $10 for all time.

Hon. Mr. LEGER: I understand it now. At the present time the company has power to fix the value of the shares at $10, but now it wants to restrict it to that amount.

Hon. Mr. CRERAR: I believe that is the explanation, but I offer it with some reservation.

Section 2 of the bill provides for the extension of the sphere in which the company may do business. It is now limited to fire, hail and guarantee insurance.

Hon. Mr. ASELTINE: Has the bill been approved by the Superintendent of Insurance?

Hon. Mr. CRERAR: That is my understanding.

Hon. Mr. LEGER: The company is asking for an increase in its capital to $1,000,000.

Hon. Mr. CRERAR: I understand it has power to do so now.

I move the second reading of the bill.

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.

INCOME AND EXCESS PROFITS TAXATION

FINAL REPORT OF COMMITTEE—PART ONE —CONCURRED IN

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Euler for concurrence in the First Part of the final report of the Special Committee of the Senate appointed to examine into the provisions and workings of the Income War Tax Act and The Excess Profits Tax Act, 1940, and to formulate recommendations for the improvement, clarification and simplification of the methods of assessment, collection of taxes thereunder and the provisions of the said Acts by redrafting them, if necessary, and to report thereon.

Hon. G. P. CAMPBELL: Honourable senators, I desire to take this opportunity of thanking the chairman of the committee, the honourable gentleman from Waterloo (Hon. Mr. Euler), and the honourable leader opposite (Hon. Mr. Haig), for the kind remarks

they made about me yesterday in this debate. I may say that if I deserve any words of praise, it is not for having introduced the motion to set up the special committee, but for having selected such capable members to serve on it. I am sure that if it had been possible to have a larger committee, many other honourable members could have made a great contribution to the work.

In introducing the motion for the appointment of the committee, I felt there was need for study of the Income War Tax Act and the Excess Profits Tax Act. The Income War Tax Act is an old piece of legislation, having been first enacted in 1917. Its structure was copied largely from the British act, which had been in force for many years and was under study in Britain at that very time. I believe the British statute was consolidated in 1918, and has since been studied by a Royal Commission and revised. Our own act had never been the subject of any particular examination by a committee or any other body under parliamentary authorization. I therefore felt that a committee of the Senate could serve the country by conducting an inquiry into the provisions of the act and giving representative bodies and individuals across the country a chance to express their opinions about the statute, its workability, and the means by which it might be improved. It would not be proper for me to omit mention of the great contribution that was made by those representative bodies and individuals who appeared before the committee. I am sure that without their assistance the committee could not have done the work it did, nor could it, without the legal advice and other help received from persons in its employ, have brought in the present report.

It seems to me that one thing we have learned from the work undertaken by the committee is that representative bodies should be heard before amendments are made to taxing statutes. In the Department of National Revenue and the Department of Finance there are officers who have had long experience in dealing with taxation matters; but, with all respect to these men, I would point out that they do not have the benefit of the practical day-to-day contact with business which is enjoyed by people engaged in professional and business activities. It seems to me that those who administer this legislation, as well as those charged with the responsibility of amending it, could be greatly assisted by listening to representations made from the outside.

At first our Income War Tax Act worked well and the people were satisfied with it. This was simply because it was a new piece of legislation, administered by a man of long experience in the field—I refer to the Deputy Minister of National Revenue for Taxation—the assessments were made on a fair basis, and the rates were so low that they did not impose a heavy burden on business or seriously affect the economy of the country. But once it became necessary to raise large sums of money by way of taxation, as it did during the war, some of the weaknesses in the act began to show up. One of those weaknesses was the ambiguity of certain sections which could not be interpreted without the assistance of the Department of National Revenue. As a result of our experience of the last three or four years we have learned that it is necessary to have a more scientific approach to the problem of taxation in this country. I am sure everyone will agree that taxation is essential, and that the income tax method of raising money is a proper one—probably the cheapest and best in the long run; but that this method should not be resorted to in such a way as to interfere with production or the general economic development of the country.

The committee was not authorized to make any study of tax rates, and I submit it would have been highly improper for it to suggest what rates should be applied. It confined itself more or less to procedural and administrative matters, methods of making assessments, and so on, and to a consideration of the complaints and criticisms expressed before it. During the hearings, one of the great sources of dissatisfaction which became apparent was the delay in getting some final determination of the questions that from time to time arise under the act. That is to say, there is a great delay before the final assessment is made. This delay is mainly attributable to the greatly increased volume of tax business brought about by amendments to our legislation, and to the insufficiency of the staff which has to cope with the changed conditions. Despite these disadvantages, the Income Tax Division, according to the evidence adduced before us, has on the whole done a very good job in keeping abreast of the additional work.

Income tax procedure is fairly familiar to the public, and I am sure all honourable members are thoroughly conversant with it, but it may be of interest to trace briefly what takes place after the income tax payer files his return at the local office. There it is examined, and if any question arises which the local inspector does not feel competent to deal with, he refers it to the department at Ottawa for final decision. Some of the returns are simple, others are complicated. The number of returns made is very large, and the problems which arise with regard to many of them

make it difficult to dispose of the returns as quickly as those interested would like. After these problems have been dealt with, assessments are made. If any taxpayer is dissatisfied, he has a right of appeal to the Minister of National Revenue; but in fact the appeal is dealt with, not by the minister personally but by the deputy minister or some other official in the department. From the representations made to us it is evident that there is very general dissatisfaction with the form of appeal. It was urged that the appeal in the first instance should be to a board of tax appeals entirely independent of the department, and that its procedure should be informal, so that the dissatisfied taxpayer, either personally or by his agent, could appear and present the reasons for appeal. The Deputy Minister of Taxation concurred in the constitution of a board of tax appeals, and the committee decided to recommend the constitution of such a board, to consist of seven members.

In order to make it more convenient for taxpayers, we recommend that three-member panels of the board go to all parts of the country to hear appeals. This would do away with the necessity of aggrieved taxpayers having to come to Ottawa to present their appeals. It should also tend towards a decentralization of the appeal work and a lightening of the labours of the Income Tax Division.

The Deputy Minister of Taxation made one objection to the constitution of the board. He felt that it should have no power to reverse any ministerial decision. He argued that no court could deal with income tax problems as satisfactorily as the department itself, and suggested that the board should function in an advisory capacity only, still leaving final discretion to the minister. On the basis of his experience in the administration of the Excess Profits Tax Act and the Income War Tax Act and the board of referees, the deputy minister felt that the minister and the officials of the department would almost invariably follow the advice of the board. The committee, however, were of opinion that it was not desirable to deprive the taxpayer of the right of going before an independent board. The committee have recommended, therefore, that the Board of Tax Appeals should be empowered to review the exercise of ministerial discretion.

Your committee has gained great experience in studying the taxation problem. No doubt it will have the opportunity of hearing further evidence before the other two parts of the report are brought down—if this is deemed desirable. The committee has learned so much of the subject from the briefs submitted that its members will be able to serve in a special way in discussing any future amendments to income tax legislation.

Our taxing laws are so important to the economic development of the country that they should be very carefully considered, and any amendments to them should be brought before parliament at a time when a committee such as this could deal with them adequately. It has been said in another place that it is rather difficult for anyone to know in advance of the budget what amendments will be proposed. I do not subscribe to that view. I feel there should be ways and means whereby such amendments could be dealt with apart from the presentation of the budget, at a time when they could be carefully studied, instead of, as now, being submitted to us twenty-four hours before parliament prorogues. In view of the experiences we had in dealing with the matters before this committee, I should like to see representative organizations given an opportunity to comment on the proposed amendments to particular sections of the act. I could mention several sections passed by parliament within the last two years which were unintelligible, and which had to be construed by the Department of National Revenue after they were enacted, so that rulings could be sent out governing the interpretation of those sections. I submit that that type of legislation should not be on our statute books. Time should be taken to consider proposed legislation, and the manner in which it will operate and how it should be applied by ruling or regulation; then the law should be drawn in such a way that interpretation would not be necessary. I believe it is just as easy to draw a section of the act as to prepare a ruling on its interpretation after the act is passed.

These problems are not as easy to solve in practice as would appear on the surface; however, with all due respect I submit that if the Department of Finance were to take a little more time in dealing with such problems of taxation it would be very helpful; and I am sure that this committee or a similar committee in the other place could be of some assistance in the framing of better legislation.

In conclusion may I say that this committee undertook its work seriously. The parties appearing before it spent a great deal of time studying not only the law of Canada, but that of Great Britain, Australia, New Zealand and other countries. They came at their own expense to appear before the committee, and submitted excellent briefs in

which they indicated their willingness to further assist any parliamentary committee in this difficult question.

Some Hon. SENATORS: Hear, hear.

Hon. A. K. HUGESSEN: Honourable senators, I have very little to add to what has already been said, and said so well, by the members of the special committee who have spoken to the house on the subject of this first report. I should like to add my small meed of praise to what has been said about the work of our most excellent chairman, the honourable senator from Waterloo (Hon. Mr. Euler), and to say a word in commendation of the honourable senator who inspired the discussion of this subject and was responsible for the setting up of the committee. I should also like to pay tribute to the numerous witnesses who appeared before us and gave most interesting and valuable testimony.

As my honourable friend has just said the principal recommendation of this first interim report is that there be set up an independent board of tax appeals, designed to provide a cheap and expeditious method by which assessments can be reviewed, and also by which the very large number of discretions which the minister is empowered to exercise under the act can be reviewed and, if necessary, overruled.

It should be emphasized, honourable senators, that neither in the proceedings of the committee nor in the report which has been placed before you is there intended to be any reflection on or criticism of the Income Tax Division. I think I speak for all members of the committee when I say that after hearing the evidence we reached the conclusion that the department is admirably administered. Honourable senators will realize what an enormous job has been thrust upon the shoulders of the Income Tax Division. In time of war it has been not only an enormous job, but a constantly expanding one, and the function performed was particularly essential in providing the funds necessary to enable the country to carry on hostilities. That had to be done not only under conditions of strain peculiar to war, but with a depleted staff and in the face of other very difficult circumstances. The committee reached the conclusion that the volume of work and responsibility has become almost too great for the present administrative machinery.

The Income Tax Division, a sub-division of the Department of National Revenue, headed by one deputy minister, is charged with the duty of collecting approximately a billion and a half dollars a year. Its functions are these: It has to determine the amount due by every individual taxpayer, of whom at the present time there are more than one million; it must exercise as best it may the more than one hundred discretionary powers conferred upon the minister by the Income Tax Act; it is required to deal with and attempt to settle the innumerable disputes and differences of opinion which arise between the department and the taxpayers; and generally, it has to collect the tax. Under these circumstances, honourable senators, the wonder is not that the complaints have been so many, but that they have been so few.

The principal recommendation of the first part of our report is that the government should set up an independent board of tax appeals with power to review assessments which are complained of, and also, if it sees fit, to review and vary the discretion exercised by the minister under the Income War Tax Act. Honourable senators should not imagine that in proposing such a body as this the committee is suggesting any startling departure from precedent. On the contrary, the establishment of a board of tax appeals follows the precedents set by other countries. May I give a few examples? In Australia there has been for many years a body known as the Board of Review, which is completely independent of the Minister of Finance and has powers similar to those suggested for the new body in Canada. In South Africa there is an independent tribunal known as the Special Court, which has power to review and, if necessary, override the decisions of the minister. In the United States there has been for twenty years or more a body, originally known as the United States Court of Tax Appeals, and now known as the Tax Court of the United States. That body also has the power to decide upon appeals from assessments made and discretions exercised by the Commissioner of Internal Revenue.

The United Kingdom, whose experience with income tax administration goes much farther back than that of any of the other countries I have referred to, has developed a rather complex system, into which it is not necessary that I should go at the moment. I would, however, refer to one important feature of that system, namely, that the assessing of taxes, the hearing of appeals from assessments, and the collection of taxes, are done by three separate and distinct bodies instead of by one branch of the government, as in Canada. In the United Kingdom the discretionary powers are not nearly as numerous as in this country. That is largely because the English acts and the large number of rules and regulations made under them go into a great deal more detail than our own

act does, and specify what the tax is to be in various instances which we have made subject to ministerial discretion. Another important feature is that where discretionary powers are given in England they are exercisable by one or other of two bodies, known as the General Commissioners and the Special Commissioners, both of which are entirely independent of the Board of Inland Revenue, which collects the tax.

As the honourable chairman of the committee (Hon. Mr. Euler) stated yesterday afternoon, Mr. Elliott, the Deputy Minister of National Revenue for Taxation, expressed himself at the last meeting of the committee, as not being opposed to a board of tax appeals. He thought, however, that it should be, not an independent body with power to override rulings of the minister, but an advisory board which could hear appeals from taxpayers and adivse the minister, on whom should rest the responsibility for the final decision. That is in accordance with the procedure followed in New Zealand since 1939. In that country appeals by taxpayers are made not to an independent board, but to a special committee consisting of the Commissioner of Taxes, the Solicitor General and the Secretary of the Treasury. The committee makes recommendations to the Minister of Finance, but the ultimate authority still resides in him.

I think it can be fairly said that we have this much common ground. Everybody is agreed that there should be an entity or body, outside of departmental officials, to whom a taxpayer who feels aggrieved can take his case. Whether that entity should be independent, with power to override decisions of the department, as in the United States, Australia and South Africa, and as suggested in the report before us, or whether it should be simply an advisory body, with the ultimate authority left to the minister, as in New Zealand, and as suggested for Canada by the Deputy Minister of National Revenue for Taxation, is a question of government policy. In view of the numerous responsible representations made to the committee, and the report based upon them, I find it difficult to believe that the government will not take some action along one or other of those lines.

The root of the trouble, I think, is in the fact that everything is done in the one department, including the exercise of numerous discretionary powers which often vitally affect the amount a taxpayer is called upon to pay. The act as it stands does give an appeal to the minister, but that again is an appeal within the department itself.

I repeat, I greatly admire the work of the Income Tax Division, and I think we all are convinced that in the overwhelming majority of cases it exercises its really great powers wisely and justly. But, where the only appeal on questions of fact lies within the department itself, the public has got it into its head, rightly or wrongly, that the official who makes the original assessment and the official who decides the appeal is one and the same, and that it is expecting too much of human nature that a man should reverse his own opinion. I say "rightly or wrongly," and I say that advisedly, because I think the public is wrong in its belief as to how the department actually works. But where you are faced with a situation of this kind, honourable senators, I submit it is time to call into play a very old and wise rule of government: that not only is it important that a law should be just; it is equally important that the public should realize that the law is just. That, to my mind, points to the defect in the administration of the Income Tax Division. Your committee believes it has suggested a cure for this defect in the proposed establishment of an independent tribunal to which the income tax payer who feels himself aggrieved can appeal. By appealing to the tribunal he will have his day in court, and whether he wins or loses, he will be satisfied.

For these reasons, honourable senators, I favour the committee's report.

Hon. SALTER A. HAYDEN: Honourable senators, may I, as a member of the committee, say a few words with regard to this report? First I should like to associate myself with the previous speakers who have commended the committee's very capable chairman (Hon. Mr. Euler), the mover of the original resolution (Hon. Mr. Campbell), who had the vision to see that in the interest of our general economy it was necessary to have an inquiry into the country's tax structure, the members who attended the committee's meetings in an earnest and painstaking endeavour to carry on the work assigned to it, and the various individuals and representatives of organizations who appeared and gave the committee the benefit of their experience and views.

I wish to refer to a matter that has not been directly mentioned today. Our taxing statutes, the Income War Tax Act and the Excess Profits Tax Act, provide for the exercise of ministerial discretion in considerably more than one hundred instances, and the persons who appeared before us were critical, not of the honesty or sincerity of the officials who make assessments, but of the results flowing from the discretionary powers. Such a vast number of tax returns come into the department that it is impossible to deal with them on the personal basis upon which alone any statute

conferring such wide discretionary powers could properly function. Our taxing acts are very flexible, in this respect differing greatly from those of the United States and the United Kingdom, and the question facing us was how to control the exercise of the discretionary powers in the best interest of the public. Should we or should we not create a set of rigid tax provisions from which every person could spell out his own liability? I think the general feeling was that there is great virtue in a flexible taxing statute, because it leaves an area within which the taxpayer and the minister can evolve some compromise which will do justice to the department responsible for collecting revenue and at the same time will enable the taxpayer to contribute his share of taxes without having to discontinue operations. So far as I am concerned, I would at all times strongly support a flexible taxing statute which would provide for a field of compromise, rather than a rigid statute which might work great hardship in very deserving cases.

I think it was the feeling of the committee, as it certainly was of the witnesses who came before it, that, in order to preserve the desired flexibility while ensuring the utmost possible equity in the administration of the law, there should be some means for reviewing the exercise of the numerous discretionary powers. The committee accepted the recommendations of a majority of the witnesses that the reviewing should be done by an independent board, altogether outside the Department of National Revenue, which collects the tax. To such a board the taxpayer could appeal whenever he felt that the discretion had been improperly applied as against him.

To my mind, the argument in favour of the establishment of an independent board of tax appeals is unanswerable. Since the minister is the source of so many different powers—the power to demand a return, the power to demand payment of a tax, based upon his interpretation of the statute, the power to exercise discretion in so many instances that are not subject to review in a court of law—surely it is only just that there should be some independent body to whom the taxpayer may appeal when he considers himself unfairly taxed.

The committee will be making two further reports, about which I shall say nothing at this time, although some indication has been given to the house as to the matters with which they will deal.

In closing, may I suggest that the stenographic report of the hearings before the committee, including the briefs and the examination of witnesses who presented them, constitutes a very important documentary record; and later on I should like to see a proposal made—I may make it myself—for preserving the whole report in some way, possibly by embodying it in the records of this house. It contains a valuable assemblage of facts and informed opinion, derived from the business, industrial and professional life of Canada, and I think it should at all times be kept readily available to all who have anything to do with deciding what taxes shall be levied on our people in future.

Some Hon. SENATORS: Hear, hear.

Hon. A. D. McRAE: Honourable senators, I also, as a member of the committee, wish to say that I fully agree with the references that have been made to our very able chairman (Hon. Mr. Euler), and the honourable gentleman from Toronto (Hon. Mr. Campbell), who introduced the motion to set up the committee. I want to go a step further, and call the attention of the house and the country to the great services rendered by the committee members who belong to the legal profession, without whose knowledge and advice it would have been impossible for us to make this thorough and complete report. I might remark here that the committee was unaimous in recommending that a Board of Tax Appeals be established.

As a member of the committee, I attended most of the meetings, and I feel that the house may not appreciate the great amount of time spent in collecting the evidence on which this report is based. The committee was organized some months ago, and at its numerous meetings many long and informative briefs were presented. These briefs illustrated the working of the income tax legislation and urged the necessity of amending it in relation to ministerial discretion and other matters. The consideration of that evidence and the preparation of this report proved to be a very heavy task indeed. As I have already said, without the assistance of the legal members, I believe it would have been impossible for the committee to have discharged its duties so satisfactorily.

Hon. J. J. KINLEY: Honourable members, when the honourable senator from Waterloo (Hon. Mr. Euler) moved adoption of the report of the committee I thought his action was rather unusual, for only a few minutes previously I had for the first time seen the subject-matter of the report as it appears in the minutes of the proceedings of the Senate.

This committee met from time to time during last session and this, and heard many witnesses and had lengthy discussions with them. The result is this very full report, and

I do not think it is fair to the members of this house or in conformity with the rules to move its adoption at this early stage.

Hon. Mr. ASELTINE: That is just the procedure preliminary to debate on the report.

Hon. Mr. KINLEY: That may be so, but it seems to me that if you are to listen intelligently to the debate you must know something of the subject-matter. We have had no time to read the contents of the report, so how can we listen intelligently to the debate? I must say that one honourable senator moved adjournment of the debate, and that I think rectified the situation.

Hon. Mr. EULER: It was open to any honourable senator to do so.

Hon. Mr. KINLEY: The discussion today has been splendid. I think the members who have spoken have given a very fair account, and have done it in such a way as to convey to every member some idea of what went on in the committee. However, I was struck with the unanimity of the whole thing. I suppose the chairman thought that because of that unanimity he could move adoption of the report, and it would go through without very much discussion.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. KINLEY: He hoped the government would accept the recommendations contained in the report.

Hon. Mr. EULER: May I interrupt my honourable friend? Surely he knows the mere moving of a motion to concur in a report is no indication that it must go through without members debating it fully, if they wish, as the honourable gentleman is doing now.

Hon. Mr. KINLEY: I know that the report of any committee should be before the members, presumably prior to its discussion—

Hon. Mr. EULER: In this chamber.

Hon. Mr. KINLEY: Yes. The unanimity even extended to the opposition. The leader of the opposition rushed into the debate and said how unanimous the whole thing was. He led me to believe that there was not very much in the report.

Hon. Mr. ASELTINE: Have you any objection to the report itself?

The Hon. the SPEAKER: Order. I must point out that the procedure followed is correct. A motion for the adoption of the report of a special or a standing committee requires one day's notice. That notice was given at the time of the presentation of the report.

Hon. Mr. KINLEY: I think, Mr. Speaker, it is common knowledge that few members are conversant with what the report contains. I spoke to one senator today and he asked me, "What is in it?"

Hon. Mr. LEGER: If he does not know, that is his own fault.

Hon. Mr. KINLEY: If His Honour the Speaker says the procedure is regular, all right; but I do not think it is. That is all I wish to say on that.

Now, from the unanimity that exists, and the fact that nobody is complaining at all, I do not think the report is one that is framed for the purpose of being helpful to the administration. It seems to me there was too much unanimity in everything that went on.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. KINLEY: After all, there is not very much in the report. The committee recommend the formation of an appeal board. Well, that was not unanimous. In that they had a difference, because the deputy minister objected to the control of income tax affairs being put in the hands of the proposed board.

Hon. Mr. EULER: He was not a member of the committee.

Hon. Mr. KINLEY: He gave evidence before the committee.

Hon. Mr. EULER: I said members of the committee were unanimous. The deputy minister in charge of the Income Tax Division of the Department of National Revenue was not a member of the committee.

Hon. Mr. KINLEY: The deputy minister objected to that feature of the report, which was the big item in it. When you consider that the collection of taxes and the placing of the burden of taxation rests on two departments—the Finance Department and the Department of National Rvenue—it seems to me you should not take away from them very much of their power to collect the moneys for which they are responsible.

Hon. Mr. ASELTINE: They do so in other countries.

Hon. Mr. KINLEY: They do not do so in Britain. The honourable senator from Inkerman (Hon. Mr. Hugessen) made a splendid speech in which he said that in the United States they have a tax appeal board. We in this country can appeal from the ruling of the minister to the Exchequer Court, and then to the Supreme Court of Canada.

Hon. Mr. HAYDEN: Not on discretion.

Hon. Mr. KINLEY: I have not very much faith in an appeal board at the top being

very accessible to the common people. I would say they should have assistance further down the line. If we had in the Income Tax department something similar to what they have in the Labour Department and in the Workmen's Compensation Board, that is, representatives to look after the interests of those affected, the people would benefit and things would be speeded up. We should have regional inspectors of the income tax to look after the interests of the taxpayers and give them information and advice.

This proposed board, according to the estimate given in detail, would cost from $75,000 to $100,000 a year. I am told it will more likely cost half a million dollars a year by the time the board is organized and the members are given the necessary technical advisers, clerical assistance and everything else they may require. Certainly it will be more expensive than the estimate given.

The deputy minister, we are told, says the board should act in an advisory capacity; on the other hand, the report indicates that it should be an independent board with judicial powers. We have been told in this house and in the country that we are under the control of bureaucrats, and that the representatives of the people have very little power. Well, you cannot have it both ways: you must either trust the elected representatives of the people or put power in the hands of the intelligentsia, who will deal out justice as they see fit. For my part, in a democracy I should like to go as far as I can to give power to the responsible representatives of the people, because in this way the people can exercise their power effectively whenever they want to do so.

The chairman of the committee suggested that the interest rate paid by the taxpayers who are delinquent is too high, and that it should be 4 per cent. If I know anything about interest rates, this will be equivalent to putting the Income Tax department in the money-lending class. Many a taxpayer would be glad to let his income tax stand if he could get the money for 4 per cent. That is one of the two or three recommendations that come out of this committee.

Hon. Mr. CAMPBELL: I should like the honourable member to read the report about the rate of interest. I think he has misinterpreted the recommendation.

Hon. Mr. KINLEY: I only saw the report for a few minutes today.

Hon. Mr. MURDOCK: It has been in the minutes of the Senate for forty-eight hours.

Hon. Mr. KINLEY: Is it not 4 per cent for delinquents?

Hon. Mr. EULER: I do not remember my exact words in regard to that, but the recommendation is in the report itself, if the honourable member will only take the trouble to read it.

Hon. Mr. KINLEY: Well it was 4 per cent. The point at issue is just the price of the money, that is all, and the price is out of line with what the people of this country can borrow money for today. This being so, it would be an incentive to people to delay paying their income tax.

Now, certain principles of the income tax are important. For instance, when the war started we were told the income tax should be such that nobody would get rich out of the war. That was a legitimate thought and a good way of starting. But there was a provision that individuals or companies, before becoming liable to the excess profits tax, could earn as much as they earned in pre-war years. Many companies and corporations earned a lot before the war, and they were still permitted to earn a lot during the war before getting into excess profits. I trust this is outmoded now. On any review of the income tax legislation this should be taken into consideration. I am told that people believe the time has come when it should be put under severe scrutiny by those responsible for our income tax.

I am not going to delay the Senate very long today.

Hon. Mr. MURDOCK: Hear, hear.

Hon. Mr. KINLEY: Thank you for the compliment, my dear friend.

I believe that seven members on an appeal board would be too many. In my opinion what would be required is a good lawyer, a good accountant and a business administrator—three in all. If we are to have a board of this kind in Canada, it should be considered carefully and not hastily established.

My honourable friend from Inkerman (Hon. Mr. Hugessen) said that there were two features with respect to the law: first, it should be a just law, and secondly, the people should realize its justice. The world today, including Canada, is in a state of considerable impatience, and more than anything else we need stability of thought. We are told that the war is over but that the seas are turbulent because of the storms of war. To rock the boat, or to give the impression of doing so, is not good for the welfare of the country at this time. We have pressure groups on every hand telling us what should be done. However, by comparison, especially in financial matters, we know that Canada holds the admiration of the

world. Countries which desire a successful after-war economy are copying the things we do. We know that our country is facing a very great problem in the raising of money to carry on its economy; it is beyond the imagination of other days. When the people of Canada compare their position with that of other countries, they will be convinced that our laws are just and that we have the freest country in the world and the most abundant life. Our laws, including those affecting income tax, are not perfect, because they are the product of the mind of man; but they are the result of long experience and intelligence and are successfully administered.

If there is any one body expressing public opinion in this country that should be stable and give the people direction of thought and confidence to work together, it is the Senate of Canada. Honourable senators are experienced and intelligent men who have come through many days of political life. When we bring down a report it should contain words of wisdom. It is well to praise a little the things that are good.

Honourable senators, I am not prepared to speak further on this report, and as it deals with a very important subject I should like to adjourn the debate.

Hon. Mr. McGEER: I second the motion.

Hon. NORMAN P. LAMBERT: Honourable senators, I should like to appeal from the request of the honourable senator from Nova Scotia for the adjournment of the debate. I do not know whether the question is debatable or not, but I should like to be permitted to say a few words.

The Hon. the SPEAKER: Honourable senators, the question is on the motion for concurrence in the final report of the Special Committee appointed to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940. The honourable senator from Queen's-Lunenburg (Hon. Mr. Kinley) now moves the adjournment of the debate, seconded by the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer). Those in favour of the motion to adjourn the debate will please say "content."

Some Hon. SENATORS: Content.

The Hon. the SPEAKER: Those opposed will say not content.

Some Hon. SENATORS: Not content.

The Hon. the SPEAKER: In my opinion the "not contents" have it.

Hon. Mr. KINLEY.

Hon. Mr. LAMBERT: Honourable senators, I shall not detain the house long with what I have to say. As a matter of fact, until the honourable senator from Lunenburg spoke a few minutes ago, it was my intention to say nothing.

Hon. Mr. KINLEY: May I correct the honourable gentleman? My designation is Queen's-Lunenburg.

Hon. Mr. LAMBERT: Honourable senators, when I was interrupted I was about to say—

Hon. Mr. KINLEY: The honourable gentleman was not interrupted; he was corrected.

Hon. Mr. LAMBERT: The observations of the honourable gentleman from Queen's-Lunenburg, made by way of disparagement of the report, appear to me to be the result of a mistaken zeal for what he describes as the "present administration." I think it is only fair to honourable senators to reveal at this time a fact that is not particularly secret, namely, that in all likelihood this special committee to investigate income tax would have been brought into existence a year earlier than it was had it not been for consideration shown by those interested in the subject for the Minister of Finance, who was about to bring in his budget at the time, and who requested that the investigation be left over until the subsequent session. The budget speech delivered by the Minister of Finance in the other place contained a definite statement which I would commend to my honourable friend. The Minister said that he looked forward to a complete revision of the Income Tax Act to enable it to meet changed conditions in the country resulting from the problems of war.

It seems to me that the disparaging observations made by the senator who has just resumed his seat with respect to the work of the committee and its report are entirely misplaced, due I think to a mistaken zeal on behalf of his fellow citizen from Nova Scotia, the Minister of Finance.

Hon. Mr. KINLEY: He can look after himself.

Hon. Mr. LAMBERT: I would say to the honourable senator that if he knew the relations which have existed between members of this chamber and the Minister of Finance, his fears would be entirely allayed. We have received the greatest consideration and cooperation from his department in connection with the establishment and operation of the committee which was, as I have said, formed a year later than it otherwise would have been if we had not observed entirely the wishes of the Minister of Finance.

Having disposed of the grounds for objection to the report, as a layman member of the committee who contributed very little to its deliberations, I should simply like to say that I am quite willing to endorse all that was said by the honourable senator from Vancouver (Hon. Mr. McRae) about the value of the contribution made by the legal profession as represented on the committee. It has occured to me many times, despite the rather conciliatory tone of my friend from Inkerman (Hon. Mr. Hugessen), that what went on in that committee was pretty much a case of fighting the devil with his own tools, for in my opinion, to have one legal mind pitted against another is the best way to obtain results for the general good of the community.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LAMBERT: Being acquainted with the very able and versatile faculties of the deputy minister who represented the Income Tax branch before the committee, I was interested to see the way in which members of his own profession who faced him across the table elicited from him a good deal of very useful information.

In my opinion the real value of the hearings before this special committee is shown in the proposal of a simplified process of levying income tax in Canada, for it will tend to bring the rank and file of the people closer to the government as represented by the tax collecting machine. That is very desirable because of the inescapable fact that for a long period all classes of people in this country are destined to bear heavy taxation, and the more favourable the impression left upon the public mind by the federal tax-collecting agencies, the better it will be for Canada as a whole.

I am satisfied that if my honourable friend from Queen's-Lunenburg (Hon. Mr. Kinley) would take a little more time to study the provisions of the report he would see in it an unmistakable desire to make the people of Canada part and parcel of our system of government so far as solving our very difficult financial and economic problems is concerned.

Some Hon. SENATORS: Hear, hear.

Hon. Wishart McL. ROBERTSON: Honourable senators, as a private member of the Senate and also one of the members of the government, I do not think I should be expected to voice my personal views as to the merits of the report, lest they be interpreted as those of the government. As the report has not yet been concurred in by the Senate, and of course has not been considered by the administration, I am not in a position to speak for the government. This comment applies, of course, to any criticism of the report in whole or in part, as it would, of necessity, apply to criticism of any future report by a special committee on some phase of government policy.

On the other hand, honourable senators, I should like to say a word of appreciation of the spirit which prompted the inquiry, and of the painstaking work done by members of the committee in their endeavour to serve the country. The mover of the original resolution (Hon. Mr. Campbell) did me the honour of making me a member of the committee. I am afraid that the multiplicity of my duties made it impossible for me to attend the meetings of the committee as regularly as I should have liked, or to give to its work the personal attention that I otherwise should have given. This perhaps raises a question as to the wisdom of including me among the members of any future committee. To the chairman of the committee (Hon. Mr. Euler) may I say that I compliment you, sir, and those associated with you for giving of your time and effort in conducting this inquiry and endeavouring to make—and, I believe, making—a very great contribution to the information now before the government with respect to this very important question. I repeat, that in the circumstances I feel the wisest thing for me to do is to refrain from expressing either commendation or criticism of the report, since anything I might say would be only my personal view, and it might be misinterpreted.

Hon. Mr. LEGER: Honourable senators, it may be that I have misunderstood the honourable gentleman, but it appears to me there is an impression which should be corrected. This committee has not recommended an increase in the rate of interest charged to taxpayers. On the contrary, the committee has found the rate too high, and has recommended that it be lowered to 4 per cent.

Hon. Mr. KINLEY: Can my honourable friend borrow money at 4 per cent?

Hon. Mr. LEGER: No; but the government has charged 5 per cent.

Hon. Mr. HAYDEN: Eight per cent.

Hon. Mr. LEGER: Eight per cent. The committee felt that rate was too high, and has recommended that in future the government should charge 4 per cent simple interest.

Hon. Mr. KINLEY: There is no misunderstanding as to that, and nothing to correct. It is a matter of opinion. My opinion is that the 4 per cent rate will put the Income Tax Division in the money-lending business.

Hon. Mr. ASELTINE: Does the honourable gentleman not think that 4 per cent is pretty high, when the government delays assessments as long as four years, during which time you cannot find out what your liability is?

Hon. G. G. McGEER: Honourable senators, I desire to join with those who have expressed appreciation of the splendid work done by this committee. The report in itself is an example of the usefulness of the Senate in protecting and advancing the interests of the people.

I seconded the motion for adjournment of the debate, because I felt that the report was of much importance to the community at large and that unless there was some special reason for its adoption today it could well stand over for further consideration. I regard it as of such importance as to deserve consideration by the Senate in Committee of the Whole, clause by clause.

The report probably contains a good deal that could be clarified to everyone's advantage. Let me point out one section as an illustration of that. At the bottom of page 366 of the Senate Hansard there is this statement:

> The taxpayer will be provided with a speedy and inexpensive tribunal to which he may take all disputes arising from assessments including questions of fact . . .

I think one of the factors of our tax problem is the time involved in settling the amount of taxes to be paid. The committee's recommendation that an appeal tribunal be established, and a time limit be fixed within which appeals may be heard, is an excellent one. But in dealing with the proposed procedure for appeals the report says, as set out in paragraph 13 on page 369 of Hansard:

> If the minister or the taxpayer is dissatisfied with the findings of the board he shall within 30 days from the receipt of the decison of the board file a Notice of Intention to Appeal to the Exchequer Court of Canada . . .

I presume that in such matters there would continue to be appeals from the Exchequer Court to the Supreme Court of Canada, and on to the Privy Council. We have gone a considerable distance in limiting criminal appeals to our own Supreme Court of Canada, I for one am inclined to the opinion that appeals from the Board of Tax Appeals should be limited and restricted, and that in the majority of instances the board itself should be the final court. I appreciate and understand the virtue and value of appeals in general matters of law, but questions as to what amount of taxes shall be paid are, it seems to me, in another category.

Speed, finality and uniformity in tax decisions are more important, I believe, than in those processes by which ultimate justice is determined in the refinement of the law. Let me point out that an appeal carried on through our courts might require several years for final determination. If the appeal had to do with a general question of fact, the whole business community concerned with that type of question would be subjected to delayed assessments. In fact, it might well happen that an entire procedure, based upon a finding of the board, would be upset years later by a decision of the Privy Council. I for one should like to know why the members of the committee, who no doubt gave this matter consideration, were not prepared to recommend some speedier method for final determination of tax cases than the rather cumbersome appeal procedure to which our Canadian laws are subject. I would vote against so wide-open a form of appeal as the committee recommends, although in the main I endorse and approve of the committee's work and the purposes of the report.

I do not see why there should be so much hurry about the adoption of this first part of the report. It may be that the parts to follow will hinge on this. I cannot believe that the mere adoption of the report today is going to affect any action of the government or of honourable members in another place. I think that what would probably affect them more than anything else is such a discussion here as would arouse an expression of public approval of the Senate's course and of the committee's recommendations. I do think the report would carry far more weight if it were not rushed through too hurriedly.

Hon. J. W. De B. FARRIS. Honourable senators, I had not intended to speak in this debate. I am afraid that I do not merit the compliments which my honourable colleague from Vancouver (Hon. Mr. McRae) paid a little earlier this afternoon to the committee members who belong to the legal profession, as for one reason and another I did not attend as many meetings of the committee as I should have attended. However, I made one contribution. The committee's recommendations as to discretionary powers arise out of a couple of cases that were decided some two years after they were heard in the Exchequer Court. I argued those cases and lost both of them, thus raising issues that still have to be considered.

My honourable friend from Queens-Lunenburg (Hon. Mr. Kinley) has asked for delay in the adoption of the report, on the ground, I take it, that he has not had a chance to study it. If I may say so, without being in any way disrespectful, I think he has proved his case.

The contentious issue in the report so far is the subject of appeals from the exercise of discretion by the minister. As far as a new board of appeal is concerned, I think the deputy minister was in complete agreement. But the real problem that confronted us all was the discretion of the minister. On that subject my honourable friend did not have anything to say so far as I could follow him. Apparently he objected to the constitution of a board of seven members. As I understand the report, it is intended to have two divisions, each of three members, sitting at the same time. These divisions will no doubt draw up itineraries and sit at many places where there are litigants who could not possibly afford the time or money to come to Ottawa.

Hon. Mr. McGEER: Is that provided for in the report?

Hon. Mr. FARRIS: Yes.

Hon. Mr. McGEER: How many members will sit outside Ottawa?

Hon. Mr. HUGESSEN: Three.

Hon. Mr. FARRIS: On the other hand, it may be necessary for the full board of seven to sit on some exceedingly important cases. The same course is followed in the Privy Council.

Hon. Mr. HUGESSEN: And in the United States Supreme Court.

Hon. Mr. FARRIS: In minor cases the Privy Council is divided into two courts sitting with a quorum of three; but on grave constitutional issues or other very important cases there is a larger court. As my honourable friend says, a similar course is followed in the United States.

Hon. Mr. McGEER: Would the honourable senator kindly refer me to the section of the proposed act which provides for two divisions of the board?

Hon. Mr. FARRIS: My honourable friend from Inkerman (Hon. Mr. Hugessen) has kindly given me the section. It will be found on page 236 of the Senate Minutes of Proceedings. It is section 14, and reads as follows:

The Board of Tax Appeals may with the approval of the Governor in Council make all necessary rules and regulations respecting,

(a) the sittings of the board and divisions thereof throughout Canada.

(b) the practice and procedure in all matters of business to be dealt with before the board.

(c) the apportionment of the work of the board among its members, the allocation of members to divisions and the assignment of divisions to sit at hearings,

(d) the publication of the decisions of the board

(e) generally, the carrying on of the work of the board, the management of its internal affairs and the duties of its officers and employees,

(f) any other matter or thing deemed necessary in the performance of the function of the board as a court of tax appeals.

There is another provision here which definitely fixes the quorum as three.

I was dealing more particularly at the moment with the address of the honourable gentleman who spoke immediately before the honourable senator from Vancouver-Burrard. I find it a little difficult to understand what he had to say as to leaving matters to members of parliament. After all, this question falls within the duties of members of parliament when it comes to consideration of the form of legislation; but what follows from the legislation, either as it is now or as it will be if these proposals are accepted, is a matter of administration, and it was never intended that the duties of administration should fall on members of parliament.

Hon. Mr. KINLEY: But the minister is responsible to parliament.

Hon. Mr. FARRIS: That is true; and the officials are responsible to the minister.

Hon. Mr. KINLEY: The minister's discretion is the question at issue.

Hon. Mr. FARRIS: The minister's discretion is exercised by him in his capacity as an administrator, not as a member of parliament. I know of no principle which says that because he is responsible to parliament, that is a ground for extending the discretion which should be imposed upon him. The whole question to be considered in that relation is: What is the most effective form of administration? This committee is of opinion, and it is my belief that it is almost the unanimous opinion of the people of Canada, that in the administration of an act like this it is not a wise principle to leave unrestricted discretion in a minister—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: —particularly when the problems are so complex, and the duties so onerous that he does not exercise his own discretion in one case out of a hundred, but simply follows the recommendation made by some under official.

My honourable friend urged the idea of stability of thought and spoke of "rocking the boat". Again I fail to find what application that has to what we are discussing. Stability of thought is always ensured by intelligent consideration by parliament and committees

of parliament as to how you can improve legislation and its administration in the interests of the people.

Hon. Mr. KINLEY: Quite so.

Hon. Mr. FARRIS: There is no factor of "rocking the boat" in that. It seems to me that my honourable friend's suggestion is the only rocking of the boat there is in the whole question. He said something about the profit corporations have been making. I was not able to follow his remarks in that respect.

Hon. Mr. KINLEY: My friend wants to be fair, I am sure. I was speaking of the principle of the excess profits tax, which applies mostly to corporations. I was not speaking slightingly of corporations at all.

Hon. Mr. FARRIS: I do not know precisely what my honourable friend said, so I cannot answer him. But I must say that what I did hear of his remarks had no relation to the recommendations of this committee which we now have under consideration.

Let me say a word to my honourable colleague from Vancouver-Burrard regarding this question of time on appeals. In the first place, I would point out that after the minister makes the assessment there is a right of appeal by the dissatisfied taxpayer to the minister. That is the first step. To me it has always seemed the most futile and the most unnecessary step in the whole proceeding. Surely the minister or his officials should give proper consideration to the assessment before it is made.

An Hon. SENATOR: There is no doubt about that.

Hon. Mr. FARRIS: Most of the time wasted today is the time between the minister's first decision, which is known as the assessment, and the minister's second decision, when he confirms his first—because he nearly always does confirm it. That will be done away with and the time used up today in appealing to the minister from the minister's decision will be used up in an appeal from the assessment of the minister to this tax court of appeal. As I recollect, the time is definitely limited to thirty days. So there will be an effective reduction in the time of appeals in that connection. That, I think, my honourable friend will agree, is in itself a definite improvement.

Hon. Mr. McGEER: The appeal from the minister to the minister has gone.

Hon. Mr. FARRIS: Yes. It is now an appeal from the minister to the court. Not only is that so, but it is going to take considerably less time than the old system.

Hon. Mr. McGEER: Thirty days does not mean very much when you are on the way to the Privy Council.

Hon. Mr. FARRIS: Let us consider that remark. My friend has suggested that an appeal to the tax board should be final. I think that would be a great mistake. I have never yet known what might be termed a court of first instance, such as this tax appeal court would be, that was not inclined to be unduly arbitrary if there was no appeal above it. I think you would find yourselves back in a lot of the troubles you are in now if in important matters these boards knew there was no appeal from their decisions.

Hon. Mr. ASELTINE: We have found that so under the Farmers Creditors' Arrangement Act.

Hon. Mr. FARRIS: If there was no appeal, there would not be as much consistency in the jurisprudence emanating from that court as there would be if its members knew that sitting over them always there was an appellate court. Let me point out to my honourable friend that it is not correct to imagine that all these tax cases will go to appeal. We know that in ordinary practice in the courts it is only exceptional cases that reach the Privy Council. Take the Supreme Court of Canada, although that court is sitting in appeal on cases from all the superior courts in the nine provinces, there are only a limited number of appeals.

Hon. Mr. McGEER: On questions of law.

Hon. Mr. FARRIS: Yes; and sometimes on questions of law and fact.

Hon. Mr. McGEER: Only rarely on questions of fact.

Hon. Mr. FARRIS: Not so very rarely either. What I am pointing out is that the cases that come up for appeal are exceedingly limited once you have got a uniform jurisprudence established, as in a court of appeal. My friend has said, and I agree with him, that the things needed are speed, uniformity and finality. He might have added—and to be sure that the court will not be too arbitrary.

Hon. Mr. McGEER: Will the honourable gentleman permit a question just there? There is a difference between this appeal and the appeal, for instance, from the decision of the Board of Transport Commissioners. Sometimes that board will sit in two sections. If one of the parties to a dispute is dissatisfied with the decision, he can appeal to the full board. Questions of discriminatory rates and services are, in a way, similar to questions that come up in respect of taxation. The only appeal from the full Board of Transport Com-

missioners is to the Privy Council, plus an appeal to the Supreme Court of Canada on a question of law. Here, if I read correctly the sections of the proposed act, there is a right of appeal on questions both of fact and of law to the Exchequer Court, then to the Supreme Court of Canada, and eventually to the Privy Council. Is there any reason why the same procedure under which—

The Hon. the SPEAKER: The honourable gentleman is out of order. He has already spoken in the debate

Hon. Mr. McGEER: I wanted to ask the question.

Hon. Mr. FARRIS: Honourable senators, I am not going to answer in detail, because I think my honourable friend is now discussing a matter, somewhat belatedly, in the form of a question. I would remind him that this committee was appointed and functioned last session; it was reappointed and functioned again this session, and if my friend had in mind any details of that kind, it is unfortunate that he did not give the committee the benefit of them.

Hon. Mr. McGEER: Would that exclude me from giving them here?

Hon. Mr. FARRIS: No; but it reduces the justification for giving them now, because we are today discussing the general principles of the matter and not the details, and any diversion from the essentials of these proposals to their varying details only weakens the force of any recommendation the Senate may make. Everything that my honourable friend has referred to was discussed back and forth in the sessions, and considered and studied for practically two years. I say that if my honourable friend really had serious objections of this kind he might well have devoted an hour or so of his time to giving the committee the benefit of his ideas.

Honourable senators, I am of the opinion that this matter should be disposed of now along the lines of the essentials contained in the recommendations. These essentials are: First, that an appeal board should be created; second, that it should have power to deal with law and with facts; third, that it should have power to deal with discretions exercised by the minister; and last, that there should be, as in all our juridical proceedings a further appeal to a higher court.

Honourable senators, there is a good reason why we should dispose of this matter now. The budget is to come down very shortly—although we might get along if it did not come down at all.

Some Hon. SENATORS: Oh, oh

Hon. Mr. FARRIS: I understand that at the present session of parliament the minister will propose legislation relative to the suggestions that we have been discussing. It is highly essential that the recommendations of this committee, the subject of which has in fact been before the Senate for two sessions, should be endorsed and passed along for the benefit of the government and the legislation that is now in the making.

Some Hon. SENATORS: Hear, hear.

The motion for concurrence in the report was agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Mr. ROBERTSON: Honourable senators, I move that when the Senate adjourns to-day it do stand adjourned until Tuesday, June 18, at 3 o'clock in the afternoon.

Hon. Mr. LACASSE: Honourable senators, following a precedent created by my friend from Mount Stewart (Hon. Mr. McIntyre) may I ask if it would be possible to adjourn until Tuesday evening, June 18?

Hon. Mr. ROBERTSON: Honourable senators, while I am quite willing to accommodate honourable members, it must be borne in mind that we have certain responsibilities. We have already changed the time when we are to reassemble from Monday evening to Tuesday afternoon, and now if we change it to Tuesday evening—and perhaps Wednesday—we might as well not come back at all. There was some doubt in my mind as to whether I should suggest an adjournment of two weeks, but I wished to accommodate members who live long distances from Ottawa. I hope honourable senators will not ask me to make any further change.

If some members find it impossible to attend at the day and hour set for reconvening, I do not think any very serious harm will result. Any further change at this time would complicate the arrangements of many of our members. There may be need of further supply, and in any event matters will be facilitated by our meeting in the afternoon.

The motion was agreed to.

The Senate adjourned until Tuesday, June 18, at 3 p.m.

THE SENATE

Tuesday, June 18, 1946.

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

Prayers and routine proceedings.

RESEARCH COUNCIL BILL

FIRST READING

A message was received from the House of Commons with Bill 154, an Act to amend the Research Council Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

GOVERNMENT COMPANIES OPERATION BILL

FIRST READING

A message was received from the House of Commons with Bill 155, an Act respecting the operation of Government Companies.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

THE INDIAN ACT

REPORT OF COMMITTEE

Hon. J. FREDERICK JOHNSTON presented and moved concurrence in the second report of the Joint Committee of the Senate and the House of Commons appointed to examine and consider the Indian Act, and all such matters as have been referred to the said committee.

He said: Honourable senators, the report is as follows:

Your committee recommend that it be empowered to retain the services of counsel.

This report was adopted by the committee some two weeks ago, and in order to expedite matters I am moving, with leave, that it be now concurred in by the Senate.

The motion was agreed to.

PRIVATE BILL

FIRST READING

Hon. S. A. HAYDEN presented Bill K7, an act respecting the Army and Navy Veterans in Canada.

The bill was read the first time.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 19, 1946.

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

Prayers and routine proceedings.

ATOMIC ENERGY CONTROL BILL

FIRST READING

A message was received from the House of Commons with Bill 165, an Act relating to the devolpment and control of Atomic Energy.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

UNEMPLOYMENT INSURANCE BILL

REPORT OF COMMITTEE

Hon. JAMES MURDOCK, Chairman of the Standing Committee on Immigration and Labour, presented and moved concurrence in the following report of the committee on Bill 15, an Act to amend the Unemployment Act, 1940:

The committee has been informed that the government proposes to recommend amendments to this bill which will involve substantial charges on the Consolidated Revenue Fund. The proposals alter the character of the bill, making it a money bill which, under the provisions of the British North America Act, must originate in the House of Commons and be first recommended to that house by message of the Governor General. In these circumstances, it is the opinion of the committee that the bill should be returned to the Senate with the recommendation that it be withdrawn, and that consideration of this subject be deferred until the bill from the House of Commons reaches the Senate.

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

NOTICE OF MOTION

Hon. WISHART McL. ROBERTSON: Honourable senators, I understand that according to our rules no order, resolution or other vote of the Senate may be rescinded unless five days' notice be given. I wish to give notice now that tomorrow, with permission of the Senate, I will move that leave be granted to withdraw Bill L5, an Act to amend the Unemployment Insurance Act, 1940. which is the bill referred to in the report just presented by the Chairman of the Standing Committee on Immigration and Labour.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. HAYDEN, Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill Z5, an Act to consolidate and amend the acts relating to La Société des Artisans Canadiens-Français.

He said: This bill is reported without amendment.

THIRD READING

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

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

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

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. HAYDEN, Acting Chairman of the Standing Committee on Banking and Commerce, presented the following report of the committee on Bill Y5, an Act to incorporate Co-operative Life of Canada:

1. Page 1, line 13. For "of Canada" substitute "Insurance Company."
2. Page 1, lines 23 to 25 inclusive. Leave out clause 4.
3. Page 1, line 26. Renumber clause 5 as clause 4.
4. Page 2, lines 1 to 6 inclusive. Leave out clause 6.
5. Page 2, line 7. Renumber clause 7 as clause 5.
6. Page 2, line 31. Renumber clause 8 as clause 6.
7. Page 2, line 43. Leave out the words "Except as otherwise provided in this Act."
8. Page 2, line 43. Renumber clause 9 as clause 7.
9. In the title. For "of Canada" substitute "Insurance Company."

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

Hon. Mr. HAYDEN: Some of these amendments are substantial, and therefore I think consideration should be deferred until the next sitting of the House.

The Hon. the SPEAKER: Next sitting.

CANADA'S METALLIFEROUS MINES

REPORT OF COMMITTEE

Hon. Mr. DONNELLY, Chairman of the Standing Committee on Natural Resources, presented the fourth and final report of the committee as follows:

Wednesday, 19 June, 1946.

The Standing Committee on Natural Resources beg leave to make their fourth report, as follows:

The committee have in obedience to the order of reference of the 2nd May, 1946, examined into the economic value of Metalliferous Mines in Canada.

In the course of its inquiry the committee has heard briefs submitted by:

The Ontario Mining Association;
The Western Quebec Mining Association;
The Toronto Stock Exchange;
The Mid-West Metal Mining Association;
The Prospectors and Developers Association, and
The British Columbia and Yukon Chamber of Mines.

The following witnesses were also heard:

Mr. Sidney Norman, Special Writer, The Toronto Globe and Mail;
Mr. A. W. Hawkey, Chemist, Royal Canadian Mint;
Dr. W. C. Clark, Deputy Minister of Finance;
Dr. Charles Camsell, C.M.G., former Deputy Minister of Mines and Resources, and
Mr. W. H. Losee, Director of the Industrial Census, Dominion Bureau of Statistics.

Although the scope of the order of reference provided for an examination into the economic value of metalliferous mines in Canada, no representations were submitted on behalf of the base metal mines or any silver mining interests. Accordingly this report is confined to dealing with the submissions made before the Committee on behalf of the gold mining industry of Canada.

Reference, however, is made briefly to the position of the base metals and silver. They enjoy open world markets, and to that extent are different from gold, which has a fixed price. It should be pointed out, too, that the production of all metals in Canada in the period of 1907 to 1944 inclusive amounted to approximately $6,000,000,000. During this period the value of the production of gold amounted to approximately $2,500,000,000. The importance of the contribution in peace and in war of the base metal mines to Canada cannot be too much stressed. However, in this report, since the submissions made and the evidence given to the committee dealt with the position of the gold mining industry, attention will be directed particularly to the position and importance and problems of that industry.

During the war years, due to increasing costs of labour, essential materials and equipment and the restrictive regulations in respect thereof, the maximum annual production of the gold mines in Canada was reduced. At the present time these higher costs for supplies, equipment and labour threaten soon to exhaust the narrow margin of average profit earned according to the statements filed on behalf of the gold mining interests of Ontario and Quebec for the year 1944. In 1944 the profit per ton on ore milled had fallen to $1.94 per ton in Ontario, and during the same period, according to the Department of Mines for the province of Quebec, the net surplus earned per ton of ore produced in Western Quebec was 62 cents per ton. It will be seen, therefore, that rising costs, together with the fixed price for gold, are closing the gap between the cost of producing gold and the price realized to the extent that the margin of profit is making it more and more unprofitable to mine low grade ores. In these circumstances the picture for the gold mining industry, at this time, is not a happy one. Any further increase in costs will convert into waste rock, so far as gold production is concerned, more of the ore reserves presently reckoned as of value to the producing mines and will, at the same time, reduce the tonnage

of available ores for new mines to the extent that the increasing costs make it unprofitable to mine lower grade or marginal ores.

In addition, during the war ore reserves of producing gold mines were decreased in order to maintain some measure of profitable production. Development work was also drastically curtailed due to shortage of labour and materials. Both of these items, namely, maintenance of substantial ore reserves and the opening up of new sources of ore by continuous development, are essential to give assurance of continued profitable operation in the best interests of the particular shareholders, as well as the industry generally and the country.

A considerable amount of exploration work, including diamond drilling, was carried on in the different mining areas during the war years. There are many properties today moving towards the position of producing mines, but substantially increased costs of all labour, materials and equipment, as well as the heavy impost of corporate taxation on producing mines, make the task of bringing new mines into production very difficult.

Most prospective new mines have expended their capital in the exploration and development of their properties and in proving up the commercial value of their ore. Very often the last stage of providing a mill has to be financed on borrowed money. At this time the increased costs and the rates of corporate income taxation are such that low grade ores cannot be profitably milled and the prospective life of many of the new mines is not such as to merit the additional capital required for the development of the property.

There must also be added to these considerations in relation to the new mines, the fixed price for gold which prevents the recovery by the mine from its production of the increased costs of operations and taxes through an increased price for the product.

Both producing mines and new mines are faced with a definite shortening of their mining life through such a burden of increased costs and taxes, which makes unprofitable the mining of marginal ores.

The gold mining industry of Canada is one of our most substantial industries. In 1941 it produced over $200,000,000. It has no marketing problem. Most of this money is spent in Canada for labour, supplies and equipment, with consequent indirect employment in almost every line of endeavour.

The economic value to Canada of this gold mining industry is two-fold. It provides a large field for employment and the earning of income directly in the prospecting, exploring and developing necessary in the search for and the proving of mines, and in the operations of producing mines and indirectly in the production of materials, equipment and supplies required in such operations. Secondly, it provides a continuing source of a strategic mineral for adjustment of our international trade balances, and for implementing our agreements in relation to international trade, all of which is of immeasurable value to Canada. To illustrate the economic value of the gold mining industry to Canada reference is made to one or two statements filed in the brief of the Ontario Mining Association which is copied into the proceedings of the committee. For instance, in the year 1941 Ontario produced about $123,000,000 worth of gold. This $123,000,000 was paid out or utilized for the following purposes:

Wages	$42,000,000
Fuel and power	6,000,000
Supplies	14,000,000
Freight and refining, etc.	2,000,000
Depreciation of plant	7,000,000
Taxes	14,000,000
Dividends to shareholders	35,000,000
Surplus	3,000,000

The purchase of mining and milling equipment and general supplies included in these figures covered such items as lumber and timber of all kinds in the amount of approximately $2,850,000, electric power approximately $4,500,000, explosives approximately $4,700,000, and numerous other items, including building materials, cars and locomotives, electrical equipment, various types of machinery, tools and chemicals. The item of freight amounted to approximately $2,500,000.

It was estimated by the witnesses who appeared before your committee that one miner working in the gold mines supported and provided work for at least four other persons in Canada. This will serve, in a general way, to give some outline in skeleton of the extent and importance of the operations of the gold mines of Canada to the industrial and agricultural and financial life of the country.

The population of the various mining areas contributes substantially to the support of the farming industry in these mining areas. The farming industry in the various provinces of Canada where mining operations are carried on benefits generally through the requirements of the mining population which is a large consumer of agricultural products. In addition, the continued production of gold contributes much to the international stability of Canada in her trade and currency relations with other countries.

Lack of understanding of the position and economic value of the gold mining industry in Canada would appear to be a major cause of the present situation of this industry.

As a matter of settled government policy there is no free market for gold. The government takes the entire annual production of the gold mines of Canada. Since this gold production is utilized for the general advantage of Canada in the adjustment of international trade balances, and to aid in Canada's participation in the field of international trade relations, your Committee submits that the importance of this industry merits such action as will provide for a profitable operation and so maintain and expand the operations of this industry in Canada.

It takes more than a Midas touch to recover gold from the ground. The public who provide the financing necessary to carry a property through to production require some assurance of profitable operation to justify their provision of risk capital.

The percentage of mining properties that develop into producing mines is very small in relation to the number of such properties prospected, explored and developed. In Ontario one in one hundred properties reaches the development stage, one-half of one per cent are successful mines.

The risk capital that supports such efforts which do not reach the stage of producing mines is lost to the shareholders, but the country has

gained in employment of labour and through consumption of supplies and equipment necessary to such efforts.

It should hardly be necessary to add that new mines from the moment of commencement of production are wasting assets.

In the opinion of the committee the value of this industry to our Canadian economy is so great that it is recommended that steps be now taken to assure not only the maintenance of the industry on a profitable basis, but its continued development and expansion. To this end your committee submits the following recommendations for your earnest consideration and, if approved, for such action as may be necessary by the proper authorities to implement such recommendations.

Part I

In respect of new mines, it is recommended that, (a) the provisions of Part 13 of the Income War Tax Act, Section 89 of the said Act (which ceased to have any effect after December 31, 1942) be re-enacted so that new mines hereafter coming into production shall be exempt from corporation income tax for the first three fiscal periods following the commencement of production and in addition the rate of corporation income tax for the next two fiscal periods be 50 per cent of the rate then applicable generally to corporations;

(b) That the run-in or tuning-up period of six months be continued as in the past, in which no corporation income tax shall be payable, preceding commencement of production for purposes of the exemption recommended in paragraph (a) hereof, in order that the milling operations may be fully tested and the staff and workmen efficiently trained. It should be pointed out that during the time when Section 89 of the Income War Tax Act was in force this run-in or tuning-up period was allowed and recognized as a matter of administrative practice and no corporation income tax was assessed for such period;

(c) A depletion allowance of 50 per cent for the exhaustion of the mine shall be allowed to be deducted before determining the amount which shall be subject to income tax. Your committee, in the light of the submissions made by those who appeared and presented briefs, has reached the conclusion that the present allowance of 33⅓ per cent is too low and that the depletion allowance should be restored to 50 per cent which was the rate allowed prior to 1934.

(d) Depreciation be not required to be charged during the period of exemption provided in paragraph (a) hereof at a greater amount than the annual earnings of the corporation.

Part II

In respect of producing mines your committee recommends that the depletion allowance of 50 per cent provided under paragraph (c) of Part I, in respect of new mines, be also allowed to producing mines.

Part III—General

Your committee further recommends that the minting charges for gold minted for the industry be the actual cost of such minting only.

Your committee further recommends, for the consideration of the proper governmental authority based on the representations made before this committee, that the services of the Department of Mines and Resources be expanded in the interest of the gold mining industry of Canada for the purpose of providing for geological surveys and aerial mapping.

All which is respectfully submitted.

He said: Honourable senators, at this stage it would of course be out of order for me to discuss the report. I should like to say, however, that the evidence from various mining associations has greatly impressed me with the relative importance of the prosperity of the mining industry of Canada to the economic prosperity of the country in general, and I think therefore that the report should be given the widest publicity possible.

The Hon. the SPEAKER: When shall the report be considered?

Hon. Mr. DONNELLY: Next sitting.

THE INDIAN ACT

JOINT COMMITTEE—CHANGE OF PERSONNEL

Hon. Mr. ROBERTSON: With leave of the Senate, I would move that the name of Honourable Mr. Paterson be substituted for that of Honourable Mr. Stevenson on the Senate section of the joint committee appointed to examine and consider the Indian Act.

In this connection a word of explanation may be in order. Honourable members will doubtless recall that just before the adjournment last month I moved that the name of Honourable Senator Stevenson be substituted for that of Honourable Senator Paterson. My reason for so doing was that the joint committee was very anxious to continue sitting during the adjournment. It so happened that, with the exception of the chairman or acting chairman, none of the personnel of the Senate section of the committee would be available at that time and therefore Honourable Mr. Stevenson kindly consented to act during the interval. He is now away, and the committee desire that the services of Honourable Mr. Paterson be continued, particularly as he has a very wide knowledge of the Indians of the western part of Ontario.

The motion was agreed to.

MESSAGE TO HOUSE OF COMMONS

Hon. Mr. ROBERTSON: Honourable senators, I move that a message be sent to the House of Commons to inform that House that the name of the Honourable Senator Paterson has been substituted for that of the Honourable Senator Stevenson on the Senate section of the joint committee of both Houses appointed to examine and consider the Indian Act.

The motion was agreed to.

REDISTRIBUTION

MOTION POSTPONED

On the motion:

That whereas by the British North America Act, 1867 it is provided that in respect of representation in the House of Commons the Province of Quebec shall have the fixed number of sixty-five members;

And whereas the said Act provides that there shall be assigned to each of the other provinces such a number of members as will bear the same proportion to the number of its population as the number sixty-five bears to the number of the population of Quebec;

And whereas the said Act provides for the readjustment of representation on the completion of each decennial census, and that on any such readjustment the number of members for a province shall not be reduced unless the proportion which the number of the population of the province bore to the number of the aggregate population of Canada at the then last preceding readjustment of the number of members for the province is ascertained at the then latest census to be diminished by one twentieth part or upwards;

And whereas the effect of the aforesaid provisions has not been satisfactory in that proportionate representation of the provinces according to population has not been maintained;

And whereas it is considered that a more equitable apportionment of members to the various provinces could be effected if readjustment were made on the basis of the population of all the provinces taken as a whole:—

A humble address be presented to His Majesty The King in the following words:—

To the King's Most Excellent Majesty:
Most Gracious Sovereign:

We, Your Majesty's most dutiful and loyal subjects, the Senate of Canada in Parliament assembled, humbly approach Your Majesty, praying that You may graciously be pleased to cause a measure to be laid before the Parliament of the United Kingdom to be expressed as follows:—

An Act to provide for the readjustment of representation in the House of Commons of Canada on the basis of the population of Canada;

Whereas the Senate and House of Commons of Canada in Parliament assembled have submitted an address to His Majesty praying that His Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for the enactment of the provisions hereinafter set forth;

Be it therefore enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same as follows:

1. Section fifty-one of the British North America Act, 1867, is hereby repealed and the following substituted therefor:

51. (1) The number of members of the House of Commons shall be Two hundred and fifty-five and the representation of the provinces therein shall forthwith upon the coming into force of this section and thereafter on the completion of each decennial census be readjusted by such authority, in such manner, and from such time as the Parliament of Canada from time to time provides, subject and according to the following Rules:

1. Subject as hereinafter provided, there shall be assigned to each of the provinces a number of members computed by dividing the total population of the provinces by Two hundred and fifty-four and by dividing the population of each province by the quotient so obtained, disregarding, except as hereinafter in this section provided, the remainder, if any, after the said process of division.

2. If the total number of members assigned to all the provinces pursuant to Rule One is less than Two hundred and fifty-four, additional members shall be assigned to the provinces (one to a province) having remainders in the computation under Rule One commencing with the province having the largest remainder and continuing with the other provinces in the order of the magnitude of their respective remainders until the total number of members assigned is Two hundred and fifty-four.

3. Notwithstanding anything in this section, if upon the completion of a computation under Rules One and Two, the number of members to be assigned to a province is less than the number of senators representing the said province, Rules One and Two shall cease to apply in respect of the said province, and there shall be assigned to the said province a number of members equal to the said number of senators.

4. In the event that Rules One and Two cease to apply in respect of a province then, for the purpose of computing the number of members to be assigned to the provinces in respect of which Rules One and Two continue to apply, the total population of the provinces shall be reduced by the number of the population of the province in respect of which Rules One and Two have ceased to apply and the number Two hundred and fifty-four shall be reduced by the number of members assigned to such province pursuant to Rule Three.

5. Such readjustment shall not take effect until the Termination of the then existing Parliament.

(2) The Yukon Territory as constituted by Chapter forty-one of the Statutes of Canada, 1901, together with any part of Canada not comprised within a province which may from time to time be included therein by the Parliament of Canada for the purposes of representation in Parliament, shall be entitled to one member.

2. This Act may be cited as the British North America Act, 1946, and the British North America Acts, 1867 to 1943, the British North America Act, 1907 and this Act may be cited together as the British North America Acts, 1867 to 1946.

Hon. Mr. ROBERTSON: Honourable senators, I am asking that this motion stand. As honourable senators know, it was presented here concurrently with a similar one in another place. There is nothing to prevent us considering the subject matter of the motion, but since it primarily concerns the other house, I believe it would be good judgment on our part not to proceed with it here until it has been disposed of in the other place. I regret that the motion has remained on the order paper so long, but I had no way of knowing what length of time would be required

for its consideration in the other place; consequently, I ask the indulgence of the Senate in permitting the order to stand.

Hon. C. C. BALLANTYNE: Honourable senators, I quite agree with the views expressed by the honourable leader of the government. The matter is one that pertains to the other house more than to this house, and from every standpoint I think it is better to allow the motion to stand.

The motion stands.

LITERATURE PRIZE FOR CANADIAN AUTHORS

MOTION

Hon. ATHANASE DAVID moved:

That this House express the wish that it may please the Government of Canada to acknowledge the importance of literature in the life of a nation by fostering the production of literary, scientific, economic and social works in this country and creating a prize in literature; and that each year, a jury selected by the Government shall grant this prize to Canadian authors submitting the most meritorious works.

He said (Translation): Honourable senators, doubtless you will understand that it would be far easier for me to use my mother tongue in discussing the subject with which I want to deal today. Genuine courtesy, however, requires that I should submit my observations in the English language, since I am aware that many of you could not follow me if I spoke French.

(Text)

Honourable senators, during the past twenty-five years the world has been in a state of turmoil; two wars have depressed and dispersed the very flower of youth. In 1939 and the years following, as in 1914, youth, with its great ideals, and representing the best of every nation, went to the battlefields and engaged in the fight. Therefore we may calculate that from the intellectual and spiritual point of view two generations have fallen into oblivion. By this I mean that the talents received by these generations at birth could not be placed at the disposal of their home lands or of the world at large. Some of these young people were writers of ability; others might have shed great light in the countries where they lived. But they are gone. To them goes the remembrance of older men, and a younger generation hopes that we will do our utmost to replace this lost talent by encouraging a new intellectual and spiritual development.

Hon. Mr. CRERAR: Hear, hear.

Hon. Mr. DAVID: We of a certain age must thank Him who gave us life in the later part of the nineteenth century for permitting us in our youth to know the real and plenteous enjoyment of life. We were living in peace; no evil ideas were spread abroad; family life still existed and we were happy. I need not say to honourable senators, many of whom have had more experience than I, that the youth of the country today is not the same as it was and does not have the same full enjoyment of life that we had years ago.

Mindful of all these things, and especially of those who went across the ocean to fight for an ideal, whatever it may have been, there comes to my mind a thought which his honour the Speaker may regard as beyond the scope of my discussion, but which I consider it my duty to present. It is this: the flag of a country is the flag of those who have made such a symbol possible. Had not the youth of this country crossed the ocean and fought for us, there would be no discussion of a national flag in Canada today; one displaying neither the maple leaf nor the Union Jack would have been imposed upon us.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DAVID. Theirs is the voice that should be listened to; theirs the sentiment that is expressed—the voice and sentiment of those who did what we older ones could not do. They went abroad to defend the flag that we are going to have in Canada.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. DAVID: I do not favour the creation of a military caste in Canada, but I sincerely believe in my mind and heart that the members of the three branches of the armed services who crossed the ocean and fought for this country should be asked what they think our flag should be. This suggestion I leave to you to reflect and meditate upon. As you all know, because of the flag they carried our invading troops were always taken for English soldiers. They had to explain that they were Canadians. This was unfair to them and unfair to Canada. They did their utmost, and the many who are buried over there claim for those who yet live the privilege of at least indicating that they have preserved for us the right to choose a flag.

I need not tell honourable senators that material power and economic strength are not sufficient to make a country great. What remains of ancient Greece or Rome, or of the masterpieces of architecture that students from all over the world used to go to see and admire? But these ancient civilizations also had their literature, and if Italy and Greece were completely obliterated from the surface of the earth, as long as the world remains Greece and Rome would be remembered

through their writers. There was a difference in the intellectual growth of these two great civilizations of the past. Greece first attained the very summit of intellectuality before ever thinking of conquest; Rome, by conquest, acquired possessions, wealth and power. But the day came when the heads of the Roman Empire realized that all these things had not made Rome a great nation. What did they do then? They brought from Greece writers, orators and philosophers to teach the children in the Roman schools how national greatness might be achieved.

There are four great centuries of antiquity which, because of the literary geniuses they produced, will never fall into oblivion, namely, the centuries of Pericles, Augustus, Leo X and Louis XIV. A little later I shall suggest, with due respect for all who may differ in opinion, that there are two more which should be added to this list. But first let me say that Pericles, by whose name the century in which he lived is known to us today, would have been as completely forgotten as are the names of many other Greek conquerors had it not been for such men as Aeschylus, Sophocles, Euripides, Plato, Socrates, Aristophanes and the great sculptor Phidias. They lived in the most brilliant epoch of Hellenic literature and arts, an epoch that personified the Greek genius in its most varied qualities.

Why is there a period in history known as the Augustan age? Rome had many other emperors besides Augustus, and some of them like Julius Caesar, were great conquerors. Their trail of conquest led across the then known world. Britain was one of the countries they invaded, and evidences of their military works are still to be seen there in various roads and bridges. But are the names of the conquerors themselves mentioned today? As a general rule, no. Then why is the name of Augustus so outstanding that it is used to denote his age? Why is he regarded as one of the greatest personalities in history? Because, owing to his practical encouragement of literature and the arts, the Romans of his time achieved their highest intellectual development. The names of Horace, Virgil, Ovid, Terence, Tibullus, Propertius and Titus Livius come to one's mind. Thanks to the artists, he reconstructed Rome; he found her built of bricks, but he left her gleaming in marble.

Pope Leo X, with a fund that was provided in a certain way of which we all have heard, built what is I suppose the greatest church in the world, St. Peter's of Rome, an irresistible attraction for many thousands of pilgrims and tourists every year. But even that great accomplishment would not be sufficient to give Leo X the high position that he holds in world history. No. His chief claim to glory arises from the fact that the age in which he lived was the age of Machiavelli, Ariosto, Pico della Mirandola, Bramante, Raphael, Michael Angelo, da Vinci, Corregio, Titian and Andrea del Sarto. Leo X gave his protection to the arts, to literature and science, and I think it will be generally admitted that he deserves to have his name applied to one of the most brilliant periods in human annals.

Now I come to what France and, may I say, the world generally regard as the greatest century of all time—the century of Louis XIV. I shall merely recall to honourable members some of the distinguished men of that period, whose names I know are familiar to all. There were the poets, Corneille, Racine, Molière, Regnard, Boileau, LaFontaine. The outstanding orators were Bossuet, Massillon, Bourdalone and Fénelon. Among the philosophers were Descartes, Pascal, LaRochefoucauld, LaBruyère, Malabranche, Fontenelle. The oustanding scientists were Fernat, Papin and Chardin. Among the artists were Poussin, Lebrun, Mignard, Puget, the two Mansards, Lenotre and Lulli. There was also the great jurist Montesquieu. Here is a century so glorious that it may well be added to those I have already mentioned. It extended from about the middle of the 17th century into the middle of the 18th century.

I think it will not be disputed that occasionally a man is so richly endowed by nature that, figuratively speaking, he immortalizes his period. Such a genius as Shakespeare immortalized the century during which he lived and wrote. The end of the 16th century and the beginning of the 17th were dominated by the great Elizabeth, whose reign and life have perplexed the minds of historians. Notwithstanding the great achievements of the statesmen and soldiers of the magnificent queen, I do not hesitate to call her reign the Shakespeare century. All countries of the world have acknowledged and consecrated the genius of Shakespeare. France was one of the first of the countries of Europe to acknowledge his glory by erecting the monument we admire on Boulevard Haussman at the corner of Avenue de Messine, the sculptor of which, if I remember correctly, was Fournier. I should like to give you Victor Hugo's tribute to Shakespeare, but before doing so I must beg your indulgence in regard to my translation, for it is difficult to preserve the spirit of the author in another tongue. He said:

> The place Shakespeare occupies is among the most sublime of the élite of absolute geniuses who, from time to time increased by a newcomer, crown civilization and focus their tremendous light on the whole of humanity.

And he adds:

Othello, Falstaff, Ophelia, Hamlet, are still living.

To those immortal characters I would add Shylock. Truly, they will live forever.

Honourable members, I am confident, will not be surprised when I recall the Victorian period as complementary to that of the great Tudor queen. I do not for a moment overlook the important scientific discoveries and their application during the reign of Queen Victoria. Who could forget the signal service rendered to humanity by Lister, or the industrial revolution that followed the introduction of steam-driven machinery? But marvellous as were the applications of the scientific research of her more than sixty years' reign, I am inclined to doubt whether they throw nearly as much lustre on that period as do the works of the writers, poets, thinkers, and historians that distinguish the years from 1837 to the beginning of the twentieth century. Among the poets I need only recall to you the familiar names of Tennyson, Browning, Matthew Arnold, Swinburne, William Morris. Who among honourable members has not read and enjoyed the works of Dickens, Thackeray, Charlotte and Emily Brontë, George Eliot? And I venture to say that our political thinking has been influenced, whether we realize it or not, by the writings of John Stuart Mill and Spencer. Outstanding historians of the period were Macaulay, Buckle, Froude and Freeman; and two of the foremost scientists were Huxley and Tyndall.

Macaulay in his History of England emphasizes the importance of literature to any country that desires greatness. After stating that the separation of England from Normandy when John became king was the beginning of the history of England, he adds:

Then was formed that language, less musical indeed than the language of the south, but in force, in richness, in aptitude for all the highest purposes of the poet, the philosopher and the orator, inferior to the tongue of Greece alone. Then, too, appeared the first dawn of that noble literature, the most splendid and the most durable of the many glories of England.

It is needless for me to stress that Macaulay places literary achievement above all others. Do you not believe, honourable members, that what is true of England must be true of any country? And surely therefore it must be true of Canada.

De Bonald, the French writer, said that "literature is the expression of society". Therefore any literary manifestation is the expression of the social status of the people where it is made. My conclusion will be that literature is the most beautiful expression of humanity, and therefore, of civilization.

Honourable senators, when I decided to present this motion, I did so only after mature consideration and with hesitation and perplexity, because I know the magnitude of the problems now before the two houses of parliament. I came to the conclusion that as we are going through a period of reconstruction, reconversion and re-adaptation there is a class of people who should not be forgotten, a class which represents the moulders of the minds and mentalities of the Canadian people—the writers. Give me good writers and good readers and I will give you a good country.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DAVID: Let us encourage the writers of our country who have the qualities of heart and soul to educate our people, otherwise their ideas will flow away. This expression on my part may appear to some to be an explosion of idealism. I am not ashamed to confess that I have been an idealist all my life, and I pray that I will remain so to my last day. An idealist is the most practical man in the world. Idealism is the only quality a man will keep against everyone and everything; he cannot be dispossessed of it as he can of wealth. When you have an ideal you go through life enjoying every minute; your mind is always open and is not absorbed in materialistic thoughts. On the quality of idealism I should like to seek the support of George Duhamel, one of the most brilliant French writers of today. He has this to say:

In a period when one may have to change his occupation from one day to another, it is more than ever necessary to have solid and robust foundations. Therefore more than ever must schools train men able to resist the divagations of actual civilization. My experience teaches me the vanity of what we call "connaissances utiles." What is more useful is the knowledge of "connaissances inutiles," because these are eternal while the useful things may become obsolete from one hour to the other.

This is an answer to those who sometimes smile at the efforts of writers, essayists and philosophers. They have a smile which seems to say: "You poor dreamer, what will you do in life?" The answer is: "You are not happy; that is why you are sarcastic." The writer will answer by his writings, not his speech.

Material wealth may be destroyed, but never the ideal that animates a man or a country. While listening to my remarks some honourable gentlemen may think I despise wealth and believe that a country should not be rich. That belief is very far from my mind. We need wealth, provided it is not enjoyed in an egotistical way and is of some benefit to others. Of all the men in history

Croesus was perhaps the most wealthy, but I challenge anyone to tell me what he did in life other than amass wealth. How different it is when money is possessed by men like Rockefeller, who founded the Rockefeller Institute, and by Carnegie, who created libraries throughout the country. It may not be within the memory of some, but it is nevertheless true that John D. Rockefeller rebuilt the Palace of Versailles in Paris at a cost of $2,000,000. Needless to say, in France the name of John D. Rockefeller is greatly honoured and respected. Curtis will long be remembered by reason of his institute of music; Guggenheim will be remembered because of his scholarships. May I recall a Canadian, now dead for many years, whose name comes to our lips when we go by railway from Ottawa to Montreal. I refer to Macdonald who created the Macdonald College of Agriculture and the Mechanics' Institute of McGill University. It is good that men who accomplish their duty and make good to their communities should know that the great public is appreciative. J. W. McConnell will long be remembered because of his largesse and the great donations he has made to McGill University. Morris Wilson, who died just a few weeks ago, will be remembered for the foundation he established at McGill. Then there comes to my memory one who for many years was your colleague, honourable senators —Marcellin Wilson, who will long be remembered by the students of Canada, for having erected the Canadian students' house in Montsouris near Paris.

In the collection "Canada and Its Provinces", Volume XII, page 533, I find this statement:

> But Canada is awakening and there is a growing national sentiment that demands national expression.
>
> When Canadians have learned that money making is not the most important thing in life, native writers will then have a fit audience in their homeland.

I now come directly to the motion which reads as follows:

> That this House express the wish that it may please the Government of Canada to acknowledge the importance of literature in the life of a nation by fostering the production of literary, scientific, economic and social works in this country and creating a prize in literature; and that each year, a jury selected by the Government shall grant this prize to Canadian authors submitting the most meritorious works.

The thought that no country can be great without literature was acknowledged in the province of Quebec in 1922, when the government of that time created the literary prize of the province of Quebec. Ever since a jury has been appointed every year to judge the best books written during the year, and there is an award of $5,000. I do not know what the practice is now, but in years past the prize was divided equally between English-speaking authors and those of French descent. You may ask me what the results have been. No longer ago than April of this year an article written by W. E. Greening appeared in Saturday Night under the title "Quebec publishers now have world markets." I do not wish to trespass too much on your time, honourable senators, but I think certain parts of this article should be placed before you. It says:

> Few persons in English-speaking Canada or in the United States, outside of the professional book trade, are aware of the very great progress that has been made by book publishing in French Canada since the outbreak of the second World War. Prior to 1939 publishing in the province of Quebec was in an exceedingly anaemic state. French-speaking Canada was a literary colony of France just as English-speaking Canada is still a literary dependency of Great Britain and the United States.

There may be some exaggeration in that last statement.

> Most of the books in French sold in Quebec were either published in France or were reprints of French works by Montreal dealers. Little effort was made to encourage or publicize native French-Canadian literary talent. Success was exceedingly difficult for the French-Canadian author from the financial standpoint unless he was able to build up a reputation and market for his works in France.

The writer goes on to give a list of publishing companies established in Quebec in recent years. Then as to the increase in sales of books he makes a statement which is worth quoting:

> Before the war, one thousand copies was considered a good sale for the average book published in Montreal. Today editions run into five, six and sometimes eight thousand copies. The output of French books produced in Canada between 1940 and 1944 reached a total of fifty million volumes and 1,500 titles, including novels, biographies, books on current events, history, philosophy, children's books, educational books, etc. These are not startling figures judged by British or American standards, but they are impressive when one takes into account the small and scattered population of Canada and the moribund state of publishing there prior to the war.

In his concluding paragraph he says:

> This is also having a stimulating effect on the growth of French-Canadian literature. For the first time in the history of French Canada, French-Canadian writers are finding a really sympathetic interest in their work among local publishers and a steadily expanding home market among an intelligent and discriminating reading public which is displaying a real interest in books on the current Canadian scene. During the next decade this may be the beginning of a literary, musical and artistic renaissance which will enable Canada to take her rightful cultural place among the nations of the western hemisphere.

Since the Quebec prize has had a result far exceeding our greatest hopes, do honourable members not believe that a more valuable prize given by the Government of Canada—it would not be proper for me to suggest what its value should be—would stimulate the ambition and initiative of writers throughout the country? England has long had and still has a Poet Laureate. Is it not possible that some day Canada may bestow this honoured title upon one of her sons or daughters? I have heard it said that what is proposed in my motion has never been done in any country. Why should Canada not be the first to do it? Why not set a good example? If we admit that literature is essential to national greatness, let us be the first country to acknowledge it in this practical way.

It may be asked for what kind of works a prize should be offered. Any literary matter by a Canadian should be eligible, whether fiction, philosophy, essays, history, biography, natural history, or any work dealing with economics, high politics, sociology, science, and so on. How would the jury be chosen by the government? Except within the last three or four months we have not had an academy in the province of Quebec, but there is a nation-wide institution known as the Royal Society of Canada. It would be a simple matter to have the French and English branches of the jury selected from members of this society who are authorities on books of the classes to be considered. In Quebec announcement is made a year in advance of the classes of books that will be eligible for the prize. One year they may be novels and essays, and, the next year, philosophy, science and history, and so on, the idea being to have all branches of literature dealt with over a certain period.

Let me recapitulate in a few words. We must remember that literature and the arts are the real and durable foundation of national greatness. Certain countries that flourished in the past would have been entirely forgotten and never spoken of today were it not that their literary and artistic productions are a great asset to humanity. Let us draw example from them and not be satisfied with mere material wealth and power. The greatness of a nation resides in the minds of its people. Unless it finds expression in the written word it will, like a tracing on the sand, be effaced by the first gust of wind or wave of the ocean and pass into oblivion.

I will close by quoting from a report of the Canadian Writers' Foundation these words by Wilfrid Eggleston, Honorary Secretary:

> The creative energy that flows in artistic channels has characteristics peculiarly its own. In its highest manifestation it can confer more glory upon a nation than any other form of human activity. But in the lifetime of the literary artist, even the man of high genius, neglect and the poverty it engenders are the fate he not infrequently encounters. In his ambition to lay up provision for posterity he has not prepared his way for his own declining days. His temporary successes breed only temporary returns, and if his aims were merely mercenary he would have reserved his energies for some more lucrative if less congenial task. We may be thankful that a few Canadians have chosen the harder way, for it is through their efforts that Canada will ultimately find an honoured place upon the intellectual map of the world.

The motion was agreed to.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, I wish to give notice that, unless unforeseen circumstances arise, I will move tomorrow that when the Senate adjourns it stand adjourned until Tuesday of next week.

Hon. Mr. BALLANTYNE: To what hour on Tuesday?

Hon. Mr. ROBERTSON: Next Monday is a holiday in the province of Quebec. I thought it perhaps would be agreeable to the house if we resumed at eight o'clock on Tuesday evening.

CANADA DAY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, May 28, the adjourned debate on the motion of Hon. Mr. Foster for the second reading of Bill 8, an Act respecting Canada Day.

Hon. L. M. GOUIN: Honourable senators, after listening to so many good speeches concerning the most appropriate name for our national holiday, it is difficult for me to add any new and useful contribution. The subject seems to have been almost exhausted, for it has been treated very fully by those who are in favour of the bill as well as by those who oppose it. Yet, though the debate on the motion before us has lasted many weeks, I consider it my duty to make a few remarks. I want them to be moderate in tone, but at the same time to be a clear and frank statement of my opinion.

In certain quarters this bill has aroused not only opposition but even bitter hostility. Some people seem to have been shocked by the fact that legislation has been introduced for the purpose of substituting the title "Canada Day" for "Dominion Day". Some over-zealous Imperialists apparently regard this not only

as disloyalty, but almost as sacrilege. Do those kind souls, sincere as they are, really believe that the Imperial tie will be weakened if Canadian patriotism becomes stronger and more conscious? I wish to assure all my fellow citizens that I do not see anything revolutionary in the terms of the bill. I am absolutely certain that Canada will not cease to be a voluntary and loyal member of the British Commonwealth of Nations if July 1st comes to be celebrated as Canada Day. There is no danger for the Empire if the free and courageous people of this wonderful land of ours choose through their parliament to insist upon the fact that Canada, within the commonwealth, is now an independent nation in the fullest sense of those two words. The Statute of Westminster is the crowning point of our constitutional evolution, and according to the spirit and the letter of this magna carta of our rights we are fully justified in affirming our complete equality with any other member of the Imperial firm formerly known as John Bull and Company.

A source of constant misunderstanding results from the fact that some so-called Canadians appear to be unable to realize that their loyalty is due first and exclusively to Canada, not to any other country. We find the same confusion when we are supposed to celebrate our national holiday. In Quebec June 24, the feast of St. Jean Baptiste is officially called "Fete Nationale," and is a provincial legal holiday. Like all those of French extraction, I believe that French-speaking Canadians are very clearly entitled to mark by an appropriate celebration the feast of their patron saint. We understand equally well that the heavenly protectors of other racial elements are also honoured, like St. George, St. Andrew, St. Patrick, St. David, and so on. But very sincerely we say to all true Canadians, whatever may be their origin or their faith: Let us all unite on July 1st and celebrate the anniversary of the birth of the Canadian nation.

Let us be quite frank about it—from Nova Scotia to British Columbia, from coast to coast, sufficient importance has not been attached to the celebration of July 1st. It is the feast of everybody; but it seems also to be the feast of nobody in particular. There is a general spirit of indifference or apathy, which I deeply deplore. On May 24 we have Empire Day, which many in my province persist in calling "la Fête de la Reine"—the Queen's birthday—as a tribute to the cherished memory of Queen Victoria, and on June 14 we have the King's birthday. Thus when we reach July 1st we have celebrated the Empire and the King. Then, in my native province at the end of June we have "Nos feux de la St. Jean d'été"—our fires of the summer feast of St. John, a tradition which dates back many centuries. When the dawn of July 1st arrives—I am sorry to have to say it—the day does not seem to appeal very much to anybody from the Atlantic to the Pacific. In some regions when our good fellow citizens nourish any alleged grievance against our federal system, July 1st not only leaves them indifferent, but is almost tinged with a shade of disillusion or frustration, and thus has a tendency to become a day of recrimination against the dominion.

I am convinced that the real purpose of the promoters of the bill and of those who support it is to stimulate Canadians to show a universal appreciation of the anniversary of the founding of Canada as it is today extending from sea to sea—"a mari usque ad mare." This is an excellent purpose, and those who uphold it have acted like good and loyal patriots, even if some of us do not approve the course which they have suggested. For myself I agree that they have acted like true Canadians, and I give them my fullest support. I believe that the word "dominion", good as it may have been, has become somewhat out-moded. Since 1867 we have moved so far that this term now implies something quite different from its original sense. It seems to me to have become a vestige of colonial days. Originally as taken from the Bible, according to the generally accepted story of its origin, the word "dominion"—or "dominium" in our latin version—simply meant possession. Eighty years ago British North America was a British possession enjoying internal self-government, but subject to some restrictions and being in no way an international entity. We have moved forward a good deal since that time. The founders of confederation, quite prematurely I think, used the French word "puissance"—literally power—to translate the term "dominion." But in 1867 Canada was not at all a "power", not even a subordinate "power" in international or in constitutional law. We entered the world scene only at the end of World War I, thanks to the blood so generously shed by our Canadian heroes, and thanks also to the courage and enlightened patriotism of our public men who devoted their lives to the achievement of our national autonomy. Finally, in 1931, with the Statute of Westminster every trace of dependence disappeared. We could not possibly be freer than we are today, and we can rightly be called the "Kingdom of Canada", as was the desire—the unfulfilled desire—of some of the Fathers of Confederation.

By retaining the name "Dominion Day" for July 1st we display, I believe, an inferiority

complex. There is no legal defiinition of the word "dominion." It is untranslatable and very difficult for not only foreigners but for our own people in general to understand. How can we create a real, sincere and ardent popular enthusiasm for a holiday which is christened or baptized with an almost unintelligible appellation? My views on this point are quite definite, and I trust that they may not offend those who think otherwise. They are entitled to their opinions. For myself, I have the right to express my own convictions. I really have at heart the promotion of a clearer conception of Canadian patriotism and a greater degree of national unity. We must make sure that all men and women of good will in Canada work effectively, hand in hand, for the indivisible consolidation of the various elements that make up our nation. We must unite to prevent any tendency towards disintegration.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. GOUIN: We must help everything which makes for greater internal unity with due respect for all legitimate and distinctive rights. Every unifying force helps to strengthen our country. According to the good old maxim, union is strength. Our divisions weaken the nation as a whole. A nation must be composed of citizens who are able to live and work together, and who can reconcile in a brotherly way their differences of opinion. I am the first to admit that time is an essential element of national integration. Time is a great remedy!

Let us examine the situation in this house and in the country at large on the "Canada Day" issue. Speeches pro and con on this question have been delivered in another place as well as here; dozens of articles have been published in the press: On occasions the promoters of the bill have been congratulated with great enthusiasm; at other times the measure has been denounced as silly and designed to please certain undesirable elements. Under those circumstances it must be admitted that we are very far from having reached any degree of reasonable unanimity on the legislation now before us. If we want our national holiday to become a truly national one, we must try to agree as far as possible.

If the bill is voted on this week or next week, I hope it will be given second reading. I hope very sincerely that eventually the bill will be passed and assented to. But from a patriotic point of view, looking from every possible angle at this problem, which is one of great importance and significance, I ask myself these questions: In all frankness, what will be the result? Will the purpose that we have in view be achieved? Will we have a more united Canada if next year we celebrate "Canada Day" instead of "Dominion Day"? Will all Canadians in the future have a fuller appreciation of their rights and duties as citizens of this wonderful land of ours?

May I pause to say that not enough attention is paid to the subject of citizenship in our schools, colleges and universities.

An Hon. SENATOR: Hear, hear.

Hon. Mr. GOUIN: This is serious even in the case of native-born Canadians; but it becomes much more serious when we are dealing with immigrants. Naturalization is a purely legal and mechanical process. We turn out so many new citzens in so many hours or minutes, according to the rapidity with which the presiding judge works. In Montreal the applicant for citizenship is taken first to the cellar of the court house. He is received by a most sympathetic clerk, an intelligent and devoted civil servant, but whose quarters are dark and uninspiring, and look very much like a cell. After some months the applicant pays a second visit to that gloomy place, and is then taken before one of our magistrates. After a few minutes he comes out of the court room a new man; he is no longer a foreigner, for he has become a British subject—a Canadian. But nothing whatever has been done to impress this newly-born fellow with a sense of pride in his Canadian citizenship.

For many years I have worked with a committee to promote education in citizenship, but up to date very little progress has been made. This problem deserves our most serious consideration. Would it not be very appropriate and perfectly logical to have on the 1st of July a ceremony welcoming into our Canadian family those who have been granted Canadian citizenship, thus inculcating into their minds an appreciation of their new dignity and a full understanding of their privileges and obligations?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. GOUIN: Education in citizenship concerns not only the federal authorities. Education in general falls to the jurisdiction of the provinces. It is only by real and effective co-operation and concerted action between the dominion and each province that a sound Canadian patriotism can be developed and stimulated.

The 1st of July should be not only a legal holiday, but it should be declared our national holiday. There is no enactment in our legislation which makes such a declaration. There is considerable divergence of opinion concerning the best name for our national holiday,

but I am sure that all Caandians from the maritimes to British Columbia love their country and are most anxious that one day in every year be set aside as a national holiday.

I am not an expert in parliamentary procedure, but I make the suggestion with some hesitation that the bill in its present form is not complete. I believe a vital point will be missed if the 1st of July is not declared to be our national holiday. I believe the question should be referred to a special committee of this house. I do not offer any formal resolution—

Hon. Mr. DUFF: Why not?

Hon. Mr. GOUIN: —but before resuming my seat I wish to leave with you, honourable senators, especially those who are more conversant with technical matters than myself, the suggestion that it would seem advisable to study the desirability of appointing a committee of this house to report on the following matters: first, the declaration of July 1 as a national holiday in Canada; second, the most appropriate name for this national holiday, whether it be "Dominion Day," "Canada Day," "Confederation Day" or any other name. I like the word "Canada", but I am a good loser.

Hon. Mr. DAVID: The honourable senator has just suggested that the 1st of July be declared a national holiday. Why not say the "national holiday"?

Hon. Mr. GOUIN: That is my idea. It should be our national holiday for all Canada.

The third subject for consideration would be the taking of steps to bring about consultation between the federal authorities and the provincial governments on the matter of education in citizenship, particularly for the due observance of our national holiday. The fourth point would be the welcoming on our national holiday of recently naturalized citizens.

I suggest that the committee should proceed as speedily as possible, in order to avoid the disappointment that would result if this question were left in abeyance at the end of the present session, though I would rather face such disappointment than give the impression that we are trying to force our views upon those who have a feeling of reverence for the word "dominion". I believe that in such a serious matter as this we must make sure that we apply the right remedy, in the right way and at the right time.

In my opinion the bill does not go far enough. To others it seems to go too far. I am anxious that it should cover the points I have discussed. I sincerely hope some honourable senators will be able to give definite and concrete form to the suggestions I have laid before the house. I may add that neither time nor events will kill the idea behind this bill. It is the expression of a Canadian mind —"une ame Canadienne", which becomes more and more self-conscious. Our Canadian patriotism is every day taking a more definite and precise form. A living organism must be allowed to grow. Nobody can thwart the normal growth and development of our Canadian nation.

I long ago pledged myself to the sacred cause of national unity and autonomy.

Some Hon. SENATORS: Hear, hear.

Hon. Mr GOUIN: I pledge myself to do my utmost to make our national holiday on the 1st of July a great day of popular rejoicing all over the land—a day when all unite together to celebrate with just pride and patriotic emotion the anniversary of the birthday of our dear and glorious country, "notre si grande et si chere patrie Canadienne," this great and dear Canadian land of ours.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: Honourable senators, having already spoken on this motion I cannot speak again. I am perhaps only interrupting my honourable friend from De Salaberry (Hon. Mr. Gouin), for I am not sure that he has finished his speech. So far he has made an excellent speech, with most of which I agree, but I am disappointed that he did not go further with his suggestion that the bill should be referred to a committee. In spite of my views on the bill I should like to see it sent to a committee, and I hope the honourable gentleman will move that this be done.

Hon. Mr. EULER: He cannot do that on the motion for second reading.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 20, 1946.

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

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Committee on Divorce, presented the following bills.

Bill L7, an Act for the relief of Marie Olivette Marthe Pépin Giguère.

Bill M7, an Act for the relief of Evelyn Helen Deeb Kouri.

Bill N7, an Act for the relief of Rose Dawson Brady.

Bill O7, an Act for the relief of Shirley Boyd Fuller Dichow.

Bill P7, an Act for the relief of Beatrice Emily Young Crane.

Bill Q7, an Act for the relief of Martin Thomas Walsh.

Bill R7, an Act for the relief of Anna Blumenthal Gillman.

Bill S7, an Act for the relief of Annie Solomon Birnbaum.

Bill T7, an Act for the relief of Katherine Demidovich Zouikin.

Bill U7, an Act for the relief of Herbert Beatson De Gruchy.

Bill V7, an Act for the relief of Luc Chadillon.

Bill W7, an Act for the relief of Mary Innocent Gorman Martin Gillean.

Bill X7, an Act for the relief of Maurice Olivier Singfield.

Bill Y7, an Act for the relief of Myrtle Ethel Anderson Hamill.

Bill Z7, an Act for the relief of Allan Reginald Duncan Woolley.

Bill A8, an Act for the relief of Ida Portnoff Clarke.

Bill B8, an Act for the relief of May Andria Thistle Shirres Richardson.

Bill C8, an Act for the relief of Florence Margaret Louise Jekill Wiggett.

Bill D8, an Act for the relief of Pauline Frances Beaton Bridgeman.

Bill E8, an Act for the relief of Mildred Helen Cavers Watson.

Bill F8, an Act for the relief of Paul Martial Chevalier.

Bill G8, an Act for the relief of Dorothy Catherine Benson Hunter.

Bill H8, an Act for the relief of Pauline Francesca Evans Gladwish.

Bill I8, an Act for the relief of Mary MacDonald Short Browne.

Bill J8, an Act for the relief of Solomon Shulman.

Bill K8, an Act for the relief of Robert Patrick Warren.

Bill L8, an Act for the relief of Elsie Alvina Hirsch Sidaway.

Bill M8, an Act for the relief of Sadie Joseph Saikaley Charles.

Bill N8, an Act for the relief of Arthur Corey Thomson.

Bill O8, an Act for the relief of Jean Wilbur Cassils Dawes.

Bill P8, an Act for the relief of Jean St. Claire Macdonald Routledge.

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Bill Q8, an Act for the relief of John Anderson Hutchins.

Bill R8, an Act for the relief of Ivy May Baylis Lariviere.

Bill S8, an Act for the relief of Muriel Gertrude McKnight Carroll.

Bill T8, an Act for the relief of Erminia Taccani Roncarelli.

Bill U8, an Act for the relief of Violet May Armour Smith.

Bill V8, an Act for the relief of Beatrice Caroline Lock Norman.

Bill W8, an Act for the relief of Blanche Belanger Mullin.

Bill X8, an Act for the relief of Alfred Goodman.

Bill Y8, an Act for the relief of Charles Thomson.

Bill Z8, an Act for the relief of Hannah Green Turton.

Bill A9, an Act for the relief of Ida Solomon Caplan.

The bills were read the first time.

YUKON PLACER MINING BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce, to whom was referred back Bill 62, an Act to amend the Yukon Placer Mining Act.

He said: Honourable senators, the committee have in obedience to the order of reference of the 29th of May, 1946, again examined the said bill and now beg leave to report the same with the following amendments:

1. Page 1, line 23. After "both" leave out "such." After "and" leave out "such."

2. Page 1, line 23. For "shall" substitute "may in his discretion."

3. Page 2, line 5. For "proof" substitute "evidence."

4. Page 2, line 7. For "has reason to suspect" substitute "has reasonable and probable grounds for believing."

5. Page 2, line 8. After "or" insert "has reason to believe that any person."

6. Page 2, line 9. For "section eighty-three" substitute "subsection one."

7. Page 2, line 16. Insert the following as subclause (5):—

"(5) No female shall be searched pursuant to this section except by a suitable woman who is a Peace Officer or is authorized by the Peace Officer to make the search."

8. Renumber subclause 5 and 6 as 6 and 7.

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

Hon. Mr. BEAUREGARD: Next sitting.

UNEMPLOYMENT INSURANCE BILL

WITHDRAWN

Hon. WISHART McL. ROBERTSON: Honourable senators, pursuant to the notice I gave yesterday, I now move:

That leave be granted to withdraw the Bill L5, an Act to amend the Unemployment Insurance Act, 1940.

The motion was agreed to, and the bill was withdrawn.

PRIVATE BILL

SECOND READING

Hon. T. A. CRERAR moved the second reading of Bill J7, an Act respecting the Canadian Fire Insurance Company.

He said: Honourable senators, the Canadian Fire Insurance Company was incorporated upwards of fifty years ago, under a Manitoba charter, and has its head office in the city of Winnipeg. In 1897 it secured a Dominion charter with a capitalization of $500,000, divided into shares of $100 each. In 1904 its charter was amended, and the capitalization was reduced to $250,000, divided into shares of $50 par value. At the same time power was given to the company to increase its capital to $1,000,000, provided that holders of two-thirds in value of the outstanding shares approved. The company has continued under that charter up to the present time.

The amendments proposed by this bill cover two points: first, they authorize the company to increase the classes of insurance in which it engages, as set forth in section 2; and second, to subdivide its shares into shares of $10 each.

I understand that the Superintendent of Insurance approves of the bill, except that he questions the wisdom of the company having power to subdivide its shares. That, however, is largely a question of policy, and can be dealt with when the measure is before the Committee on Banking and Commerce. Personally I think the power asked for is a reasonable one. Its purpose is to give a wider distribution to the shares, and in that respect it follows the principle adopted in the last revision of the Bank Act, whereby the banks were not only empowered, but, in a sense, directed to subdivide the par value of their shares to ensure their wider distribution among the general public.

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

REFERRED TO COMMITTEE

Hon. Mr. CRERAR moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADA DAY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, June 19, the adjourned debate on the motion of Hon. Mr. Foster for the second reading of Bill 8, an Act respecting Canada Day.

Hon. J. E. SINCLAIR: Honourable senators, when this bill came to the Senate from the other place it was not my intention to take part in the discussion on it. I viewed the matter with an entirely open mind, and had I been consulted beforehand as to whether it was wise to present the bill at this time—which of course I was not—I certainly should have said that it was not.

The discussion on the bill in another place, as in this house, has been on a very high plane, and has been very informative and interesting. Certain points mentioned during the debate have struck me as being significant. Some honourable gentlemen who have spoken have said that the first of July is not recognized to any great extent in Canada as a national holiday, and that it is not so described in the statutes.

May I say to those honourable gentlemen that, as applied to the province of Prince Edward Island, the suggestion that the first of July is not recognized as a national holiday is not wholly true. It is well known that the basic industry of that province is agriculture, with fisheries taking second place. Before the days of the motor car and tractor we were renowned within the maritime area for the breeding of excellent horses, both draft and standard breds. With the advent of the machine age, with the consequent development of motor transport and the use of motorized equipment on the farms, the business of breeding heavy horses was considerably reduced. But while today there is not the same interest manifested in horse breeding generally that there was in the past, we have not lost our enthusiasm for standard bred horses. I think it is fair to say that our national summer sport is harness racing. For many years—at least since I was a young lad—our racing season started on the first of July. It was a national holiday on which the whole population turned out to see what the winter months had produced in the way of new blood for the harness racing season. This is still true today. Every year in the city of Summerside, which is so well represented by my friend from there (Hon. Mr. Robinson), the harness racing season opens on the first of July, as it has done for many years, and is carried on at two-week intervals in various parts of the province during the summer months. Harness racing is our

national sport, and the people of the whole province turn out on the first of July to enjoy their first holiday after the busy planting season; they look upon it as a national holiday, even though it is not so designated in the statutes. I make these observations, honourable members, to show that our people know the meaning of the first of July, and take pains to celebrate it.

I do not wish to prolong my remarks on this subject, but may I say that as the discussion went on my personal opinion shaped in this way: I am willing to support the principle of a change of name for the 1st of July holiday, in the hope and belief that when the bill is given second reading it will go to committee of the whole—which I believe it should—or to a standing committee, where we could discuss the question of the name by which we are to know our national holiday. I personally agree with the suggestion made by our venerable friend from Grandville (Hon. Sir Thomas Chapais), that "Confederation Day" is the most appropriate name for the first of July. That name really brings home to our people what the day means. However, I was much impressed with the statement made yesterday by the honourable senator from De Salaberry (Hon. Mr. Gouin) that, although a strong supporter of the bill as it now is, he would be willing to have it referred to a committee, where the various opinions that have been expressed in the house could be considered. I also feel it was an excellent suggestion of his that there should be consultation between the federal and provincial governments with a view to having our educational institutions—especially, I suppose, our primary and high schools—place greater emphasis on the significance of the first of July as a national holiday.

It seems to me that, coming from a man who favours the present bill, the suggested reference to a committee deserves most serious consideration by the Senate. The first of July is now known as "Dominion Day"; the bill would change the name to "Canada Day"; we have heard a proposal to substitute "Confederation Day", and it may be that still other names will be submitted. In the circumstances, if there is a motion to refer the bill to a committee I shall be glad to support it.

Hon. Mr. ROBERTSON: Several honourable senators, particularly on this side, impressed with what was said yesterday by the honourable member from De Salaberry (Hon. Mr. Gouin), as indeed they might well be, are anxious that they should have a little time to consider the practicability of adopting the suggestions he put forward. This would involve, first, the feasibility of referring either the bill or its subject-matter to a committee before second reading, and then a consideration of the personnel of the committee which might be appointed. Needless to say, following our traditional custom this would mean consultation with the leader on the other side as to the willingness of his followers to agree to such procedure, and as to the members who might be nominated to sit on the committee. As honourable senators are aware, the honourable leader opposite (Hon. Mr. Haig) has not yet been able to attend our sessions, but I am hopeful that he will be here next week. Therefore, in order to accommodate those senators who favour the suggested procedure, I intend to ask the acting whip on this side to move adjournment of the debate until next week.

Hon. C. C. BALLANTYNE: Honourable senators, I have listened with great interest to the remarks of the leader of the government. I am not prepared personally or on behalf of my colleagues on this side to either approve or disapprove of the suggestion now made and which was set forth first of all yesterday by the honourable senator from De Salaberry. At the moment I have not been able to give the matter sufficient consideration to reach a decision. I have a second reason for not wishing to proceed further just now—the absence of our leader on this side. He will, I hope, be in his seat on Wednesday next. Aside from these considerations, however, I agree with the honourable leader that it would be wise to adjourn the debate.

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

PRIVATE BILL

SECOND READING

Hon. S. A. HAYDEN moved the second reading of Bill K7, an Act respecting the Army and Navy Veterans in Canada.

He said: Honourable senators, may I point out that the whole purport of the bill is to enlarge the scope of the organization which was formerly known as the Army and Navy Veterans in Canada. It is now being expanded to include air force veterans. This involves a change in the title of the organization and also consequent changes in the act itself.

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

REFERRED TO COMMITTEE

Hon. Mr. HAYDEN moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

PRIVATE BILL

REPORT OF COMMITTEE

The Senate proceeded to the consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill Y5, an Act to incorporate Co-operative Life of Canada.

Hon. Mr. HAYDEN: Honourable senators, yesterday when the report of the committee was presented I asked that it be allowed to stand until today so that you might see the nature of the amendments. I now move adoption of the report and concurrence in the amendments, and in so doing would point out that the only material change in the bill is the striking out of a provision for delegate meetings. This amendment brings the general provisions of the Insurance Act into force in relation to the functioning of this insurance company; its meetings will have to be held in the ordinary course, and the provision for proxy voting will apply.

The motion was agreed to.

THIRD READING

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

Hon. Mr. HAYDEN: With the consent of the Senate, I now move that the bill be read the third time.

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

CANADA'S METALLIFEROUS MINES

REPORT OF COMMITTEE

Hon. Mr. ROBERTSON: Honourable senators, when the report of the Standing Committee on Natural Resources was presented yesterday, it was moved that it be considered today. Inadvertently the order for consideration was put down for tomorrow. I would ask, with leave of the Senate, that the error be corrected, and that the Clerk now call this order.

Some Hon. SENATORS: Carried.

Hon. Mr. DONNELLY: Honourable senators—

Hon. Mr. MURDOCK: Excuse me. Do you not think we should get a chance to examine this report? This is the report of a special committee, and under rule 23, paragraph (e), two days' notice must be given for its adoption. Yesterday upon His Honour the Speaker asking when the report should be considered, I said Friday.

Hon. Mr. DONNELLY: This is the report of a standing committee, and only one day's notice is required by the rules.

Hon. Mr. MURDOCK: When yesterday my honourable friend from South Bruce (Hon. Mr. Donnelly) presented the report he suggested that it be printed in Hansard. We got our copies of yesterday's proceedings just as we came into the chamber. I think this is certainly a case where two days' notice is required to give us a chance to peruse the report thoroughly, so that we may know what we are dealing with.

The Hon. the SPEAKER: According to the rules, only one day's notice is required for the adoption of the report of a standing committee. True, consideration of the report was set down on our order paper for tomorrow, but, as the honourable leader of the house has explained, that was done inadvertently and it is the general desire that the report be considered now.

Hon. Mr. MURDOCK: No one who was here yesterday had a chance to read the report until the doors were opened this afternoon and copies of Hansard were available.

The Hon. the SPEAKER: The report appears in the proceedings of yesterday.

Hon. Mr. MURDOCK: I object to our following the practice of haphazardly rushing business through this house. I can give you a record of such instances extending over the last sixteen years. It is an absurdity to ask us to discuss and pass upon this report now after having had it in our hands only in the last few minutes.

Hon. Mr. ROBERTSON: May I suggest to the honourable senator from Parkdale (Hon. Mr. Murdock) that the honourable chairman of the committee (Hon. Mr. Donnelly), or someone he nominates might explain the report to us? Whether or not it should be concurred in today would, I take it, depend on the judgment of individual senators. If after hearing the explanation my honourable friend from Parkdale feels he would like to study the report further, I see no reason why he should not avail himself of his right to adjourn the debate.

Hon. Mr. MURDOCK: That will be entirely satisfactory to me—as long as we do not pass the report today.

The Hon. the SPEAKER: Carried.

The Senate proceeded to the consideration of the report of the Standing Committee on Natural Resources respecting the economic value of metalliferous mines in Canada.

Hon. J. J. DONNELLY: Honourable senators, the order of reference which authorized the Standing Committee on Natural Resources to make an investigation into the mining industry was based on a motion intro-

duced early in the session by the honourable senator from Vancouver (Hon. Mr. McRae). I regret very much that the honourable gentleman is not able to be with us today to participate in this discussion. He was taken seriously ill last night, but I am glad to report that his condition is somewhat improved this morning. I am sure every member present will join with me in the hope that the honourable gentleman will soon be able to be with us.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DONNELLY: The report now before you was prepared by a subcommittee of the standing committee. The honourable senator from Toronto (Hon. Mr. Hayden) took a leading part in the preparation of the report, and since he is much more familiar with mining matters than I am, I have asked him to explain it. This he has kindly consented to do.

Hon. S. A. HAYDEN: Honourable senators, as has been stated, the order of reference to the Standing Committee on Natural Resources provided for an inquiry into the economic value of metalliferous mines in Canada. The submissions made before the committee dealt almost entirely with the status of the gold mining industry of Canada. There were no submissions made on behalf of the base metal mines or silver mining interests.

In the course of the committee's proceedings we heard from various representative mining organizations throughout Canada, including the Ontario Mining Association, the Western Quebec Mining Association, the Mid-West Metal Mining Association and the British Columbia and Yukon Chamber of Mines. There also appeared before us Dr. W. C. Clark, Deputy Minister of Finance, and other departmental officials. A Hansard report of the proceedings was taken, so that there is available to honourable senators a permanent record of the briefs and the evidence of the witnesses who appeared before the committee.

May I summarize briefly what was said and the conclusions which the committee came to as a result of the submissions? Although there were no submissions on behalf of the base metal industry, it appeared that the base metal mines and the gold mining industry of Canada have been a very fruitful source of income and employment for the people of Canada. For instance, over a period from 1907 to 1944 the value of the production amounted to some six billion dollars, and of that total approximately two and a half billion was the result of gold mining. In the gold mining industry a number of problems developed and became very acute during the war years. The shortage of labour and materials, along with the restrictions put upon the use of essential supplies, caused a substantial reduction in the output of the producing mines. For instance, in 1941 gold production in Canada amounted to about $200,000,000; in 1944 it was a little over $100,000,000. In order to achieve even this lower production during the war it was necessary for the producing mines to do certain things not in accordance with sound business practice. Upon studying the reports of these mines one will observe that their ore reserves have been considerably diminished; which means that during the war period, due to shortage of labour, it was not possible to continue the milling operations and development programmes necessary to maintain a number of years' supply of ore ahead of the milling process. It is generally understood that good business practice requires ore reserves for about five years ahead of milling. In some instances it will be found that the mines are down to two and even to one year's supply.

While labour is becoming a little more plentiful it is very expensive, and of course a considerable amount of working capital is required for the development work which does not bring immediate returns in the mining operation. These problems have occurred during a period of high taxation, and at a time when there was not only an increase in the cost of labour available, but the threat of a further increase. To illustrate what these difficulties mean to the mines, we were given figures from the Department of Mines for the province of Quebec to show that in 1944 the net profit per ton of ore milled was 62 cents. Figures were supplied with respect to mining operations in Ontario indicating that the net profit per ton of ore in 1944 was $1.94, and it was pointed out that, if the threatened increase in wages materialized, the additional cost per ton of mining operations in Ontario would amount to about $2. Comparing this with the net profit of $1.94 in 1944, one will appreciate that the problem facing the gold mining industry in Canada is a very serious one.

May I now go on to show the importance of the mining industry? The committee was told, for instance, that in 1941 the gold produced in Ontario was worth $123,000,000. Of this amount some $42,000,000 was paid out in wages; two and a half million was spent on transportation; and an infinite variety of other things entered into the picture to such an extent that some witnesses estimated that one miner working in a gold mine supports or provides employement in other industries in

Canada for at least four persons. It must be realized also that the farming communities in the mining areas are supported substantially by reason of the requirements of the miners and their families. The various materials used in connection with mining operations and which provide indirect employment are milling equipment, cars, locomotives, electrical equipment, chemical supplies, tools and power. Every conceivable type of material produced in Canada in some form or other enters into the requirements of the gold mining industry.

We must not assume that gold is where you find it, and that you simply dig it out of the ground. As a matter of fact gold mining is a very difficult and expensive operation. We have been told that only approximately one-tenth of one per cent of the properties on which development work is done ultimately become producing mines; but the prospecting, exploring and developing provide a very considerable amount of employment, and the expenditures made on that work and on the materials consumed in the course of it are to the general advantage of the people and the industries of Canada.

Investors who put risk capital into such a speculative enterprise require some assurance that after the property reaches the stage of production there will be some likelihood of a reasonable return on the money expended, and a possibility of restoration of some part of the capital. After all, once gold is mined it is gone forever. It is a wasting asset. One senses the problems involved in the mining industry, not only as regards what is fair in the way of taxation but what is reasonable as a depletion allowance and for depreciation, and the extent to which the mining industry can be encouraged to expand in Canada.

We know as a matter of fact that there is no free market for gold in Canada; that the gold mined here is acquired by the government. As a result of its production the benefit of a considerable amount of employment accrues to the people of Canada. A second great benefit that this country enjoys arises from the fact that gold has been a very valuable asset during the war years when we had to meet our foreign exchange requirements and maintain international trade balances. Beyond that it is even more important in relation to such measures as the Bretton Woods Agreement which we discussed last fall, by which we were required to make some contribution in the form of gold to the international clearing houses.

It has been greatly to the advantage of the country as a whole that Canada has been able to produce gold in substantial quantities, for the Government of Canada, which acquires the gold, is able to utilize it not only for the benefit of the country, in the way of currency, but also in its international trade relations. It is the function and the duty of the government to regulate and legislate with respect to the gold mining industry in such a way as not only to maintain the industry but to put it on such a basis that operations will be profitable and expansion will take place.

During the war years a considerable amount of diamond drilling and development work was done on various properties. Many of these holdings are now in a position to become producing mines; but it was the opinion of the witnesses—and they were men experienced in the mining industry—that in these times, with the burden of increased costs and present taxes, it is difficult to bring in producing mines with any hope for very successful operation. It will be appreciated that a great many of these properties yield low-grade ore, and that the margin between successful and unsuccessful operation is very small. If the cost of mining is increased directly by wages and materials, or indirectly by the maintenance of the ordinary corporation income tax rates, the result will simply be to convert into waste rock much of the low-grade ore which otherwise would be mined and thereby would contribute to the benefit of the country. This ore may contain some gold, but it becomes waste rock if it is not profitable to mine it.

These were the facts presented to the committee, without rancour or feeling, by men who had spent their lives in the gold mining industry, and who supported the facts by statistics, all of which form part of the record of the proceedings before the committee.

The problem of your committee was what could and should be done in order to maintain and encourage the gold mining industry of Canada. Well, we looked back over the past and in former statutory provisions found precedents for what we now recommend. One of the recommendations is that for the first three fiscal periods from the commencement of production new mines shall be exempt from corporation income tax. That is not a new proposal at all, because that very provision was in section 89 of the Income Tax Act from 1936 until the end of 1942. Strange as it may seem, although that provision ceased to have any effect after December 31, 1942, it was then put into the Excess Profits Tax Act. What earthly benefit could it be to a new mine coming into production in 1943, 1944 or 1945 to be told that for the first three years of its production it would not have to pay any excess profits tax, but would be sub-

ject to the normal income tax of 40 per cent? Needless to say, few if any new mines came into production during the war years.

The first recommendation of the committee was that the provisions of section 89 of the Income War Tax Act be re-enacted so that the income of new mines coming into production after a date to be fixed by the minister shall, for a period of three years thereafter, be exempt from corporation income tax. Then we added a recommendation that for the following two fiscal periods the rate of tax on these new mines be 50 per cent of the rate generally applicable to corporation income at that time.

The purpose of this combined recommendation I will now try to make clear. In the development of a mine the company's capital is spent in prospecting, exploring, diamond drilling and proving the commercial value of the ore. Usually by the time a mine gets to the stage of proving that it has commercial ore, it finds that its capital has been exhausted in the process, so money has to be borrowed in order to provide for the construction of a mill. Back in 1936 it seemed to the income tax authorities and to the Minister of Finance—owing largely, I assume, to representations of the then Minister of Mines and Resources—that new companies, having expended their capital in proving that they had mines which could be profitably operated if the necessary money were available, should be allowed an opportunity to build up working capital out of their earnings. It was found that after coming into production a new mine, while maintaining its development programme, needed three years in which to accumulate sufficient working capital to provide for successful operation thereafter. Your committee gave full consideration to the country's requirements for revenue, but it also fully considered the contribution which the gold mining industry makes to the welfare of the country as a whole by furnishing this very necessary mineral that enters so largely into our business relations with other countries.

Another recommendation in respect of new mines is that the depletion allowance should be at the rate of 50 per cent. A mine is a wasting asset, which fact the government has recognized in the past by permitting a depletion allowance to be deducted from the company's earnings before arriving at the amount of taxable income. From 1917 up till 1933 the rate of depletion allowance was 50 per cent, but since 1934 the rate has been only 33⅓ per cent. For example, if in the fiscal period a mine earned $600,000, it would deduct one third of that to get the amount subject to taxation. Prior to 1934 the depletion allowance on shareholders' dividends from producing mines was 50 per cent; but from that year to the present time it has been 20 per cent. In the light of representations made, the committee felt that mines would be helped to operate successfully, that more employment would be provided and that the country as a whole would benefit if mining companies were once again permitted a depletion allowance of 50 per cent, and we have recommended that this rate be restored.

We also recommend that new mines should not be required to charge depreciation during the proposed three years of exemption from corporation income tax. We were told that even when mines were entitled to this exemption, namely, from 1936 to 1942, it was the practice of the income tax department to compel them to write off depreciation at the rate of 15 per cent annually. That is, during the three years in which they paid no income tax they would, no matter how small the earnings, write off 45 per cent of the value of their plant, equipment and other property. The committee felt that a new mine in any year when it was exempt from corporation income tax should not have to charge depreciation at an amount greater than the year's earnings. If in the three years when you have to write off 45 per cent of the value of your property for depreciation your earnings equal, say, only 30 per cent of that value, obviously you have lost the right to set off the other 15 per cent against income. We thought it was well to direct the attention of the proper authorities to this matter.

There is one other recommendation in respect of new mines. From 1936 to 1942 the department permitted new mines a tax-free period of six months, known as a run-in or tuning-up period, preceding the three years' exemption allowed under section 89. It was recognized that it takes six months to coordinate mining and milling operations, to get the ore flowing, to fill the circuit and actually commence the production of gold. The committee recommends a return to the past practice of not charging a corporation income tax during this tuning-up period.

All the recommendations to which I have referred so far are in connection with new mines. The committee also considered in what way producing mines could be assisted. From annual reports published in the papers of the last few days honourable members will have noted that well-established producing mines all show decreased earnings. One reason is that during the war they exhausted their ore reserves to some extent and were not able to replace them, so now they are spending money on development work, trying to block

out more ore. This is a programme that will have to be carried on for two or three years before the mines get back to the sound, business-like footing on which they were before the war.

There are two remaining recommendations. All the gold produced in Canada has to be minted at Ottawa, and the government has a series of charges which yield a profit on the service. The committee felt and recommended that these charges should not exceed the actual cost.

Our final recommendation is that the services of the Department of Mines and Resources be expanded in the interest of the gold mining industry, so as to provide more assistance to prospectors through geological surveys and aerial mapping. This recommendation is based on submissions made to us by the Prospectors and Developers Association. It was represented to us that such expanded services would result in the saving of a good deal of time and money in locating and exploring commercially worth-while properties.

Now, a last word. It may appear that there is an attempt to have this report adopted by the Senate in haste, but I can assure the house that there is no such desire on the part of any member of the committee. The position is this. The budget is to be brought down next week, and it was felt, both by the mining industry and certain departments of the government, that the committee's recommendations, with the supporting data indicating the position of the mining industry, should get to the proper authorities in time to be acted upon for budget purposes. I feel all the more strongly that that is a good reason, since in discussions that I have had recently in certain circles not too far distant from those in which budget decisions are made it has appeared that there have been no submissions in relation to mining other than those presented to the Senate. I have given this rather lengthy explanation today in the hope that honourable members, if they found it sufficiently clear and complete, would come to a decision that would facilitate getting the committee's recommendations to a place where they might be reflected in the forthcoming budget.

Hon. Mr. VIEN: Would the honourable gentleman allow me a question? Are the recommendations concerned exclusively with gold mines, or do they relate to all metalliferous mines?

Hon. Mr. HAYDEN: The recommendations deal with gold mining, for the reason that all the submissions to the committee were made on behalf of the gold mining industry. I think I can understand why no submissions were made in respect of base metals, and perhaps I should say a word or two about this. There is a free market for base metals, and therefore the price is determined by supply and demand. There is, however, no free market for gold. I suppose that if it were possible to have one, many of the problems and difficulties I have mentioned would cease to have even an academic interest.

Hon. Mr. VIEN: Would the committee's recommendations with respect to lightening the tax burden so as to increase the amount of working capital apply with equal force to other classes of mines than gold mines?

Hon. Mr. HAYDEN: Yes. I have been talking about depletion allowances in respect of gold mines. There used to be a difference between the depletion allowances in respect of base metal mines and those in respect of gold mines, the government having drawn a distinction of which apparently the industry approved. For instance, from 1917 to 1928 the depletion allowance for base metal mines was 25 per cent, whereas for gold mines it was 50 per cent. But from 1934 to date the depletion allowance in respect of base metal mines and gold mines alike has been 33⅓ per cent. With the qualification that there is a free market for base metals but not for gold, what is said in the committee's report in relation to the economic value of the gold mining industry to the country would apply at least as forcibly to the base metals mining industry.

Hon. Mr. MacLENNAN: Why should dividends from gold mines be taxable on only 50 per cent of their value, and thus be placed in a preferred position as compared with other dividends, which are subject to full taxation?

Hon. Mr. HAYDEN: I am sorry that I did not make myself quite clear. The committee does not recommend that shareholders' dividends from gold mines be entitled to a depletion allowance of 50 per cent. I simply pointed out by way of information that since 1934 the amount of depletion allowance to which shareholders have been entitled in respect of dividends from producing gold mines is 20 per cent. In the report we do not deal with the position of shareholders at all, but we recommend that in arriving at the amount of income to be taxed, mining companies be allowed to deduct 50 per cent of their annual earnings by way of compensation for the wasting character of their assets. In

that way you enable them to maintain a working capital position and to continue developing their properties.

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

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, I would move that when this house adjourns it stand adjourned until Tuesday, June 25, at 8 o'clock in the evening.

Hon. Mr. MURDOCK: May I ask, shall we be able to have committee meetings at 10.30 Tuesday morning?

Hon. Mr. ROBERTSON: That will be quite in order. I should like to remind honourable senators that a very important meeting of the Standing Committee on Immigration and Labour will take place at 10.30 Tuesday morning. On behalf of the chairman of the committee I would urge that not only members of the committee, but other senators as well, make an effort to be present.

The Senate adjourned until Tuesday, June 25, at 8 p.m.

THE SENATE

Tuesday, June 25, 1946.

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

Prayers and routine proceedings.

QUEBEC BOUNDARIES EXTENSION BILL

FIRST READING

A message was received from the House of Commons with Bill 156, an Act to amend the Quebec Boundaries Extension Act, 1912.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Thursday next.

APPROPRIATION BILL No. 4

FIRST READING

A message was received from the House of Commons with Bill 198, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1947.

The bill was read the first time.

63268—26½

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill L7, an Act for the relief of Marie Olivette Marthe Pépin Giguère.

Bill M7, an Act for the relief of Evelyn Helen Deeb Kouri.

Bill N7, an Act for the relief of Rose Dawson Brady.

Bill O7, an Act for the relief of Shirley Boyd Fuller Dichow.

Bill P7, an Act for the relief of Beatrice Emily Young Crane.

Bill Q7, an Act for the relief of Martin Thomas Walsh.

Bill R7, an Act for the relief of Anna Blumenthal Gillman.

Bill S7, an Act for the relief of Annie Solomon Birnbaum.

Bill T7, an Act for the relief of Katherine Demidovich Zouikin.

Bill U7, an Act for the relief of Herbert Beatson De Gruchy.

Bill V7, an Act for the relief of Luc Chadillon.

Bill W7, an Act for the relief of Mary Innocent Gorman Martin Gillean.

Bill X7, an Act for the relief of Maurice Olivier Singfield.

Bill Y7, an Act for the relief of Myrtle Ethel Anderson Hammill.

Bill Z7, an Act for the relief of Allan Reginald Duncan Woolley.

Bill A8, an Act for the relief of Ida Portnoff Clarke.

Bill B8, an Act for the relief of May Andria Thistle Shirres Richardson.

Bill C8, an Act for the relief of Florence Margaret Louise Jekill Wiggett.

Bill D8, an Act for the relief of Pauline Frances Beaton Bridgeman.

Bill E8, an Act for the relief of Mildred Helen Cavers Watson.

Bill F8, an Act for the relief of Paul Martial Chevalier.

Bill G8, an Act for the relief of Dorothy Catherine Benson Hunter.

Bill H8, an Act for the relief of Pauline Francesca Evans Gladwish.

Bill I8, an Act for the relief of Mary MacDonald Short Browne.

Bill J8, an Act for the relief of Solomon Shulman.

Bill K8, an Act for the relief of Robert Patrick Warren.

Bill L8, an Act for the relief of Elsie Alvina Hirsch Sidaway.

Bill M8, an Act for the relief of Sadie Joseph Saikaley Charles.

Bill N8, an Act for the relief of Arthur Corey Thomson.

Bill O8, an Act for the relief of Jean Wilbur Cassils Dawes.

Bill P8, an Act for the relief of Jean St. Claire Macdonald Routledge.

Bill Q8, an Act for the relief of John Anderson Hutchins.

Bill R8, an Act for the relief of Ivy May Baylis Lariviere.

Bill S8, an Act for the relief of Muriel Gertrude McKnight Carroll.

Bill T8, an Act for the relief of Erminia Taccani Roncarelli.

Bill U8, an Act for the relief of Violet May Armour Smith.

Bill V8, an Act for the relief of Beatrice Caroline Lock Norman.

Bill W8, an Act for the relief of Blanche Belanger Mullin.

Bill X8, an Act for the relief of Alfred Goodman.

Bill Y8, an Act for the relief of Charles Thomson.

Bill Z8, an Act for the relief of Hannah Green Turton.

Bill A9, an Act for the relief of Ida Solomon Caplan.

The motion was agreed to, and the bills were read the second time, on division.

RESEARCH COUNCIL BILL

MOTION FOR SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 154, an Act to amend the Research Council Act.

He said: Honourable senators, I would ask the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) to explain this bill.

Hon. ARTHUR W. ROEBUCK: Honourable senators, Bill No. 154, which it is my privilege to attempt to explain, is an act to amend the Research Council Act. The due performance of this task makes necessary some comments with respect to the original act, and as to why it is necessary to amend it. It will also be necessary to say something about the Research Council itself, its accomplishments and its history.

In 1915, while the first Great War was in progress, and the results of German research were no longer available to the world, the British government established a committee of the Privy Council of Great Britain on scientific and industrial research, together with an advisory council. The purpose of this committee and its advisory body was not primarily directed to the solving of war problems, though that was no doubt in mind, but rather, with a long view, to the promotion of scientific work in the post-war period.

The British government sent a communication to each of the British dominions informing them of the action taken and suggesting similar local organizations. Acting under this stimulus, the Canadian government in 1916, appointed a committee of the Canadian Privy Council, supported by an advisory council, on scientific and industrial research, and thus laid the foundation in Canada for the organized study of scientific problems by thousands of educated experts in various fields of industry and science. The record of achievement of the National Research Council in the thirty years which have followed is so tremendous that it is beyond my powers to even summarize them. I understand that a mere outline of what it has accomplished fills ten volumes. One is tempted, however, to make some few references to the Research Council's war achievements, as they are much too spectacular and interesting to pass entirely unnoticed.

When the recent war broke out there was in operation one National Research Laboratory, housed in a modern building erected seven years previously on Sussex Street in Ottawa. During the war as many as twenty-one other laboratories were established all across Canada from Halifax to Vancouver. They were devoted to the solution of many problems of vast importance. For instance, there were the large laboratories in Montreal working in connection with the atomic energy plant at Chalk River, the cold weather station at Winnipeg for the development of jet engines, the radar laboratories near Ottawa, and the naval research stations on both coasts. There were at times as many as 280 projects in progress in thirty laboratories, including those of the universities, the provinces and private companies.

Some of the subjects dealt with were chemistry, as applied to explosives and chemical warfare; medicine, as applied to high flying and biological warfare; physics, as applied to the now famous proximity fuse, radio and radar, predictors, gun-sights, anti-mine and anti-submarine devices, buoyant cables and plastic armour, the magnetic neutralization of ships to counter the magnetic mine, and many others. Canada today marches in the front line among nations in

connection with nuclear research, and at Chalk River possesses equipment to be found in no other country in the world, unless it be the United States. In that regard Canada has stepped into the very forefront of scientific development, to the great credit of our country, and to our material benefit as well as our personal pride.

In the modern world, a machine and chemical age, keen minds, sound knowledge and controlled imagination are more important than strong backs. So we have been spending money fairly freely and have been devoting the energies of the best minds in this country to those difficult problems of science and of industry the solution of which have made and will continue to make for progress in practically all fields of human endeavour.

But let us return to the Research Council. The original government action was by order in council. This was formalized by an act of parliament assented to on the 29th of August, 1917, Chapter 20 of the Statutes of Canada of 1917. It is a very simple act appointing what is called "The Honorary Advisory Council for Scientific and Industrial Research." This body consisted of ten unpaid or voluntary members, and an administrative chairman appointed by the Governor in Council on the recommendation of the subcommittee of cabinet and to be paid a salary out of money annually appropriated by parliament. This act served the purpose until 1924, when it was replaced by the present act, Chapter 177 of the Revised Statutes of Canada 1927, which made the council a body corporate with power to employ staff and establish laboratories.

These acts did not give to the council any monopoly on research in Canada. I need only mention the research achievements of the Department of Agriculture in the development of Marquis and other varieties of wheat, without which Canada's wheat crops could not have been so markedly successful. Research is also carried on by the Department of Mines and Resources and by the Department of Fisheries, as well as by the provinces, by the universities and by private companies. With all these research agencies the Research Council is in close collaboration. There is cooperation and little or no overlapping. This is due to the central authority here, which is recognized in all the provinces as the leading authority in these matters, being so well organized and subdivided that activities in this connection are carried on in such a way that no two men are doing the same task at any one time.

Hon. Mr. EULER: Does that supervision imply control by the Research Council over the research activities in the various departments of the government at Ottawa?

Hon. Mr. ROEBUCK: Distinctly no, and there has been no attempt by the council to boss the scientists of other departments. I suppose there is always a certain amount of jealousy between men working in the same field—what is known as professional jealousy; but these men with so large a field to cover have too much to do to quarrel among themselves. What the Research Council has attempted to do is to direct in a free and easy way the activities of other branches. Since the council is in control of such a large fund of information, the result of years of research here and abroad, its advice as to the type of work which other bodies undertake cannot be disregarded; and I know as a fact that other bodies do ask the Research Council for advice as to the particular phases of problems to which they should bend their energies.

By the present act the Honorary Advisory Council for Scientific and Industrial Research was increased to not more than fifteen persons, to be appointed by the Governor General on the recommendation of the Privy Council Committee. The President, who is the only permanent and paid member of the council, receives remuneration of $15,000 per year, which seems modest enough in view of the qualifications required and the importance of the work he is to do. The other members of the council receive only travelling expenses and other expenses incurred in connection with the work of the council. They are required to meet in the city of Ottawa at least four times each year.

All discoveries and inventions made by the technical staff are vested in the council. In this respect section 11 of the bill reads in part as follows:

> —shall be made available to the public under such conditions and payment of fees or royalties or otherwise as the Council may determine, subject to the approval of the Governor in Council.

Members of the technical and scientific staff have very little opportunity to increase their remuneration by the discovery of inventions based upon knowledge acquired while in the government service. The council, however, subject to the approval of the Governor in Council, may pay technical officers and others working under its auspices such bonuses or royalties as in its opinion may be warranted.

Hon. Mr. ASELTINE: Was that provision in the old act?

Hon. Mr. ROEBUCK: That is in the act as it stands today, although I do not think it

was in the act of 1917. It has been the rule since 1924, and will continue to be the rule if the bill now before us is passed.

The receipts and expenditures of the council are subject to audit by the Auditor General. This is a very important provision, without which parliament would have little assurance as to the proper expenditure of considerable sums of money handled by the council. The president is required to present an annual report to the council, and members of the council must present a statement of receipts and expenditures to the Committee of the Privy Council. The activities of the Research Council must be reported to parliament, so they are close to the elected representatives of the people who can read the reports if they wish, and have the capacity to understand their highly technical nature.

The duties of the council are set out in section 6 of the bill, which reads as follows:

> The council shall have charge of all matters affecting scientific and industrial research in Canada which may be assigned to it by the committee, and shall also have the duty of advising the committee on questions of scientific and technological methods affecting the expansion of Canadian industries or the utilization of the natural resources of Canada.

Hon. Mr. LEGER: If a university makes a discovery, is it required to communicate it to the council?

Hon. Mr. ROEBUCK: No. It would not be possible for the Dominion Government to pass an act requiring a university, which is under the control of a province, to communicate its discoveries to a federal agency. Universities, however, are proud of their achievements, and except perhaps in time of war, when secrecy is necessary, they boast of their discoveries. When a university makes a discovery which justifies its existence, perhaps, and makes its cost more acceptable, it is widely publicized. In any event it would have no objection to communicating its findings to the scientists of the Research Council.

Hon. Mr. VIEN: Would the honourable senator permit me to ask a question? As I understand his explanation, the council can investigate only such matters as are referred to it by the Committee of the Privy Council. Is the honourable gentleman not of the opinion that the services of a national institution of the character of the Research Council should be made available to various other institutions in Canada? For instance, if a university had to carry out a certain research programme and required assistance, would it not be proper that it should have the benefit of the services of the National Research Council without the formality of an Order in Council?

Hon. Mr. ROEBUCK: I quite agree with the remarks of the honourable senator, and my impression is that such is the case. Universities receive grants to aid them in carrying out specific projects, and frequently members of the trained staff of the Research Council are assigned to advise and assist them. Many times the universities repay such service by assigning technically-trained men on their staffs to assist in the investigations of the council.

Hon. Mr. VIEN: What machinery is provided to bring about that co-operation?

Hon. Mr. ROEBUCK: I do not know that there is any formal machinery.

Hon. Mr. HUGESSEN: Is it not a fact that certain members of the council are the heads of some of our principal universities, and that co-ordination comes about in that way?

Hon. Mr. ROEBUCK: I think the honourable member has outlined the method by which co-ordination is achieved.

Hon. Mr. VIEN: I should think that would be the case if the jurisdiction of the Research Council were not limited to such matters as are assigned to it by order in council. I appreciate what has just been stated by the honourable senator from Inkerman (Hon. Mr. Hugessen). A certain number of members of the Research Council are university men, but all the universities in the country are not represented. Suppose a university which is not represented wanted access to the council, would it be necessary to have an order in council passed for that purpose?

Hon. Mr. ROEBUCK: No. May I direct attention of honourable senators to section 6 of the act, which reads as follows:

> The council shall have charge of all matters affecting scientific and industrial research in Canada which may be assigned to it by the committee . . .

That is the committee of the Privy Council. The assignment is not done by order in council, not by the Governor in Council, but by the committee of the Privy Council appointed for that purpose. I imagine the explanation is that since parliament must supply the necessary funds, or at least be responsible for them —it does not supply them all—there has to be some limitation on how far the Research Council may go. In the past this limitation has rested very lightly on the shoulders of the council, and I have heard of no suggestion from that body that its jurisdiction be extended.

Hon. Mr. VIEN: Reference is made to the committee of council. Is that a committee of the National Research Council or a committee of the Privy Council?

Hon. Mr. ROEBUCK: It is the Committee of the Privy Council on Scientific and Industrial Research. I shall shortly state just who the members are. They are certain ministers whose duty it is to keep in close touch with the activities of the Research Council.

Hon. Mr. EULER: I know it is unfair to interrupt my honourable friend—

Hon. Mr. ROEBUCK: No, that is perfectly all right.

Hon. Mr. EULER: —but in order to remove what is perhaps a misapprehension, I should like to refer to a statement that I understood him to make, namely, that the Research Council can deal only with such matters as are referred to it by the Committee of the Privy Council.

Hon. Mr. ROEBUCK: That is right.

Hon. Mr. EULER: I happened to be the chairman of that committee for a number of years, and I cannot recall that there was any such limitation whatsoever. There is one other senator who was also a member of that committee, and without being critical at all I think I can say that the committee paid very little attention to the doings of the Research Council. The point I want to make is that I question very much whether in actual practice the Research Council deals only with matters referred to it by the Committee of the Privy Council.

Hon. Mr. ROEBUCK: I think the honourable gentleman is quite right. However, he is speaking of practice, whereas I am speaking of the act. The act does provide as I have stated.

Hon. Mr. EULER: The Research Council acted pretty much on its own initiative.

Hon. Mr. ROEBUCK: I would not suggest that the act be changed. The honourable gentleman says that the committee, when he was its chairman, paid little attention to what the Research Council was doing. That was in times of peace. In those years the council was a very small organization compared with what it has become in recent years. When my honourable friend was chairman of the committee he knew very well what the council was doing, and he had no desire to limit its activities; but had it proposed to do something that was not approved by his judgment, he would have invoked the powers given him by the act and told the council that it could not do that. This provision is in the act because the Research Council's power to spend money on research is practically unlimited, and must be kept within the control of the elected representatives. I will read section 6 of the act again.

Hon. Mr. ASELTINE: Before the honourable senator does that, can he tell us how much money has been spent by the council?

Hon. Mr. ROEBUCK: No, I cannot give the grand total of the money spent from the beginning, but a little later I shall give some indication of the very large amounts being spent now. That is information which no doubt will be of interest at the moment.

Section 6 says:

> The council shall have charge of all matters affecting scientific and industrial research in Canada which may be assigned to it by the committee, and shall also have the duty of advising the committee on questions of scientific and technological methods affecting the expansion of Canadian industries or the utilization of the natural resources of Canada.

It is to be noted that the council has charge only of the matters affecting scientific and industrial research in Canada which may be assigned to it by the committee of the Privy Council. I have referred to the council's duties, and now I will refer to its powers. I do that because it is necessary to bear in mind just what those powers are, if one is to judge properly of the proposed amendments. The powers are set out in section 10 of the act. May I emphasize that it is proposed to authorize the council to transfer some of those powers to an incorporated company. I am reading the powers carefully, because they limit the jurisdiction which may be conferred. The council may exercise the following powers:

> (a) To make by-laws for the conduct of its business;
>
> (b) To control and direct the work of the council through the president . . .
>
> (e) To expend such sums of money as may be annually appropriated by parliament for the work of the council or which shall have been received by the council through bequest, donation or otherwise;
>
> (f) With the approval of the committee, to appoint such scientific, technical and other officers as shall be nominated by the president, and to fix the tenure of such appointments, to prescribe the several duties of such officers, and, subject to the approval of the Governor in Council, to fix their remuneration.

It is to be noted that the powers I have read are purely administrative. The council's substantive powers are set out in paragraphs (c) and (d) of section 10 of the act as it now stands, and in two further paragraphs to be added to that section.

I now turn to the proposed amendments, which come, by the way, from the Research

Council itself rather than from the Privy Council Committee or from the Department of Munitions and Supply, as some have supposed, due to sponsorship in the Commons by that Minister.

Section 2 of the bill adds a clause to section 3 of the act giving legislative status to the Committee of the Privy Council on Industrial and Scientific Research, which is unobjectionable. This committee, of which the Honourable C. D. Howe is chairman, is not inactive, as some have supposed. It meets frequently —three or four times last year—and actually directs the policy and activities of the Council. It is composed of the Ministers of (1) Reconstruction and Supply (chairman), (2) Trade and Commerce; (3) Mines and Resources; (4) National Defence; (5) National Health and Welfare; (6) Finance; (7) Agriculture, and (8) Labour.

I come now to section 3. In 1939, prior to the war, the Research Council had a staff of approximately 300, and even at that time the president was overloaded. He is necessarily a man of science, but as the one full-time member of the council, paid, and resident in Ottawa, all activities, both business and scientific, channelled through him. During the war, the calls for scientific progress were so great that the staff increased from 300 before the war to approximately 2,000 at its close. This need not astonish any honourable members, for I am told that the United States, during the four years it was engaged in the war, spent over ten billion dollars on research.

Hon. Mr. DUPUIS: I understand that there is a yearly report of the Research Council's work. Would that report cover the money spent on scientific research since the beginning of the war, and the names and salaries of the 2,000 employees? If not, could the honourable member, or the leader of the government, supply the information?

Hon. Mr. ROEBUCK: I do not think it is given in such detail as one might find in the public accounts, but the information is available and I have no doubt the leader of the government can produce it. Furthermore, I expect this bill will be referred to one of our standing committees, in which event the officials of the council will doubtless be called before the committee and questioned with respect to their expenditures and achievements.

Of course, I realize that the ten billion dollars was not spent entirely by the federal government of the United States. It is a rough estimate of expenditures on research work by all authorities in that country.

The Research Council's figures are much more modest, though it must be borne in mind that research is being carried on in other departments of the federal government, and by the provinces and the universities. Honourable members will observe that the council's figures show a commendable growth. The original act was passed in 1924. In 1928-29 the council's budget was $323,366.56. The main research building was formally opened in 1932, and the council's budget for the fiscal year 1932-33 was approximately $450,000. The professional staff numbered 57. For the fiscal year before the war, 1938-39, the council's budget was approximately $900,000, and there was a staff of something less than 300 persons.

The war brought about a tremendous expansion of the council's activities. During the last year of the war the council was supporting directly a staff of 1,600 persons and indirectly another 400, or 2,000 in all. The total expenditures were eight times those of 1938-39, or nearly $7,000,000. The estimates for the current fiscal year are $6,378,000, quite apart from expenditures on atomic energy in the Chalk River and Eldorado enterprises.

The council is operating 17 laboratories on Sussex street in Ottawa, in Montreal, Chalk River, Winnipeg, Saskatoon and other places. There are plans for the building and establishment of others, such, for instance, as a new radio and radar laboratory at Ottawa.

There are about 50 associate research committees and 100 subcommittees composed of Canada's foremost scientists, engineers and industrialists.

The council has a large scientific library and publishes a journal of research. It also awards post-graduate scholarships and makes grants in aid of research.

Hon. Mr. LEGER: Are those made to universities?

Hon. Mr. ROEBUCK: Mostly to universities, but I do not think they are limited in that way. Grants can be made—and probably have been made—to research by private companies. But that would only be incidental; for the most part the awards are to universities and to university men.

Hon. Mr. VIEN: How are these advisory committees constituted.

Hon. Mr. ROEBUCK: They are organized on the invitation of the president of the Research Council, and are the outgrowth of a very large number of conferences, usually springing out of some activity then in progress. Organizations of this kind do much work because the accomplishment of one enterprise always opens up avenues for other enterprises, and so further bodies or committees are organized.

The council has offices in London and Washington for the exchange of scientific information—not exactly a spy system, but with the weather eye open for any scientific development in allied countries.

The council has a considerable revenue apart from grants by parliament. In the six years ending April 1, 1946, the revenue of the Research Council for services rendered amounted to $4,360,997.13.

Hon. Mr. LEGER: The moneys received for those services are, I understand, to be added to what the council receives from the government?

Hon. Mr. ROEBUCK: They are expended by the council and audited by the Auditor General, but they do not become part of the consolidated revenue fund.

In addition to the figure I have mentioned, other government departments paid to the council for work on departmental problems the sum of $6,000,000. So as you see—perhaps under somewhat special circumstances—the earnings of the council over that period of six years were in the neighbourhood of $10,000,000.

Hon. Mr. EULER: Which departments were served?

Hon. Mr. ROEBUCK: Agriculture, Fisheries, and Munitions and Supply, for the most part.

Hon. Mr. ASELTINE: Why is the council allowed to retain that money?

Hon. Mr. ROEBUCK: Because the council spent a good deal of the money in earning it. The $10,000,000 is not profit; it is payment for services—and services cost money. So the council finances its activities.

Hon. Mr. ASELTINE: Why should not the money be paid into the consolidated revenue fund?

Hon. Mr. ROEBUCK: That is a matter for judgment.

Hon. Mr. EULER: Has not that money to be re-voted, the same as in the case of the Post Office Department?

Hon. Mr. ROEBUCK: No, it is not re-voted, and there are reasons why it is not. In the early stages of the war a gift of $1,300,000 came to the council from private interests, with no strings attached and without direction as to how it should be spent. That sum enabled the council to branch out freely into various lines of endeavour. Research is largely a combination of sound judgment and knowledge, together with controlled imagination. Exclude imagination from the laboratory, and research gets nowhere. Brilliant discoveries come about only when men are free to work. So that gift of $1,300,000 was the finest gesture made towards the industrial expansion in our country during the war years.

Something should be said about the carrying on of the business of this council on money that it earns and is permitted to spend. I see no objection to this practice, and would not like to see the funds channelled through the consolidated revenue fund. Such moneys do not come from the public purse in the first instance; they are earned by the council itself, and parliament has no responsibility to the taxpayer to guard them as it would guard moneys from other sources. However I do not speak with authority on that subject.

Hon. Mr. ASELTINE: Does the council give a full accounting of what it does with the money?

Hon. Mr. ROEBUCK: It accounts for every cent. These accounts are audited by the Auditor General. They appear in the report which must be presented to the Committee of the Council; therefore they are open to parliament.

The council received a contribution of $1,346,000 from the Sir Frederick Banting Fund, and by work performed for that fund earned an additional $363,000. For development work on radar Research Enterprises paid over to the council $1,900,000. That amount was not retained by the council, but was voluntarily paid over to the consolidated revenue fund. If the Research Council is to spend that money it must be voted.

Industry during the recent years has become science-conscious and what the Research Council did for war enterprises it will now perform for the arts of peace.

The bill proposes to appoint two more permanent paid officials: a vice-president (administration) and a vice-president (scientific), and that the membership of the council be increased from fifteen to twenty. The president is to remain the chief executive officer, having supervision over the work of the staff, both administrative and scientific. The vice-president (administrative), as might be expected, will have charge of all matters relating to administration; the vice-president (scientific) will have charge of the laboratories of the council, and both officers will be subject to the control and direction of the president.

It is further proposed that there shall be an executive committee consisting of the president, the two vice-presidents and at least three other members to be selected by the Research

Council. The executive committee will exercise the powers of the council and will submit the minutes of its proceedings to the council. It is obvious that a committee of fifteen members, resident in all parts of Canada and meeting only four times a year—frequently to deal with matters of a secret nature—require some small committee to represent them. The members of the committee should live in the vicinity of Ottawa, should be specially qualified for the office, and should be able to devote their constant attention to the activities of the council.

I come now to a proposed amendment which calls for careful examination, both as to what it does and does not contain, so that it may be judged upon its merits free from the popular misconceptions with respect to its implications.

Hon. Mr. LEGER: May I interrupt the honourable gentleman? The bill provides that each member of the council shall receive travelling and other expenses in connection with the work of the council. Is the word "expense" defined under the act?

Hon. Mr. ROEBUCK: It is not defined under the act, but I think experience has provided a definition. The council has been in operation for a long time, and a certain routine has been established and passed upon from time to time by the Auditor General. I presume that will continue in the future.

It is proposed to empower the Research Council, with the approval of the Governor in Council, to procure the incorporation of companies under Part I of the Companies Act for the purpose of exercising such powers as the council shall direct, and as are conferred upon it by paragraphs (c) and (d) of section 10 of the act and the two additional paragraphs in section 7 of the bill. It is important to observe that the powers of the proposed company or companies are limited to those conferred upon the council, so that anything which can be done by a company incorporated by the council can also be done by the council itself. The council cannot increase its powers by the expedient of incorporating a company. The provisions with respect to companies do not alter what can be done, but how it can be done. In other words, the proposed amendment does not affect the weight or the number of the council's eggs, but only the basket in which they are placed.

Let us examine the powers of the council which may be delegated to a company. In this respect careful attention should be paid to two paragraphs appearing in section 10 of the present act, and two which are added by the bill, because they contain the powers which may be conferred upon a company.

Hon. Mr. ROEBUCK.

Section 10, paragraph (c) of the act reads as follows:

To undertake in such way as may be deemed advisable:

(i) to promote the utilization of the natural resources of Canada,

(ii) researches with the object of improving the technical processes and methods used in the industries of Canada, and of discovering processes and methods which may promote the expansion of existing or the development of new industries,

(iii) researches with the view of utilizing the waste products of said industries,

(iv) the investigation and determination of standards and methods of measurements, including length, volume, weight, mass capacity, time, heat, light, electricity, magnetism and other forms of energy; and the determination of physical constants and the fundamental properties of matter,

(v) the standardization and certification of the scientific and technical apparatus and instruments for the government service and for use in the industries of Canada, and the determination of the standards of quality of the materials used in the construction of public works and of the supplies used in the various branches of the government service,

(vi) the investigation and standardization, at the request of any of the industries of Canada, of the materials which are or may be used in, or of the products of, the industries making such a request,

(vii) researches, the object of which is to improve conditions in agriculture.

Hon. Mr. EULER: Who may be directors of these companies, and how are they appointed?

Hon. Mr. ROEBUCK: They are appointed by the Research Council, I think with the supervision of the committee, and perhaps by order in council.

Hon. Mr. KINLEY: It says:

The council may, with the approval of the Governor in Council, . . .

Hon. Mr. ROEBUCK: That is it, "with the approval of the Governor in Council." The power "to undertake . . . to promote the utilization of the natural resources of Canada" is a big order, and I have no knowledge of what it means beyond what it says. The remainder of the section is but the work of a bureau of standards and of research laboratories.

The other clause to which I referred, paragraph (d) of section 10 of the present act, gives the council power:

To have charge of, and direction or supervision over, the researches which may be undertaken, under conditions to be determined in each case, by or for single industrial firms, or by such organizations or persons, as may desire to avail themselves of the facilities offered for this purpose.

That is, power to engage in research for other persons or organizations.

The new powers are contained in paragraphs (h) and (i) added to section 10 of the act. The first of these is:

(h) To carry on experimental and development work and manufacturing with respect to the matters referred to in paragraphs (c) and (d) of this section so as to render the processes, methods or products to which the said matters relate more available and effective in useful arts and manufacturing and for scientific purposes and otherwise.

I take it that "to carry on experimental and development work and manufacturing" means to establish and operate pilot plants. Inventors have frequently found to their disappointment and cost that an idea alone is not of much value until it is tested in practice. There is a large gap between the conception of an idea or even its development in a laboratory and its final utilization in a manufacturing establishment. The Minister of Reconstruction and Supply declares that it is the government's intention to engage in manufacturing, not for production but only for research and experimental purposes.

During the war the council designed and manufactured numerous radar sets for Research Enterprises. These were, however, merely pilot models, and quantity manufacturing was carried on from that point by Research Enterprises.

The second new power of the council is supplementary to the proposed provision of subsection (1) of section 11, that inventions by a member of the staff of the council or a company, and all rights with respect thereto, shall be vested in the council. I refer to paragraph (i) of section 10, which authorizes the council:

To license or sell or otherwise grant or make available to others Canadian or other patent rights or any other rights, vested in or owned or controlled by the council, to or in respect of discoveries and inventions and improvements in processes, apparatus or machines, and to receive royalties, fees and payments therefor.

Hon. Mr. LEGER: What will become of that money?

Hon. Mr. EULER: They will spend it as they like.

Hon. Mr. ROEBUCK: It will be a revolving fund. That is for the consideration of this house, but I would ask that judgment be suspended until I have given as full an explanation as I can of this bill and of the one which follows it on our order paper, namely, Bill 155, an Act respecting the operation of Government Companies.

I have enumerated the powers of the council at some length, because the amending act would give to the Research Council the authority to incorporate as many companies as it sees fit, and to transfer to such companies authority to exercise the powers conferred upon the council by section 10, paragraphs (c), (d), (h) and (i).

We are assured by the Minister of Reconstruction and Supply that it is not intended to exercise the authority thus broadly. The only company now in contemplation is one to handle the council's patents and patent rights, a task which, though requiring a great deal of time and attention, is not scientific research but merely business, and one that may be conveniently segregated into the hands of a special company.

In connection with patents, let me make a statement which I think is well worthy of attention. While the council owns or controls or has interest in a very large number of patents, its primary purpose is the development of industry, not its obstruction. The royalties demanded are as low as the council considers reasonable. What I wish honourable members particularly to note is that the council has never given an exclusive licence for use of a Canadian patent, nor has it ever sold a Canadian patent. The council retains at all times the right to licence somebody else if the licensee either fails to carry on his operations or is slothful or unreasonable in exercising his patent rights. The reason the council has never sold a Canadian patent is that it desires to retain control in order to see that every patent is used and that none is abused for the purposes of cartels or monopolies.

Hon. Mr. KINLEY: That is, patents developed by the Research Council only?

Hon. Mr. ROEBUCK: No. The council comes into possession of patents in many ways. I myself have personal knowledge of the control of some patents for the making of rubber. A rubber company desired to get the assistance of the Research Council for the purpose of scientific investigation, so it entered into an agreement to transfer to the council control of certain patents in return for the council's research work upon them.

Hon. Mr. KINLEY: A matter of contract.

Hon. Mr. ROEBUCK: A matter of contract. I am referring to it only by way of pointing out that there are various means by which the council may acquire control of patents other than by taking out patents on its own inventions. I am referring only to Canadian patents. Such considerations as I have mentioned do not apply to foreign patents, which are dealt with on a purely business basis.

The advantages of transferring to an incorporated company the control and operation

of the council's patent business, the buying and selling, the constant reviewing and maintaining of patents, are several-fold.

Hon. Mr. LEGER: More powers than these are to be transferred.

Hon. Mr. ROEBUCK: Yes, and I have referred to them at some length. I am speaking now of the patent business only. The advantages of transferring this to an incorporated company are:

1. The council management will be relieved of a heavy and exacting burden, and thus will be able to devote more time to its research functions.

2. As the company must produce periodical reports, including a balance sheet, and capital and operating accounts, it will be much easier to check up on the management of this particular function than it is now when it is mixed in with all of the council's other activities.

Hon. Mr. DUPUIS: This is a crown company?

Hon. Mr. ROEBUCK: The phraseology in the bill is "government company".

Hon. Mr. KINLEY: With the government holding all the stock.

Hon. Mr. ROEBUCK: Except the qualifying shares of the directors.

Hon. Mr. ASELTINE: Is this a method of giving the government power to incorporate numerous government corporations?

Hon. Mr. ROEBUCK: No. That subject will be discussed at length in connection with the next bill. This bill gives the government the power to incorporate as many companies as you like for the control, ownership, management, and so on, of the particular functions of the Research Council, and none other.

Hon. Mr. KINLEY: Under the Companies Act.

Hon. Mr. ROEBUCK: Under the Companies Act.

3. Business men are very familiar with company organization and are used to carrying on business under the provisions of the Companies Act, so that the assistance of skilled directors is thus obtainable.

The company will be subject to the provisions of the Government Companies Operation Act, which is designed to subject it to parliamentary scrutiny. It will be required to make annual reports to the minister, and through him to parliament.

Its accounts will be audited by the Auditor General.

Such companies will not be under the Civil Service Commission, and accordingly a system of superannuation is provided.

In addition to the patents company mentioned, there are two other projects which it is expected will be turned over to the Research Council for operation. The first is the Chalk River project, which involves the administration of an industrial plant and town site, the purchase of raw materials, the operation of a manufacturing process and the sale of the product. The Chalk River project is a combination of scientific and business activities. The scientific phases make it a fit subject for Research Council supervision, and the business functions can very properly be handled by a company under a board of directors. At the moment, Chalk River is being operated by the contractors who built the plant. When the project has been thoroughly tested it may be turned over to the Research Council. No decision has as yet been made.

The second project is Eldorado Mining and Refining, Limited, which is concerned with the production of materials for use at Chalk River and at similar establishments in other countries. These activities are already being carried on by a board of directors in corporate organization. It may be turned over to the Research Council, which will simply mean that the directors will report to the council, and through the minister to parliament, instead of as at present to the minister direct. The change will bring the scientific experience of the council to the supervision of the company's highly scientific operations. Therefore it is thought to be worth while.

This completes my explanation of the bill, but its consideration is dependent in very large measure upon the view that may be taken by honourable members of the next bill on the order paper, governing the administration of crown or government companies. The two bills are so closely linked together that I trust opinion with regard to this particular crown company power will be suspended until we have also considered the provisions with regard to the control of these companies and the provisions incidental to that control.

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

GOVERNMENT COMPANIES OPERATION BILL

MOTION FOR SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 155, an Act respecting the operation of Government Companies.

He said: Honourable members, as the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has said, this bill is very closely allied with the preceding bill, and I have asked him to undertake its explanation also.

Hon. ARTHUR W. ROEBUCK: I hope, honourable senators, I shall not tire you out in the process. An explanation of a bill of this kind is worthless unless it is fairly complete. This must be my apology for the time I have already taken on the preceding bill.

I should say by way of introduction that this bill evidently requires a statement not only of what it is but also of what it is not. It will clear the ground if I tell you that it is not an act for the incorporation of government companies. There is nothing in the bill which even suggests such a power; it is concerned only with regulating the operation of such companies after they are brought into being.

We have for many years had statutory companies charged with the responsibility of holding government property, operating government business, or performing government functions. The Canadian National Railways, Trans-Canada Air Lines, the Canadian Broadcasting Corporation, the Bank of Canada and the Central Mortgage and Housing Corporation are notable examples. The incorporation of government companies under Part I, of the Dominion Companies Act is an invention of the Department of Munitions and Supply, brought about by the exigencies of war and designed to organize the nation's human and material forces for the carrying out of specific enterprises. Under the capable direction of the Minister of Munitions and Supply, the Right Hon. C. D. Howe, it was eminently successful.

The limited liability company is designed, out of long experience for the very purpose of unitedly carrying on business activities. It is a form of organization well known to business men. The methods are familiar and the rules well learned.

The subdivision of the war effort into separate enterprises, the securing of management, the hiring of staff and the buying of property, plant and supplies was thus facilitated. The Department of Munitions and Supply grew with astonishing rapidity, and the results obtained were far in excess of any reasonable expectation. As many as thirty-one companies were brought into being, enabling many thousands of men and women to play their part in orderly array for the achievement of the common objective. I think it was a glorious part.

The war has now passed into victory. The war job is done. The Department of Munitions and Supply has become the Department of Reconstruction and Supply, and most of the crown companies have folded their tents like the Arabs and stolen away—not silently, but to the accompaniment of marching feet homeward bound. Of the thirty-one companies, eighteen have been wound up; eight are in process of winding up, and five only remain with any likelihood of permanency.

For the information of honourable senators, I submit the following list:

Continuing		
Canadian Arsenals Limited		
Polymer Corporation Limited		
Park Steamships Limited		
Wartime Housing Limited		
Eldorado Mining & Refining (1944) Ltd.		5
In Process of Winding Up		
Aero Timber Products Limited		
Federal Aircraft Ltd.		
Melbourne Merchandising Ltd.		
National Railways Munitions Ltd.		
Research Enterprises Ltd.		
Turbo Research Ltd.		
Wartime Shipbuilding Ltd.		
War Supplies Limited		8
Wound Up		
Aero Meters Ltd.		
Allied War Supplies Corporation		
Atlas Plant Extension Ltd.		
Citadel Merchandising Co. Ltd.		
Cutting Tool and Gauges Ltd.		
Defence Communications Ltd.		
Machinery Service Ltd.		
North West Purchasing Ltd.		
Plateau Co. Ltd.		
Polymer Sales & Service Ltd.		
Quebec Shipyards Limited		
Small Arms Limited		
Toronto Shipbuilding Limited		
Trafalgar Shipbuilding Ltd.		
Veneer Log Supply Company Ltd.		
Victory Aircraft Limited		
Wartime Metals Corporation		
Wartime Oils Ltd.		18
Summary		
Continuing	5	
In process of winding up	8	
Wound up	18	31

It is expected that two of the five continuing companies, Park Steamships Limited and Wartime Housing Limited will continue for a very few years only, but the other three—Canadian Arsenals Limited, Polymer Corporation Limited, and Eldorado Mining and Refining Limited—will probably continue

active operations for many years to come, and they are likely to be joined by two companies already mentioned in connection with the Research Council, one to handle the Chalk River enterprise and the other the Research Council's patent business.

That is to say, we now have five government companies with a fair prospect of permanency. Accordingly it is necessary that, apart from the Companies Act, we provide some general rules to govern their relations with the crown and with parliament. Previously they were operated to some extent under the War Measures Act and were financed out of war appropriations voted by parliament. The War Measures Act is gone and there are no more war appropriations.

It is not likely that we shall have any government companies in addition to those I have mentioned, for little power to create them remains in the statutes, other than that to be given the Research Council for objects within its jurisdiction by the amending bill to the Research Council Act. Power to incorporate may also be found in Bill 165 now before this house relating to the development and control of atomic energy, but it will be limited to the prescribed subject. Power to incorporate such companies was contained in section 6, subsection 3, of the Department of Munitions and Supply Act, and was limited to the carrying out of the puropses of that act. The sections of the act creating the Department of Munitions and Supply have been replaced by the Department of Reconstruction and Supply Act 1945. Section 6 of that act preserves to the Minister of Reconstruction and Supply all rights, powers and functions which were, immediately prior to the coming into force of this section, by any act, order or regulation, vested in the Minister of Munitions and Supply. This would seem to continue his power to incorporate companies, but he is emphatic that it does not. He says the power was for the purposes specified in the act, which relate wholly to war. There being now no war, it would be difficult to find a basis for setting up a new company under that act.

We may thus be assured that there will be no attempt to act on such powers, if any, as remain, and that any future incorporations will be by statute, passed by parliament, and therefore not subject to the provisions of the Act respecting the Operation of Government Companies. A good indication that I am correct in this is found in the fact that War Assets Corporation was created by act of parliament, and is not a company incorporated under the Companies Act.

Hon. Mr. ASELTINE: Is not the act still in force which gives the government power to form crown companies at will?

Hon. Mr. ROEBUCK: I have just given my thoughts in that connection. It seems to me that the powers which existed under the Department of Munitions and Supply Act continue. That is the way I interpret it, but the minister says emphatically that is not so. He states that the powers given him by the Munitions and Supply Act were for the purposes of war only, and that since the war is over it would be difficult to find a basis in that act upon which to form a crown company.

Hon. Mr. KINLEY: Or to finance it.

Hon. Mr. ROEBUCK: It could be financed under this bill, but not under the Munitions and Supply Act, or by appropriations under the War Measures Act, as was done by order in council during the war. I do not wish to be dogmatic about the question, but I have given my interpretation. I quite appreciate the difficulties which would attend the efforts of the minister if he were to attempt to incorporate a company by the methods used during the war.

Hon. Mr. ASELTINE: Some other minister might attempt to do so.

Hon. Mr. KINLEY: Is not the formation of crown companies being shifted to the Research Council? Is not the bill now being presented to finance them?

Hon. Mr. ROEBUCK: One such company not under the Research Council is the Polymer Company.

Hon. Mr. KINLEY: But it is in existence now.

Hon. Mr. ROEBUCK: That is so. To my knowledge the only companies suggested at the present time are the patents company and the one to take over the Chalk River enterprise.

Section 2 of the bill is broad enough to cover all crown companies incorporated under the Companies Act, irrespective of the departments concerned or the minister in control.

Section 3 permits such companies to have bank accounts in the Bank of Canada or a chartered bank approved by the Minister of Finance. I warn honourable senators that that provision is more significant than would appear on first reading. The section allows a company to deposit its receipts in the bank and to pay out of its account all administrative and operating costs, and expenses of the company. Were it not for this provision all receipts in the course of business would go

into the consolidated revenue fund and disbursements would have to be voted by parliament. It would be difficult, if not impossible, to carry on business in that way. In the past this difficulty was taken care of by P.C. 32-9776, passed under the War Measures Act, on the 28th of October, 1942. Similar provisions are to be found in the statutes creating the National Harbours Board, the Canadian Broadcasting Corporation, the Central Mortgage and Housing Corporation, and every other statutory organization which operates as an incorporation.

Sections 4 and 5 of the bill provide for emergency financing apart from money appropriated by parliament. Section 4 reads as follows:

The Governor in Council may
(a) authorize the Minister of Finance to advance to a company, by way of loan, additional working capital out of unappropriated moneys in the consolidated revenue fund: and
(b) authorize a company to borrow additional capital and authorize the Minister of Finance to guarantee the repayment of moneys so borrowed; but the aggregate of outstanding advances made and loans guaranteed pursuant to this section shall not, in the case of any company, exceed five hundred thousand dollars at any one time.

Section 5 of the bill provides for expenditures, and reads as follows:

The Governor in Council may
(a) authorize a company, on behalf of His Majesty, to construct, acquire, extend or improve capital works, and, for this purpose, to expend any of the moneys administered by it,

That is the answer as to what happens to revenue which a company obtains.

The section further provides that the Governor in Council may:

(b) authorize the Minister of Finance to pay from any unappropriated moneys in the consolidated revenue fund such further sums as may be necessary to carry out the construction, acquisition, extension or improvement of such capital works, and
(c) authorize the Minister of Finance to purchase additional shares of capital stock of a company and to pay for the same out of unappropriated moneys in the consolidated revenue fund,
but the aggregate of the amounts paid under paragraph (b) of this section and the amounts used to purchase shares of capital stock under paragraph (c) of this section shall not, in the case of any company, exceed five hundred thousand dollars in any fiscal year.

Considerable misunderstanding and doubt has developed with respect to the meaning of this section. I am not satisfied with the explanations which I have read, and submit that a thorough examination should be made when the bill goes to committee. It will be observed that the phrase "in any fiscal year" modifies the verb "exceed," not the clause "the aggregate of the amounts paid." The section does not say that the aggregate of the amounts paid or used in any fiscal year shall not exceed so much, but that the amounts paid or used shall not exceed so much in any fiscal year. The wording is most confusing, and I do not know how it would be interpreted by a court. The matter should be cleared up before our committee.

Hon. Mr. LEGER: It certainly should be clarified.

Hon. Mr. ROEBUCK: I believe the intention is that the amount on both administrative and capital account shall be $1,000,000 and shall not exceed that amount.

Hon. Mr. CAMPBELL: May I ask the honourable gentleman if he suggests that the words "at any one time", in section 4 of the bill, are confusing?

Hon. Mr. ROEBUCK: No. They are perfectly clear. Section 5 uses the words "in any fiscal year", which may be interpreted to mean that $500,000 can be paid in this fiscal year, a similar amount in the next fiscal year, and so on ad infinitum. I do not think that is the intention.

Hon. Mr. ASELTINE: Under the provisions of section 4 how many times could $500,000 be borrowed in any one year?

Hon. Mr. ROEBUCK: Only once.

Hon. Mr. ASELTINE: It does not say that.

Hon. Mr. ROEBUCK: The section says that the amount shall not exceed $500,000 at any one time. For instance, if during a parliamentary recess the Polymer Company received a large order and found it necessary to erect a plant to fill that order, to wait for parliament to meet would entail an unreasonable delay. Therefore power is given to the company, with the approval of the Governor in Council, to borrow through the Minister of Finance from the unappropriated moneys in the consolidated revenue fund, the sum of $500,000 for administration and a similar sum to build the plant. Then when parliament met and voted that money Polymer would be in a position to make further borrowings if the previous borrowings had been satisfied either by repayment or by a parliamentary grant. That is my interpretation.

Hon. Mr. KINLEY: The bill employs the words "the aggregate".

Hon. Mr. ROEBUCK: There may be several borrowings, but they must not exceed $500,000.

Sections 4 and 5 of the bill are duplicated almost word for word in sections 16 and 17 of the Canadian Broadcasting Act. It will

be noted that a private company could provide for emergency financing by borrowing from the bank or by an issue of bonds and debentures, or similar methods; but these means of financing are not available to government companies, and so powers are given for emergency financing.

Section 6 of the bill provides for the recovery by the crown of moneys in the hands of the company in excess of its requirements. Similar provisions will be found in the Canadian National Railways Capital Revision Act, 1937, Chapter 22, section 10. In that connection the directors exercise discretion as regards repayment; but in the operation of government companies the minister exercises the discretion with respect to recalling money.

Section 7 of the bill provides that the company can exercise its powers only as an agent of His Majesty, which is a certain safeguard against these powers being used for private purposes. The company may contract in its corporate name without specific reference to His Majesty, which means it can buy, sell and carry on business the same as any other company. The fact that it can sue and be sued on its own behalf, rather than as an agent of His Majesty, does away with the necessity of obtaining a fiat from the Minister of Justice before commencing an action.

I invite the lawyers in the house to tell me whether the clause is wide open enough to cover both contractual rights and obligations and also torts. I have asked departmental lawyers about it, but have received no reply.

Hon. Mr. LEGER: I do not think it does.

Hon. Mr. ROEBUCK: I am not sure. Sometimes I think torts are covered, because rights and obligations grow out of wrongs. If the board of directors of one of those companies ordered one of its servants to drive at a top speed to a town to get something, and on the way that servant ran over somebody, that would be a tort which would give the injured party rights to compensation by the company. That is one view. The other view is that "right or obligation" is apparently meant to imply a contractual right or obligation. I am ready to be hired in support of either view, and I think I could put up a fairly good argument. When this bill goes to committee the departmental officers can be asked whether they meant to cover torts and, if not, why it is not so stated.

Hon. Mr. HOWARD: It is apparently a good clause for lawyers.

Hon. Mr. ROEBUCK: Yes. There might have to be an action to decide what is meant.

Hon. Mr. ROEBUCK.

Hon. Mr. ASELTINE: And by that time the act would be amended.

Hon. Mr. HUGESSEN: May I ask my honourable friend a question, referring back to section 4, under which the Governor in Council may authorize a company to borrow money within a certain limitation? I understood him to say that was intended to replace the powers conferred upon ordinary companies to borrow in other ways.

Hon. Mr. ROEBUCK: Yes. At all events, other companies have those powers, and a government company has not. Therefore this section is necessary.

Hon. Mr. HUGESSEN: I do not see anything in this bill which deprives government companies of the ordinary borrowing powers which any company organized under Part I of the Companies Act can exercise with the consent of its shareholders. I was wondering whether my honourable friend's remark was correct, or if the mere fact of incorporation under Part I of the Companies Act would permit a government company, with the consent of its shareholder—which is the government—to borrow unlimited sums of money secured by bonds or debentures, or in any other way.

Hon. Mr. ROEBUCK: I am not prepared to be dogmatic in my reply. Before I could answer my honourable friend with any definiteness I should have to read the bill with his question in mind; but my present thought is that power is not given to these companies to borrow money outside.

Hon. Mr. HUGESSEN: I raise the question because section 2 of the bill states that the government companies are incorporated under Part I of the Companies Act.

Hon. Mr. ROEBUCK: I cannot answer the question off-hand. My honourable friend may be right, as he usually is. I would rather pass the question for the moment and take it up in committee.

I have said that it is not possible to have men hired by the Civil Service Commission for the purpose of carrying on what is really a commercial business. These companies will be able to hire and fire without reference to the commission.

Section 10 is the only other section to which I need refer. The criticism we hear most frequently is that business assigned to an incorporated company will be removed from the control or scrutiny of parliament. I submit that this bill endeavours to correct that tendency. It provides that each company shall submit to the minister an annual report of

its affairs and operations, and that he must lay this before parliament. He may call for further reports, and of course parliament may call the company and its officers before a Commons or Senate committee for questioning, so that appropriate legislation or other action may follow. Furthermore, as I have already made clear, the segregation of an enterprise into the hands of a special board of directors, charged under the Companies Act with keeping the books there specified, makes it easier rather than more difficult to check up on the operations concerned.

Provided the bill is clarified in some small respects, I can see no objection to it. How we could carry on companies without a regulating statute, I am unable to imagine. There may be some question as to the incorporation of these companies. Should we have government companies at all? Anyway, we have them, and they have justified themselves from certain points of view, and it seems that we are going to continue to have them. It would be very difficult to get rid of them at this moment. That being so, it is essential that we have an act for their control and regulation. I can see no real objection to the bill.

Hon. Mr. LEGER: I was looking through the bill with the expectation of finding a section authorizing the minister in charge to provide the money needed. There does not seem to be any such section.

Hon. Mr. ROEBUCK: There is no need to give parliament power to appropriate money. This bill, in two sections, authorizes the Governor in Council to appropriate up to $500,000.

Hon. Mr. LEGER: It seems to me that the amount of money that may be appropriated in one year for these companies should be statutory.

Hon. Mr. ROEBUCK: How would it be possible to state the limitation? The patents company would require perhaps only a small sum, but the Polymer company is in a different class. We spent $50,000,000 on that company, and last year it made $10,000,000, so we are at present $40,000,000 down. We are now into atomic enterprises. No one knows what will come out of the Eldorado scheme, or the Chalk River operations. It would be impossible to limit in advance the amount of money which parliament might appropriate for such undertakings.

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

YUKON PLACER MINING BILL

REPORT OF COMMITTEE

The Senate proceeded to the consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill 62, an Act to amend the Yukon Placer Mining Act.

Hon. Mr. HOWARD: On behalf of Hon. Mr. Beauregard, I move concurrence in these amendments.

The motion was agreed to.

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

Hon. Mr. ROBERTSON: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 26. 1946.

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

Prayers and routine proceedings.

RAILWAY BILL

FIRST READING

A message was received from the House of Commons with Bill 138, an Act to amend the Railway Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

DEPARTMENT OF TRANSPORT STORES BILL

FIRST READING

A message was received from the House of Commons with Bill 139, an Act to amend the Department of Transport Stores Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

CANADIAN NATIONAL RAILWAYS (MANITOBA RAILWAY) BILL

FIRST READING

A message was received from the House of Commons with Bill 194, an Act respecting Canadian National Railways and the acquisition of the Manitoba Railway.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

PRIVATE BILL

FIRST READING

Hon. Mr. HAYDEN presented Bill B9, an Act to incorporate Prescott and Ogdensburg Bridge Company.

The bill was read the first time.

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

Hon. Mr. HAYDEN: Friday next.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE moved the third reading of the following bills:

Bill L7, an Act for the relief of Marie Olivette Marthe Pépin Giguère.

Bill M7, an Act for the relief of Evelyn Helen Deeb Kouri.

Bill N7, an Act for the relief of Rose Dawson Brady.

Bill O7, an Act for the relief of Shirley Boyd Fuller Dichow.

Bill P7, an Act for the relief of Beatrice Emily Young Crane.

Bill Q7, an Act for the relief of Martin Thomas Walsh.

Bill R7, an Act for the relief of Anna Blumenthal Gillman.

Bill S7, an Act for the relief of Annie Solomon Birnbaum.

Bill T7, an Act for the relief of Katherine Demidovich Zouikin.

Bill U7, an Act for the relief of Herbert Beatson De Gruchy.

Bill V7, an Act for the relief of Luc Chadillon.

Bill W7, an Act for the relief of Mary Innocent Gorman Martin Gillean.

Bill X7, an Act for the relief of Maurice Olivier Singfield.

Bill Y7, an Act for the relief of Myrtle Ethel Anderson Hammill.

Bill Z7, an Act for the relief of Allan Reginald Duncan Woolley.

Bill A8, an Act for the relief of Ida Portnoff Clarke.

Bill B8, an Act for the relief of May Andria Thistle Shirres Richardson.

Bill C8, an Act for the relief of Florence Margaret Louise Jekill Wiggett.

Bill D8, an Act for the relief of Pauline Frances Beaton Bridgeman.

Bill E8, an Act for the relief of Mildred Helen Cavers Watson.

Bill F8, an Act for the relief of Paul Martial Chevalier.

Bill G8, an Act for the relief of Dorothy Catherine Benson Hunter.

Bill H8, an Act for the relief of Pauline Francesca Evans Gladwish.

Bill I8, an Act for the relief of Mary MacDonald Short Browne.

Bill J8, an Act for the relief of Solomon Shulman.

Bill K8, an Act for the relief of Robert Patrick Warren.

Bill L8, an Act for the relief of Elsie Alvina Hirsch Sidaway.

Bill M8, an Act for the relief of Sadie Joseph Saikaley Charles.

Bill N8, an Act for the relief of Arthur Corey Thomson.

Bill O8, an Act for the relief of Jean Wilbur Cassils Dawes.

Bill P8, an Act for the relief of Jean St. Claire Macdonald Routledge.

Bill Q8, an Act for the relief of John Anderson Hutchins.

Bill R8, an Act for the relief of Ivy May Baylis Lariviere.

Bill S8, an Act for the relief of Muriel Gertrude McKnight Carroll.

Bill T8, an Act for the relief of Erminia Taccani Roncarelli.

Bill U8, an Act for the relief of Violet May Armour Smith.

Bill V8, an Act for the relief of Beatrice Caroline Lock Norman.

Bill W8, an Act for the relief of Blanche Belanger Mullin.

Bill X8, An act for the relief of Alfred Goodman.

Bill Y8, an Act for the relief of Charles Thomson.

Bill Z8, an Act for the relief of Hannah Green Turton.

Bill A9, an Act for the relief of Ida Solomon Caplan.

The motion was agreed to, and the bills were read the third time, and passed, on division.

YUKON PLACER MINING BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 62, as amended, an Act to amend the Yukon Placer Mining Act.

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

APPROPRIATION BILL No. 4

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 198, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending 31st March, 1947.

He said: Honourable senators will no doubt recall that the total estimates for the fiscal year 1946-47 amount to $2,769,349,815.66. Of this amount $1,202,652,841.26 is authorized by statute; the balance of $1,566,696,974.40 must be voted by parliament. By Appropriation Act No. 2 parliament voted one-sixth of the annual financial requirement. This was to cover April and May. By Appropriation Act No. 3, a sum amounting to one-twelfth was voted to cover the month of June. This bill makes provision for a further one-twelfth, or, as shown by section 2, a sum of $136,598,972.86. In that respect this bill is similar to the one passed a month ago; but it is different, in that it contains no schedule of items—such as appeared in the earlier bill—calling for additional amounts to defray expenditures connected with the demobilization of the armed forces and other special obligations of a seasonal nature. This being so, I presume that no such additional amounts are required at this time.

Hon. Mr. ASELTINE: I have no objection to the bill being given second reading. I presume that some of the items mentioned will be considered by the Finance Committee, and that when the Budget has been brought down we will be able to go into the matter much more fully.

Hon. Mr. ROBERTSON: Honourable senators, I would repeat what I have said on previous occasions—that the passing of this bill is to facilitate public service and in no way precludes any honourable member from obtaining information which he desires concerning general expenditures.

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

THIRD READING

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

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

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

ATOMIC ENERGY CONTROL BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 165, an Act relating to the development and control of atomic energy.

He said: Honourable senators, I would ask the honourable senator from Toronto to explain this bill.

Hon. G. P. CAMPBELL: Honourable senators, before proceeding to discuss and explain the construction, constitution and purpose of this bill, I should like to make a few general observations with respect to its subject matter. I am sure all honourable senators have been reading a great deal about the conference on atomic energy which has recently taken place in New York, and which has been widely discussed in the press. I do not believe that civilization has ever faced a more important problem than that of finding an effective means of dealing with this very powerful force.

For many years scientists have tried to find a means of splitting the atom, claiming that the discovery of this phenomenon would develop a new source of power. That has been accomplished, and we now realize that man has produced something which he may not be able to control. Therefore civilization is faced with the problem of finding an effective means of regulating this power of unknown proportions.

For many years physical science has been on the march. There is no doubt that the development and progress of the world can be largely attributed to scientific discoveries, and that the growth of this continent is almost directly due to achievements in the field of science. In the early part of the nineteenth century people crossed the ocean in sailing vessels. Later in the century new forms of power were perfected and put to practical application, with the result that we have advanced in this century. The discovery of new sources of power in the latter part of the eighteenth century, and during the nineteenth and twentieth centuries, raised the standard of living throughout the world, and I believe the splitting of the atom will bring about even greater improvements in this regard, provided the new power can be controlled and used for peaceful purposes.

It is unfortunate that organized society has not always kept abreast of the developments of physical science. During the industrial revolution and similar periods in the world's history, there were those who refused to accept the new knowledge gained by fresh discoveries and opposed the application of new principles until, by natural progression, those principles forced themselves upon society. New inventions while giving more leisure to the masses of the people have enabled countries of the world to produce all kinds of goods in greater abundance. If in this process of change there has been a disorganization of society and the community in general, scientists have not accepted the responsibility for it. They have felt that the problem was of a social and not a scientific nature.

It is interesting to observe that today scientists are taking an interest in political affairs, and are trying to evolve some means of control for the new source of power. Before the secret of splitting the atom was discovered, thus releasing the power known as atomic energy, no one could visualize the problems which would result. It was during World War II that the discoveries with relation to atomic energy were put to use for the first time. Today military leaders as well as scientists and political leaders are aware that unless some means is found to prevent this new source of power from being used for destructive purposes, civilization cannot survive another war. I am sure it was a great shock to military leaders as well as to others throughout the world to learn how devastating was the effect of the atomic bomb on Hiroshima and Nagasaki, and there can be little doubt that the bomb was to some degree, if not largely, responsible for bringing about an early end to the Japanese conflict.

It must be borne in mind that, in the event of another war, sufficient atomic bombs could be carried in one aeroplane to destroy a whole city, and that projectiles loaded with atomic bombs sent from one continent to another would be reasonably effective in destroying any particular plant or city, together with the people in the vicinity.

As soon as the atomic bombs were dropped on Japan it was felt that the control of atomic energy was a matter that should be brought forcibly to the attention of the whole world. Reference to a few of the significant highlights since that time may be of interest to the house. On August 9, 1945, three days after Hiroshima was blasted, President Truman declared that the bomb was "too dangerous to be let loose in a lawless world" until means had been found "to protect ourselves and the rest of the world from total destruction." On the 3rd of October President Truman sent a message to Congress calling for the creation of a commission to control atomic fission domestically, and suggesting international discussion of its control throughout the world.

On November 15 came the first of the major steps to set up international supervision. The United States, Britain and Canada issued an agreed declaration that called for the exchange of information about atomic energy among the nations as soon as effective safeguards could be established. On December 27 the second step was made public when the "Big Three" Foreign Ministers, meeting in Moscow, revealed that they had agreed on recommending to the United Nations General Assembly the appointment of a commission to deal with the problem.

On January 24 this year came the third step, the creation of the United Nations Atomic Energy Commission, composed of delegates of each of the eleven nations represented on the Security Council, plus Canada. Canada, though not a member of the Security Council, was added as a member of the commission because this country is one of the sources of supply of uranium, which is used in the development of atomic energy. Canada having the plant that has been erected at Chalk River, where extensive research into atomic fission has been carried on, occupies an extremely important position. As the Minister of Reconstruction and Supply said in another place, we, along with the United States and Great Britain, have the secrets, and the knowledge of how to use them.

Although nationally and internationally we are at present concerned with finding some means of controlling atomic energy and using it for peaceful purposes, the real problem facing the world and civilization is the establishment of a society of mankind which will enable people of different races, creeds and political philosophies to live together in peace and work unitedly for the benefit of humanity. It seems to me, honourable senators, that it is going to be extremely difficult to find effective means of controlling the use of atomic energy by legislation, or by agreements between countries, until the countries themselves can evolve some method of settling their own simpler problems.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CAMPBELL: So far as we know today, the only countries possessing knowledge of atomic energy are Great Britain, the United States and Canada. It would seem that before nations can conduct discussions with confidence, all countries should disclose how far they have gone in the development of atomic energy. Canada, the United States and Great Britain have made it known that they possess

plans for breaking the atom and producing power from this source. We do not know what is happening in other countries, particularly in Russia, although it is fairly well known or suspected that there are sources of uranium in that country, and it is believed that substantial strides have been made there with respect to the development of atomic energy. We do know that so far as Great Britain, the United States and Canada are concerned this new discovery will never be used for warlike purposes, except as a means of self-defence. It seems to me that we should have a statement from other countries indicating, as I said before, what efforts they are making along these lines.

It is necessary for the people of the British Empire, the United States, and the other great democracies of the world, to evolve some form of social science which will enable them to deal with the people of countries having political philosophies different from their own, on a basis similar to that which obtains among the democratic peoples of the world. I am certain that if the same relationship existed between the people of other countries as exists between the people of the British Empire, of the United States and of the other great democracies, we should not be so much concerned about the control of atomic energy. We should have confidence in the fact that this power of unknown and unlimited force would never be used for aggression or destruction, but would be developed for peaceful purposes. It would seem to me, therefore, that social science must be greatly advanced, through national and international organizations, before we can evolve any effective means of controlling atomic energy and the further development and use of physical science along this line.

The first step toward finding ways and means of controlling atomic energy and using it for peaceful purposes has recently been taken by the United States. The plan laid down by its representative on the United Nations Atomic Energy Commission provides, first, for the creation of a body to be known as the International Atomic Development Authority, operating in connection with the United Nations Security Council. The objectives of this plan would be to vest in this body complete control over atomic development in order to prevent its use by any nation for purposes of war. Second, it provides for the surrender by the United States to the International Atomic Development Authority of all its knowledge with respect to the use of atomic energy as a weapon at such time as satisfactory safeguards can be agreed upon between the nations of the world, in order that the body organized to control this new power will have effective and complete control. Third, it provides for the destruction of the stock pile of bombs held in the United States.

It will be seen that before such a plan can be carried out the nations must have confidence in each other and supreme confidence in the international body which is set up to deal with this problem. It seems to me, honourable senators, that no hasty action should be taken by those countries possessing the secret until it is more convincingly demonstrated that the United Nations Organization as now constituted has the complete support of all the nations constituting that body. It is the duty of those countries which now have the means of producing atomic energy to use their knowledge for peaceful purposes, and to make the source of the new power available for the people of the world.

Before anything definite can be done for working out this problem between nations, the nations must be prepared to declare whether or not they are willing to surrender some of their sovereign powers, because, according to the proposals put forward, nations will have to surrender certain of their sovereign rights so as to grant to this new authority specific powers with regard to the following matters:

1. Complete control of the world's supplies of uranium and thorium, the present sources of atomic power.

2. Exercise of control over operation of all plants producing fissionable materials in dangerous quantities.

3. Absolute control over atomic research in the field of atomic explosives. Non-dangerous research and production activities would be open to nations and their citizens under reasonable licensing arrangements.

4. Distribution of activities and materials.

5. The International Atomic Development Authority would have the right to inspect atomic activities in all countries.

We are not confronted today, honourable senators, with the immediate problem of determining what international body shall be set up to control the use of atomic energy throughout the world. As respects this bill, we are concerned only with the control, development and use of atomic energy within Canada.

The bill is brief and, when carefully read, self-explanatory. It proposes to set up a board, to be known as the Atomic Energy Control Board, which will have authority to control the development and use of atomic energy within Canada. The board will be a branch of government and responsible to the government, much on the same basis as the

Scientific and Research Council—of which we heard a good deal last night. It will consist of the person holding the office of president of the Honorary Advisory Council for Scientific Research, and four other members to be appointed by the Governor in Council. It is expected that in this way there will be a direct connection or liaison between the Advisory Council for Scientific and Industrial Research and the Atomic Energy Control Board.

The power of the board is limited and controlled in several ways by requiring approval of the Governor in Council before it can carry out certain functions.

Section 8 provides under paragraph (a):

The Board may—(a) undertake or cause to be undertaken researches and investigations with respect to atomic energy.

That is, the board will have complete authority to undertake work of this character. In respect of virtually all other matters the board is subject to the control of the Governor in Council, and must obtain its approval before exercising the further powers set forth in this section. There is also provision for contact with the Committee of the Privy Council, as constituted under the Research Council bill.

I would impress on honourable members that this board will have nothing to do with the international control of atomic energy. That subject will no doubt be brought up at a later date. It is expected that our representative on the commission set up by the Security Council of the United Nations will also be a member of this board. So there will be a liaison between the international and the domestic body in this respect.

The further provisions are, as I have said, self-explanatory. They deal with the voting of supply to carry on the work of the Atomic Energy Board, and also the reports which from time to time are to be filed with the government and tabled in parliament. There is also the usual section respecting civil service superannuation and the like.

One other section of the bill which I should like to bring specifically to the attention of the house is section 10, under which the board is authorized, with the approval of the Governor in Council, to procure incorporation of companies to carry on the objects of the bill. The purpose of this provision is to enable the board, with the approval of the Governor in Council, to set up a company to operate the Chalk River project on much the same basis as the Eldorado Mines, which are now controlled by the crown. The bill also provides that the board may acquire shares of companies engaged in the development of atomic energy. There is a further provision for the encouragement of exploration, with a view to discovering sources of supply of uranium and thorium, substances used in the production of atomic energy.

I do not think any further explanation of the provisions of the bill is necessary. I am sure honourable senators have been extremely interested in the discussions which have recently taken place; this subject is not entirely new to them, because it was debated both here and in another place last December, when the resolution was presented providing for the constitution of the international committee.

In conclusion I should like to say that the enactment of the present bill is nothing more than the first step taken by one of the countries principally concerned in the development and control of this new power. If Canada were the only country involved, we could devise some satisfactory means of control. But other nations are involved, and I doubt if we will be able to find any satisfactory means for its control through an international commission or organization until, as I have said before, we first solve the many other problems related to establishment of permament peace throughout the world. Therefore, I would suggest that honourable senators give careful attention to any discussion in the press on the subject under consideration, and inform themselves as to what other countries are trying to do to evolve an effective means of dealing with this problem internationally. It will not be long before this country, along with others, will be required to make a decision, and when that time comes, honourable senators, the decision to be made will decide the destiny of civilization.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ASELTINE: Can the honourable gentleman tell me whether steps similar to those provided for in this bill are being taken in the United States and Great Britain?

Hon. Mr. CAMPBELL: In answer to the honourable senator I would say that in the United Kingdom a bill has been passed which vests in the ministry the power which by this bill is vested in the board. In the United States there is before the Senate a bill setting up a board with an advisory commission and a liaison with the military authorities. This bill has not yet been passed.

Hon. Mr. ASELTINE: Does the honourable senator know if anyone in Canada has the formula for producing atomic energy? Could we manufacture it if we wanted to?

Hon. Mr. CAMPBELL: I understand from the minister that we have the formula

Hon. Mr. EULER: He said that we could manufacture it at Chalk River.

Hon. Mr. ASELTINE: May I ask the honourable leader of the government if the intention is to refer this bill to a committee?

Hon. Mr. ROBERTSON: It will go to committee.

Hon. Mr. ASELTINE: I do not think members on this side of the house have any objection to the bill.

Hon. Mr. ROBERTSON: Because of the definite relation between this bill and the two explained to the house last evening, if honourable members see fit to give the bills second reading, the three of them might be referred to the Standing Committee on Banking and Commerce in the hope that the minister would be present to answer any questions that might be asked.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

RESEARCH COUNCIL BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 154, an act to amend the Research Council Act.

Hon. W. M. ASELTINE: Honourable senators will appreciate that this afternoon I am playing a new role. It is to be hoped that the arrangement will be of a temporary nature; but while we await the return of our leader I will do the best I can. My policy will be "to prove all things and hold fast to that which is good." I am pleased to be able to tell honourable members that the genial senator from Winnipeg (Hon. Mr. Haig) is not seriously ill, but is well on the road to recovery and is expected to be in his seat next week or shortly thereafter.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ASELTINE: With the consent of the house, I should like to deal with the Research Council bill and the Government Companies bill at one and the same time. This will facilitate their second readings and early reference to committee. I wish to compliment the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) on his very fine explanation of these two bills. His remarks were very lucid, and saved me a great deal of work and research.

Dealing first with Bill 154, an Act to amend the Research Council Act, I may say that in my opinion this is a very important measure and a quite necessary one. I do not see how the functions of the Research Council could be carried on without such a measure, and I have little objection to it. We were told last night that very large sums of money were received by the council in the form of donations and as payments for services rendered to various companies and organizations throughout Canada. It occurred to me that there should be some definite control of the expenditure of that money. I asked the honourable senator a question on that point, and he said that there was no control, but that at the end of each year the council made a full accounting to the government of the day, showing what had been done with the money.

Section 7 of the bill gives the council certain new powers. I do not object to these new powers so long as the council does not go into private business—a policy to which honourable senators on this side of the house are very much opposed.

We are also opposed to the formation of too many crown companies, a matter in which section 9 of the bill seems to give the council considerable latitude. The honourable minister in another place stated that it might be necessary to build pilot plants, and that if they proved successful the government might start another crown company. It would seem, therefore, that section 9 of the bill opens the door to the formation of more companies. Speaking for myself, I am opposed to the government going into business to any great extent; however, if the council does not enter into production and compete with ordinary business, I have no objection, and I feel that there is no fear of that as long as the present minister is in office.

In dealing with the Bill 155, an Act respecting the operation of Government Companies, I wish to make a few remarks regarding the formation of crown companies. If we are to have these companies such a bill as has been proposed is necessary, because there must be some method whereby these companies can do business, and at the same time can be controlled. We were told that during the war there were set up under the Department of Munitions and Supply some 31 companies, 18 of which have already been wound up—for which I commend the government—that eight are in the process of being wound up, and only five remain in operation. The five remaining plants are Canadian Arsenals Limited,

Polymer Corporation Limited, Park Steamships Limited, Wartime Housing Limited, and Eldorado Mining and Refining Limited. My understanding is that Park Steamships Limited and Wartime Housing Limited will be wound up within the next three to five years, but that the other three companies will continue in business for an indefinite period.

I should like to refer particularly to the Park Steamships Company. I think it is high time that the minister in another place gave parliament a full report setting forth the number of ships constructed and their cost; and if any have been sold, the number and the price obtained. I know these ships cost over $200 per ton dead-weight, and the minister stated before one of our committees a session or two ago that a certain number of ships had been chartered and the revenue received applied to reduce the cost of construction. This it seems to me is an altogether inaccurate way of arriving at the cost. We should know what the actual cost has been, and therefore, when the bill goes to committee, as it undoubtedly will, I hope we may get the information with regard to this company.

I am pleased to note that the minister has stated emphatically that it is not the intention of the government to form any more crown companies to compete with private industry. The legislature of one of the western provinces has passed an act giving the provincial government full power to form any number of crown corporations at any time without application to the legislature, and provision has been made for financing these companies by a definite grant of so many hundreds of thousands or millions of dollars every year. I would not like to see that kind of thing done by the federal parliament, and I am glad that the minister's remarks indicate it is not likely to be done.

The Polymer Corporation at Sarnia was formed for the production of synthetic rubber from oil gases. There is no doubt that this corporation would not have been formed when it was by private industry, as at that time synthetic rubber was considered only as a wartime substitute while natural rubber was not available. The prospect of capital loss after the war was considerable. Process changes and improvements may have modified this view considerably; nevertheless it is extremely doubtful that private capital would purchase the Polymer Corporation today. During the course of a debate in another place the minister said he would be very willing to sell Polymer if any corporation was prepared to pay a reasonable price for it. I would not expect any offers to be made, because of the large investment that would be required and the fact that the industry is not too firmly established. I say that without in any way reflecting upon the quality of the product and its absolute essentiality in time of war. Polymer Corporation cannot be said to compete with private industry, except in so far as its product may compete with natural rubber. But the government has stated categorically that it does not propose to put any restraints, by way of duty or regulation, upon the importation of natural rubber into Canada; consequently the existence of Polymer Corporation will not in any way prejudice the position of Canadian rubber consumers.

I intended to read an extract from Time magazine of June 10, 1946, with regard to the Polymer Corporation, but I will simply quote the statement that last year the corporation's profit was $10,166,687. That is a very creditable showing, and I have no doubt it was one of the reasons why this bill went through the other house so easily.

Hon. Mr. MURDOCK: Was that the profit from the Sarnia plant?

Hon. Mr. ASELTINE: Yes.

Hon. Mr. EULER: How much is the investment there?

Hon. Mr. ASELTINE: $50,000,000.

Hon. Mr. EULER: That is a good percentage of profit.

Hon. Mr. ASELTINE: Another company that is to continue in business is Canadian Arsenals Limited. This company I am told, has been formed to take over Dominion Arsenals—which in pre-war days was under the direction of the Department of National Defence—and also certain war plants, some of which are in stand-by condition while others are being operated on a small scale. It has been stated most emphatically that it is not intended to have Canadian Arsenals Limited produce goods for competition with private industry. Munitions production is intended solely for the armed forces of Canada, and possibly also for the forces of its allies. But it is a fact that at the moment one of the Arsenals plants is producing fertilizers which are being sold for commercial purposes in competition with fertilizers produced by private companies. However, at the present time there is a tremendous demand for fertilizer—

Hon. Mr. HOWARD: I was going to say that.

Hon. Mr. ASELTINE:—so the competition is not of much importance to private manufacturers. Whether this will be true when there is not such a demand remains to be seen.

I have no objection to the Eldorado Company, the atomic energy company, or the other new companies that are about to be formed.

I come now to the bill itself. I think it is obvious to all honourable members that it does not incorporate any company. I agree with the honourable senator from Inkerman (Hon. Mr. Hugessen) that sections 4 and 5 do not prohibit any of these companies from borrowing money in the usual way. They are incorporated under Part I of the Companies Act, and have all the powers conferred by that act in addition to the powers given by sections 4 and 5 of the bill.

The part of the bill to which I chiefly object is section 10, subsection (1). I should like to read this into the record:

> Every company shall, as soon as possible after the thirty-first day of March in each year, and in any event within three months thereof, submit to the minister an annual report in such form as the minister may prescribe of its affairs and operations during the twelve-month period ending on the thirty-first day of March and the minister shall lay the said report before parliament, if parliament is then in session or within fifteen days of the next session of parliament.

My objection is that the report required by this subsection is a report "in such form as the minister may prescribe". Now, the minister might prescribe for one of these crown companies a report which would not give parliament a true picture at all. In my opinion every one of these companies should be required to submit an annual audited statement, such as any large industrial concern would issue, in addition to a general report; and I suggest that in committee the section be considered carefully and amended to this effect.

On behalf of honourable members on this side of the house, I may say that we have no objection to the reference of Bills 154 and 155 to a Senate committee.

Hon. T. A. CRERAR: Honourable senators, as to the principle of Bill 154, so far as it relates to the development of further research in Canada, I think there can be no reasonable objection. The place of research in the fields of industry and science has become so well established that we cannot quarrel with the effort to extend its area in those particular fields and in others to which it may relate. For instance, scientific research was responsible for the development in western Canada of certain types of wheat that proved immune to the ravages of rust. Certain researches have been of definite value to agriculture in many ways. There is no doubt of the value of research as applied to the utiltization of wood products and of metal products. In fact, in the whole field of endeavour research has a very important place.

This bill raises one or two questions that I think require further explanation and elucidation, which could probably be given in committee. We have to consider the bill, it seems to me, in relation to its companion measure, Bill 155, which is designed to lay down principles covering the operation of crown companies.

Without any desire to detain the house, I think there are two sections in this amending bill which deserve rather careful scrutiny and pretty full consideration. Section 7, as explained by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) last night, is intended to very greatly enlarge the powers of the council with regard to the supervision of research. I have not the Research Council Act before me, but the honourable gentleman outlined the powers contained in paragraphs (c) and (d). Those powers refer to investigations which I think may quite properly be described as relating to fundamental research. But the amending sections give a very considerable increase in powers to the Research Council or the authority charged with the administration of the act. Section 7, paragraph (h) gives this additional power:

> To carry on experimental and development work and manufacturing with respect to the matters referred to in paragraphs (c) and (d) of this section so as to render the processes, methods or products to which the said matters relate more available and effective in useful arts and manufacturing and for scientific purposes or otherwise.

Paragraphs (c) and (d), as I stated a moment ago, relate to what might be described as fundamental research. This section apparently gives power to the Research Council to set up not only pilot plants to test out the effectiveness of any new discovery, but also to set up a manufacturing plant to make use of it. I would point out to honourable senators that this is a complete departure from the powers conferred by the original act.

Let me illustrate in this way. Suppose in the progress of their research work the employees of the council discover a new method of utilizing wood products to make industrial alcohol. Under the present act they would at that point make such information available to industry generally. I am not a lawyer, but if I understand this section aright it gives the Research Council power to set up a plant for the utilization and manufacturing of the products resulting from scientific research in such an instance as I have just given. I may be wrong in my interpretation. If I am, perhaps the lawyer members can set me right. If I am correct in my asumption, this is a

very important departure, and is certainly something upon which the committee, when the bill is referred to it, should receive full and complete information.

If honourable senators will read that section with section 9, amending section 14 of the act, they will find it in this form:

14. (1) The council may, with the approval of the Governor in Council,—

(a) procure the incorporation of any one or more companies under the provisions of part I of The Companies Act, 1934, for the objects and purposes of exercising and performing on behalf of the council such of the powers conferred upon the council by paragraphs (c), (d), (i) and (h) of section ten—

These paragraphs I have already referred to. In short, the council may organize companies under section 1 of the Companies Act to carry these projects through. That is, to engage in the manufacturing business in any aspect of its work.

In this connection I would refer to Bill 155, an Act respecting the operation of Government Companies, which contains a provision for the financing of any government company that may be set up under the sections mentioned by the honourable gentleman (Hon. Mr. Aseltine) who is at present leading on the other side. This is certainly a radical departure from the practices of the past so far as government is concerned. Some of my colleagues may regard me as a hard-crusted reactionary because I do not agree with these modern tendencies. It is quite true that during the war the government found it necessary for the purpose of the more effective prosecution of the war to set up certain corporations, such as the Polymer Corporation for the production of artificial rubber. This was necessary because the source of supply for natural rubber had been overrun by the Japanese in their march south in the Pacific, and rubber in large quantities had to be found for the effective prosecution of the war. The Polymer Corporation, the honourable leader opposite has told us, operated last year at a profit of $10,000,000. Is a government plant for the manufacture of rubber to be a permanent feature of the economy of this country? If it is, then is there not the same justification for the government to go into the manufacture of flour? Is there not as much justification for the one as for the other? It is simply a matter of converting the raw material into the finished article—rubber or flour. The principle might further be extended to timber products or the manufacture of any other raw materials.

May we not find in the creation of these crown companies a precedent for a complete transformation in the control of the industrial economy of this country? I do not think for a moment that that is the intention of the government, or that it is in the mind of the Minister of Reconstruction and Supply, for I know his views on the question. But I wish to draw attention to how easily we may slip from one conception of our national economy into another conception. There is, for instance, a good deal of criticism—and personally I agree with it—of the activities of the government of Saskatchewan, to which the acting leader opposite referred.

Hon. Mr. ASELTINE: I did not say which province.

Hon. Mr. CRERAR: But what difference is there between the government of Saskatchewan taking power to create all sorts of crown companies in order to engage in all sorts of business and the principle that we are getting pretty close to adopting here? That in my opinion is a matter for comment. It may be that we are moving into what might be termed a socialistic economy; but I am very strongly of the view that that should be done only after full and free discussion among the people of Canada, so they will know where they are travelling.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: In the process of the nationalization of various industries in Great Britain there has been very frank and complete discussion in the British House of Commons, as there was in their last election. The people of Great Britain know the direction in which they are moving, and they are moving in that direction with their eyes open to fundamental changes in many aspects of their national economy. But we in this country seem to be moving in that direction without a great deal of thought, and without the approval of the electorate. Indeed, the C.C.F., which advocated similar policies, were repudiated by the voters.

It is not with any intention of opposing the measure that I am uttering these views, but rather to impress upon honourable members the importance of a full examination of this trend and where it leads. One thought that strikes me in regard to the power here sought for the incorporation of companies under the Companies Act is that all such companies should be organized by act of parliament and not, as under this bill, by the council on the approval of the Minister under the provisions of the Companies Act. If the incorporation has to be secured by a special act of parliament, then the legislation comes before us and can be scrutinized. The natural tendency of course is to get these things through as easily

as possible. My observation—and it goes back over a considerable number of years—leads me to the conviction that it is comparatively easy for things that we believe in and cherish to slip away from us unless we are all the time on the watch to appreciate what we are doing.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. CRERAR: I do not want my remarks to be construed as in opposition to the bill, but rather as a very strong suggestion that the committee to which this bill will be referred should very thoroughly examine these proposals. I might go further. It does seem to me there is implicit in this legislation the introduction of a principle that we have never adopted in the past. I repeat, if you can establish crown companies to do this, that and the other thing, where are you to set a limit to the practice? What field of business or endeavour may not be touched by such crown companies? I may be a bit old-fashioned, but to me this trend is not only significant, but carries with it very definite implications for the future economic life of this country.

Some Hon. SENATORS: Hear, hear.

Hon. SALTER A. HAYDEN: Honourable senators, I do not want to delay consideration of this bill, but I desire to take this opportunity of concurring heartily in what the honourable senator from Churchill (Hon. Mr. Crerar) has said. The implications in legislation of this kind are much more significant than the expressed purpose in particular cases. There is an important principle at stake, to which we should give very serious consideration. You find here a legislative pattern which could have the effect of leading to a great and marked change in our national economy. If we are to agree to that in particular cases, then I think we should surround that agreement with all the safeguards we can; therefore I endorse the suggestion of the honourable senator from Churchill that in every case the crown company should be incorporated by act of parliament. I would suggest further that the particular work to be nationalized and undertaken by that company should be declared to be a work for the general advantage of Canada.

It seems to me that in considering this bill parliament should require from such a company, once it is set up, more in the way of accounting than simply a statement in such form as may be prescribed by the minister. That has a tendency to remove control of the company too far from the people's representatives in parliament, where the direction of any work for the general advantage of Canada should finally rest. If crown companies are necessary and are to be set up, then they should be required to bring in statements of their operations directly to parliament, so that parliament may pass upon the necessity of the work they are doing, and the efficiency with which they are carrying it on.

It is my submission that there is a lot more involved in this bill than the simple giving of authority for the incorporation of crown companies. The implications of the change in our national economy to be effected by this bill are very great. I would suggest, therefore, that this is something to which we should give our very serious consideration when the bill is before us in committee.

Hon. A. K. HUGESSEN: Honourable senators, I am disposed to agree with the remarks of the two honourable senators who have just preceded me. However, I wish to raise a rather more technical question which arises out of Bill 155, and which seems to me to indicate that not sufficient thought has been given to all the implications of the bill.

Section 2 of this bill provides that under certain circumstances companies, in which the sole shareholder shall be His Majesty, may be incorporated under Part I of the Companies Act of 1934. Having some knowledge gained from professional experience of the operation of the Companies Act, I wondered to what extent Part I of the Companies Act was really intended to apply to crown companies. For that reason I was very glad that the two honourable senators who preceded me threw out the suggestion that it might be preferable to have every crown company incorporated by a special act, so that its exact duties and functions would be known.

Honourable senators, if under Part I of the Companies Act we permit the incorporation of crown companies by letters patent issued by the Secretary of State, we automatically confer upon those companies a vast aggregation of powers of which I am sure honourable senators are, for the most part, unaware. Let me refer the house to section 32 of the Companies Act, which enumerates 30 or 40 different corporate powers which are inherent in every company organized under Part I of that act. I need only read two or three paragraphs to enable honourable senators to appreciate the point I am trying to make.

Paragraphs (a) and (b) are as follows:

(a) to carry on any other business, whether manufacturing or otherwise, which may seem to the company capable of being conveniently carried on in connection with its business or calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights;

(b) to acquire or undertake the whole or any part of the business, property and liabilities of

any person or company carrying on any business which the company is authorized to carry on, or possessed of property suitable for the purposes of the company;

May I read at random two or three other paragraphs of section 32? These further powers are inherent in the companies:

(h) to promote any company or companies for the purpose of acquiring all or any of the property and liabilities of the company, or for any other purpose which may seem directly or indirectly calculated to benefit the company;

(k) to lend money to customers and others having dealings with the company and to guarantee the performance of contracts by any such persons;

(m) to sell or dispose of the undertaking of the company or any part thereof for such consideration as the company may think fit, and in particular for shares, debentures or securities of any other company having objects altogether or in part similar to those of the company;

A vast number of powers would become inherent in any one of these crown companies if we permitted their incorporation under Part I of the Companies Act.

I mentioned yesterday afternoon, and the honourable senator from West Central Saskatchewan (Hon. Mr. Aseltine), in what he said this afternoon, agreed with me, that by section 84 of the Companies Act any company organized under Part I of that act can, with the consent of the shareholders, borrow money or issue bonds and debentures to any amount it sees fit.

I was interested also in the observation by the honourable senator respecting section 10 of Bill 155, which requires companies to submit an annual report to the minister in such form as the minister may require. It must be observed that if a company is organized under Part I of the Companies Act the reports which it must give to its shareholders are set out in considerable detail. Section 136 of the act calls for an annual balance sheet and a general statement of income and expenditures, and gives under a number of headings exactly what these documents must set out. Now it may be that, instead of permitting the production of a statement in such form as the minister may require, we could amend section 10 so as to provide that any such company should submit to the minister, and in due course to parliament, a statement in the form called for by section 136 of the act.

The Hon. the SPEAKER: May I interrupt the honourable gentleman to draw to his attention the fact that the order under discussion is No. 67, an Act to amend the Research Council Act. It is true that the acting leader of the opposition (Hon. Mr. Aseltine) said that he proposed to deal with this and the following order at the same time; but the Senate should now dispose of the first of the two bills.

Hon. Mr. HUGESSEN: I bow to your ruling, Mr. Speaker. May I say, sir, that I had concluded my remarks, and I hope that I made my point clear.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in second reading of Bill 154, an Act to amend the Research Council Act?

Some Hon. SENATORS: Carried.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

GOVERNMENT COMPANIES OPERATION BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson for second reading of Bill 155, an Act respecting the operation of Government Companies.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in the second reading of Bill 155, an Act respecting the operation of Government Companies?

Some Hon. SENATORS: Carried!

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADA DAY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, June 20, the adjourned debate on the motion of Hon. Mr. Foster for the second reading of Bill 8, an act respecting Canada Day.

Hon. ATHANASE DAVID: Honourable senators, the honourable senator from Wellington (Hon. Mr. Howard), who adjourned the debate on this bill, has very kindly asked me to speak today in his place. I realize that one who presumes to address this honourable house

on this important subject after so many excellent speeches have been made is apt to be accused of audacity and temerity, but I am sure that all honourable senators are of opinion that men of sincerity and conviction should express themselves on this question, as to which we are at the present asked to legislate; and what is more important, that they should think of the effect it will have upon the future of this country. Surely it is possible, honourable senators, to discuss this bill without falling into the uncompromising attitude of some writers and speakers who have expressed themselves on one side of the question or the other.

This bill merely indicates that Canada, supposedly having attained or being on the way to attain nationhood, does not want its national holiday to reflect dependency and colonialism. The more I consider the matters of national importance which are being discussed here now, or that have been talked of recently, the more prone I am to come to the conclusion that any difference of opinion that exists is a matter of principle and doctrine. Two opposing principles or doctrines are apparent in Canada today. One is that which claims colonialism is but a transient, temporary stage in the infancy of a country, and that the ultimate goal is complete and absolute independence as a full-fledged nation without fetters of any kind.

In 1882 Renan defined a nation as follows:

> A nation is a soul, a spiritual principle. Like the individual, a nation is the attained goal of a long chain of effort, sacrifice and devotion.
>
> To have common glories in the past, a common will in the present, to have performed together great deeds, to desire the accomplishment of even more—these are of the very essence of a people. One's love is proportionate to the sacrifices one has accepted and the evils one has suffered.

On the other hand Bourget had this to say:

> To be, for a country, consists not only in breathing, eating, drinking. To really exist, a people must depend entirely upon itself, think for itself, feel its own way, think its own thoughts, be fully and absolutely independent. Simple though this may seem, it is charged with intense significance.

Before coming to the second doctrine, I wish to amplify the meaning of the restricting phrase I used that Canada was supposedly a nation. I will believe that Canada is a nation only when every vestige of our direct dependency has disappeared. I will regard Canada as a nation when a truly national life and a truly Canadian mentality become apparent. Whatever may be the powers and the freedom conceded to us, it is only in our own internal life, in our very midst, in our own conception of a fraternal life, that we can create and animate a national life and prove to the world that we have attained real nationhood.

Now I come to the second doctrine, which I believe is adhered to by a small number who purport to desire the independence of Canada but, whatever may happen, will always pretend that it is too soon to bring that about. They greatly dislike being called colonials by their relatives or friends in Great Britain or elsewhere, yet they prefer to remain colonials in fact. With them sentimentality is stronger than reason and national pride. I hope no one will feel that I am moved by vanity when I say that I have my pride. My ancestors came here in the early years of the seventeenth century. The first of the family to come, Didier David, after borrowing fifty pounds from a friend by the name of Pierre Dolbeau, landed on the banks of the St. Lawrence in 1608. During the 338 years since then, even in the time of the French regime, the David family has regarded no other country than Canada as its homeland.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. DAVID: True there was in the bottom of the heart an affectionate remembrance of France, but never since has the family loved any other country than Canada.

Having finished with this digression, I come now to the main point, the second doctrine. I wish to state in all sincerity that in what I am about to say I intend to offend no one. I believe that when truth is expressed with the object of bringing good to a country it cannot cause evil even to the individuals in the country. What would happen if the second doctrine were to prevail? That doctrine is the one held by those who, although they sometimes speak about the future independence of Canada, are yet satisfied to be considered as mere colonials. If that doctrine were to prevail, why not declare right away that we need no national flag, no national anthem, no national holiday, no national Canadian citizenship? Furthermore, why should we not proclaim to the world that our home is not here but is somewhere on the banks of the Thames or the Seine, in the highlands of Scotland or the mountains of Savoie, in some Irish village or the countryside of Normandy? Why should we not announce that our hope, desire, and ambition is simply to make money in Canada and, following an example set not so long ago, go abroad to spend the remainder of our lives, to die and to be buried. If a clear statement of that kind were made, all would know just where we stand and what we can expect. As it is today, everyone seems anxious to talk Canadianism; but when the time comes to act upon the talk, Canadianism is completely forgotten by the small remaining minority of—allow me to give them their right name—imperialists. This minority knows very well

that we are not yet a nation and that, notwithstanding certain rights and privileges conceded by the Statute of Westminster, that same statute confirms the fact that we are still a dominion and therefore a mere dependency.

I readily admit that at the outset the appellation "Dominion" was a very convenient one, doing away with the term "colony" or "possession", which at that time would have been most objectionable and would have remained so. The substitution of a name that seems to imply but little dependence, I must agree was very clever. And, as a matter of fact, it remains very clever. I think it is Lord Derby who is to be congratulated upon this diplomatic achievement.

Honourable senators, you may take it for granted that no word of threat or of menace shall ever fall from my lips in this house. But, with all the respect that I have for this house and for everyone who occupies a seat here, may I say: Let the Senate beware of the reaction that the killing of this bill would provoke, not in Quebec alone but all through Canada. Please believe me, honourable senators, when I say that I am speaking not as a man from Quebec, but as a Canadian. Notwithstanding my profound affection for my native province, my country is Canada and I am Canadian to the core. In whatever province I may happen to be at any time, I always feel perfectly at home. As a Canadian citizen, I say the Senate should not ignore the immense wave of Canadianism which has arisen and which, as it moves forward, swells and becomes more and more powerful.

Not so very long ago a newspaper in Ontario said that "Quebec must be Canadianized." Is that so? Surely the writer of the article had a very slight knowledge of Canadian history and knew very little of the province of Quebec and her inhabitants. In Quebec there were Canadians even before the cession of this country to England. Might it not be that one of the factors responsible for the battle on the Plains of Abraham going in favour of Wolfe was the quarrel between Vaudreuil, at the head of the Canadian militia, and Montcalm, at the head of the French troops? Those who did not want to become Canadians went back to France. I am not criticizing them at all, for they acted within their rights. But those who remained, about 65,000 in all, knelt down on the soil and kissed it, and swore loyalty to the King of England and fidelity to the land of Canada. The Canadians of French descent in Quebec have always welcomed newcomers from other countries, but have always ardently hoped that they, like ourselves, would come to regard Canada as their own land, and to love it above all other lands

Coming back to the Ontario paper that I mentioned, may I say that the statement that "Quebec must be Canadianized" would be simply amusing and of no particular importance were it not for the fact that it was probably read by thousands whose knowledge of history was even less than that of the writer of the article. I will conclude this part of my remarks by suggesting that instead of trying to Canadianize where that is no longer necessary, why not try to disimperialize whatever imperialistic sentiment may remain?

Now I come to a very delicate point—and I know it. From certain quarters, inspired by the second doctrine which I mentioned at the beginning of my remarks, has come the intimation that this bill will be killed by the Senate. Please allow me to pause here and declare that I do not believe this house will ever obey orders, from whatever source they may come, on matters relevant to its jurisdiction. Therefore I shall continue to believe sincerely in the perfect, complete and absolute independence of the Senate.

Honourable members, the independence of this house and its remoteness from political quibblings are two of the main reasons for its continued existence. The day these characteristics disappear you may just as well abolish the upper house as constituted and make it elective, because then it will have become a duplication of the other house and just another political machine. No one here, I believe, would favour such a change, for it would be detrimental to the best interests of the citizens of this country and to Canada herself.

Since I have had the great honour of sitting among you, honourable senators, this is the first session during which at times it seemed that some members were departing from their habitual calm. Let us hope that it was but a temporary unwelcome explosion, and that reason will continue to dominate our discussion. Sincere opinions, whatever they may be, are entitled to the respect of all. This is why I say now that if some are really and sincerely looking at our actual situation in the world from the imperialist point of view, and want this point of view to prevail, why not come into the open, as we of Canadian mentality do, and affirm and expound their theory? The promptness of their admission, although it would not improve the weakness of their position, will be received with the greatest expression of our respect.

It has been suggested in this debate that the appellation to be given to the 1st of July might

well be "The National Holiday." I think this should be the only point to engage our attention. I have said before, and I now repeat, that for me every day is "Canada Day". Therefore I cannot say that I am enthusiastic about that title for our national holiday. An example elsewhere may help us. Everyone will, I am sure, admit that after the revolution Frenchmen were very proud of their achievement; yet the national holiday of France is simply "the national holiday— la fete nationale." It commemorates the fall of the Bastille, the abolition of the last vestige of royal prerogative and prestige. Why not, then, call the first of July "The National Holiday" to commemorate the day confederation was sanctioned? I do not believe that all Frenchmen have always loved to commemorate the destruction of the last vestige of royal authority, yet they have accepted it as they accepted the revolution, notwithstanding the harm it caused them. So in Canada we would accept commemoration of confederation without forgetting—although forgiving—the difficulties and uncertainties which it created.

La fete nationale—The National Holiday—should enlist the good will of all Canadians desirous of harmony, peace and fraternity in our own country before they even think of imposing the same throughout the world. Peace should be established among the citizens of every country before the United Nations Council even starts to think of the signing of a treaty of peace between the nations of the world.

In conclusion, honourable senators, I believe our national politics would at times be less confused if they were placed on the highest possible plane, and the problems they have to solve were regarded not from below but from above. The best way for this house to give politics greatness and nobility would be to display at all times before the citizens of Canada our respect for the permanent interests of our country.

In the exercise of the sovereignty that is delegated to us, we should never forget that we represent but a fugitive hour of our national life, and that therefore we must not sacrifice to the whims and fancies of the moment either the remembrance of the generations that have passed or the hopes, desires and ambitions of the generations that are to come. Canada must be the first and the last consideration of internal as well as external politics every hour that we sit here. Let us hope that whenever we are called upon to vote on a measure our thought shall always be focused on the general welfare and greatness of Canada. For Canada is not only the Canada of today, it is the Canada of yesterday and the Canada of tomorrow. It is the soil that will survive our passing and ephemeral ambitions; the land that has impressed its character on our institutions, on our hearts, on our souls, on our literature; the country that has found the expression of her genius in real and true democracy and the preservation of its great traditions. Finally, it is the Canada which at all times, in joy as in adversity, only asks us to understand her, to love her, and to serve her as we do our own mother.

On motion of Hon. A. L. Beaubien, the debate was adjourned.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Honourable Thibaudeau Rinfret, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber at 5.50 p.m. tomorrow for the purpose of giving the Royal Assent to certain bills.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 27, 1946.

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

Prayers and routine proceedings.

THE LATE SENATOR McRAE

TRIBUTES TO HIS MEMORY

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, it is a matter of the greatest regret that it is necessary for me to refer to the passing of one of our very distinguished colleagues. While it was generally known when the session opened that Senator McRae had not been enjoying as good health as we would have wished, during the session he was a most regular attendant, and not only contributed to the deliberations and work of the Senate itself, but was most active in the discussions and activities of a special committee, appointed on his motion. It comes therefore as a shock that one who had contributed so much to our deliberations should be so suddenly removed from our midst.

Major-General the Honourable Alexander Duncan McRae was a native of Ontario, having been born in Glencoe on November 17, 1874. As a young man he went to Duluth, Minnesota,

then to the prairie provinces, and ultimately to British Columbia. Of tireless energy and great business acumen, his name was associated over a long period of time with many of the foremost activities in those provinces. He was a very successful organizer and promoter of new enterprises and activities, covering land settlement, fishing, lumbering and mining, and as a result of his efforts literally millions of dollars of British, American and Eastern Canadian capital were invested in Western Canada.

In the First Great War he rose to the rank of Brigadier-General, and then to that of Quartermaster-General of the Canadian forces overseas. Later he was loaned to the British Government to organize the Ministry of Information under Lord Beaverbrook, being given the rank of Major-General.

In 1925 he became actively interested in political life, and in 1926 was elected to the House of Commons. He was summoned to the Senate on September 4, 1933, and throughout his membership he made a notable contribution to the work of this chamber.

I am sure it is the feeling of all honourable senators that in his passing we have lost not only a genial personality but an outstanding figure in the political, financial and business life of Canada.

We extend to his widow and his family our sincere sympathy in their bereavement, and express our hope that their grief may be assuaged somewhat by remembrance of the great service that Senator McRae has rendered to his country.

Hon. W. M. ASELTINE: Honourable senators, I agree with everything that has been said by the honourable leader of the government with respect to our late colleague, Senator McRae. I also join with him in extending to Mrs. McRae and the other members of the family our sincere sympathy in their bereavement.

As a young man Senator McRae was directly responsible for the settlement of a great part of western Canada; the province of Saskatchewan in particular. I first heard of him when in the early nineteen-hundreds I was a law student in Winnipeg. He was then a member of the firm of Davidson and McRae, who acted as agents for the sale of Canadian Northern Railway farm lands in Manitoba, Saskatchewan and Alberta. Before that time he had been with the Saskatchewan Land Valley Company. He used frequently to visit the United States, where he took advantage of every opportunity of advertising western Canada, with the result that trainload after trainload of Americans were induced to come to the prairie provinces on the understanding that they should buy land and settle on it as farmers. In this way General McRae helped to place on the vacant farm lands of Saskatchewan and the other prairie provinces immigrants of very high calibre.

When the land settlement boom was over he moved to British Columbia, where he took an active part in public affairs. He displayed an independent attitude in politics by leading his own party. The movement was not a success, and we next heard of him as a Conservative member of parliament at Ottawa. As a political organizer he was most successful, and he guided the forces of R. B. Bennett to victory, though in 1930 himself was defeated. Shortly afterwards he became a member of the Senate, where he took a very active part at all times.

Senator McRae was a man of very strong convictions, extremely loyal to his friends and to his country. His military record is unsurpassed. As an organizer he had few equals, and I am told that no enterprise of which he was the organizer ever failed to make good. His knowledge of Canada's mining resources probably exceeded that of any other member of this chamber.

One could go on indefinitely detailing the good qualities of the deceased, and his many deeds of kindness and philanthropy. Senator McRae will be greatly missed on this side of the house, for his advice has always been much appreciated. We all mourn the passing of another great Canadian.

Hon. J. J. DONNELLY: Honourable senators, I wish to associate myself with the very fine and well deserved tributes to the late Senator McRae by the two honourable gentlemen we have just heard.

As has been said, Senator McRae was raised on a farm in western Ontario, near London. His first business experience was as a banker in Duluth, where he accumulated a small fortune which enabled him to join with Mr. Davidson, to whom the previous speaker referred. Their business was very successful; they did a great work in bringing settlers to the prairies, which resulted in the development of the western provinces, and in the early years of this century the names of Davidson and McRae were household words all through the west.

Later Senator McRae went extensively into lumbering, fishing and mining in British Columbia. He was a man who gave his whole heart to any enterprise he started. He once said of himself that he was no coupon clipper. He got his satisfaction not out of the accumulation of great wealth but in seeing what he started develop and prosper.

The late senator was a very busy man, but in his leisure moments he was a charming companion. As has been mentioned, he possessed great organizing ability. This was shown by his success as Quartermaster General with the Canadian forces overseas during the First Great War. Later, as organizer for the Conservative party he had the direction of the Conservative convention held in Winnipeg in the late 20's, and took full charge of the election campaign which returned the Bennett government afterwards.

I know that every member of this chamber who attended the hearing on metalliferous mines before the Natural Resources Committee noticed the great interest displayed by Senator McRae, and how anxious he was that the inquiry should be successful. It was very evident to all that his health was failing. I had occasion to enter his room on the day the committee last met, Wednesday of last week, and I was fearful that he would not live to go to the meeting. But he went and persisted in taking an active part, although he was scarcely able to express himself. Only a man of iron will could have carried on as he did that last day, and I was not at all surprised a few hours later to receive a telephone call from a doctor at the Civic hospital saying that General McRae would not be able to attend the sitting of the Senate.

General McRae was raised on a farm in western Ontario, as I have already stated, and he always took a great interest in farming. If you will look at the last issue of the Parliamentary Guide you will notice that, although he had many large and varied interests, he designated himself as a farmer. There was justification for that. He operated a very large farm on Vancouver Island, not so much for profit as for the benefit of the live stock industry of this country. He told me that he believed the swine raisers of this country would make much more money if they brought some new blood into their herds, and with that in mind he himself imported some very fine animals from the best herds that he could find in England. I have personal knowledge of two of his animals having been shipped to a neighbour of mine, partly at my request, and I know that as a result there has been a great increase in the number of selected bacon hogs shipped out of that district.

Senator McRae was also keenly interested in Scotch black-face sheep. On one occasion I asked him why this was so, and he said he supposed it was because he was Scotch. The real reason was that he believed the meat from Scotch black-face sheep had a much better flavour than that from sheep of other breeds. He also had an extensive herd of dual purpose cows. I am just mentioning these facts to show that he was well justified in designating himself as a farmer.

I am sure that the business people with whom General McRae was associated have suffered a great loss in being deprived of his counsel. This house also has suffered a great loss in the passing of a man who for fifteen years has been a very useful and greatly appreciated member of the Senate. I personally have suffered a great loss, for General McRae was a man whose friendship I valued very highly. I desire to join with other members of the Senate in expressing to Mrs. McRae and family our deepest sympathy.

Hon. G. V. WHITE: Honourable senators, I wish to associate myself with the two leaders and my honourable friend from South Bruce in their tributes to our departed colleague. My first acquaintance with Senator McRae was during the first World War, when he was Quartermaster General of the Canadian forces overseas. Our association became more intimate after he was appointed to this chamber. Those of us who followed his career in World War I realized his outstanding organizing abilities, and those qualities were forcefully demonstrated after he returned to civilian life.

General McRae was intensely interested in the development of his country. He was an outstanding citizen and contributed in a large measure to the growth of Canada. As was just stated, the Parliamentary Guide gave his occupation as farmer, but he had many other vocations. He was a banker, colonizer, industrialist, soldier and legislator. In all those capacities he possessed a brilliant aptitude for promotion and organization. He brought millions of dollars of British and American capital into Canada. He was a great believer in immigration, and it has been said that he and his associates were largely responsible for increasing the population of western Canada by a quarter of a million persons.

Senator McRae's life, a wonderful example and inspiration to young Canadians, was active and colourful. From a humble farm boy he rose meteorically to be one of Canada's leading citizens and richest westerners. With savings of $1,000, at the age of twenty-four he set out on a career which was nothing short of spectacular, for ten years later he was rated one of the richest men in the West. He pioneered in lumbering, mining, whaling, and land development. Of late years he was particularly interested in the mining industry of this country; and, as was pointed out, he was instrumental during the present session in having a

special committee of the Senate appointed to examine into the economic value of metalliferous mines in Canada. In connection with the committee's work he did a great deal of intensive study. It was typical of the man that although he realized his health was in a critical condition he kept on working even until the very hour when he was removed to hospital. Perhaps his most oustanding characteristic was his extraordinary organizing ability, which he applied to everything he undertook. To this ability and his belief in his country must be attributed the success that he attained.

The passing of our esteemed colleague leaves a vacancy in our ranks difficult to fill. I join with those who have preceded me in extending deepest sympathy to Mrs. McRae and family in their bereavement.

Hon. THOMAS VIEN: Honourable senators, I wish to assure our honourable friends sitting opposite that we on this side from the province of Quebec feel that we share with them the deep loss sustained through the passing of Senator McRae. Though not of his political faith, we greatly admired him as a man, as an outstanding Canadian officer, as a statesman and as a leading business man. His life and career will be an inspiring example to the younger generation. It will teach them that with industry, high purpose and continuity of effort, any Canadian in what has been so aptly termed God's country can attain to leadership in any walk of life.

Senator McRae has also given us an example of broadmindedness. Whenever he has taken part in our debates he has never failed to judge the questions before us dispassionately, the first and foremost subject of his concern being the national interest. He divested himself of his warm allegiance to the political party in whose councils he had been a leading figure, and as a senator treated all legislation strictly on its merits. He was not parochial in his outlook; he viewed national issues as a true Canadian. He gave his undivided attention to the study and solution of the problems, whether provincial or dominion, which from time to time confronted us.

Since I became a member of the Senate I have had the privilege of meeting him quite often, and the friendship that developed between us helps me now to appreciate the loss of honourable senators opposite. Senator McRae was a conspicuous figure in this chamber and in our standing committees. His withdrawal is not only a lamentable loss to this chamber, but a grievous loss to Canada as a whole, for he made an invaluable contribution to our industrial and financial life.

We from the province of Quebec realize what a severe loss we have suffered in the passing of Senator McRae, and I want to join those who have preceded me in expressing to Mrs. McRae and the members of the family our deepest sympathy in their bereavement.

Hon. GERALD G. McGEER: Honourable members, as a British Columbia colleague of General McRae, I know that I voice the sentiments of my fellow members from that province and of its people generally when I say that General McRae possessed in rare degree those characteristics of mind, of spirit and of person that are the common glory of our British race.

His career is a witness to our way of living. He started as a boy upon an Ontario farm. He had nothing but that which came to him with life and the opportunities of his native land. He rose from that humble position and devoted his untiring energies not only to the betterment of his own position but to the betterment of everything with which he became associated.

Today in Vancouver the magnificent house that he built there is the home of Canadian veterans of two world wars. I do not think there was any feature of his many successes that he looked on with greater pleasure, and nothing pleased him so much as to go there and see the veterans enjoying the delightful surroundings that he was privileged to give to them.

General McRae had the driving force of a vigorous constitution, the enthusiasm of a man whose vision was unlimited, the balance of a man born with judgment and able to undertake and see great things to fruition. One of the characteristics that distinguished him we shall all do well to appreciate. Great were his obligations in private business, numerous were his activities, but he always observed this rule: that public affairs were important enough to demand, and to receive, a very substantial portion of both his time and his ability. He was one of the business men—of whom there are many in this house—who realized that the nation's affairs need the guidance of men who by success in private affairs have demonstrated their ability to serve their country.

Senator McRae formed his own political party in British Columbia and characteristically, as a man of ability, understanding and decision, he called it the Progressive Party. The newspaper associated with it was known as the Searchlight. In the progress of his life the searchlight of investigation always played an important part, and it was because of his

devotion to investigation and his ability to be guided by what he discovered, that he achieved his great success.

Right up to his last fleeting breath he really lived. He had a job to do—to get prepared for presentation to this house, the report of the Natural Resources Committee on Canada's metalliferous mines. That was his job; he left the committee room only when that work was completed, and within an hour was taken to the hospital, where he passed away. We who today join in paying tribute to his memory and in extending our sympathy to those who have lost a husband, father and friend, have some consolation in the fine example that has been left to us.

In speaking on behalf of my colleagues from British Columbia and my fellow citizens from Vancouver, where for many years General McRae lived, let me say we realize we have lost one of the forces that contributed greatly to the betterment of that part of Canada and the Dominion as a whole.

Hon. Mr. ROBERTSON: Honourable senators, it will be recalled that yesterday a message was received from the Assistant Secretary to the Governor General stating that the Deputy of His Excellency would attend in this chamber this afternoon at 5.50 to give Royal Assent to bills. As the government business on the order paper is not of a pressing nature, with the consent of honourable members who are entitled to proceed with orders No. 5 and No. 6, and with the approval of the Senate, I would now move, seconded by the acting leader opposite, that out of respect to our late colleague we adjourn during pleasure, to re-assemble at the call of the bell, at approximately 5.35.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

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

An act for the relief of Juliana Edmonda Isabella Ferdinanda Becquaert de Beaujeu.

An Act for the relief of Margaret Penelope Brown.

An Act for the relief of Marion Cruickshank Isaac.

An Act for the relief of Malvina Angelina Seguin Gascon.

An Act for the relief of Nora Kathleen Loury Cheverton.

An Act for the relief of Elsie Fisher Armitage.

An Act for the relief of Florence Mabel McIntosh Simpson.

An Act for the relief of Francis Gordon Sullivan.

An Act for the relief of Minerva Jane Cory.

An Act for the relief of Esther Irene Lind Booth.

An Act for the relief of Katie Hoffman Pinsky.

An Act for the relief of Dorothy Adams Acer McDougall.

An Act for the relief of Helen Douglas Stewart Rankin.

An Act for the relief of Olive Esther Rose Ewen.

An Act for the relief of Andrew Prem-Das.

An Act for the relief of Marie Evelyn Dormer.

An Act for the relief of Reginald Wesley Titcombe.

An Act for the relief of Hilda Forsey Pearce Johnston.

An Act for the relief of Ann Low Fuller Mitchell.

An Act for the relief of Marguerita St. Catherine McKeigan Guillevin.

An Act for the relief of Bessie Goldrosen Green.

An Act for the relief of Audrey Helen Jackson Maxham.

An Act for the relief of Frank Russell Yeoman.

An Act for the relief of Florence Joy McGibbon Lafleur.

An Act for the relief of Isobel Cameron McLaggan Oswald.

An Act for the relief of John Louis Charlebois.

An Act for the relief of Margaret Ruth Weir Allan.

An Act for the relief of Georgina Hylda Swaffield McKenzie.

An Act for the relief of Dorothy Ellen Cope Kimpton.

An Act for the relief of Vera Harriet May Kinghorn Hodgson.

An Act for the relief of Charles Patrick Kavanagh.

An Act for the relief of Irene Gertrude Carry Staley.

An Act for the relief of Ruby Rosina Burnett Walters.

An Act for the relief of Winnifred Violet Unsworth Thomas.

An Act for the relef of Helen Louisa Willcox Reid.

An Act for the relief of Richard Carter Eaton.

An Act for the relief of Annie Coyle Frances.

An Act for the relief of Beatrice Irene Moore Hawes.

An Act for the relief of Laura Lillian Butler May.

An Act for the relief of Gladys Ethel Standring Weldon.

An Act for the relief of Elizabeth Maude Foy Gage.

An Act for the relief of George Burley Beresford.

An Act for the relief of Isabella Eleonora Cantlie Angus.

An Act for the relief of Albert Stuart White.

An Act for the relief of Edward Mortin Montgomery.

An Act for the relief of Evelyn Clare Ward Davis Murray.

An Act for the relief of Esther Genevieve Johnson Potter.

An Act for the relief of Wanita Winifred Ellerton Upton.

An Act for the relief of Joseph Victor Emile Tasse.
An Act for the relief of Roland Taillon.
An Act for the relief of Frederick Albert Johnson.
An Act for the relief of Joseph Francois Georges Landry.
An Act for the relief of Dorothy Ruth Bennett Macnutt.
An Act for the relief of Anne Levy Marder.
An Act for the relief of David Ritchie McEwen.
An Act for the relief of Marie Jeanne Antoinette Bastien Cadieux.
An Act for the relief of Gwenyth Lorraine Madge Popkin.
An Act for the relief of Louise Joselyn Wolfrey Black Griffin.
An Act for the relief of James Delmer Thomas Kirton.
An Act for the relief of Helen Sylvia Stacey Thompson.
An Act for the relief of Kay Florence Smart Gardiner.
An Act for the relief of Zoita Tehanciuc Moldovan.
An Act for the relief of Ambrose Keble Fred Vernham.
An Act for the relief of Clermont Gendreau.
An Act for the relief of Beatrice Lydia Ogulnik Goldin.
An Act for the relief of Harry Dyce.
An Act for the relief of Alastair Trenholme Lovat Fraser.
An Act for the relief of Elsie Rachel Silverson Ward.
An Act for the relief of William Joseph O'Sullivan.
An Act for the relief of Dorothy McLelland Hamilton.
An Act for the relief of Violet Maude Griffiths Baraclough.
An Act for the relief of Norman Peter Gray.
An Act for the relief of Andrew Kovacs.
An Act for the relief of Eda Margel Sand.
An Act for the relief of Lucille Eileen Piche Perrier.
An Act for the relief of Bertha Lipshitz Joslove.
An Act for the relief of Ernest Leslie Maddock Jones.
An Act for the relief of Marie Komyati Sznyitar.
An Act for the relief of Irene Renee Levey Ritchie.
An Act for the relief of Alexander Marr Meldrum.
An Act for the relief of Ottocar Fiedler.
An Act for the relief of Kathleen Elizabeth Regan Griffiths.
An Act for the relief of Eliza Ritchie McDerment.
An Act for the relief of Ruby Eileen Baker Jones.
An Act for the relief of Ralph Samuel Currie.
An Act for the relief of Simone Tardif Laverdure.
An Act for the relief of Max Schacter.
An Act for the relief of Mary Walker Tiffney.
An Act for the relief of Margaret June Purdy MacKinnon.
An Act for the relief of John Rae.
An Act for the relief of Nellie Mugford Brumby.
An Act for the relief of Edith May Hort Search.
An Act for the relief of Alexander Thompson Powell Scott.
An Act for the relief of Frances Eleanor Miller Foster.

Hon. Mr. ROBERTSON.

An Act for the relief of Mary Kathleen Maloney Rassie.
An Act for the relief of Mildred Florence Rooke Cochrane.
An Act for the relief of Eileene Ruby Aspell Stinson.
An Act for the relief of Edna Bookalam Howick.
An Act for the relief of Berthe Alice Cardinal Reid.
An Act for the relief of Elizabeth Jean Warden Leupold.
An Act for the relief of Thomas Bryson Beakes.
An Act for the relief of Lila Edna Page Kennedy.
An Act for the relief of Ernest Crete.
An Act for the relief of Pauline Hellier Kirsch.
An Act for the relief of Wilfred Fields Benlow.
An Act for the relief of Thomas Allan.
An Act for the relief of Martta Haavisto Aaltonen.
An Act for the relief of Rhona Gertrude Paikowsky Munn.
An Act for the relief of Arthur Joseph Hubbard.
An Act for the relief of Eleanor Hibberd Howe.
An Act for the relief of George Graver.
An Act for the relief of Malcolm Ernest Bigelow.
An Act for the relief of Mary Epstein Harris.
An Act for the relief of Helen Irene Flewelling Wilson.
An Act for the relief of Maitabel Horwitz Hollander.
An Act for the relief of Pauline-Gisele Guenette Villeneuve.
An Act for the relief of Mary Jaclyn Robinson Jeffrey.
An Act for the relief of Jessie Hope Forbes Hardie.
An Act for the relief of Robert Venor.
An Act for the relief of Lillian Audrey Atkinson Jackson.
An Act for the relief of Bernard Cook.
An Act for the relief of Estelle R. Warhaft Slobod.
An Act for the relief of Alexander Fitz Ormonde Spooner.
An Act for the relief of Eleanor Williams.
An Act for the relief of Joseph Henri Veaudry.
An Act for the relief of Amelia Jezik Pascas.
An Act for the relief of Cyril Mackie.
An Act for the relief of Carol Gordon Cass Planche.
An Act for the relief of Eveline Richmond Sykes Lacoe.
An Act for the relief of Miriam Vineberg Perel.
An Act for the relief of Paul Krawchuk.
An Act for the relief of Henry Arthur Creates.
An Act for the relief of Stephanie Tymchuk McLean.
An Act for the relief of Annie Spivack Prosterman.
An Act for the relief of Kenneth Edwin Morrison.
An Act for the relief of Almeda Mabel Hartry Ritchie.
An Act for the relief of Margo Ismena Graydon Heubach.
An Act for the relief of Erika Gossen Tenzer.
An Act for the relief of Isabel Greenshields Biggs.
An Act for the relief of Henri Edme Bernard.

An Act for the relief of Nellie Harrison Anderson.
An Act for the relief of Marie Irene Clementine Elizabeth Ash.
An Act for the relief of Alexander Grant.
An Act for the relief of Thomas Beach.
An Act for the relief of Fanny Miller Astrofsky.
An Act for the relief of Grace Ellen Rafter Munro.
An Act to amend the Act incorporating the National Council of Women of Canada.
An Act to incorporate Evangelical Churches of Pentecost.
An Act to incorporate the Executive Board of the Church of the Nazarene.
An Act respecting Citizenship, Nationality, Naturalization and Status of Aliens.
An Act to amend the Feeding Stuffs Act, 1937.
An Act to amend the Naval Service Act, 1944.
An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1947.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

DIVORCE COMMITTEE

ADDITION TO PERSONNEL

Hon. Mr. EULER: Honourable senators, in the temporary absence of the leader of the government (Hon. Mr. Robertson), and on his behalf, I move that the name of the Honourable Senator Robinson be added to the list of senators appointed to serve on the Standing Committee on Divorce.

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. EULER: Honourable senators, I move that when the Senate adjourns to-day it stand adjourned until Tuesday, July 2, at 8 p.m. I may say that it is intended to proceed with the motion on redistribution Tuesday evening.

The motion was agreed to.

The Senate adjourned until Tuesday, July 2, at 8 p.m.

THE SENATE

Tuesday, July 2, 1946.

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

Prayers and routine proceedings.

SOLDIER SETTLEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 199, an Act to amend the Soldier Settlement Act.

The bill was read the first time.

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

Hon. Mr. COPP: Next sitting.

WOMEN'S ROYAL NAVAL SERVICES AND SOUTH AFRICAN MILITARY NURSING SERVICE (BENEFITS) BILL

FIRST READING

A message was received from the House of Commons with Bill 200, an act respecting benefits for persons who served in the Women's Royal Naval Services and the South African Military Nursing Service.

The bill was read the first time.

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

Hon. Mr. COPP: With leave of the senate, next sitting.

FOOD AND DRUGS BILL

FIRST READING

Hon. Mr. COPP, on behalf of Hon. Mr. Robertson, presented Bill X9, an act to amend the Food and Drugs Act.

The bill was read the first time.

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

Hon. Mr. COPP: With leave of the senate, next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills, which were severally read the first time:

Bill C9, an Act for the relief of Jessie Louise Stargratt Burton.

Bill D9, an Act for the relief of Helen Louise Mitchell Meyer.

Bill E9, an Act for the relief of Donald Dale Carr-Harris.

Bill F9, an Act for the relief of Eugene Ernest Hubert George Colnaghi Williams Waterfield.

Bill G9, an Act for the relief of Gratia Lauzon Rousseau.

Bill H9, an Act for the relief of Laura Olive Byers Manley.

Bill I9, an Act for the relief of Vera Gertrude Horder Fournier.

Bill J9, an Act for the relief of Julia Patricia Byrne Cote.

Bill K9, an Act for the relief of Dorothy Adelaide Grace Vennor O'Toole.

Bill L9, an Act for the relief of Lillian Doris Howard Clark.

Bill M9, an Act for the relief of Helen Agnes Stuart Colt.

Bill N9, an Act for the relief of Alma Gosselin Carbonneau.

Bill O9, an Act for the relief of Florence Cleveland Smith des Baillets.

Bill P9, an Act for the relief of Florence Winnifred Dunlop Starkey.

Bill Q9, an Act for the relief of Francis John Stone.

Bill R9, an Act for the relief of Mary McCallum McNamara.

Bill S9, an Act for the relief of Leah Helen Shute Main.

Bill T9, an Act for the relief of Cecile Simonne Robert Turgeon.

Bill U9, an Act for the relief of Edward Cotapschi.

Bill V9, an Act for the relief of Catherine Young Rivard.

Bill W9, an Act for the relief of Mary Jane Michelle Ahern de Brabant.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: With leave of the Senate, at the next sitting.

REDISTRIBUTION

MOTION—DEBATE ADJOURNED

Hon. Mr. COPP moved:

That whereas by the British North America Act, 1867, it is provided that in respect of representation in the House of Commons the Province of Quebec shall have the fixed number of sixty-five members;

And whereas the said Act provides that there shall be assigned to each of the other provinces such a number of members as will bear the same proportion to the number of its population as the number sixty-five bears to the number of the population of Quebec;

And whereas the said Act provides for the readjustment of representation on the completion of each decennial census, and that on any such readjustment the number of members for a province shall not be reduced unless the proportion which the number of the population of the province bore to the number of the aggregate population of Canada at the then last preceding readjustment of the number of members for the province is ascertained at the then latest census to be diminished by one twentieth part or upwards;

And whereas the effect of the aforesaid provisions has not been satisfactory in that proportionate representation of the provinces according to population has not been maintained;

And whereas it is considered that a more equitable apportionment of members to the various provinces could be effected if readjustment were made on the basis of the population of all the provinces taken as a whole:—

A humble address be presented to His Majesty the King in the following words:—

To the King's Most Excellent Majesty:

Most Gracious Sovereign:

We, Your Majesty's most dutiful and loyal subjects, the Senate of Canada in Parliament assembled, humbly approach Your Majesty, praying that You may graciously be pleased to cause a measure to be laid before the Parliament of the United Kingdom to be expressed as follows:—

An Act to provide for the readjustment of representation in the House of Commons of Canada on the basis of the population of Canada;

Whereas the Senate and House of Commons of Canada in Parliament assembled have submitted an address to His Majesty praying that His Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for the enactment of the provisions hereinafter set forth;

Be it therefore enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same as follows:

1. Section fifty-one of the British North America Act, 1867, is hereby repealed and the following substituted therefor:

51. (1) The number of members of the House of Commons shall be Two hundred and fifty-five and the representation of the provinces therein shall forthwith upon the coming into force of this section and thereafter on the completion of each decennial census be readjusted by such authority, in such manner, and from such time as the Parliament of Canada from time to time provides, subject and according to the following Rules:

1. Subject as hereinafter provided, there shall be assigned to each of the provinces a number of members computed by dividing the total population of the provinces by two hundred and fifty-four and by dividing the population of each province by the quotient so obtained, disregarding, except as hereinafter in this section provided, the remainder, if any, after the said process of division.

2. If the total number of members assigned to all the provinces pursuant to Rule One is less than two hundred and fifty-four, additional members shall be assigned to the provinces (one to a province) having remainders in the computation under Rule One commencing with the province having the largest remainder and continuing with the other provinces in the order of the magnitude of their respective remainders until the total number of members assigned is two hundred and fifty-four.

3. Notwithstanding anything in this section, if upon the completion of a computation under Rules One and Two, the number of members to be assigned to a province is less than the number of senators representing the said province, Rules One and Two shall cease to apply in respect of the said province, and there shall be assigned to the said province a number of members equal to the said number of senators.

4. In the event that Rules One and Two cease to apply in respect of a province then, for the purpose of computing the number of members to be assigned to the provinces in respect of which Rules One and Two continue to apply, the total population of the provinces shall be reduced by the number of the population of the province in respect of which Rules One and Two have ceased to apply and the number two hundred and fifty-four shall be reduced by the number of members assigned to such province pursuant to Rule Three.

5. Such readjustment shall not take effect until the termination of the then existing Parliament.

(2) The Yukon Territory as constituted by Chapter forty-one of the Statutes of Canada, 1901, together with any part of Canada not comprised within a province which may from time to time be included therein by the Parliament of Canada for the purposes of representation in Parliament, shall be entitled to one member.

2. This Act may be cited as the British North America Act, 1946, and the British North America Acts, 1867 to 1943, the British North America Act, 1907 and this Act may he cited together as the British North America Acts, 1867 to 1946.

He said: Honourable senators, I am moving this resolution for the honourable leader of the government (Hon. Mr. Robertson), who is absent, and I would ask the honourable senator from Lincoln (Hon. Mr. Bench) to explain it.

Hon. J. J. BENCH: Honourable senators, I am grateful for the high compliment which has been paid me by our distinguished leader (Hon. Mr. Robertson) in asking me to explain this resolution. However, I must caution honourable members by a renewal of my declaration made in this house only a few weeks ago, that I lay no claim to being an expert on constitutional law, constitutional history or, for that matter, mathematics—three subjects on all of which I think one should be an expert to do justice to the task which has been reposed in me for this evening. I am sure that honourable senators will agree with me when I say that it would have been a great pleasure for us to have heard this resolution explained and discussed by the honourable senator from North York (Hon. Sir Allen Aylesworth), had it been convenient for him to do so. As we all know, he bears the reputation of being one of the outstanding authorities on our Canadian constitution, as well as on its interpretation and effect. By comparison with what we would have heard from him, my effort can be but a very humble one indeed, much less analytical and certainly less entertaining. However, I hope that my remarks, with the indulgence of many honourable senators whose knowledge of the subject may be greater than mine, will be sufficient to show what is intended by the resolution, and the effect of the application of the principle which it embodies.

Everyone is aware that the basis of representation in the House of Commons is determined by the provisions of the British North America Act, 1867, section 51 of which provides that such representation shall be adjusted on the completion of each decennial census. As is stated in the words of the two opening recitals to the resolution, the formula which now governs the decennial redistribution provides that the province of Quebec shall have the fixed number of 65 members, and that there shall be assigned to each of the other provinces such number of members as will bear the same proportion to its population as the number 65 bears to the population of Quebec. The general rule thus stated is subject to two important qualifications, first, as set forth in the third recital to the resolution, that on any such readjustment of representation the number of members for a province shall not be reduced unless the population of that province in relation to the total population of Canada has diminished by at least one-twentieth since the then last preceding adjustment; and second, that in no case shall the number of members representing a province in the House of Commons be less than the number of senators to which such province is entitled.

Pausing to consider the effect of this basic formula, and for the moment disregarding the two qualifications to which I have referred, I am advised that if it were applied at the present time for the purposes of a readjustment in representation the result in respect of each province would be as follows: Quebec would of course have its fixed number of 65 members; Nova Scotia would have 11 instead of its present 12; Prince Edward Island would have 2 instead of 4; New Brunswick would have 9 instead of 10; Ontario would have 74 instead of 82; Manitoba would have 14 instead of 17; Saskatchewan would have 17 instead of 21; Alberta would have 16 instead of 17; British Columbia would have 16, as at present, and the Yukon would have its statutory one. Thus the total membership of the House of Commons would be reduced from its present 245 to 225.

However, as I have pointed out there are the two qualifications which I have mentioned to the application of the basic rule. Accordingly, because of the provisions of section 51A, since the representation of Prince Edward Island in this chamber is 4 senators, its representation in the House of Commons cannot be reduced below 4. Similarly, New Brunswick would be entitled to a minimum of 10 members of the House of Commons because it is represented by 10 members in the Senate. Also, by reason of the qualifying rule related to proportionate shrinkage in the population of a province, Ontario would continue to be entitled to 82 members because since the census of 1931 its proportionate population has not decreased more than 5 per cent in relation to the population of Canada as a whole. This is so notwithstanding that Ontario's population has suffered a proportionate decrease of more than one twentieth

since its representation in the House of Commons was fixed at 82. In other words, while the proportionate population of Ontario has decreased in excess of 5 per cent in relation to the population of the whole dominion, this diminution has taken place over a greater period than ten years, with the result that this province is entitled to a number of representatives in the House of Commons considerably greater than would be the case if there were a straight application of the principle of representation according to population. Should honourable senators entertain some doubt as to whether the Ontario situation is strictly in accordance with the spirit and plain words of section 51 of the British North America Act, I perhaps should say that the Privy Council has construed sub-section 4 of section 51 to mean that unless the diminution has occurred within the ten-year period no downward readjustment can be made in the number of members of the House of Commons from any province. For purposes of reference that judgment is to be found in the case of Attorney General of Prince Edward Island vs. Attorney General of Canada, reported in Law Reports (1905) Appeal Cases, p. 37.

To further illustrate that the application of this section 51 as it now stands and as it has been interpreted by the Privy Council leads to some real inequality, let me refer to the Provinces of Manitoba and Saskatchewan. As I have already pointed out, these provinces would lose 3 and 4 members respectively as a result of the census of 1941, notwithstanding that the reduction of their population in proportion to that of the dominion as a whole is probably less than that of Ontario. It would just be the misfortune of these western provinces that the shrinkage of population had taken place since 1931 instead of over a longer period, as in the case of Ontario. Similarly, in considering the relative positions of the provinces of Ontario and Quebec under the law as it now stands, even if the population of Quebec were to become much greater than that of the province of Ontario, it would continue to have the fixed number of 65 members in the House of Commons while Ontario might remain entitled to 82.

Having in mind the unsatisfactory features of the present system to which I have been referring, in order to indicate to honourable senators what is in the mind of the government in bringing forward the present resolution, I think I could not do better than make a short quotation from the highly illuminating speech on this subject which was made by the Right Honourable the Minister of Justice in the other place. At page 1992 of the House of Commons Hansard for the current session, he stated as follows:

> Dissatisfaction has been expressed over this growing gap between the original principle of representation by population and the way the provisions of the British North America Act, as construed in this Prince Edward Island decision, have worked out; and it was felt by the government, in considering the proposals which it would submit to parliament for the readjustment of representation, that a fairer basis for the representation in parliament would be the population of all the provinces as a whole rather than the population of any one province.

In other words, it is simply proposed, by abandoning the formula which makes the population of Quebec and its fixed number of 65 members the keystone of the structure of our system of representation in the House of Commons, to achieve a truer degree of representation by population throughout Canada as a whole. If this resolution is adopted and the imperial statute amended accordingly, distribution of the representatives in the House of Commons will be more truly and directly related to the distribution of population from coast to coast. Subject only to the proposed continuance of the rule providing that a province shall have no fewer members in the House of Commons than it has representatives in the Senate, readjustments in representation will be freed from the present restrictive rules which have been productive of inequalities in the past. Perhaps the most important consideration of all is that, by removing the possibility of injustice being done to this or that section of the population in the matter of its numerical representation in the other branch of parliament, we will be taking a great forward step in the interests of national unity.

What, then, is the procedure or formula proposed for the future? This appears in the operative part of the resolution and the draft of the suggested bill embodied therein. I shall attempt to explain it. It is proposed that the total number of members of the House of Commons be fixed at 255. Out of this number the Yukon Territory, together with any part of Canada not comprised within a province, and which the parliament of Canada may from time to time annex to the Yukon for pur-

poses of representation, shall have one member. This leaves a total of 254 distributable amongst the nine provinces. It is then suggested that this number shall be divided into the total population of all of the provinces of Canada, to obtain a quotient.

Hon. Mr. DUFF: How does the honourable senator arrive at the figure 254?

Hon. Mr. BENCH: I propose to refer to that figure later in my remarks, and would ask the honourable senator from Lunenburg to excuse me for the moment.

That quotient in turn shall serve as a divisor of the population of each separate province. The result of the last mentioned division shall determine the number of representatives in the House of Commons to be allotted to each provincial area, subject, however, to the qualification that if, as a result of dividing the quotient into the population of any individual province, any province should be assigned a lesser number of representatives than it has members of the Senate, such result would be disregarded and the affected province would be granted in the House of Commons a number of representatives equal to the number by which it is entitled to be represented in the Senate.

Hon. Mr. DUFF: But how does the honourable senator arrive at 254 members?

Hon. Mr. BENCH: I am coming to that sooner or later.

In the event of one or more of the provinces thus being excepted from the general rule, the number 254 would be reduced by deducting therefrom the number of representatives assigned to the province or provinces so set aside, and the total population of the then remaining provinces would be divided by the reduced figure to ascertain the quotient.

I fully realize how difficult it is to follow the oral explanation which I have been attempting to make of the application of this proposed new formula. I think I can best explain the procedure by illustrating how it will work out in practice on the basis of the population figures as provided by the census of 1941.

We start with the figure of 255, the total representation in the House of Commons. From this we deduct one, the representation to which the Yukon and the Northwest Territories shall be entitled. That leaves 254. In order to obtain the quotient to be applied in the first instance, we divide the number 254 into the total population of all nine provinces —excluding, of course, the Yukon and the Northwest Territories. I am not aware of the figure which thus would result, but it in turn would be used as the divisor of the individual populations of the respective provinces. Whatever that divisor is, it then would be divided into the population of Prince Edward Island, which according to the 1941 census was 95,047. However, such a figure would result in Prince Edward Island being assigned less than four members, or fewer than the number of senators to which it is entitled. Therefore, in addition to the one seat set aside for the Yukon and the Northwest Territories there would four seats set aside for Prince Edward Island, four being the minimum number to which it is entitled. The next step would be to substract from the number 254 the four seats set aside for Prince Edward Island. This would leave a net of 250. The total population of the other eight provinces—that is excluding the populations of Prince Edward Island, the Yukon and the Northwest Territories—would then be divided by 250, and the result of that calculation would serve as the quotient to divide the respective populations of the eight provinces still concerned.

According to the census of 1941, the population of these eight remaining provinces is 11,394,666. The quotient arrived at by dividing this figure by 250 is 45,578. This quotient of 45,578 is then divided into the population of each of the eight separate provinces, and each such province then becomes entitled to as many representatives in the House of Commons as 45,578 goes into its total population, disregarding for the moment any remainders which might be left as the result of the individual calculations. If when this process has been completed the total of 250 remaining seats have not been assigned, they are allotted to the provinces in order of the magnitude of the remainders left over as the result of the arithmetical division of their respective populations by the number 250.

For the benefit of honourable senators who may desire to have before them a convenient table of reference illustrating how the formula will work out in practice in the case of each province, with the consent of the Senate I would place on Hansard a memorandum which has been furnished to the honourable the

government leader by the Assistant Chief Electoral Officer, under date of June 27. It shows the population by provinces, the remainder in each case after dividing that population by the quotient of 45,578, the number of members which would be assigned to each province under the provisions of the proposed new section 51 of the British North America Act, the present number of seats held by the several provincial areas, and the relative positions of each of these provincial areas if a readjustment were proceeded with on the basis of the existing procedure under the present section 51. This is the statement:

The following figures are based on the population of Canada at the 1941 Census, which is			11,506,655
Less Yukon Territory	(1 Member)	4,914	
Prince Edward Island	(4 Members)	95,047	
North West Territories		12,028	
	(5 Members)	111,989	111,989
Therefore the population used to obtain the quotient is			11,394,666
And the quotient obtained on dividing such population by 250 is			45,578

Province	Population	Remainder	Number of members under new sec. 51	Present number of members	Number of members under old sec. 51
Prince Edward Island	95,047	.....	4	4	4
Nova Scotia	577,962	31,028*	13	12	12
New Brunswick	457,401	1,621	10	10	10
Quebec	3,331,882	4,688	73	65	65
Ontario	3,787,655	4,681	83	82	82
Manitoba	729,744	496	16	17	14
Saskatchewan	895,992	30,010*	20	21	17
Alberta	796,169	21,343	17	17	17
British Columbia	817,461	43,035*	18	16	16
Yukon	4,914	.....	1	1	1
Total	.....	.....	255	245	238

*In order to bring the total number of members to 255, these three provinces, having the largest remainders, are each entitled to an additional member.

This table indicates that the application of the new formula would result in representation in the House of Commons being divided between the nine provinces as follows:

Prince Edward Island would have 4 members because, as I already have said, that is the minimum number to which its representations can be reduced.

The population of Nova Scotia is 577,962. When that is divided by the number 45,578, it establishes that Nova Scotia becomes entitled to 12 members and there is a remainder of 31,026.

New Brunswick, with a population of 457,401, gets 10 members and has a remainder of 1,621.

Quebec, with a total population of 3,331,882, becomes entitled to 73 members and there is a remainder of 4,688.

Ontario, which has a population of 3,787,655 becomes entitled to 83 members with a remainder of 4,681.

Manitoba, whose population is 729,744, will have assigned to it 16 members with a remainder of 496.

Saskatchewan, with a population of 895,992, will have 19 members with a remainder of 30,010.

Alberta, with a population of 796,169, will have 17 members with a remainder of 21,343.

British Columbia, whose population is 817,461, will have 17 members assigned to it with a remainder of 43,035.

As a result of this first step there will be assigned, including Prince Edward Island and the Yukon, 252 out of the total of 255 seats. It therefore becomes necessary to allot the three remaining seats to the three provinces enjoying the largest remainders. These are British Columbia with a remainder of 43,035, Nova Scotia with a remainder of 31,026 and Saskatchewan with a remainder of 30,010. Accordingly, each of these provinces would have one member added to its total, as arrived

at by dividing the quotient into the respective populations of these provinces, and we thus would have constituted the whole membership of 255 of the House of Commons. As I have indicated, the census which governs the conclusions which I have just stated is that of 1941.

In the over-all result, a readjustment of the representation in the House of Commons on the basis of the proposed new section 51 would give the people of Prince Edward Island 4 members as compared to their present number of 4; those in Nova Scotia 13 members as compared to their present 12; the people of New Brunswick 10 as compared to their present 10; the people of Quebec 73 as compared to their existing 65; those of Ontario 83 members as compared to their present 82; Manitoba 16 as compared to their present 17; Saskatchewan 20 as compared to their present 21; Alberta 17, the same as they now enjoy; British Columbia 18 as compared to their present 16, and the Yukon 1, the same as at present.

Quite apart from what appears to be a basic improvement in the formula designed to achieve a truer degree of representation according to population, it is interesting to note that under the new arrangement Manitoba and Saskatchewan, which otherwise would have lost 3 and 4 representatives respectively, will now lose only one each.

The honourable senator from Lunenburg (Hon. Mr. Duff) inquired as to why the number of 255 was selected as the first divisor to determine the quotient. While I have not the factual answer to this question, I assume the number may have been chosen as being the most convenient for several reasons. It rather closely approximates the existing total membership of the other place and does not unduly increase the number of seats. Moreover, in its application it very nearly preserves the present representation of two of the mid-western provinces, which otherwise would have suffered substantial losses. To me it seems to make good sense to commence the operation of the new formula on a basis which will maintain as nearly as possible the representation to which Manitoba and Saskatchewan are now entitled. It helps to apply the new idea with general approval throughout the country and without leaving the false impression in this section or that section that any real injury thereby has resulted.

Regarding the suggested new formula itself and the equity which its application will achieve in the matter of representation according to population of all sections of the Canadian community, perhaps I should remind honourable senators that this resolution has passed the other house, where it was debated from May 28 to June 20. The discussion in that branch of parliament, in which sit the elected representatives of the people who are most directly concerned with the matter, was highly analytical of all aspects of the problem and the remedy which the resolution humbly recommends to His Majesty.

So much for the resolution and the mechanics of the readjustment of representation in the House of Commons which will follow if the request is acceded to by the parliament at Westminster. If I have been unable to present these features of the matter with the same clarity of expression with which they were presented in the other house by the right honourable gentleman who there proposed the resolution, I hope honourable senators will be able to follow my analysis from the printed record, and that I thereby may have been of some assistance to them in their study of the proposal. I recognize that it must be almost impossible to follow the mathematics, in particular, of this oral presentation.

While I do not think there is anything I usefully could add regarding the resolution itself and what it proposes to accomplish, I think it may be incumbent upon me to make a few observations on a collateral aspect of the matter. It was suggested in the other house, and I have heard expressions of the same opinion from individual members of this chamber, that an amendment of this kind ought not to be sought on the joint address alone of the two houses of this parliament; but that, as a forerunner of such joint request, there first should be sought and obtained the consent of the individual provinces. That suggestion involves a principle which has been the subject of numerous discussions since the British North America Act was passed in 1867. I recognize it to be a feature upon which one finds divergence of views. My own humble opinion, for what it is worth, and which I will attempt to support, is that in this matter, at least, the consent of the provinces, or of any province, is not requisite.

As I understand the case put forward by those who argue for the necessity of provincial consent, it is that the British North America Act is the embodiment of what has been called a "treaty" or a "pact" between several crown colonies for the purpose of constituting the Dominion of Canada and its federal and provincial systems of government It is urged that, deriving from the contractual nature of the understanding which was the

forerunner of confederation, there was and is implied the obligation to consult with and to secure the consent of the various provinces before there shall be any meddling with the representation in the Parliament of Canada. In other words, as the argument impresses itself upon my mind, it is contended that, basically at least, the constitutional character of the central government grows out of and is entirely dependent upon the will of the sectional divisions of Canada. As honourable senators will appreciate, if this argument is well founded, there is a very serious check placed upon the freedom of the people of Canada to recommend, and upon the right of the Imperial Parliament to effect, amendments to the British North America Act. Taking as an example the matter of representation in the House of Commons, which is the subject of this resolution, no matter how badly out of joint the formula as enunciated in the present section 51 might become, it would not be possible to achieve any remedy unless and until the provinces had been consulted and had consented. The proponents of the theory of provincial rights in this regard do not make it clear whether there would be required only a majority consent of the provinces or a unanimous consent. Neither do they indicate, as I understand them, how that consent should be given; that is, whether it requires acts of the several provincial legislatures, or if the Lieutenant Governor in Council in each of the individual provinces is competent to pass upon the subject.

My submission is that if the necessity of consent is to be implied at all, since there is no provision governing it in the British North America Act itself, then it must be a unanimous consent. If that is so, you have a situation in which any one province could exercise a veto power upon the desire of all of the people of the remainder of Canada. To state it more explicitly—and in saying this I offer no disrespect to the province concerned—Prince Edward Island, with 100,000 people, less than 1 per cent of the total population of Canada, could prevent any alteration in the scheme of representation in the House of Commons as now provided for by the British North America Act.

Hon. Mr. McGEER: That is not what happened in 1907.

Hon. Mr. BENCH: I do not follow what is meant by the interjection of my honourable friend from Vancouver-Burrard I am only pointing out that if one accepts the principle that the provinces must be consulted there must be, I suggest, unanimous consent, it is open to any one province to exercise a power of veto on the wishes of all the other people of Canada.

Some Hon. SENATORS: No.

Hon. Mr. BENCH: With all deference to the sincerity and conviction of those gentlemen who support the claim of provincial consultation in these matters, I suggest that merely to state the practical result which would follow the acceptance of any such principle is to cast upon it the gravest doubt of validity. Surely the Fathers of Confederation could not have had in mind any formula which would induce such a wholly-undemocratic result!

From a purely practical point of view, I cannot bring myself to believe it ever was the intention of the Fathers of Confederation, or of the parliament at Westminster when it enacted the British North America Act, 1867, that in this particular the wishes of the people of Canada as a whole should be frustrated by the dissent of any minority sectional group of the population. Indeed, I think it is clear from the record of past amendments to the British North America Act, at least in matters of this kind, that the theory of the necessity of provincial consultation and consent has never had acceptance. I shall have something more to say upon this feature before I conclude my remarks.

So much for the practical viewpoint which I hold in this connection. I think there are even stronger legal arguments against the case which some are attempting to make for the need of provincial consultation and consent.

As I have said, it is contended that the British North America Act, 1867, as a whole, and particularly that section with which this resolution deals, is merely a confirmation of a pact, a treaty, or a contract entered into between the several provinces which first comprised our dominion. If that argument has any merit, it seems to me that one should find in the statute itself some express stipulation to that effect. However, when you examine the British North America Act, 1867, you can find no words indicating that this was the intention of the imperial parliament in enacting the measure. If there was such an understanding at Charlottetown, at Quebec, or at London, then the very capable lawyers and statesmen who were the architects of our constitution certainly were very casual, and even careless, in seeing to it that the spirit and intent of their pact or treaty was not carried into the legislation. I cannot believe that there was any such lack of care on their part. Honourable senators who have read the very fine speech of the Minister of Fish-

eries delivered in connection with this same resolution in another place, will recognize that there is a great deal of evidence to the contrary.

Nevertheless, conceding for the moment that there are arguments both for and against the idea that there was at least a gentleman's agreement that the provinces would be consulted in matters of this kind, I suggest that the matter then must be determined by the simple rules governing the interpretation of statutes. I think that every lawyer-member of this chamber will agree that it is a cardinal rule of interpretation that where the meaning of a statute reasonably can be determined from the legislation itself, not only is it improper but it is prohibited to inquire into matters antecedent to its passing. Lord Atkinson, a member of the Judicial Committee of the Privy Council, stated the principle concisely in the case of Hollinshead vs. Hazleton (1916) 1 Appeal Cases 428 at p. 438 when he held that:

> Motives which influenced the legislature in passing any particular enactment or the purposes it desired to effect can only be legitimately ascertained from the enactment itself.

Honourable senators who are not members of the legal profession will appreciate the wisdom of the courts in adopting and acting upon the principle so stated by Lord Atkinson. It is extremely difficult to know where we would be led eventually in the construction and application of the British North America Act if the interpretation of its plain language were to be influenced by what happened in the individual or collective conference rooms at Charlottetown, Quebec and London.

It might be asked whether or not the language of the statute is sufficiently plain for it reasonably to be deduced therefrom that a matter of this kind lies within the exclusive jurisdiction of the Parliament of Canada. As everyone knows, the British North America Act, 1867, assigns certain powers to the central parliament and certain powers to the provincial legislatures. Of course, the outstanding example of this is the division of the legislative powers between the two authorities as they appear in sections 91 and 92 of the act. Certainly I agree that it would not be proper for this parliament, without securing the consent of the provinces, to petition His Majesty the King in his imperial parliament to effect an amendment to those sections of the act which expressly deal with the provincial powers. Indeed, the practice of consulting with and securing the consent of the provinces was followed in connection with the amendment of 1940, having to do with unemployment insurance, it previously having been held by the courts that this subject was one which fell within the ordinary jurisdiction of the provinces. However, no such situation obtains here. If honourable senators read the present section 51 they will see that it provides for readjustment:

> by such authority, in such manner, and from such time as the parliament of Canada from time to time provides . . .

Then section 52, also dealing with the matter of representation in the House of Commons provides that:

> The number of members of the House of Commons may be from time to time increased by the parliament of Canada, provided the proportionate representation of the provinces prescribed by this act is not thereby disturbed.

My submission is that these words indicate plainly that it was the intention and the accomplished fact to repose in the Parliament of Canada, subject only to the overriding power of the Imperial Parliament, authority to deal with this subject-matter independently of the provincial governments as such. That view is considerably strengthened when one examines the British North America Act of 1871, which empowered the Parliament of Canada to establish new provinces. There one finds in section 3 an express provision that the limits of a province may be altered from time to time by the Parliament of Canada, but only "with the consent of the legislature of the province." There you have a positive stipulation for provincial consent, which is entirely lacking in the statute of 1867 in regard to the matter of representation in the central parliament.

Hon. Mr. ROEBUCK: Is that consent to be given by act of the legislature?

Hon. Mr. BENCH: The words of the statute as I have quoted them are "with the consent of the legislature of the province."

Hon. Mr. EULER: I understood my honourable friend to read from the British North America Act that the Parliament of Canada may increase the number of members of the House of Commons. Does it follow therefore that it cannot diminish the number? At times some persons have thought the House of Commons had too many members.

Hon. Mr. BENCH: Whatever may be the views of the honourable senator from Waterloo in that regard, I can only tell him what is in the statute. Section 51 provides, amongst other things, for the readjustment of the representation in the House of Commons after each decennial census. It also imposes a limitation upon the reduction of membership or representation of any province in regard to loss of proportionate population.

Hon. Mr. EULER: That is only relative, is it not?

Hon. Mr. BENCH: I am trying to give you the story of section 51. Section 51A also provides:

> Notwithstanding anything in this act a province shall always be entitled to a number of members in the House of Commons not less than the number of the senators representing such province.

That is another floor to the number of representatives.

Hon. Mr. EULER: That would not necessarily affect their power to diminish the number of members of the House of Commons. We have only 96 members in the Senate.

Hon. Mr. BENCH: The honourable gentleman misunderstands. This is in relation to each individual province.

Hon. Mr. McGEER: You could not reduce the membership under section 51 or section 51A.

Hon. Mr. BENCH: I am not citing section 51 for that purpose. I am trying to give the honourable gentleman from Waterloo, who asked for it, the provisions of the act. I have read section 51 and section 51A. I am now giving him section 52:

> The number of members of the House of Commons may be from time to time increased by the parliament of Canada, provided the proportionate representation of the provinces prescribed by this act is not thereby disturbed.

The purpose of this resolution is to request an amendment to alter the prescription for the distribution of membership in the House of Commons.

Hon. Mr. EULER: If I might again interrupt the honourable gentleman, in spite of his rather patronizing way of telling me something, I submit still that he is not answering my question when he speaks of the Parliament of Canada having the right to increase the membership of the House of Commons. I asked him: Does it necessarily follow that they would not have a similar right of decreasing its members?

Hon. Mr. McGEER: The simple answer is, no.

Hon. Mr. BENCH: It would only be increased or decreased by the application of the formula contained in the British North America Act, and subject to, shall I say, the floors in respect of the several provinces. I am very sorry; I did not know that I was bypassing the question put to me.

Hon. Mr. EULER: My thought was that while maintaining all the provisions now cited, a reduction of membership could be brought about by the method of proportionate representation in the different provinces, without interfering with the law regarding the representation of Prince Edward Island.

Hon. Mr. BENCH: But by the application of the formula as now contained in section 51 you might have, and would have, in fact, having regard to the census of 1941, a reduction in the total membership of the House of Commons. As regards Prince Edward Island, if you disregard the floors which I have mentioned, that province would be entitled to only two members on a redistribution at the present time. However, by the provisions of section 51A Prince Edward Island must have four members.

Hon. Mr. EULER: I already knew that.

Hon. Mr. LAMBERT: Honourable senators, I think the question of the honourable senator from Waterloo (Hon. Mr. Euler) bears very definitely on the powers of this parliament to do whatever it wishes in this matter. I should think parliament could reduce representation as well as increase it. I believe that point could be argued successfully. However, my honourable friend is giving an expository explanation of this resolution. If the proposal had been for a formula changing the basis of representation, 65 members from Quebec, which is the foundation of the whole plan, you could recommend a reduction as well as an increase.

Hon Mr. McGEER: Without amendment to the constitution?

Hon. Mr. LAMBERT: The constitution would have to be amended, certainly, by act of parliament.

Hon. Mr. EULER: Just as it is now.

Hon. Mr. BENCH: Honourable senators, may I state my proposition in this way? If there had been an understanding, a pact or an agreement that the provinces should be consulted in matters of this kind, it would have been very simple when the original act was passed to have inserted appropriate language covering the situation. That this was not done is, in my humble opinion, conclusive as against the argument for provincial consultation and consent. It seems to me—and I say this without disrespect to any province to which it may apply—that a province which came into confederation after 1867, and accepted the statute of 1867, has an even poorer case than the original provinces.

An Hon. SENATOR: That is admitted.

Hon. Mr. BENCH: I should like to conclude this branch of my argument by a state-

ment of the practice followed ever since 1867 in connection with the amendment of the British North America Act.

Hon. Mr. McGEER: Before proceeding to that branch of his remarks, would the honourable senator permit me to ask a question? Since the British North America Act is an act of the parliament of the United Kingdom, is there any rule which would prevent an interested party appearing before that parliament and objecting to a proposed amendment?

Some Hon. SENATORS: No.

Hon. Mr. McGEER: Is that not a guarantee affording some measure of protection to not only the Canadian minority but the majority as well?

Hon. Mr. BENCH: I certainly would not suggest that, when this proposed amendment is sent forward to His Majesty, any province would be debarred from appearing before the parliament at Westminster and objecting to it.

Hon. Mr. MORAUD: What chance would it have?

Hon. Mr. BENCH: I would remind the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) that, according to my recollection, when a similar address was presented in 1943 for the purpose of securing an amendment extending the time within which readjustment consequent upon the 1941 census could be made, the legislature of the province of Quebec unanimously passed a resolution opposing the prayer of the address. I presume that representation was brought to the attention of the parliament at Westminster.

Some Hon. SENATORS: No.

Hon. Mr. BENCH: But is was not acted upon.

Hon. Mr. MORAUD: It was sent to the Prime Minister of Canada but was not brought to the attention of Westminster.

Hon. Mr. BENCH: I am prepared to accept what the honourable gentleman opposite says in that regard. However, if the Quebec provincial legislators unanimously adopted such a resolution and then did not bring it to the attention of Westminster, they must have been only shadow-boxing when they passed it.

Hon. Mr. McGEER: If the honourable senator's proposition is correct, would not the corollary be that a province that is entitled to be heard at Westminster should be entitled to consideration at Ottawa?

Hon. Mr. BENCH: My honourable friend can make any deduction from his premise that he wishes. I assume that any such province could be heard at Westminster.

Hon. Mr. McGEER: But have no right to be heard at Ottawa?

Hon. Mr. BENCH: The provinces are being heard. The province of British Columbia is being heard through my honourable friend who is just now addressing himself to this topic.

Hon. Mr. ROEBUCK: The honourable gentleman has said that non-mention in the act of right of the provinces to be heard is conclusive as against their right. If that is so with regard to any portion of the act, why is it not also conclusive against the contention of the provinces that they have a right to be heard on those sections which apply to the provinces?

Hon. Mr. BENCH: I should say that as a matter of practice, and what one might expect to be the measure of legislative wisdom that would be exercised, the imperial parliament would not amend any provision of the statute in which the provinces might be said to have a vested right without them being heard. In matters clearly defined as being exclusively within the jurisdiction of the provinces, then, as I have stated—and it is only my own opinion—I would not think it proper for this parliament to ignore the provinces in requesting His Majesty the King in his Imperial Parliament to make an amendment to the statute.

Hon. Mr. ROEBUCK: That is a matter of propriety rather than law.

Hon. Mr. BENCH: My friend has heard what I have said in that regard. I am stating it as clearly as I can.

Hon. Mr. ROEBUCK: The honourable gentleman is doing very well.

Hon. Mr. BENCH: I think in that respect it would be affecting a right vested specifically in the provinces which would entitle them to be heard.

Hon. Mr. DUFF: My honourable friend is not speaking for the government?

Hon. Mr. BENCH: That is quite true; I am not clothed with any such authority.

Hon. Mr. LAMBERT: May I say a few words to further clarify the question which has been raised? Granted that a province might be heard at Westminster in connection with this subject in the face of an address from both houses of this parliament, does my

honourable friend think for one moment that the parliament of Great Britain would favour or withhold its approval of such a recommendation because one or two provinces might have dissented? I think there is every reason to assume the very opposite.

Hon. Mr. McGEER: That opposition—

Some Hon. SENATORS: Order!

The Hon. the SPEAKER: Order! The honourable gentleman from Lincoln has been very liberal in allowing interruptions. He should be permitted to proceed without further interference.

Hon. Mr. MacLENNAN: Particularly from those members who are so pernickity about being interrupted themselves.

Hon. Mr. BENCH: On the point raised by some honourable senators as to the right of a province to heard at Westminster, the honourable gentleman from Vancouver-Burrard (Hon. Mr. McGeer) well knows that in 1907 there was an amendment sought to the British North America Act in connection with provincial subsidies. The province from which my honourable friend comes and which he represents—

Hon. Mr. McGEER: Not represents.

Hon. Mr. BENCH: —in this chamber, objected to the address presented to His Majesty the King in his Imperial Parliament in that connection. Notwithstanding that objection, the amending act was passed, and I wish to point out to my friends from Vancouver-Burrard and Toronto-Trinity (Hon. Mr. Roebuck) the wording of the preamble to that statute of 1907. It reads as follows:

Whereas an address has been presented to His Majesty by the Senate and Commons of Canada in the terms set forth in the schedule to this act—

Hon. Mr. McGEER: And agreed to by eight of the nine provinces.

Hon. Mr. BENCH: That is correct. One province objected.

Hon. Mr. McGEER: And was sustained, in part.

Hon. Mr. BENCH: Only on the matter of the appropriateness of certain language of the draft bill submitted with the address. The point I am making is that in 1907 when representations were made by a province against such a petition, the British parliament passed the statute and recited that it was being passed as a result of an address by the Senate and House of Commons of Canada. It seems to me that is conclusive against the argument that the provinces have a right to be consulted and that their consent is required.

Hon. Mr. LAMBERT.

Now may I conclude with a statement of the practice which has been followed ever since 1867 in connection with amendments to the British North America Act of that year where they either dealt directly with or impinged upon the matter of representation in the Parliament of Canada?

The first precedent in this regard is the British North America Act of 1871. Its object was to settle doubts as to the competence of the Canadian parliament to constitute new provinces out of the western territories and to give their populations representation in the central parliament. The act was passed by the Parliament of the United Kingdom merely at the request of the Canadian government. There was no consultation with the provinces, nor was their consent to the amendment obtained. Mr. David Mills, then in opposition in our House of Commons, moved a resolution to the effect that any alteration in the principle of representation in the house, without the consent of the several provinces to the original compact, would be a violation of the federal principle of the constitution. However, the resolution was rejected without debate.

The second precedent was the enactment of the British North America Act of 1886, the object of which was to empower parliament to provide for representation of territories in the Senate and House of Commons. The act was passed by the parliament at Westminster upon an address of the Senate and House of Commons. The provinces neither were consulted nor did they consent.

The third precedent is to be found in the British North America Act of 1915, which authorized an increase in the number of senators and altered the main senatorial divisions. The act was passed by the Imperial Parliament following an address by the Senate and the House of Commons of Canada. Prince Edward Island made representations before a committee of the Canadian House of Commons, but they were not accepted. The other provinces were not consulted and made no representations. A suggestion was made in the Canadian House of Commons that the provinces should be consulted in connection with the proposed amendment, but that suggestion was not acted upon.

The fourth precedent which may be considered as relevant to the present situation was the British North America Act of 1916, the object of which was to lengthen the term of the then existing parliament for one year. The procedure was by an address of both houses. The provinces were not consulted.

The fifth precedent, and the one perhaps most nearly related to the present situation, was the British North America Act of 1943.

Honourable senators will recall that the purpose of that statute was to extend the time for readjusting the representation in the House of Commons, consequential upon the census of 1941. They will also remember that the act was passed by the Parliament of the United Kingdom upon an address from the Senate and House of Commons of Canada. The provincial governments were not consulted and did not consent. On the contrary —and I think this is important to note—the legislature of the province of Quebec adopted a formal resolution of protest against the passage of the measure.

I think that is all I need to say—I am sure it is all that I should say—on the subject of this resolution. Honourable members have been extremely patient and I am, as always when I speak here, very grateful for their kindly consideration. I only want to add that upon the grounds of what I respectfully consider to be the practical necessities of the situation in applying the provisions of the statute, as well as upon the fundamental principles governing the construction and interpretation of statutes, and finally—and perhaps most importantly—upon the grounds of abundant precedent, I am convinced that without the consent of the provinces it is competent for this parliament to present the proposed address to His Majesty the King, and for the parliament at Westminster to act upon the address.

I need hardly add that I propose to support the resolution.

Hon. Mr. ASELTINE: If no other honourable senator wishes to speak at this time, I move adjournment of the debate.

The motion of Hon. Mr. Aseltine, was agreed to, and the debate was adjourned.

RAILWAY BILL

MOTION FOR SECOND READING

Hon. Mr. COPP moved the second reading of Bill 138, an Act to amend the Railway Act.

He said: Honourable senators, on behalf of the honourable leader of the government (Hon. Mr. Robertson) and in his absence, I am moving the second reading of this bill. I believe it was understood that the bill would be explained by the honourable gentleman from Rigaud (Hon. Mr. Dupuis).

Hon. Mr. DUPUIS: Honourable senators, I move adjournment of the debate on this bill until tomorrow.

The motion of Hon. Mr. Dupuis was agreed to, and the debate was adjourned.

DEPARTMENT OF TRANSPORT STORES BILL

SECOND READING

Hon. Mr. COPP moved the second reading of Bill 139, an Act to amend the Department of Transport Stores Act.

He said: Honourable senators, on behalf of the honourable leader of the house (Hon. Mr. Robertson), I move the second reading of this bill. I would ask the honourable senator from Churchill (Hon. Mr. Crerar) to explain the bill.

Hon. T. A. CRERAR: Honourable senators, the Department of Transport Stores Act was passed first in 1937. Its purpose was to set a limit to the inventory of stores that the department could have at the end of any fiscal year. In 1939 an amendment was passed to extend this limit and the amount fixed was $1,250,000. The purpose of the present amendment is to extend the limit still further, to $1,600,000.

A brief word of explanation as to why this amendment is necessary may be in order. The Department of Transport operates canals, has control throughout Canada over civil aviation and radio communications, and is responsible for our country-wide meteorological services. During the last four or five years the department's activities in connection with these and some other matters have expanded considerably, and to meet any emergency that might arise it has been necessary to keep on hand a larger quantity of stores. Further, the value of many items in these stores has increased, in some instances substantially. The bill is simply an extension of the principle first approved by parliament in 1937 and already extended once, in 1939.

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

CANADIAN NATIONAL RAILWAYS (MANITOBA RAILWAY) BILL

SECOND READING

Hon. Mr. COPP moved the second reading of Bill 194, an Act respecting Canadian National Railways and the acquisition of the Manitoba Railway.

He said: Honourable senators, on behalf of the honourable leader of the government (Hon. Mr. Robertson) and in his absence, I move the second reading of this bill. The honourable gentleman from St. Jean Baptiste (Hon. Mr. Beaubien) has kindly consented to explain the bill.

Hon. A. L. BEAUBIEN: Honourable senators, in 1901 the Northern Pacific and Manitoba Railway Company, the Winnipeg Transfer Railway Company, the Portage and Northwestern Railway Company and the Waskada and Northeastern Railway Company leased to Her Majesty the Queen in the right of the province of Manitoba, for a period of 999 years, what was then known as the Manitoba Railway Company, and gave an option to purchase the railway at any time during the currency of the lease for $7,000,000. That lease was assigned by the province of Manitoba to the Canadian Northern Railway Company, which in 1901 came to parliament and obtained authority to purchase the assignment of the lease, the railway and its undertaking, and also the right to take up the option of $7,000,000. The Canadian Northern Railway later assigned its lease to the Canadian National Railways; and what the Canadian National Railways seeks now is authority to take up the option to purchase the Manitoba Railway.

The lease provides that the annual rental shall be $210,000 for the first ten years; $225,000 for the second ten years; $275,000 for the third ten years, and $300,000 for the remaining period. The Canadian National Railways has been paying a rental of $300,000. It finds that by refinancing it can borrow the money at an attractive rate of interest and save at least $90,000 a year. That is why it seeks the authority of parliament to purchase the railway.

The bill is simple, and may be divided into four parts. First of all, it provides for the assignment of the option in accordance with the terms of the act passed by parliament in 1901. Second, it provides for the sale and acquisition of the railway and its undertaking, including certain stock. Third, it provides for clear title, as in any purchase. Finally, it provides for the method of effecting the transfer.

That method may be subdivided into three parts. First, the Canadian National Railways may purchase and acquire by means of an ordinary deed or conveyance, as one private individual would from another; it may proceed by expropriation, as it normally does under section 17 of the Canadian National Railways Act; or it may deposit certain plans in the land titles office of Manitoba.

The schedule to the bill sets forth the branches of the Manitoba railway, as follows: the Red River Valley railway, the Hope Farm branch—both of which I know very well—the Morris-Brandon branch, the Souris River branch, the Portage la Prairie branch, the Lake branch and the Winnipeg Transfer branch—a total of 353.17 miles. The board of directors of the Canadian National Railways has approved the purchase of the railway as an excellent transaction, both as regards refinancing and reducing its fixed charges. The matter was made the subject of discussion when the annual budget of the Canadian National Railways was before the Railways and Shipping committee of the other house. The committee approved the railway's budget for 1946, which set aside $7,000,000 for this purchase.

This legislation is sought, not because it is necessary to come to parliament, but because it is felt that a matter of this kind should be endorsed by parliament. The saving which will be effected amounts to $90,000 a year. The annual rental for the unexpired term of the 999 years is $300,000 a year. The Canadian National Railways will purchase this this line for $7,000,000. They can borrow the $7,000,000 at a rate of 3 per cent, which will mean an annual interest charge of $210,000.

Hon. Mr. EULER: They might have to pay more than 3 per cent in the course of the 999 years.

Hon. A. L. BEAUBIEN: Yes; but they will have to pay the $300,000 rental unless they purchase the railway.

Hon. Mr. ASELTINE: Is it not correct that part of this railway has been abandoned?

Hon. A. L. BEAUBIEN: A very small part.

Hon. Mr. ASELTINE: How many miles?

Hon. Mr. HARMER: Five and a fraction miles.

Hon. Mr. ASELTINE: What are the provisions of the lease with regard to maintenance? Is that expense in addition to the rental of $300,000?

Hon. A. L. BEAUBIEN: Of course, under the lease the railway must be maintained so that you can run your trains over it. The railway from Emerson to Winnipeg is one of the best pieces of road in Western Canada, and both the Northern Pacific and the Great Northern operate over it.

Hon. Mr. ASELTINE: I should like to see the lease.

Hon. A. L. BEAUBIEN: I have not got it before me, but no doubt it can be obtained.

Hon. Mr. FOSTER: When the bill is before the Standing Committee on Transport and Communications it would be interesting to have some information from the financial standpoint with respect to the operation of the line. This anticipated saving of $90,000 a year may be more than offset by operating expenses.

Hon. A. L. BEAUBIEN: If the Canadian National Railways does not purchase the line it will have to continue to pay the $300,000 rental for about 960 years, the balance of the term of the lease. If my honourable friend the acting leader opposite wishes to see the lease, the bill should be referred to the Standing Committee of Transport and Communications.

Hon. Mr. ASELTINE: Yes.

Hon. Mr. FOSTER: I can quite appreciate what the honourable gentleman has said, but I think it would be of interest to honourable senators to know what kind of bargain was made when the line was leased.

Hon. A. L. BEAUBIEN: The bargain was made between the province of Manitoba and the Canadian Northern Railway. As honourable members are aware, the Canadian Northern Railway system later became part of the Canadian National Railways, so the lease had to be taken over.

Hon. Mr. PATERSON: May I state that I started as secretary to D. B. Hanna of the Canadian Northern Railway in 1898. We took over the Northern Pacific and Manitoba Railway in 1901. I remember when we made our first run to Brandon over the railway. At that time it was in so much better condition than the Canadian Northern that we experienced something that we were not accustomed to. We travelled over it in Mr. Hanna's private car 99, which was a very fine car. Leaving Brandon there is quite a hill down to Rounthwaite and we were both watching the speedometer. It moved to 50 miles an hour. This rather worried Mr. Hanna, but when the pointer indicated 70 miles an hour he leaped up, grabbed the bell-rope and stopped the train—upsetting my table and typewriter in doing so. He felt that 70 miles an hour was too fast for safety. A good many years later I bought a few elevators from a man named Martin, and one of them was on the Hope Farm branch of this railway. Not only did he deed me the elevator but also his right, title and interest in the railway, and I thought I really owned that railway; but now I find I do not. The Canadian National Railways has spent so far about $1,000,000 in keeping this line in good running order. It was a very good purchase at the time, and still is, as it goes through what I consider the most fruitful part of Manitoba from a railway standpoint.

Hon. Mr. HORNER: What amazes me is the long term of the lease—999 years. I wonder just what right one has at any time to consummate deals that bind generations for 1,000 years. I expect, though, that this whole scheme is something we inherited when we took over the Canadian Northern Railway, instead of allowing it, as we should have done, to go into receivership. Then this lease would have lapsed.

Hon. A. L. BEAUBIEN: I do not know whether my honourable friend regards the 999 year lease as a bad deal, but it was granted by the Roblin Government in 1901. Later it was assigned to the Canadian Northern Railway, which, as we all know, became part of the Canadian National Railways. I always thought Premier Roblin was a pretty keen negotiator—at least politically; I do not know what he was in railroading.

Some Hon. SENATORS: Question!

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

REFERRED TO COMMITTEE

Hon. A. L. BEAUBIEN moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill I7, an Act respecting the Canadian Indemnity Company.

He said: Honourable senators, the committee have examined this bill, and now beg leave to report the same without any amendment.

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

Hon. Mr. COPP: Next sitting.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill J7, an Act respecting the Canadian Fire Insurance Company.

He said: Honourable senators, your committee have examined this bill, and now beg leave to report the same without any amendment.

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

Hon. Mr. COPP: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, July 3, 1946.

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

Prayers and routine proceedings.

BUSINESS OF THE SENATE

REDISTRIBUTION

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, before the orders of the day are called I wish to make a statement on the programme which I intend to suggest in regard to future sittings of the Senate. If reasonably good progress is made with the legislation now before us, it is my intention when we adjourn at the end of this week to move that we stand adjourned until July 23. This proposal is based on the hope that our business will be so near completion that there will be nothing remaining which urgently requires our attention in the immediate future. The Bankruptcy Bill is in the Banking and Commerce Committee. The intention of the government when that bill was introduced was, not that the bill should necessarily be passed this session, but rather that it should be considered and as much work done on it as possible. Therefore I hope that when we adjourn at the end of this week we stand adjourned until the 23rd of July.

In suggesting that we make as much progress as possible I realize that even if we clear up everything now standing on our order paper additional measures may reach us from the other house before the end of the week. I might mention my hope that we may conclude our debate on the redistribution motion this week, and not have to extend our sittings into next week in order to deal with it. It is important that this matter should be dealt with, perhaps not this week but in the immediate future, so that a joint address may be sent to the Imperial Parliament in time to reach it before it rises at the end of July. This would not be possible unless we adopt the motion before we recess. If it is felt that we cannot possibly conclude our debate on the motion at our regular afternoon sittings this week, I should be perfectly willing, for the accommodation of any honourable senators who may wish to take part in the debate, to have evening sittings tomorrow and Friday.

Hon. WILLIAM DUFF: Honourable senators, I am sure we appreciate the suggestion of the honourable leader that, since we cannot expect much business from the other house during the debate on the budget, we might adjourn at the end of this week until the 23rd of July. It looks to me as if the junior chamber is not eager to get along with the business before it. The Minister of Finance brought down his budget last Thursday, and although nearly a week has since passed there does not seem to have been any attempt on the part of legislators in that house to proceed with this very important matter. I have watched the progress of budgets for the last thirty years, and it is my experience that the budget debates in the other house last from four to six weeks. If that average holds good this year, there still would be no business coming over to us by the 23rd of July. It seems to me that it is not fair to ask us to sit around here for a week or longer with nothing in particular to do. We render the best service we can, and it is not our fault when there is no work available for us. In my opinion, if we adjourn at the end of this week it should be until the 30th of July. That would give those of us whose homes are a long distance from Ottawa a chance to look after our personal business and would still leave two days within which to pass a supply bill by the end of the month. Government legislation would not be delayed, nor would any civil servant suffer if the Senate adjourned until the afternoon or evening of Tuesday, July 30. Therefore I would strongly recommend to the leader of the government that he substitute that date for July 23 in the motion that he will make at the end of this week.

Hon. Mr. ROBERTSON: The honourable senator from Lunenburg (Hon. Mr. Duff) was good enough to direct my attention to this point. I consulted the Department of Finance and was advised that further interim supply would be needed in the week before the 30th of this month. In view of this I regret that I cannot accept his suggestion.

Hon. Mr. DUFF: Will my honourable friend explain why it is necessary to have interim supply granted before the end of the month?

Hon. Mr. ROBERTSON: The Department of Finance advises me that when the appropriation runs out the Auditor General will not authorize the expenditure of any further moneys until they have been voted by parliament.

Hon. Mr. DUFF: We have already voted the July appropriation. The supply we shall be asked to vote towards the end of this month is for August, not for July. I am inclined to think the honourable gentleman

has been misinformed, and that the excuse given for getting us back here a week ahead of time is a poor one.

Hon. LUCIEN MORAUD: Honourable senators, I understand from the leader of the government that it is his intention to finish this week the debate on the important matter of redistribution. As honourable senators know, our ranks on this side of the house are rather depleted at present, but some of our members are very anxious to take part in the debate and can make valuable contributions to it. The honourable member from Grandville (Sir Thomas Chapais) is one; another is our honourable leader (Hon. Mr. Haig). We hope these gentlemen will be with us after the recess.

It is my understanding that the British parliament will adjourn at the end of July, and I cannot see why there should be so much hurry about sending this resolution to Westminster by that time. Redistribution was postponed in 1943, and I understand that it is not now the intention of the government to present a redistribution bill at this session. I see no reason, therefore, why the Senate should not take ample time to study and discuss this resolution, even if it should necessitate an adjournment of the debate until after the recess.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. MORAUD: Honourable members would then have time to study the various aspects of the resolution and be able to speak on it.

Hon. J. A. CALDER: Honourable members, I entirely agree with what has been said by the member from La Salle. So far as I am concerned I cannot understand why there should be any hesitation about delaying this resolution. The honourable gentleman who has just spoken has said, and it is also my understanding, that the government does not propose to deal with the actual redistribution this year. It is now only the month of July, and if this recommendation went through in September there would still be plenty of time for consideration by the Imperial Parliament, since the Parliament of Canada is not to deal with it this year.

Honourable members will appreciate that this is one of the most important changes that parliament has ever proposed to the British North America Act. Every member of this house should therefore have the fullest opportunity to make himself thoroughly acquainted with what is proposed and what its effect will be. But we are asked to pass this resolution in two or three days. In my judgment that is neither reasonable nor fair.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. CALDER: Every member is entitled to have the fullest opportunity to study this measure at length, because, I repeat, it is one of the most important ever introduced in parliament. Furthermore, it is very complex and one must study it carefully before coming to a conclusion as to what should be done.

For these reasons I think the honourable leader of the government should consider the points which have been raised by the honourable senator from La Salle (Hon. Mr. Moraud).

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. HAYDEN presented the report of the Standing Committee on Miscellaneous Private Bills, to whom was referred Bill K7, an Act respecting the Army and Navy Veterans in Canada.

He said: The committee have examined this bill, and report the same without amendment.

THIRD READING

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

Hon. Mr. HAYDEN: With leave of the Senate, I would now move the third reading of the bill.

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

DEPARTMENT OF TRANSPORT STORES BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 139, an Act to amend the Department of Transport Stores Act.

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

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill C9, an Act for the relief of Jessie Louise Stargratt Burton.

Bill D9, an Act for the relief of Helen Louise Mitchell Meyer.

Bill E9, an Act for the relief of Donald Dale Carr-Harris.

Bill F9, an Act for the relief of Eugene Ernest Hubert George Colnaghi Williams Waterfield.

Bill G9, an Act for the relief of Gratia Lauzon Rousseau.

Bill H9, an Act for the relief of Laura Olive Byers Manley.

Bill I9, an Act for the relief of Vera Gertrude Horder Fournier.

Bill J9, an Act for the relief of Julia Patricia Byrne Cote.

Bill K9, an Act for the relief of Dorothy Adelaide Grace Vennor O'Toole.

Bill L9, an Act for the relief of Lillian Doris Howard Clark.

Bill M9, an Act for the relief of Helen Agnes Stuart Colt.

Bill N9, an Act for the relief of Alma Gosselin Carbonneau.

Bill O9, an Act for the relief of Florence Cleveland Smith des Baillets.

Bill P9, an Act for the relief of Florence Winnifred Dunlop Starkey.

Bill Q9, an Act for the relief of Francis John Stone.

Bill R9, an Act for the relief of Mary McCallum McNamara.

Bill S9, an Act for the relief of Leah Helen Shute Main.

Bill T9, an Act for the relief of Cecile Simonne Robert Turgeon.

Bill U9, an Act for the relief of Edward Cotapschi.

Bill V9, an Act for the relief of Catherine Young Rivard.

Bill W9, an Act for the relief of Mary Jane Michelle Ahern de Brabant.

The motion was agreed to, and the bills were read the second time, on division.

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

Hon. Mr. ASELTINE: Next sitting.

FOOD AND DRUGS BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill X9, an Act to amend the Food and Drugs Act.

He said: Honourable senators, this bill was introduced, originally in the Senate, but I do not believe that copies of it have as yet been distributed. The amendments proposed are short, and the honourable senator from St. Boniface (Hon. Mr. Howden) is prepared to explain them.

Hon. Mr. ASELTINE.

Hon. Mr. ASELTINE: Go ahead.

Hon. Mr. ROBERTSON: With leave of the Senate, the bill could be explained; then it could be referred to the appropriate committee.

Hon. J. P. HOWDEN: Honourable senators, the purpose of this bill is to fortify the act against certain abuses that have occurred in the past and might occur again. The bill is brief and, with the permission of the house, I will explain it clause by clause.

Hon. Mr. CRERAR: We have not got copies of the bill.

Hon. Mr. HOWDEN: I will read the bill as I go along. Section 1:

Subsection one of section three of the Food and Drugs Act, chapter seventy-six of the Revised Statutes of Canada, 1927, as amended by section five—

Not section two, as printed.

—of chapter three of the statutes of 1939, is further amended by adding thereto immediately after paragraph (k) thereof the following paragraph:—

"(kk) defining the conditions of sale of any drug;"

The explanatory note on the opposite side of the bill says:

This is to permit of regulations being made for the protection of the public respecting the sale of any drug. The present act limits such power to a substance which may be injurious to health. This is not sufficient protection, inasmuch as new drugs are being discovered which, until their full effect is known over a period of time, may or may not prove to be injurious to health when used indiscriminately. It is, therefore, considered desirable that such authority be given in the interest of the public. Any regulations made under this authority will, for the most part, deal with newly discovered drugs.

It is really not necessary to enlarge on that explanation. There are being produced nowadays a considerable number of potent new drugs which have not yet been available long enough for the medical profession to become thoroughly familiar with them. We doctors have definite knowledge that certain strong drugs prescribed in improper doses in the early treatment of a patient tend to immunize the virus against which they are directed, so that subsequent doses of the drugs have little or no effect. That is a very important matter. It is well known that the use of insufficiently strong doses of arsenic compounds in the early treatment of syphilitic conditions will cause subsequent doses to become almost ineffective. The department's request for an amendment of the subsection is made with a view to protecting the public against the indiscriminate use of various new drugs.

I come now to section 2:

Paragraph (d) of section four of the said Act is repealed and the following substituted therefor:

"(d) if it consists in whole or in part of any filthy, putrid, disgusting, rotten, decomposed or diseased animal or vegetable substance, whether manufactured or not, or if it is otherwise unfit for food."

The present paragraph (d) reads as follows:

(d) if it consists wholly or in part of any diseased or putrid or rotten animal or vegetable substance, whether manufactured or not.

It will be noted that the words "filthy," "disgusting" and "decomposed" are added by the amendment. The department desires this amendment so as to be able to prohibit the sale of certain commodities which, although perhaps not violating the provisions of paragraph (d) as it now stands, are considered to be unfit for human consumption. Perhaps I might mention one instance of which I learned. A certain shipment of peanut oil which some importers were seeking to bring in from a United States port, where it had been refused entry, was found on examination to contain rat hair, rat droppings and various other unmentionable impurities. The importers argued that this oil could be refined to a state suitable for public consumption, but fortunately importation was debarred. That is only one of a considerable number of such instances with which the department has had to deal.

Section 3 of the bill reads:

Section 6 A of the said Act, as enacted by section two of chapter fifty-four of the statutes of 1934, is repealed and the following substituted therefor:—

"6A. No person shall import, offer for sale, or sell any food or drug represented by label or by advertisement to the general public as a treatment for any of the diseases, disorders or abnormal physical states named, or included in Schedule A to this Act or in any amendment to such Schedule."

The only change proposed by this amendment is the substitution of the words "food or drugs" for the word "remedy." The amendment is requested because the word "remedy" is not defined in the act and it is considered that this word, if given its ordinary meaning, might not include appliances which are being offered for sale for the treatment of certain of the diseases named in Schedule A, and which should be prohibited. By chapter 3 of the statutes of 1939 a new definition of "drug" was passed, to come into force on proclamation of the Governor in Council. This definition, amongst other things, added to the former definition of drug "any article that may be used for the diagnosis, treatment, mitigation or prevention of disease in man or animal." It was felt that the section as at present worded would not prevent the use of certain undesirable appliances by unscrupulous persons, and that the amendment would give additional protection to the public.

Section 4 of the bill reads:

Part II of the said Act is repealed and Part III of the said Act, as enacted by section nine of chapter three of the statutes of 1939, is renumbered as Part II.

As Part II merely deals with honey as a food, it is not thought necessary to retain it, since honey can be adequately covered by regulation.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce. Ordinarily it should be referred to the Standing Committee on Public Health and Welfare, but as no meetings of that committee are scheduled, it will be better to have the bill dealt with by the Committee on Banking and Commerce, which meets tomorrow.

The motion was agreed to.

SOLDIER SETTLEMENT BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 199, an Act to amend the Soldier Settlement Act.

He said: I would ask the honourable senator from Medicine Hat (Hon. Mr. Gershaw) to explain the bill.

Hon. F. W. GERSHAW: Honourable senators, it is sought by this bill to put into legislative form what, since 1943, has been carried on by order in council. As will be recalled, the Soldier Settlement Act was passed in 1919. By virtue of its provisions 25,017 soldier settlers were placed upon the land at a cost to the dominion government of $109,000,000. The rate of interest payable by soldier settlers was fixed at 5 per cent on current account and 7 per cent on arrears. Of the original settlers some 6,153 were successful and are still on the land, but the majority met with disaster and despair. They worked hard, but poor crops and ruinously low prices made it impossible for them to make the payments. The act has been costly to the government and a headache to those charged with its administration. Of course, hindsight is better than foresight, and now everyone realizes that mistakes were made. The purchase price paid for land, some of it utterly unsuitable

for farming, was too high; the cost of implements and livestock was also very high, and some of the settlers were unfitted for farm life. The whole set-up was based on the then high price of wheat, ranging from $2.50 to $3 a bushel, a price which very quickly fell to 38 cents a bushel.

The government has received in repayment of principal $50,000,000 and about $25,000,000 on account of interest. It has from time to time cancelled $24,867,000 on principal account and about $19,000,000 on interest account. The soldier settlers still on the farm owe the government about $5,400,000.

In another place, both in the Veterans Committee and in the house, the bill was debated at great length and generally endorsed. The only objection was that it did not go far enough, that all indebtedness should be cancelled. There were some complaints about the administration of the act.

The bill is short and simple. By section 76 the interest rate for certain soldier settlers who served in World War II is reduced from 5 per cent to 3½ per cent from and after the standard date in 1942 or the date of enlistment, whichever is the earlier. The "standard date" is an arbitrary date, being the first of October in Manitoba and the other western provinces and the first day of November in the provinces east of Manitoba.

By section 77 there is a similar reduction in the interest rate for soldier settlers even though they did not serve in the forces in World War No. II, but the reduction takes effect from and after the standard date in 1944.

Hon. W. M. ASELTINE: I agree more or less with what was stated in another place, that all the indebtedness now owing by the soldier settlers should be cancelled; but I understand the Senate has no power to amend the bill in that respect. The proposed reduction of interest from 5 per cent to 3½ per cent will afford some relief. I have no objection to the bill being given second reading.

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

THIRD READING

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

Hon. Mr. ROBERTSON: With leave of the Senate, I now move that the bill be read the third time.

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

WOMEN'S ROYAL NAVAL SERVICES AND SOUTH AFRICAN MILITARY NURSING SERVICE (BENEFITS) BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 200, an Act respecting benefits for persons who served in the Women's Royal Naval Services and the South African Military Nursing Service.

He said: Honourable senators, I would ask the honourable senator from Summerside (Hon. Mr. Robinson) to explain this bill.

Hon. BREWER ROBINSON: Honourable senators, may I say first that the Women's Royal Naval Service, commonly known in England as the Wrens, in which women of Canadian domicile served during the war, is not recognized as the equivalent of a military organization in the same sense as the women's division of the Royal Air Force or of the army. For that reason the Canadian girls who were in the W.R.N.S. are not eligible to receive the rehabilitation benefits provided for by the statutes of Canada. This bill is intended to enable them to secure the same benefits as other veterans.

Hon. Mr. ASELTINE: It makes them veterans.

Hon. Mr. ROBINSON: Yes, it makes them veterans, and as veterans they are entitled to rehabilitation benefits.

Included in this same group are persons enrolled in another body well known in the United Kingdom, Queen Alexandra's Royal Naval Nursing Service, and also medical or dental practitioners serving with the medical or the dental branch of the Royal Navy. The personnel of these organizations comprise the first group to which the bill refers. Fifty or sixty Canadian girls are said to come within this category, but it is difficult to know their exact number because they performed their services in England at various periods during the war.

The second group, known as the South African Military Nursing Service, was enrolled in Canada—they were not enlisted—the Department of National Defence acting as agent for the South African government. I understand there are nearly three hundred girls in this category, and like the Wrens in England they are not recognized as having belonged to a military organization. It is intended by this bill to place them in the position of veterans, so that they may receive rehabilitation and other benefits to which veterans are entitled.

Briefiy, honourable senators, that covers the provisions of the bill, and I believe it should receive favourable consideration.

Hon. Mr. CRERAR: May I be permitted to ask the honourable senator what would be the cost of recognizing these people as veterans?

Hon. Mr. ROBINSON: I am not in a position to answer that question directly. I can say that it will confer on these young women, whose domicile is in Canada, the same rights and privileges they would have enjoyed had they served during the war with a similar organization established by the government of Canada.

Hon. Mr. DESSUREAULT: What did they do?

Hon. Mr. ROBINSON: The Wrens are well known as part of the naval service of the United Kingdom. They rendered a service similar to that performed in many parts of the world by the CWACs and the Women's Division of the Air Force, or by the ATS in England.

Hon. N. McL. PATERSON: Honourable senators, may I be permitted to say a few words regarding Canadian girls serving overseas? The St. John's Ambulance Association, in which I succeeded the late Honourable Senator Coté as Hospitaller and Almoner, had the privilege of sending some 125 girls overseas. The first contingent went at its own expense, and its members were all through the blitz. Some 90 of these girls are still overseas, and will return as time and opportunity permits. The Red Cross, during the same period, sent 300 or 400 persons overseas.

We wished to have the services of the St. John's Ambulance girls recognized in some manner—by a medal, by recognition as veterans, or at least by having the government thank them for their services—but so far we have been unable to get them any public recognition. At one time we furnished them with a ribbon to show that they had been overseas, but some officer ordered them to remove it. We are still seeking to have the government approve of a joint Red Cross and St. John's Ambulance medal, because we believe that is the least we can do. We could not use the King's effigy on the medal, as that has been forbidden in most colonies and dominions. We were allowed to use the Canadian coat of arms, however, and a joint medal was prepared for the girls of the St. John's Ambulance Association and the Red Cross Society, but unless it is recognized by the government it is useless. It is only a souvenir, for they cannot wear a ribbon.

I have taken this opportunity of calling attention to the fact that these girls have not been recognized in any way because it is my opinion that if we are going to put through such measures as this bill provides for, our own girls should receive some consideration.

Hon. Mr. ROBINSON: I heartily agree with the honourable gentleman that those who served with St. John's Ambulance Association are equally entitled to recognition. I understand that a sub-committee on veterans affairs has this matter under consideration, and from certain remarks made in another place I gather that a report will be submitted and some action will be taken.

Hon. Mrs. WILSON: Honourable senators, the members of the South African Military Nursing Service covered by this bill are Canadian registered nurses who, in the early days of the war, seeing no immediate prospect of getting overseas with the Canadian forces, responded to the call for nurses from the Government of South Africa. They received lower remuneration than the nursing sisters in the Canadian forces who, I think, have felt all along that this discrimination was unjust.

Hon. Mr. ROBINSON: I thank the honourable senator for giving this additional information. At noon today when I saw the bill applied to members of the South African Military Nursing Service I was somewhat at a loss. I was out of the country when that unit was formed here, and so had no knowledge of it, but I am now informed that the Department of National Defence acted as agent for the South African government in securing duly qualified registered nurses to volunteer for service in South Africa.

Hon. Mr. CRERAR: I would like to ask a question of the honourable senator who explained the bill (Hon. Mr. Robinson). Let us take two young women who enlisted in the naval services during the early part of the war. Each was put into uniform and became subject to naval discipline, but one was sent to act as a stenographer in a naval office in London, England, whereas the other was assigned to a similar position at Naval Headquarters here. Does this bill draw a distinction between those two young women, or do they both participate in all the benefits made available to combat men who risked their lives week after week and month after month on the field of battle?

Hon. Mr. ROBINSON: It is a little difficult to answer that question. The bill relates to women domiciled in Canada prior to the war who, after the outbreak of war, volunteered for service in what is known as the Wrens—

not the Canadian Wrens, but the English Wrens—and served in that branch. A Wren would be subject to naval discipline and would have to serve wherever she was ordered to go; she would have no say as to whether she should be sent to one place or another.

Hon. Mr. ASELTINE: But it would be outside of Canada.

Hon. Mr. ROBINSON: If she was in the Wrens, her service would of course be outside Canada. Our own Women's Royal Canadian Naval Service is a Canadian organization, every member of which is entitled to certain benefits regardless of whether she served in Canada or abroad. A member of the Wrens who served in England would be entitled to wear the Canadian volunteer medal with the maple leaf, indicating service outside Canada. This bill relates to Canadian members of the Women's Royal Naval Service, an organization under the control of the Royal Navy.

Hon. Mr. CRERAR: Will they receive any recognition from the British government for the services they rendered in England?

Hon. Mr. ROBINSON: If I understand correctly, no Canadian who served in other than Canadian forces would receive the volunteer medal.

Hon. Mr. CRERAR: What I had in mind was the benefits. I am very ignorant of this whole thing and would like some information. I take it that this bill would make Canadian women who enlisted in the Women's Royal Naval Service, a British unit, eligible for all the benefits to which women who served in Canadian units are entitled.

Hon. Mr. ROBINSON: Yes.

Hon. Mr. CRERAR: Can my honourable friend say whether or not Canadian women who were in the Women's Royal Naval Service would receive any benefits from the British government.

Hon. Mr. ROBINSON: They would receive the same pay and be subject to the same discipline as the thousands of English girls who served in that unit.

Hon. Mr. CRERAR: I am speaking of benefits after discharge.

Hon. Mr. ROBINSON: If the Wrens were recognized in the same sense as the girls attached to the Royal Air Force, they would receive all the benefits to which veterans are entitled. However, because of the technicality of non-recognition of the Women's Royal Naval Service in the British law, the Wrens receive no benefits in England; but one of the objects of the present bill is to make Canadian members of the organization eligible for benefits in this country. I believe honourable members will agree that a girl who served with the navy rendered as useful service to her country as if she had been in the Air Force.

Hon. Mr. LESAGE: Would benefits be paid to some women by both the Canadian government and the British government?

Hon. Mr. ROBINSON: If a Canadian woman served in the Royal Air Force her remuneration would be supplemented to make it equal to what it would have been if she had served in the Royal Canadian Air Force.

Hon. W. M. ASELTINE: Honourable senators, the subject matter of this bill is entirely new to most of us. Its scope is very far-reaching. The bill would make every woman who served in the organizations mentioned a "veteran" as defined in the Veterans' Land Act, the Veterans Insurance Act, the Veterans Rehabilitation Act and the Veterans' Allowance Act. It is my opinion that a great deal of money will be necessary to take care of these women in years to come. Some of them may be financially assisted to take up land and go into farming, and those who become ill and unable to look after themselves will be entitled to remuneration under the Veterans' Allowance Act. It seems to me that this bill requires a great deal of study, and I think it should be sent to a committee, where detailed information may be obtained. I do not know to what commtitee the reference should be made. The Committee on Banking and Commerce is already overworked.

Hon. Mr. ROBERTSON: If second reading is given to the Railway Bill, which is the next item on the order paper, it will be sent to the Committee on Transport and Communications. Perhaps this bill could be sent to that committee.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

RAILWAY BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 138, an Act to amend the Railway Act.

Hon. VINCENT DUPUIS: Honourable senators, the purpose of this bill is to amend sections 310 (1) and 421 (1) (g) of the Railway

Act. May I say at the outset that I have been requested by one of my colleagues to "railroad" the bill. I would remind him that in this act there is a subsection which prohibits in certain circumstances a speed in excess of ten miles an hour, and I must abide by the law.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUPUIS: Perhaps it would be well to give a brief history of section 310. Originally it was section 276 of the Railway Act of 1901, which stipulated:

Whenever in any city, town or village, any train is passing over or along a highway at rail level, and is not headed by an engine moving forward in the ordinary manner, the company shall station on that part of the train, or of the tender if that is in front, which is then foremost, a person who shall warn persons standing on, or crossing, or about to cross the track of such railway.

The railway brotherhood strongly objected to the posting of a man on the tender, and in 1917 the words "or of the tender if that is in front" were deleted. That meant that when a train which was moving backward consisted of only the engine and tender it would no longer be necessary to have a man on the tender to warn people off the track. However, after an accident which occurred in Hull the Privy Council decided that an engine and tender constituted a train, and this interpretation again made it necessary to place a man on the tender. This was contrary to the intention of parliament, and the purpose of the bill is to give effect to that intention. Of course, if a train consists of a number of cars in addition to the engine and tender, there has to be a man on the back when the train is moving in reverse.

An Hon. SENATOR: The back of the train then becomes the front.

Hon. Mr. DUPUIS: Yes. As the original section reads, in the event of an accident the burden of proof would be on the railway company on the ground that there being no man on the tender the level crossing was not adequately protected. It is proposed to amend the section to read:

310. (1) Whenever in any city, town or village, any train, not headed by an engine or its tender, is passing over or along a highway at rail level which is not adequately protected by gates or otherwise, the company shall station on that part of the train, which is then foremost, a person who shall warn persons standing on, or crossing, or about to cross the track of such railway.

That is, the words "or its tender" are inserted to relieve railway companies from the requirement that a man be stationed on the tender to warn persons when the engine and tender are moving reversely over level crossings. This too, will evade the consequence of the judgment of the Privy Council to which I have referred.

Hon. Mr. LEGER: Will the honourable gentleman explain why it is necessary to "evade" the consequence of the judgment?

Hon. Mr. DUPUIS: Experience has proven that it is no longer necessary to have a man stationed on the tender. The engineer in his cab is in a much better position to warn persons on the crossing.

Hon. Mr. LEGER: Yes; but I understood the honourable gentleman to say that an accident happened, and that as there was not a man stationed on the tender the privy council held that the railway company was at fault.

Hon. Mr. DUPUIS: The privy council decided that an engine and tender constitute a train. In 1942, acting on the representations of the railway brotherhoods, the government passed an order in council amending the section by adding the words "or its tender". It is now proposed to give that amendment statutory authority.

The amendment contained in section 2 is consequential on the preceding amendment, which I have explained.

Hon. Mr. MORAUD: If I understand the honourable senator, this amendment was first made for the protection of members of the railway brotherhoods. What about the protection of the public?

Hon. Mr. DUPUIS: Let me cite the words of Sir Henry Drayton in this connection:

In the opinion of the operating department of the Board of Railway Commissioners, a man on the tender when the engine leads the movement, although backing, serves no useful purpose. In the case of almost every engine, as a matter of fact, the engineer has at least as good if not a better view of the track in front of him as in the case of a front movement, a tender nearly always being shorter than the boiler and other engine works in front of the cab; and, in the case of a reverse movement, as a usual thing, there is no possibility of the view being obscured either by smoke or steam.

Hon. Mr. LEGER: The engineer would not be able to warn people on the track.

Hon. Mr. DUPUIS: Yes; he is in a better position than the man on the tender to blow his whistle or ring his bell.

Hon. Mr. LEGER: The man on the tender could warn people on the track by shouting at them.

Hon. Mr. DUPUIS: Trains must proceed over a level crossing at a speed not faster than ten miles an hour, with bell ringing to warn the public.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. S. A. HAYDEN moved the second reading of Bill 9, an Act to incorporate Prescott and Ogdensburg Bridge Company.

He said: This bill provides for the incorporation of a company for the purpose of constructing a bridge across or a tunnel under the St. Lawrence river between Prescott and Ogdensburg. A similar bill was passed in 1939 authorizing the construction of a bridge only. Then the war intervened and the work was not proceeded with. In the interval the time limitation ran out, and it is necessary therefore to come back to parliament for a renewal of authority. A new company is to be incorporated to take over whatever assets and liabilities there may be of the earlier company. There is a time limit imposed within which approval of the Governor in Council and also of the St. Lawrence Bridge Commission of the State of New York must be obtained. There is also a time limit within which the work must be commenced and finished.

Hon. Mr. LAMBERT: The principals in the new company are the same as in the former company?

Hon. Mr. HAYDEN: Yes.

Hon. Mr. FOSTER: Has the charter expired?

Hon. Mr. HAYDEN: I believe it expired in 1944 or 1945. Under this bill approval of the Governor in Council must be obtained within three years, and the work must be commenced within three years of such approval and be completed within three years thereafter.

Hon. Mr. FOSTER: What would be the distance between the proposed bridge or tunnel and the present bridges?

Hon. Mr. HAYDEN: There is a bridge near Brockville, about forty-five miles west, and another bridge at Cornwall, about forty-five miles the other way. There has been an agitation on both sides of the river for more direct access to the thickly populated parts of the State of New York.

Hon. A. L. BEAUBIEN: This is to be a toll bridge?

Hon. Mr. HAYDEN: Until such time as the corporate obligations of the company have been satisfied through the collection of tolls. Then the bridge will become the property of whatever joint commission may be constituted, the approaches on the American end being, I suppose, operated by the St. Lawrence Bridge Commission of the State of New York and those on the Canadian side by the dominion authority.

Hon. Mr. FOSTER: Does the bridge revert to those authorities eventually?

Hon. Mr. HAYDEN: Yes.

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

REFERRED TO COMMITTEE

Hon. Mr. HAYDEN moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

SUSPENSION OF RULE

Hon. Mr. HAYDEN: With the consent of the Senate, I move that rule 119 be suspended so that we may hear the petitioners tomorrow, when the committee is sitting.

The motion was agreed to.

CANADA'S METALLIFEROUS MINES

REPORT OF COMMITTEE

On the Order:

Resuming the adjourned debate on the consideration of the report of the Standing Committee on Natural Resources respecting the economic value of metalliferous mines in Canada.—Hon. Mr. Murdock.

Hon. Mr. MURDOCK: Honourable senators, our friend, the honourable senator from South Bruce (Hon. Mr. Donnelly), the chairman of this committee, is not present, and I therefore move that the debate be adjourned until the 23rd of July.

The motion was agreed to.

REDISTRIBUTION

MOTION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of the Hon. Senator Robertson:

That whereas by the British North America Act, 1867, it is provided that in respect of representation in the House of Commons the Province of Quebec shall have the fixed number of sixty-five members;

And whereas the said Act provides that there shall be assigned to each of the other provinces such a number of members as will bear the same proportion to the number of its population as the number sixty-five bears to the number of the population of Quebec;

And whereas the said Act provides for the readjustment of representation on the completion

of each decennial census, and that on any such readjustment the number of members for a province shall not be reduced unless the proportion which the number of the population of the province bore to the number of the aggregate population of Canada at the then last preceding readjustment of the number of members for the province is ascertained at the then latest census to be diminished by one twentieth part or upwards;

And whereas the effect of the aforesaid provisions has not been satisfactory in that proportionate representation of the provinces according to population has not been maintained;

And whereas it is considered that a more equitable apportionment of members to the various provinces could be effected if readjustment were made on the basis of the population of all the provinces taken as a whole:—

A humble address be presented to His Majesty the King in the following words:—

To the King's Most Excellent Majesty:
Most Gracious Sovereign:

We, Your Majesty's most dutiful and loyal subjects, the Senate of Canada in Parliament assembled, humbly approach Your Majesty, praying that You may graciously be pleased to cause a measure to be laid before the Parliament of the United Kingdom to be expressed as follows:—

An Act to provide for the readjustment of representation in the House of Commons of Canada on the basis of the population of Canada;

Whereas the Senate and House of Commons of Canada in Parliament assembled have submitted an address to His Majesty praying that His Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for the enactment of the provisions hereinafter set forth;

Be it therefore enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same as follows:

1. Section fifty-one of the British North America Act, 1867, is hereby repealed and the following substituted therefor:

51. (1) The number of members of the House of Commons shall be two hundred and fifty-five and the representation of the provinces therein shall forthwith upon the coming into force of this section and thereafter on the completion of each decennial census be readjusted by such authority, in such manner, and from such time as the Parliament of Canada from time to time provides, subject and according to the following Rules:

1. Subject as hereinafter provided, there shall be assigned to each of the provinces a number of members computed by dividing the total population of the provinces by two hundred and fifty-four and by dividing the population of each province by the quotient so obtained, disregarding, except as hereinafter in this section provided, the remainder, if any, after the said process of division.

2. If the total number of members assigned to all the provinces pursuant to Rule One is less than two hundred and fifty-four, additional members shall be assigned to the provinces (one to a province) having remainders in the computation under Rule One commencing with the province having the largest remainder and continuing with the other provinces in the order of the magnitude of their respective remainders until the total number of members assigned is Two hundred and fifty-four.

3. Notwithstanding anything in this section, if upon the completion of a computation under Rules One and Two, the number of members to be assigned to a province is less than the number of senators representing the said province, Rules One and Two shall cease to apply in respect of the said province, and there shall be assigned to the said province a number of members equal to the said number of senators.

4. In the event that Rules One and Two cease to apply in respect of a province then, for the purpose of computing the number of members to be assigned to the provinces in respect of which Rules One and Two continue to apply, the total population of the provinces shall be reduced by the number of the population of the province in respect of which Rules One and Two have ceased to apply and the number two hundred and fifty-four shall be reduced by the number of members assigned to such province pursuant to Rule Three.

5. Such readjustment shall not take effect until the termination of the then existing Parliament.

(2) The Yukon Territory as constituted by Chapter forty-one of the Statutes of Canada, 1901, together with any part of Canada not comprised within a province which may from time to time be included therein by the Parliament of Canada for the purposes of representation in Parliament, shall be entitled to one member.

2. This Act may be cited as the British North America Act, 1946, and the British North America Acts, 1867 to 1943, the British North America Act, 1907 and this Act may be cited together as the British North America Acts, 1867 to 1946.

Hon. W. M. ASELTINE: Honourable members, we are indebted to the honourable senator from St. Catharines (Hon. Mr. Bench) for his masterly presentation of this resolution last night.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ASELTINE: For a lawyer, he showed an astonishing knowledge of mathematics, and his calculations were easily followed. I fear that when he decided to take up the study of the law the teaching profession lost a valuable professor of mathematics.

While I accept his figures, I cannot accept his constitutional argument. At first glance I was of opinion that the subject-matter of the resolution concerned mainly the House of Commons, but upon further consideration I have come to the conclusion that it is one of the most important questions we have had to deal with for many a day. We are asked to pass legislation to amend the British North America Act in an entirely new way. If the resolution passes this chamber it is bound to meet with the approval of the British parliament, irrespective of the representations made to that parliament by the individual provinces.

From its inception the Senate has been considered the guardian of provincial rights. In this instance the provinces have not been

consulted. Therefore we in this chamber will be remiss in our duty if we do not examine carefully the whole question of whether or not the Parliament of Canada can legally do what is suggested by this motion. Surely the Fathers of Confederation never for a moment anticipated that the federal parliament would assume authority, without consulting the provinces, to make changes in the act of confederation which would affect the whole Canadian set-up and might seriously affect our laws, liberties, traditions and ways of life.

I for one was shocked to read that the federal Minister of Justice, who was responsible for the motion in the other place, had gone so far as to say that the Parliament of Canada has within itself the power to make representations to the Imperial Parliament to amend any part of our constitution, other than sections 91 and 92 of the British North America Act, without consulting the provinces. I think that is a fair statement of what was said in the other place. The minister was asked if he would include the repeal of section 133 of the British North America Act, which protects the French language in this country. His answer was, yes. If by a resolution such as this the Parliament of Canada were to successfully petition the Imperial Parliament to do away with that section of the act, it seems to me it would be taking a very drastic and entirely illegal step. Apparently the minister based his argument on Professor Kennedy's work on constitutional law. Professor Kennedy stated before a parliamentary committee in 1935 that parliament could go even further and recommend amendments to section 92, which defines provincial rights. Therefore, if the resolution we are now considering passes, we may in a few years find ourselves faced with another resolution advocating an amendment to section 92. In my opinion members of this chamber should most emphatically reject such an interpretation.

This whole question has to a great extent been brought about by the shift of population from the western provinces. Between 1931 and 1941 Manitoba lost 48,478 people, Saskatchewan 157,545, and Alberta 41,841. Honourable senators know why. Early in that period there was a great depression which drove large numbers of people from the western farms in search of work in other provinces. Later we had a great war and many westerners left to work in war plants, and when the 1941 census was taken they had not returned. As a result, in 1943 the British North America Act was amended postponing redistribution until after the war. We do not know how many westerners are still absent from their homes. The census now being taken in the West may show the return of many of those who left to do war work in eastern Canada. Yet redistribution will be made on the basis of the 1941 census, which in 1943 was considered unfair. However, it is not my intention to go into this phase of the question.

The passage of the resolution before the house will result in section 51 of the act being replaced by a new section, without the provinces being consulted. It is this proposal that is causing us such great concern. It has been said that members of the Senate and of the House of Commons represent the provinces, but in my opinion that is not correct. Senators and members of the Commons each represent a part of the province from which they come, but they have no power to speak for the provinces as a whole. The provinces have legislatures to speak for them. We are members of the Canadian parliament, not of the provincial legislatures, and therefore cannot speak for the provinces. They alone can speak for themselves.

It is my contention and that of the members on this side of the chamber that this resolution should not pass, but that the whole question should be discussed at an interprovincial conference called for that purpose. It is my opinion that this subject could have been discussed at any of the recent conferences with the provinces. Why this was not done, I do not know. I am informed that the question was not brought up or even considered. Surely there has been plenty of opportunity, because ever since 1943 the government has known that the question was going to be raised prior to redistribution. Another method would have been to submit the matter to a committee before which all interested parties could have appeared to state their cases. It is my opinion, honourable senators, that we could still follow that procedure. This house, on a motion by some honourable senator, could refer the whole subject to a committee, and the provinces and other interested parties could be invited to attend before that committee and state their views.

For the information of honourable senators, I think I should place on the record the opinions of Canadian statesmen like Sir Robert Borden, the Honourable Ernest Lapointe and others. This is not the first time the question has come up since confederation, and we are fortunate in having the opinions of these men as a guide to what should be done at the present time. Both Sir Robert Borden and the Honourable Ernest Lapointe were great constitutional lawyers. Throughout his political life, Sir Wilfrid Laurier stood

in the House of Commons as the champion of constitutional rights. During a debate in that House in the session of 1906-07 he made a speech to the effect that the provinces should be consulted when changes in the British North America Act were being considered. Sir Robert Borden speaking in the same debate, as reported at page 2199 of the House of Commons Hansard, replied as follows:

I agree with what has been said by the right honourable gentleman regarding the undesirability of lightly amending the terms of our constitution and am inclined to agree with him on the necessity of some consultation with the provinces, although of course all the provinces are represented here.

Further he said:

But inasmuch as this is a federal compact which we are asked to vary, it is only right that each province should be consulted and its decision given, in the right of its separate entity.

Hon. Mr. BENCH: Would the honourable senator permit a question? I should like to ask him if it is not a fact that Sir Robert Borden, whom he is now quoting, headed the government of this country in 1915 when the Imperial Parliament amended the British North America Act in connection with the constitution of the Senate? May I ask further if it is not a fact that on that occasion the provinces were not consulted and—except for Prince Edward Island, which took it upon itself to make certain representations—did not consent?

Hon. Mr. ASELTINE: I may say that upon looking up the record I find there was an interprovincial conference in the month of November, 1913, the proceedings of which were reported. At that conference Prince Edward Island made out a case, but it was not considered or dealt with because the conference was not called for that purpose. I understand that in 1914 another conference was held with regard to this matter. The proceedings of that conference were not printed, but I am told that the resolution which changed the representation of the Senate throughout Canada was initiated in 1914 though it was not until 1915 that a decision was made as to what should be done. In the meantime all the provinces were consulted or at least had an opportunity to state their views.

Hon. Mr. BENCH: That is not in accordance with the evidence given before the House of Commons committee in 1935. Dr. Skelton, who was a witness before that committee, specifically stated that the provinces were not consulted and did not consent, although Prince Edward Island did make certain recommendations. I apologize to the honourable senator for the interruption.

Hon. Mr. ASELTINE: I have stated my understanding of the situation, and the interruption does not worry me in the least.

On February 10, 1914, Sir Robert Borden, as reported at page 612 of House of Commons Hansard, spoke as follows:

The terms which were then fixed between the four original provinces undoubtedly constituted a compact between those provinces, and up to the present time they have, of course, been carried out according to the true intent and meaning of the statute.

That remark was made in connection with the debate following the holding of the interprovincial conferences. Again in 1914 Sir Robert Borden, speaking of the interprovincial conference held in Ottawa in the fall of 1913, is reported as follows:

Speaking for myself, I do not see how it would be possible for this parliament to attempt any alteration in the representation of the provinces without the consent of the provinces themselves. It was in that connection that the question was taken up before the interprovincial conference held last autumn in the city of Ottawa, and the result of the proceedings of that conference amounted to this, that the conference declined to take any action on the subject, saying that the matter was one for consideration of parliament.

I should like to make an explanation of the phrase "saying that the matter was one for consideration of parliament." What Sir Robert meant was that if parliament thought an alteration in the representation of the provinces was advisable, a conference would be called for the purpose of hearing what they had to say and to get their consent.

On February 19, 1925, at page 335 of the House of Commons Hansard, the Right Honourable Arthur Meighen, P.C. made the following statement:

Undoubtedly the pact of confederation is a contract and there are rights involved therein not represented by the Parliament of Canada. We could not put ourselves in the position of asking that rights so secured should be disturbed on our motion alone. The speech of the Minister of Justice determines, I think, without power of dispute, that there should never be suggestion of amendment affecting other parties to the contract save after conference and consent of those other parties.

I come now to certain statements made by the late Honourable Ernest Lapointe. Speaking on the British North America Act on March 20, 1924, he said, as reported at page 20 of *Hansard* for that year

It is a treaty between various colonies which entered into an agreement. They fixed what the powers of the central parliament should be, and they also fixed what the powers of the various provinces which succeeded the colonies of that time would be, and this was ratified and accepted by the Imperial Parliament of the time. Everything we have or have not is because we wanted it so. Now this treaty cannot be changed—it

has been the contention of many constitutional authorities, and I think it is only fair that no change should be accepted, without the consent of all those who were parties to it. It is a sacred treaty just as is any other treaty; it is no "scrap of paper."

On February 18, 1925, Mr. Lapointe again spoke on this subject. I am reading from Hansard at page 297:

If confederation was a pact, an agreement, is it possible for one of the parties to the agreement, or rather for the body which resulted from the agreement, to amend, to alter the conditions of that pact without consulting and without securing the consent of the parties to the original agreement?

And a little further on:

As regards the United States as well as Australia, New Zealand and South Africa, they all agreed at the time of the enactment of the statute creating their constitution that they would have the right to alter it. They possess that right because it was made one of the conditions of the statute constituting them a state. Not so with Canada, because there were special conditions and difficulties in the way. I ask my honourable friend this question. Confederation was achieved and the new parliament was opened in 1867. Does he believe that two years afterwards, in 1869, for instance, this parliament could have fairly and reasonably amended the British North America Act or have asked the imperial parliament to amend it without the consent of the four original provinces? Could he fairly say that that could have been done two years after the opening of this parliament? If it could not be done at that time, could it be done twenty-five years afterwards, or even fifty years afterwards, without the consent of the contracting parties in the pact of confederation?

Hon. Mr. BENCH: It was actually done in 1871, four years afterwards.

Hon. Mr. ASELTINE: Is my honourable friend referring to the amendment stating that parliament may establish new provinces? There is a special section in the act giving parliament power to do that.

Mr. Lapointe continued:

As I have said, I would not like to leave the impression that my own view is that no changes should be made at any time, or that no changes are possible. I agree that we are living in 1925, and not in 1865. The problems of Canada must be settled in the light of the present situation . . . I am not one of those who are riveted to the past and who are prepared to deny to our children the liberty of the future, but those changes the necessity for which may be seen as a result of our experience of sixty years cannot be made unless you proceed in a legal and constitutional way; they cannot be made arbitrarily . . . They cannot be made only at the will and at the request of the dominion parliament, but those who are just as much interested as the dominion parliament in this matter must have their say must be consulted, and must give their assent.

I come now to a recent statement. In 1943 there was introduced in both houses a resolution to postpone redistribution until after the war, and on June 22 of that year the Honourable Mr. Godbout, a Liberal, who was then Premier of Quebec, wrote to Prime Minister Mackenzie King as follows:

Dear Mr. King: I regret to hear that you consider delaying the readjustment of representation in the House of Commons according to the 1941 census. This decennial readjustment is an essential part of the compact between the provinces out of which arose the Canadian confederation, and therefore the British North America Act cannot properly be amended in this respect, without the assent of the provinces.

I have no doubt that due consideration will be given to these representations, and I sincerely hope that no attempt will be made to have the British North America Act amended against the wishes of this province.

Honourable senators, it seems quite clear that all the statesmen whom I have quoted were of opinion that a step such as parliament is now asked to take cannot be taken and should not be taken without the consent of the provinces which form confederation.

Hon. Mr. BENCH: Would the honourable gentlemen suggest that that should be unanimous consent or the consent of only a majority of the provinces?

Hon. Mr. ASELTINE: I expected that question would be asked, but it is a very difficult one to answer. What I say is that a conference should be held and the opinion of the provinces obtained after deliberation. Then I think no one in this house could object to the proposed amendment, even if one province did not consent.

Hon. Mr. CAMPBELL: In view of that statement I assume my honourable friend does not see any legal difficulty in the way of procuring the amendment without the consent of the provinces.

Hon. Mr. ASELTINE: Oh yes, I see great difficulty.

Hon. Mr. CAMPBELL: Does the honourable member suggest that in order to procure the amendment it is necessary to have the consent of the provinces, or simply that a conference should be held?

Hon. Mr. ASELTINE: I submit that there should be a conference, and that if possible the consent of all the provinces should be obtained.

Hon. Mr. CAMPBELL: Assuming that consent could not be obtained, would it be legally possible to get the amendment?

Hon. Mr. ASELTINE: I have not gone into that.

Hon. Mr. BENCH: Will the honourable senator not admit that neither in the agreements upon which confederation is founded

nor in the statute itself is there any stipulation that the provinces should be consulted or the consent of even a majority of them obtained?

Hon. Mr. ASELTINE: I have not been able to find anything to that effect. It will be remembered that I read a statement concerning the Australian constitution, which contains a section giving the federal parliament power to amend the constitution without consulting the states. It seems to me that if, when the British North America Act was passed, it had been intended to give our federal parliament such power, a similar provision would have been placed in that statute.

Hon. Mr. LESAGE: My honourable friend quoted a letter which Mr. Godbout wrote at a time when he thought Quebec did not have its fair share of representation in another place. Does my honourable friend think Mr. Godbout would complain at the proposal to give his province eight more friends there?

Hon. Mr. ASELTINE: I am sorry that I cannot hear my honourable friend.

Hon. Mr. LESAGE: Mr. Godbout was complaining in 1943—

Hon. Mr. ASELTINE: I cannot hear what is being said.

Hon. Mr. LESAGE: —because he thought Quebec did not have as many representatives as it should have in the other house. Does my honourable friend think he would complain now of the proposal to increase the number of representatives by eight?

Hon. Mr. ASELTINE: I could not hear what my honourable friend was saying.

This resolution involves a very dangerous precedent. When the prairie provinces joined confederation they were fully aware of the fact that section 51 of the British North America Act was part of the agreement by which they were willing to be bound. Therefore they could not complain if at the present time they did lose temporarily a few members in the other house. The only contention of these provinces is that redistribution should be delayed until the 1946 census is completed, in order that it may be ascertained whether the displaced population has returned. They are not asking for the suggested amendment. Neither is Quebec asking for it, and, as far as I can learn, none of the other provinces are. Therefore I make this suggestion. Let us stand by the present agreement for another parliament. I am satisfied that by 1951, when the next census is taken, things will have righted themselves and the western provinces will have regained population entitling them to the number of members which they would temporarily lose under the proposed redistribution.

Honourable senators, I intend to vote against the resolution.

Hon. L. MORAUD: Honourable members, I had hoped that the debate on this resolution would have been launched sooner in this chamber, or that it would be postponed until after the recess, so that a more authoritative voice than my own, that of the honourable senator from Grandville (Sir Thomas Chapais), might have expressed the opposition of the Quebec members of my party to the proposed measure and emphasized the grave reasons that justify such opposition. Son of one of the Fathers of Confederation, our venerable colleague is one of the few survivors of the era that witnessed the birth of confederation. He has made a thorough study and written a history of that period, and is especially qualified to deal with the issues we are now debating. I hope his illness will be of short duration, and that for many years he may remain with us to shed lustre on this chamber.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MORAUD: Since the start of the debate in another place, our colleague from Grandville has often imparted to me his deep-seated conviction that this resolution violates the spirit and letter of the confederation pact, and that it devolves upon the Senate to prevent the perpetration of such a violation. As a matter of fact, the legislative body to which we belong in a two-chamber system was created by the Fathers of Confederation "to be a check upon the lower house", Cauchon said:

> We ought to place in the constitution a counterpoise to prevent any party legislation, and to moderate the precipitancy of any government which might be disposed to move too fast and go too far. I mean a legislative body able to protect the people against itself and against the encroachment of power.

We now find ourselves confronted by a measure with respect to which the Senate must protect the people against itself.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. MORAUD: I do not care to discuss the problem involved in determining whether this resolution is favourable or unfavourable to one province or another, or to all the provinces. I am even ready to acknowledge that the new system of electoral redistribution is, in present circumstances, an equitable measure calculated to render justice to the different parts of the country.

We must, however, bear in mind that the government decided it could modify section 51 of the British North America Act without consulting the provinces. The government did not subscribe to that theory because of any urgency, because it had not time to consult

the provinces, because it feared it could not secure their consent; but it adopted and declared this policy, thereby asserting the principle that the provisions of the British North America Act can be modified without the consent of the provinces. The government therefore takes the position that the provinces are allowed to express their opinion only on matters vested in them specifically by the terms of the act, and have no say whatsoever on matters assigned to federal jurisdiction.

That is the principle which this chamber would sanction by adopting the resolution. This would ignore the very nature of our constitution, and the fact that within its framework, apart from strictly provincial and strictly federal questions, there arise questions that one may term mixed. It would be idle to repeat the theories that have been developed on one side or the other in support of the contention that our constitution is a legal pact or simply an act of parliament. I refrain from recalling to your attention the numerous opinions voiced by statesmen of other days and of both political parties. I will spare you many citations I could furnish from judgments of the Privy Council. It is, however, an established fact that but for the Charlottetown and Quebec conferences, where representatives of both races and of the different provinces discussed the form of the proposed constitution, the parliament at Westminster would never have passed the British North America Act.

Whether or not a truly legal pact was concluded between the two races and between the provinces, it is unquestionable that between the Fathers of Confederation and the interested parties they represented there was a "gentleman's agreement," and at common law this remains for us a political agreement which none of the parties has the right to violate.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. MORAUD: The first words of the British North America Act say so implicitly:

> Whereas the provinces of Canada, Nova Scotia, and New Brunswick, have expressed their desire to be federally united into one dominion.

Moreover, from 1867 to about 1930 the theory of a legal pact was admitted by all. During the war of 1914-18 a certain degree of centralization was deemed necessary to enable Canada to continue the struggle alongside of her allies, but at its conclusion the provinces were able to recover what little autonomy they had lost, and between 1920 and 1930 we witnessed a real expansion of provincial rights. This was, so to speak, the golden age of provincial administrations. It was at the end of this period that the premier of Ontario, Honourable Howard Ferguson, with the support of the premier of Quebec, Honourable Alexandre Taschereau, was able in a document dated September 10, 1930,—a document that is now famous—to confirm what up till then had been acknowledged as of common law, namely, that confederation constituted a legal pact.

On the other hand, certain facts and circumstances seem to have given birth to the contrary legal theory. The exigencies of the battle waged against unemployment gave rise to the belief that in order to cope with the crisis it was necessary to centralize administration and government in Ottawa as much as possible. Apparently it was in the face of this necessity that there first sprang up among certain university professors the idea that our constitution was not a solemn pact, but merely a British statute, amendable by the parliament at Westminster just like any other British statute. Mr. Norman McLeod Rogers, late Minister of Labour and then Minister of National Defence in the King government, in a paper read before the Canadian Political Science Association—a paper that has become a classic—stated that the theory of confederation being a pact was erroneous and exposed the country to grave danger. Later, other university professors came forward to support and develop Mr. Rogers' theory, and for a long time it continued to be the subject of academic discussion.

During the war, and particularly in the present post-war period, we have witnessed as never before the development of a policy of centralization—a policy that is said to be necessary for the preservation of our national economy and the implementation of social security measures. Once again facts have brought to the surface the legal theory that the British North America Act is an ordinary statute that may be amended without the consent of the provinces. This assertion is made with reference to section 51, not so much because of the section itself, but because the purpose is to repeat a precedent that will make it possible to modify our constitution more easily in the future. It is needless to recall to honourable members the force of precedent in English constitutional law. That which one aims to accomplish tomorrow becomes easier by reason of what one succeeded in accomplishing yesterday. This centralizing theory becomes very dangerous in its ultimate consequences. Those who uphold

the theory I have referred to in relation to section 51 are compelled to admit that other sections of our constitution can be modified without the consent of the provinces. Thus it has been stated that section 133, which recognizes the duality of language in Canada—French and English—could be amended without the advice of the provinces, and especially without the assent of the province wherein the French group constitutes a majority. This, I believe, overlooks the fact that our constitution includes not only strictly federal matters and strictly provincial matters, but also mixed questions. These mixed questions at first glance and from a strictly legal standpoint may seem to pertain solely to the federal government, but at the same time, directly or indirectly, they interest the provinces and the two great races of the country. For example—duality of language, the Senate, representation in the House of Commons, are so many mixed questions. Thus, honourable members, if we should accept the principle the government now puts forth in this resolution we should jeopardize the very existence of the legislative body to which we belong.

May I be permitted to recall the fact that the Senate was created to protect what one may call the sectional rights of the country? In 1865, in the course of the debate on confederation, Sir John Macdonald made this statement:

> In order to protect local interests and to prevent sectional jealousies, it was found requisite that the three great divisions—

There are now four.

> —into which British North America is separated, should be represented in the upper chamber on the principle of equality.

The Senate having thus been created to protect minorities and the provinces, its disappearance would be a political blow dealt at the very heart of confederation. Hence it seems to me important that this be not rendered legally possible without the consent of the provinces. One must not be led to believe that this possible disappearance of the Senate is a mere figment of the imagination. It is conceivable that a leftist party might seize office some day and in the lower house propose the abolition of the Senate. Is such a measure not an important plank in the platform of the C.C.F. party? If you read the manifesto adopted in 1933 at the first national convention of the C.C.F. party in Regina, a manifesto which still constitutes that party's creed, you will note that the last paragraph of article 9 dealing with the British North America Act is as follows:

> The Canadian Senate, which was originally created to protect provincial rights, but has failed even in this function, has developed into a bulwark of capitalist interests, as is illustrated by the large number of company directorships held by its aged members. In its peculiar composition of a fixed number of members appointed for life it is one of the most reactionary assemblies in the civilized world. It is a standing obstacle to all progressive legislation, and the only permanently satisfactory method of dealing with the constitutional difficulties it creates is to abolish it.

Hon. Mr. DUFF: Shame!

Hon. Mr. MORAUD: I may be told that even if the lower chamber adopted a resolution asking His Majesty to abolish the Senate, our assembly would naturally refuse to subscribe to it. The Senate no doubt would be able to hold out for a time against a leftist government, but through the mechanism of section 26 of the British North America Act, or by what we call "swamping", it would become easy to secure in this very assembly a majority favourable to its abolition. In relatively few years—as we are all too sadly aware—the appointment of senators who prior to appointment had promised to do away with the Senate would render possible the abolition of this chamber. The grievous thing would be not the disappearance of the Senate itself but the wiping out of the protection which by its very nature this body ensures to minorities and to the established social system—a system which nobody doubts is open to improvement, but which at all events has repeatedly demonstrated its national usefulness.

But at the moment when the existence of the Senate was imperilled there would be invoked, were it well established, the legal necessity for consultation of the provinces on mixed questions. Such consultation would undoubtedly remain the best guarantee for the survival of our assembly. One may deduce from such an emergency how necessary it is that the provinces be consulted on mixed questions.

Had it been the belief of the French group in British North America at the time of confederation that some day it would be prevented from putting forward a viewpoint on mixed questions, it never would have agreed to hand over to the English majority of the federal government complete jurisdiction over these matters. Moreover, when in the past the provinces deemed they had been wronged in matters of electoral redistribution, they spoke as provinces. For instance, there is the now famous case of Prince Edward Island in 1905, to which reference has often been made in recent years. If honourable senators refer to Law Reports-Appeal Cases at page 37, they will observe that it was the Attorney-General of the Province of Prince Edward Island who presented the argument of his province against the Attorney-General for

the Dominion of Canada. The province did not speak through its federal members, but through the medium of its government, by way of reference.

We should not believe that the present attitude of the province of Quebec is but the manifestation of political rivalry. In 1943, when the government decided to postpone redistribution, the premier of the province of Quebec, the Honourable Mr. Adelard Godbout, wrote to the Right Honourable Mackenzie King under date of June 22, asserting that:

The British North America Act cannot be properly amended in this respect without the assent of the provinces.

The present premier of the province of Quebec, the Honourable Mr. Duplessis, is merely reasserting that principle. This analogy between the attitude of two provincial adversaries proves that the present premier of the province speaks not only for his government but also on behalf of the whole population.

In conclusion may I say the question before us is not whether the measure now proposed by the government is favourable or unfavourable to the provinces, but rather whether or not the attempt to amend the British North America Act on a mixed question without the consent of the provinces is jeopardizing the very existence of confederation. The government has advanced the principle that the British North America Act is an ordinary act capable of being amended in its slightest detail; but has admitted that, at most, assent would relate only to the division of powers set out in sections 91 and 92. In other words the provinces should be consulted only when it is proposed to take away from them part of their jurisdiction. Why should the contract in theory apply only to sections 91 and 92 and not to mixed questions which are of the very essence of confederation to almost the same degree as the matters referred to in these two sections? Nothing is more dangerous than measures which may seem favourable, but the ultimate consequences of which can involve irreparable harm in the future.

Therefore, honourable senators, I regret that, for the reasons given, I am unable to support the proposed resolution.

Some Hon. SENATORS: Hear, hear.

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

The Senate adjourned until tomorrow at 3 p.m.

Hon. Mr. MORAUD.

THE SENATE

Thursday, July 4, 1946.

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

Prayers and routine proceedings.

COMBINES INVESTIGATION BILL

FIRST READING

A message was received from the House of Commons with Bill 193, an Act to amend the Combines Investigation Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

CANADIAN NATIONAL RAILWAYS (MANITOBA RAILWAY) BILL

REPORT OF COMMITTEE

Hon. Mr. COPP presented the report of the Standing Committee on Transport and Communications on Bill 194, an Act respecting Canadian National Railways and the acquisition of the Manitoba Railway.

He said: Honourable senators, the committee have examined this bill, and now beg leave to report the same without amendment.

THIRD READING

Hon. Mr. ROBERTSON, with leave of the Senate, moved the third reading of the bill.

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

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. COPP presented the report of the Standing Committee on Transport and Communications on Bill B9, an Act to incorporate Prescott and Ogdensburg Bridge Company.

He said: Honourable senators, the committee have examined this bill, and report the same without amendment.

THIRD READING

Hon. Mr. HAYDEN, with leave of the Senate, moved the third reading of the bill.

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

WOMEN'S ROYAL NAVAL SERVICES AND SOUTH AFRICAN MILITARY NURSING SERVICES (BENEFITS) BILL

REPORT OF COMMITTEE

Hon. Mr. COPP presented the report of the Standing Committee on Transport and Communications on Bill 200, an Act respecting benefits for persons who served in the Women's Royal Naval Services and the South African Military Nursing Service.

He said: Honourable senators, the committee have examined this bill, and now beg leave to report the same without amendment.

THIRD READING

Hon. Mr. ROBERTSON, with leave of the Senate, moved the third reading of the bill.

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

RESEARCH COUNCIL BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 154, an Act to amend the Research Council Act.

He said: Honourable members, the committee have examined this bill and now beg leave to report the same with the following amendments:

1. Page 3 lines 3 and 4. For the words "experimental and development work and manufacturing" substitute the words "work and manufacturing of an experimental and developmental nature"
2. Page 3, line 31. For (i) substitute (h)
3. Page 3, line 32. For (h) subtitute (i)
4. Page 3, line 42. After "companies" insert "incorporated under the provisions of Part I of the Companies Act, 1934."

The Hon. the SPEAKER: When shall the amendments be taken into consideration?

Hon. Mr. ROBERTSON: With leave of the Senate, now.

The Hon. the SPEAKER: Is it your pleasure, honourable senators, to concur in the amendments?

The amendments were concurred in.

THIRD READING POSTPONED

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

Hon. Mr. ROBERTSON: With leave of the Senate, now.

Hon. Mr. ROEBUCK: Honourable senators, may I suggest that amendments to a bill of this nature should be held over for consideration? Unless a member attend the committee, it is impossible for him to know the effect of these amendments.

The Hon. the SPEAKER: The amendments have already been concurred in. The bill will stand for third reading at the next sitting.

GOVERNMENT COMPANIES OPERATION BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 155, an Act respecting the operation of Government Companies.

He said: Honourable senators, the committee have examined this bill and now beg leave to report same with the following amendments:

1. Page 3, line 37. Leave out the words "in such form as the Minister may prescribe"
2. Page 3, line 39. After "March" insert "containing its financial statements and such other information as the Minister may prescribe"

The Hon. the SPEAKER: When shall the amendments be taken into consideration?

Some Hon. SENATORS: Now.

Hon. Mr. ROBERTSON: Honourable senators, I had hoped to facilitate the business of the Senate by having consideration of the amendments and third reading today, but the objection taken by the honourable senator is a justifiable one, and therefore consideration should stand.

Hon. Mr. ASELTINE: The amendments are very simple.

Hon. Mr. ROBERTSON: That is true, but in view of the objection, consideration should stand.

ATOMIC ENERGY CONTROL BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 165, an Act relating to the Development and Control of Atomic Energy.

He said: Honourable senators, the committee have examined this bill and now beg leave to report the same with the following amendments:

1. Page 3, line 46. After "9(1)" insert "The Board may"
2. Page 3, lines 45 and 46. Leave out the words "the Board may"
3. Page 4, line 44. After "companies" insert "incorporated under the provisions of Part I of The Companies Act, 1934."
4. Page 5, line 39. For "the said compensation" substitute "that"
5. Page 6, lines 43 and 44. For "under the authority of this Act" substitute "thereunder"
6. Page 6, line 44. After "and" insert "shall be"

7. Page 7, line 2. After "both" leave out "such." After "and" leave out "such"

8. Page 7, line 5. For "taken place" substitute "been committed'

9. Page 7, line 6. For "convicted" substitute "found guilty"

10. Page 7, line 8. After "both" leave out "such." After "fine and" leave out "such."

11. Page 7, line 12. After "he" insert "knowingly"

12. Page 7, line 15. For "the" substitute "its."

The Hon. the SPEAKER: When shall the amendments be taken into consideration?

Hon. Mr. ROBERTSON: Next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Committee on Divorce, presented the following bills:

Bill Y9, an Act for the relief of Jean Ethelwyn Marshall Ross.

Bill Z9, an Act for the relief of Frank Ernest Smith.

Bill A10 an Act for the relief of Cleora Elizabeth Doyle Mastine.

Bill B10, an Act for the relief of Elizabeth Carr Johnstone.

Bill C10, an Act for the relief of Marie-Rose-Yvette Breton Philips.

Bill D10, an Act for the relief of Barbara Laing Robertson MacNab.

Bill E10, an Act for the relief of Anne Goldsmith Glick.

Bill F10, an Act for the relief of Jean Alexandra Oughtred Scott.

Bill G10, an Act for the relief of Charles Horatio Baldwin.

Bill H10, an Act for the relief of Mary Slobodzian.

Bill I10, an Act for the relief of Edward Charles McKerness.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: When shall these bills be read the second time?

Hon. Mr. ASELTINE, with leave of the Senate, moved the second reading of the bills.

The motion was agreed to, and the bills were read the second time, on division.

BACON FOR EXPORT—CURING PROCESS

DISCUSSION

On the Orders of the Day:

Hon. R. B. HORNER: Honourable senators, I wish to refer to a matter that I think is of urgent public importance. I have before me an article that recently appeared in the Montreal Star under the heading, "Top Quality Hogs Sought—Held Main Requisite in Competitive market." The article reads:

If Canadian farmers are seriously pointing future hog production to the British market, an earnest effort to raise the percentage of grade A hogs should start at once, according to the Industrial Development Council of Canadian Meat Packers.

In its monthly letter for June, the council states that throughout the war years Canadian farmers literally "pulled hog production up by its bootstraps" and in 1944 bacon exports rose to an all-time high of over 700,000,000 pounds. During the latter war years, it adds, Canadian bacon represented about 80 per cent of the rationable supply in Britain.

The latter points out that considerable praise was lavished on Canadian producers for the quality of bacon shipped but "we are now entering the post-war period in the British bacon market and the future will not be influenced by our past records."

The letter notes that former competitors are again "swinging into production" and while Britain has contracted for bacon supplies to the end of 1948, "after that it is quite possible that free competition may again rule the market."

The council refers to the quality of the bacon shipped being all important and indicates a greater quantity of top quality bacon will have to be produced.

In this connection it states that during the war years "Canadian consumers have accepted pork products remaining after most of the good hogs had been exported," adding that "it is not logical to expect that this course can be continued." If both the export and domestic objectives are to be met, it is suggested that more of the better and less of the poorer grade hogs are required.

The letter prints a tabulation of hog gradings during the years 1941 to 1945, inclusive, noting that every province, except P.E.I. had a higher percentage of "B-1" than "A" hogs.

I maintain that our farmers have suffered as a result of the attempt to improve the quality of Canadian bacon for export. At first hogs were graded alive, and for every pound that an animal was overweight the farmer lost two cents. If he was prevented by a snowdrift or mud from getting his hogs to market on a certain day, and during the delay each of them became only a pound overweight, they were not considered to be worth the top price. A deduction was also made if any hog was light or not of proper conformation. It is hard to understand why the gaining of a single pound in the weight of a hog should have a bad effect on the quality of the bacon. When the system of rail-grading was introduced the farmer continued to suffer through a lower price for any overweight hog, regardless of how high the quality of the dressed carcass might be.

While on my way home during the last recess, I met on the train a man who told me that he and his family went to England

just before the war and were held there until the war ended. He had been in the retail trade in Saskatchewan for many years and he naturally went to work in a retail store, where he sold meats to all classes of English people; and he had no doubt that when Danish bacon became available again they would no longer buy ours. I asked him if the Canadian bacon was too fat, and he said, "No, but the soft underside of it pushes into the cutting machine."

Out in our part of the country we have a packing plant—I do not want to mention the name—constructed by a man who had much experience in curing bacon in Europe, and I am told by a retailer who has been handling and cutting bacon for twenty-five years that the product of that plant is far superior to what we get from the big packers.

I would suggest to the government that it should look into the curing process of our large packing companies. I am firmly convinced that it is this process or their method of storing or handling that has given our bacon a bad name in the Old Country.

In the same issue of the Star there is another article that I might be permitted to read:

Agricultural policy—

The Hon. the SPEAKER: I would remind the honourable gentleman that if he wishes to speak further on this subject he should place a notice on the order paper.

Hon. Mr. HORNER: I thought, Mr. Speaker, that the matter being of great importance just at this time, it should be called to the attention of the Senate and the government. If, however, it is your ruling that I sit down, all right.

Hon. Mr. MURDOCK: You have done pretty well.

PRIVATE BILL

THIRD READING

Hon. Mr. CRERAR moved the third reading of Bill I7, an Act respecting the Canadian Indemnity Company.

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

PRIVATE BILL

THIRD READING

Hon. Mr. CRERAR moved the third reading of Bill J7, an Act respecting the Canadian Fire Insurance Company.

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

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE moved the third reading of the following bills:

Bill C9, an Act for the relief of Jessie Louise Stargratt Burton.

Bill D9, an Act for the relief of Helen Louise Mitchell Meyer.

Bill E9, an Act for the relief of Donald Dale Carr-Harris.

Bill F9, an Act for the relief of Eugene Ernest Hubert George Colnaghi Williams Waterfield.

Bill G9, an Act for the relief of Gratia Lauzon Rousseau.

Bill H9, an act for the relief of Laura Olive Byers Manley.

Bill I9, an Act for the relief of Vera Gertrude Horder Fournier.

Bill J9, an Act for the relief of Julia Patricia Byrne Cote.

Bill K9, an Act for the relief of Dorothy Adelaide Grace Vennor O'Toole.

Bill L9, an Act for the relief of Lillian Doris Howard Clarke.

Bill M9, an Act for the relief of Helen Agnes Stuart Colt.

Bill N9, an Act for the relief of Alma Gosselin Carbonneau.

Bill O9, an Act for the relief of Florence Cleveland Smith des Baillets.

Bill P9, an Act for the relief of Florence Winnifred Dunlop Starkey.

Bill Q9, an Act for the relief of Francis John Stone.

Bill R9, an Act for the relief of Mary McCallum McNamara.

Bill S9, an Act for the relief of Leah Helen Shute Main.

Bill T9, an Act for the relief of Cecile Simonne Robert Turgeon.

Bill U9, an Act for the relief of Edward Cotapschi.

Bill V9, an Act for the relief of Catherine Young Rivard.

Bill W9, an Act for the relief of Mary Jane Michelle Ahern de Brabant.

The motion was agreed to, and the bills were read the third time, and passed, on division.

REDISTRIBUTION

MOTION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Senator Robertson:

That whereas by the British North America Act, 1867, it is provided that in respect of

representation in the House of Commons the Province of Quebec shall have the fixed number of sixty-five members;

And whereas the said Act provides that there shall be assigned to each of the other provinces such a number of members as will bear the same proportion to the number of its population as the number sixty-five bears to the number of the population of Quebec;

And whereas the said Act provides for the readjustment of representation on the completion of each decennial census, and that on any such readjustment the number of members for a province shall not be reduced unless the proportion which the number of the population of the province bore to the number of the aggregate population of Canada at the then last preceding readjustment of the number of members for the province is ascertained at the then latest census to be diminished by one twentieth part or upwards;

And whereas the effect of the aforesaid provisions has not been satisfactory in that proportionate representation of the provinces according to population has not been maintained;

And whereas it is considered that a more equitable apportionment of members to the various provinces could be effected if readjustment were made on the basis of the population of all the provinces taken as a whole:—

A humble address be presented to His Majesty the King in the following words:—
To the King's Most Excellent Majesty:

Most Gracious Sovereign:

We, Your Majesty's most dutiful and loyal subjects, the Senate of Canada in Parliament assembled, humbly approach Your Majesty, praying that You may graciously be pleased to cause a measure to be laid before the Parliament of the United Kingdom to be expressed as follows:—

An Act to provide for the readjustment of representation in the House of Commons of Canada on the basis of the population of Canada;

Whereas the Senate and House of Commons of Canada in Parliament assembled have submitted an address to His Majesty praying that His Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for the enactment of the provisions hereinafter set forth;

Be it therefore enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same as follows:

1. Section fifty-one of the British North America Act, 1867, is hereby repealed and the following substituted therefor:

51. (1) The number of members of the House of Commons shall be Two hundred and fifty-five and the representation of the provinces therein shall forthwith upon the coming into force of this section and thereafter on the completion of each decennial census be readjusted by such authority, in such manner, and from such time as the Parliament of Canada from time to time provides, subject and according to the following Rules:

1. Subject as hereinafter provided, there shall be assigned to each of the provinces a number of members computed by dividing the total population of the provinces by Two Hundred and fifty-four and by dividing the population of each province by the quotient so obtained, disregarding, except as hereinafter in this section provided, the remainder, if any, after the said process of division.

2. If the total number of members assigned to all the provinces pursuant to Rule One is less than Two hundred and fifty-four, additional members shall be assigned to the provinces (one to a province) having remainders in the computation under Rule One commencing with the province having the largest remainder and continuing with the other provinces in the order of the magnitude of their respective remainders until the total number of members assigned is Two hundred and fifty-four.

3. Notwithstanding anything in this section, if upon the completion of a computation under Rules One and Two, the number of members to be assigned to a province is less than the number of senators representing the said province, Rules One and Two shall cease to apply in respect of the said province, and there shall be assigned to the said province a number of members equal to the said number of senators.

4. In the event that Rules One and Two cease to apply in respect of a province then, for the purpose of computing the number of members to be assigned to the provinces in respect of which Rules One and Two continue to apply, the total population of the provinces shall be reduced by the number of the population of the province in respect of which Rules One and Two have ceased to apply and the number Two hundred and fifty-four shall be reduced by the number of members assigned to such province pursuant to Rule Three.

5. Such readjustment shall not take effect until the Termination of the then existing Parliament.

(2) The Yukon Territory as constituted by Chapter forty-one of the Statutes of Canada, 1901, together with any part of Canada not comprised within a province which may from time to time be included therein by the Parliament of Canada for the purposes of representation in Parliament, shall be entitled to one member.

2. This Act may be cited as the British North America Act, 1946, and the British North America Acts, 1867 to 1943, the British North America Act, 1907 and this Act may be cited together as the British North America Acts, 1867 to 1946.

Hon. ANTOINE J. LEGER: Honourable senators, agreeing as I do with the arguments of the two previous speakers from this side of the house, the few remarks which I have to make will necessarily be brief.

The British North America Act provides for a federal parliament in which the several provinces forming the Dominion of Canada are to be represented according to population, as specified under the terms of the act; for a Senate—in which the four divisions of the country are numerically equally represented—

acting as the controlling legislative body to protect the rights and interests of the provinces; and for a Governor General.

The legislatures of the provinces of New Brunswick and Nova Scotia were not constituted by the British North America Act, but under section 88 continued as they existed, except that under the conditions of certain mutual interprovincial agreements then embodied in the act, they delegated certain authority within the boundaries of their respective provinces to the federal institution named Canada.

But even outside of New Brunswick and Nova Scotia, I submit, everything that pertains to the original Dominion of Canada, except its name and rank in the Empire, is the subject of interprovincial agreement. Lord Carnarvon, in a speech he delivered at Montreal in 1883, cited by the late Dr. R. F. Taylor, K.C., before a meeting of the Saint John Board of Trade, said:

> The British North America Act is not to be construed merely as a municipal act, but should be viewed as a treaty of alliance requiring sobriety of judgment and plain common sense to interpret it.

May I also cite A. P. Paterson? At page 4 of his book, *The True Story of Confederation,* he writes:

> Confederation was an agreement. It effected the union of several contiguous self-governing provinces. It joined these as one Imperial Dominion under a federal system of government, each province retaining certain rights. Obviously, therefore, a clear, definite understanding of the terms and spirit of this agreement is essential to its fulfilment, just as its fulfilment is essential to its permanence.
>
> The resolutions adopted by the London Conference, coupled with the pledges given the Maritimes by the authorized representatives of the province of Canada, completed and constituted the Confederation agreement.
>
> Having completed the agreement, the conference passed the following resolution:
>
> "The sanction of the Imperial Parliament shall be sought for the union of the provinces on the principles adopted by this conference."

That, honourable members will note, was a resolution passed at the London Conference.

May I quote again from the same author at page 39 of the addenda, the agreement between the original provinces. I will quote the heading to show how the representatives viewed what they had adopted. It reads as follows:

> The following is the complete text of the Confederation Treaty, arranged by the authorized representatives of the provinces of Canada, Nova Scotia and New Brunswick, at London, December, 1866.

I submit it is quite apparent that the delegates to that conference considered that they had adopted a treaty.

At page 51 the same author cites parliamentary debates of 1865, where, in a speech on the resolution adopted at the London Conference, John A. Macdonald is reported as follows:

> These resolutions were in the nature of a treaty, and if not adopted in their entirety the proceedings would have to be commenced de novo (anew).

That is, the condition was a "sine qua non", and nothing was done.

Again at page 54, the author quotes the words of John A. Macdonald as reported in the parliamentary debates of 1865:

> I might mention that the maritime provinces recognizing the peculiar position of Canada geographically and the danger in case of hostilities, had most cordially agreed that any sum this parliament might vote for the defence of Canada (Ontario and Quebec) they would undertake their share of it.

The author then says:

> Confederation is, primarly, a commercial union of the provinces arranged by them with the approval of the imperial parliament; but with the supreme power vested in the imperial government, and with a constitution which is both written and unwritten.
>
> The federal parliament was created to carry out the letter and the spirit of the Union Agreement and thus ensure for each province—as was the clear intent—a fair share of all resultant commercial benefit.

If the British North America Act is a treaty, pact or agreement between the provinces, or if the Dominion of Canada is constituted by a league of the provinces—and I maintain that it is—it necessarily follows that any vital terms of that treaty, pact, agreement or league cannot and should not be altered materially without the consent of the constituent parties to it, namely, Ontario, Quebec, Nova Scotia and New Brunswick.

The question has been asked whether the consent of all the provinces is required. In my humble opinion the answer is no, because the provinces—other than the original four—were constituted by authority given under the British North America Act, and their constitution, adopted as such by our own parliament, provided for representation in parliament. The four original provinces entered into a league, agreement or pact—call it what you will—which specified certain terms and conditions under which they were to function. My position, simply, is that the terms and conditions of the British North America Act cannot be amended without at least consulting the provinces of Nova Scotia, New Brunswick, Quebec and Ontario. Further, I say that representation was one of the conditions of the agreement entered into in London.

May I quote article 21 of the treaty of 1866? It reads:

> For the purpose of such readjustments, Lower Canada shall always be assigned 65 members, and each of the other provinces shall, at each

readjustment, receive for the ten years then next succeeding the number of members to which it will be entitled on the same ratio of representation to population as Lower Canada will enjoy according to the census then last taken by having 65 members.

I submit, honourable members, that this article contains practically the same wording as section 51 of the British North America Act, and, as I have said, represents one of the terms and conditions upon which the agreement permitting confederation was based.

At page 52 of *The True Story of Confederation,* John A Macdonald is reported as follows:

In settling the constitution of the lower house which peculiarly represents the people, it was agreed that the principle of representation by population should be adopted.

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.

We now have in Canada four divisions.

Accordingly, in the upper house—the controlling and regulating but not the initiating branch (for we know that here as in England, to the lower house will practically belong the initiating of matters of great public interest)—in the house which has the sober second thought in legislation it is provided that each of these great sections shall be represented equally by twenty-four members.

That each of the great sections shall appoint twenty-four members and no more will prevent the upper house from being swamped from time to time by the ministry of the day for the purpose of carrying their own schemes or pleasing their partisans.

No ministry can in future do what they have done in Canada before.

We will have the right of the minority respected.

Then he cites George Brown:

Our Lower Canada friends have agreed to give us representation by population in the lower house,—

The reference still is to an agreement.

—on the express condition that they shall have equality in the upper house

That means that one condition was dependent on the other condition.

George Brown went on to say:

On no other conditions could we have advanced a step; and for my part, I am quite willing they should have it. But honourable gentlemen must see that the limitation of the members of the upper house lies at the base of the whole compact on which the scheme rests.

I quote that because of the reference to a compact. Evidently they thought or in fact were assured that they were entering into an agreement. The author then says:

As all the provinces were desirous of effecting a union upon an equitable basis, the supreme problem confronting the Fathers of Confederation was to evolve an agreement which, while empowering a general parliament to legislate for all three "great divisions" (Ontario, Quebec and the Maritimes) would, at the same time, ensure equitable protection for the interests of each. However, after long deliberation, there seemed but one practical solution—equal representation for each division in the upper house. This, it was confidently believed, would offset the minority disadvantage of representation by population in the lower house. The upper house was to be non-partisan, due regard being had to the fair representation of both political parties. Life appointment was deliberately intended to place its members beyond the influence of party. They were expected to discard the role of party-politician and to enter the Senate as statesmen henceforth to move in an atmosphere no longer partisan; statesmen who would strive to implement the confederation agreement in its integrity: and, by protecting the interests of every "great division," prevent sectionalism and build up a nation imbued with a true national spirit, each section participating in the national prosperity.

It was argued in another place that the members there represent their respective provinces and are able to give consent to the resolution. My argument is that they certainly do not represent the governments of their respective provinces. The members could not possibly do anything to affect the four original provinces.

Hon. Mr. DAVID: Would the honourable senator allow me? When he was speaking about the four original provinces of confederation, I understood him to say that at least their consent to the amendment would be required. I would contend that the provinces which came in after 1867 enjoy the same privileges and have the same obligations as the original four.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. DAVID: If that is so, then according to my honourable friend's argument the consent of the nine provinces would be required for any amendment to the British North America Act. What would happen if eight provinces acquiesced in an amendment and one did not?

Hon. Mr. LEGER: My view is the same as that just expressed by the honourable gentleman, but in another place some prominent men have expressed the opposite view. Perhaps I have not made myself clear. I agree entirely with the proposition just stated by my honourable friend, but I have been trying to emphasize that in my judgment there is no getting away from the conclusion that the consent of the four original provinces at least must be obtained, because there was an agreement, a treaty, a pact between those four provinces.

Hon. Mr. DAVID: If that can be said of the four provinces it can be said of the nine.

Hon. Mr. LEGER: I do not want to argue in support of the contrary view. But I took the trouble of looking into that phase of the question. Section 1 of the British North America Act, 1886, says:

> The Parliament of Canada may from time to time make provision for the representation in the Senate and House of Commons of Canada, or in either of them, of any territories which for the time being form part of the Dominion of Canada, but are not included in any province thereof.

That authorized the federal parliament to provide for representation of the western territories.

Hon. Mr. MORAUD: May I interrupt the honourable gentleman? I think the federal parliament was given that authority in the British North America Act.

Hon. Mr. LEGER: There was a doubt as to the federal parliament's authority, and the amending act was passed to remove that doubt. In the Manitoba Act the representation of the province is dealt with in sections 3 and 4; in the British Columbia Act, in section 8; in the Alberta Act, in sections 4 and 5, and in the Saskatchewan Act, in sections 4 and 5. These are acts of the dominion parliament. So while I maintain that all the provinces should be consulted before any amendment is made to the British North America Act, I do not think I would quarrel with the argument that it is not legally necessary to obtain the consent of the provinces which did not enter into the original compact, agreement or treaty.

Hon. Mr. BENCH: As regards the four original colonies, which are now provinces, would the honourable gentleman contend that their consent should be unanimous?

Hon. Mr. LEGER: Absolutely. I contend that to proceed to amend the act without the consent of each and every one of the four of them would be to break the treaty, agreement, or whatever you might call it.

Hon. Mr. BENCH: So that New Brunswick, for instance, could prevent any amendment to the act, even if all the other provinces consented?

Hon. Mr. LEGER: I do not know whether New Brunswick would have the power to prevent an amendment, but I would go so far as to contend that if New Brunswick were dissatisfied with an amendment that was passed, that would be a sufficient ground for the province to secede from confederation.

Some hon. SENATORS: No.

Hon. Mr. LEGER: That is the law as I view it. You cannot break a treaty with impunity. If we have a treaty or agreement, as I maintain we have, it cannot be broken with impunity.

Hon. Mr. ROEBUCK: In view of the fact that we have made amendments to which some provinces did not consent, does the honourable gentleman hold the opinion that those provinces may now secede from confederation?

Hon. Mr. LEGER: Before I could answer that I would have to be shown what the amendments were. I maintain that if they affected the treaty on which confederation was based, consent should have been obtained.

Hon. A. L. BEAUBIEN: Is the whole British North America Act not a treaty? Does the treaty not comprise the whole act?

Hon. Mr. LEGER: Yes, it comprises the whole act, but the whole act was founded upon certain conditions precedent, and I maintain that that treaty must be respected.

Hon. Mr. BENCH: What about the amendment of 1943, which the legislature of Quebec opposed by unanimous resolution? In the honourable senator's opinion, would the passage of that amendment be sufficient ground to justify the province of Quebec in seceding from confederation?

Hon. Mr. LEGER: I do not think the honourable gentleman wants me to answer his question. I cannot speak for Quebec; the matter is one for its government to determine. Even if the British North America Act were amended without the consent of the provinces, it does not necessarily follow that one province would be so dissatisfied with the amendment as to break away from confederation. I do not maintain that for one minute. But I do maintain that any agreement entered into should be respected by all the parties to it.

Hon. Mr. McGEER: If, without the consent of Quebec, an amendment were enacted taking away the guarantee of section 133—

Hon. Mr. LEGER: That is the language section.

Hon. Mr. McGEER: Yes—what would you say to that?

Hon. Mr. LEGER: It would be up to the government of the province of Quebec to decide its attitude.

Hon. Mr. MORAUD: It would break away.

Hon. Mr. LEGER: I am not speaking for any particular province, I am simply pointing out the situation that might arise.

Hon. Mr. CAMPBELL: May I ask the honourable gentleman if he does not have to go behind the statute and rely upon the provisions of the agreements and resolutions?

Hon. Mr. LEGER: The agreement reached at the London conference is all contained in the British North America Act. The statute gave legal form to the agreement.

Hon. Mr. MORAUD: I do not suppose a single member of this house sincerely believes that Quebec would remain in confederation if this parliament were to do away with section 133.

Hon. Mr. BENCH: There is no chance that it will be done away with either, and my honourable friend knows that is so.

Hon. Mr. LAMBERT: The obvious reply to the honourable senator from Vancouver (Hon. Mr. McGeer) is that his question as to section 133 was raised in the other house and was answered by the Minister of Justice. There we find the acid test of this whole theory. I do not believe the British parliament would agree to such an amendment.

Hon. Mr. McGEER: The point raised last night was just as extreme on the other side.

Hon. Mr. LAMBERT: I do not think so.

Hon. Mr. LEGER: I say that in the final analysis—and this is the test—if the issue of seceding from confederation is ever raised, it will be settled not by the majority of the people of Canada, certainly not by the members of the House of Commons, but by each individual province deciding for itself whether, under conditions contrary to the original pact, it still wishes to adhere to confederation.

Hon. Mr. BENCH: Will the honourable gentleman consider how a province would secede? He will find that an interesting point.

Hon. Mr. LEGER: We are not driven to that yet; if we were, I think we would find a way.

Hon. Mr. DAVID: Let well enough alone.

Hon. Mr. LEGER: These being my views, I conclude that the federal parliament is arrogating to itself rights which, without a conference with the provinces, should not be entertained, and for that reason I propose to vote against the resolution.

Hon. Mr. BENCH: Would the honourable gentleman permit me to ask him one more question? He spoke of the British North America Act being the embodiment of a treaty or a pact, and also of the provinces, particularly Nova Scotia and New Brunswick, having by agreement delegated to the central authority certain of their powers. Has he considered the fact that what are now provinces were only crown colonies prior to confederation, and the question of whether they were competent by agreement to delegate any powers to the central body?

Mr. LEGER: Yes. Certainly New Brunswick was. I am not familiar with conditions in Nova Scotia, but I think it was in a similar position. In New Brunswick the confederation pact was rejected by the popular vote at the first election, and therefore nothing was done; but at a later election it was accepted, and that made it possible for the province to join in the confederation.

Hon. Mr. BENCH: The point is that, prior to confederation, New Brunswick, for instance, was merely the creature of an imperial statute. I suggest to the honourable gentleman that, as such, New Brunswick had no authority to delegate any of its powers to a central parliament.

Hon. Mr. CALDER: But the people of the province had full authority.

Hon. Mr. LEGER: It was not the government of New Brunswick, it was the people, as such, who delegated the powers.

Hon. Mr. BENCH: They could not.

Hon. Mr. LEGER: The majority so voted, and their decision was embodied in a resolution.

Hon. Mr. BENCH: It was a kind of referendum.

Hon. Mr. LEGER: Call it that if you wish.

Hon. Mr. McGEER: Because of the mere fact that the crown could intervene and prevent their coming to an agreement, it does not follow that there was no contractual power.

Hon. Mr. MORAUD: They were not mere slaves of the crown.

Hon. Mr. MARCOTTE: I move that the debate be adjourned.

Hon. Mr. ROBERTSON: Before the motion is put, I should like to repeat what I said yesterday. I have no desire to be placed in the position of not giving honourable members the fullest opportunity of discussing this very important question, but I had hoped that we might be able to conclude the debate this week. I know the honourable senator who has just moved the adjournment of the debate (Hon. Mr. Marcotte) and the honourable senator from Vancouver (Hon. Mr. McGeer) wish

to speak on the resolution, and I would be willing to facilitate them or any other honourable senators who desire to take part in the debate. If it is the wish of the Senate, we can carry on this afternoon and this evening; then if the debate is not concluded we can meet tomorrow morning at 11 o'clock, and, if necessary, resume the discussion next week.

Hon. Mr. COPP: Hear, hear.

Hon. Mr. ROBERTSON: I know it will inconvenience some honourable senators, but I do not wish to be subjected again to the criticism directed at me yesterday. As a matter of fact the government has not said it will not introduce a redistribution bill this session; no one in authority has said anything of the kind. I hope we shall be able to make some further progress this afternoon. The length of the debate will make no difference, except that it may prevent the proposed adjournment until the 23rd instant. But we do not have to take a recess; we can continue our sittings next week. Personally, I should like very much to have the Senate adjourn for a couple of weeks, but if I am going to be placed in the position of appearing to rush the resolution through without adequate discussion, I am quite willing to reconsider the proposed adjournment. Perhaps in addition to the honourable gentlemen I have mentioned others desire to continue the debate now in order that we may make headway. I would suggest that the honourable senator from Ponteix (Hon. Mr. Marcotte) ask leave to withdraw his motion for adjournment of the debate, in order that honourable members who desire to speak now may do so.

Hon. Mr. MARCOTTE: My only reason for moving the adjournment of the debate is that the scarcity of secretarial help has prevented me from getting my notes in order so that I may present my views in concise form. I have had to do my own typing, and am not able to proceed this afternoon, but tomorrow I shall be ready to go on, even if I have to spend the night in preparing my notes. I am not seeking to delay the resolution. I am willing to accept the honourable leader's suggestion on the understanding that I may renew my motion later, and so be in a position to resume the debate tomorrow.

The Hon. the SPEAKER: Is it the pleasure of the honourable gentleman to withdraw his motion for the adjournment of the debate?

Hon. Mr. MARCOTTE: Certainly.

Hon. R. B. HORNER: Honourable senators, perhaps by way of a change I, a layman, may be allowed to follow the legal gentlemen who so far have carried on this debate.

I find it hard to understand why there should be any hurry to pass this resolution. Not so long ago we passed a bill to continue in force certain regulations and orders made under the War Measures Act, so technically we are still in a state of war, and it does seem to me rather strange that there should be any attempt to rush through redistribution right now. Western Canada occupies a very important place in the economic set-up of the dominion. This year the prairie provinces may produce a billion dollars of new wealth. During the war a good many of the people of the western provinces went to other parts of the dominion to engage in war work, and although it is altogether probable that most of them will return to their home provinces, many of them have not yet done so. It seems to me, therefore, that the government would be well advised to present this resolution a year or two hence, rather than try to rush it through now. My only comment on it is that it might lead to dissatisfaction. In view of the vast area of the West, the loss of one member would be serious. We have often heard of a threatened separation at the head of the lakes because of unfair treatment in the matter of tariffs. Now there is a further charge of 10 per cent to be paid to the Foreign Exchange Control Board on the purchase of farm implements.

Before resuming my seat may I ask this question: If in a few years' time we have an additional 500,000 people in the province of Saskatchewan, what will be the adjustment in representation? Would we then be entitled to a larger number of members?

Hon. A. L. BEAUBIEN: Honourable senators, before the motion is put, may I say that this resolution has been on the order paper for a long time? As the honourable leader of the government has said that it is the intention that this house adjourn tomorrow until July 23, and many of us who live far from Ottawa have made our train reservations. I hope the honourable gentleman who has moved the adjournment of the debate will be prepared to speak on it tomorrow, so that we may pick up these reservations without delay.

Hon. Mr. McGEER: I hope there will not be much more emphasis placed upon the need for leaving the Senate chamber and going home in the middle of the session.

Hon. Mr. BEAUBIEN: I am sure my honourable friend will take advantage of the recess.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, July 5, 1946.

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

Prayers and routine proceedings.

HOUSE OF COMMONS BILL

FIRST READING

A message was received from the House of Commons with Bill 125, an Act to amend the House of Commons Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

PUBLIC PRINTING AND STATIONERY BILL

FIRST READING

A message was received from the House of Commons with Bill 127, an Act to amend the Public Printing and Stationery Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

RAILWAY BILL

REPORT OF COMMITTEE

Hon. Mr. COPP presented the report of the Standing Committee on Transport and Communications on Bill 138, an Act to amend the Railway Act.

He said: Honourable senators, your committee have examined this bill and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. ROBERTSON: With leave of the Senate, now.

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

FOOD AND DRUGS BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill X9, an Act to amend the Food and Drugs Act.

He said: Honourable senators, the committee have examined this bill, and now report the same without any amendment.

THIRD READING

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

Hon. Mr. ROBERTSON: With leave of the Senate, now.

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

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills, which were severally read the first time:

Bill J10, an Act for the relief of Ivy Anderson Lobb.

Bill K10, an Act for the relief of Yvonne Rachel Mayer Richard.

Bill L10, an Act for the relief of Nellie Izbitsky Abracen.

Bill M10, an Act for the relief of Ellen Margaret Price Garvie.

Bills N10, an Act for the relief of Sophie Shoob Natovitch.

Bill O10, an Act for the relief of Madge Aileen Hunter Parker.

Bill P10, an Act for the relief of Claire Yaroslawa Lytwyn Pendiuk.

Bill Q10, an Act for the relief of Henry Wallace Argall.

Bill R10, an Act for the relief of Mary Norma Wickens Baker.

Bill S10, an Act for the relief of Mildred Emily Rogers Thoms.

Bill T10, an Act for the relief of Pauline Gregoire Girard.

Bill U10, an Act for the relief of Marjorie Maxwell Cleghorn Pope.

Bill V10, an Act for the relief of Marie Charlotte Arsenault Leonard.

SECOND READINGS

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

Hon. Mr. ASELTINE: With leave of the Senate, now.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

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

Hon. Mr. ASELTINE: If there is no objection, I would move third reading now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

RESEARCH COUNCIL BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 154, as amended, an Act to amend the Research Council Act.

The motion was agreed to, and the bill, as amended, was read the third time, and passed.

GOVERNMENT COMPANIES OPERATION BILL

CONCURRENCE IN AMENDMENTS

Hon. Mr. ROBERTSON moved the third reading of Bill 155, an Act respecting the operation of Government Companies.

The Hon. the SPEAKER: Honourable senators, the amendments reported yesterday by the Standing Committee on Banking and Commerce were not adopted. Before the motion for third reading can be received, it will be necessary to concur in the amendments.

Hon. Mr. ROBERTSON: I move that the amendments be concurred in.

The motion was agreed to.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill, as amended.

The motion was agreed to, and the bill, as amended, was read the third time, and passed.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE moved the third reading of the following bills:

Bill Y9, an Act for the relief of Jean Ethelwyn Marshall Ross.

Bill Z9, an Act for the relief of Frank Ernest Smith.

Bill A10 an Act for the relief of Cleora Elizabeth Doyle Mastine.

Bill B10, an Act for the relief of Elizabeth Carr Johnstone.

Bill C10, an Act for the relief of Marie-Rose-Yvette Breton Philips.

Bill D10, an Act for the relief of Barbara Laing Robertson MacNab.

Bill E10, an Act for the relief of Anne Goldsmith Glick.

Bill F10, an Act for the relief of Jean Alexandra Oughtred Scott.

Bill G10, an Act for the relief of Charles Horatio Baldwin.

Bill H10, an Act for the relief of Mary Slobodzian.

Bill I10, an Act for the relief of Edward Charles McKerness.

The motion was agreed to, and the bills were read the third time, and passed, on division.

REDISTRIBUTION

MOTION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson:

That whereas by the British North America Act, 1867, it is provided that in respect of representation in the House of Commons the Province of Quebec shall have the fixed number of sixty-five members;

And whereas the said Act provides that there shall be assigned to each of the other provinces such a number of members as will bear the same proportion to the number of its population as the number sixty-five bears to the number of the population of Quebec;

And whereas the said Act provides for the readjustment of representation on the completion of each decennial census, and that on any such readjustment the number of members for a province shall not be reduced unless the proportion which the number of the population of the province bore to the number of the aggregate population of Canada at the then last preceding readjustment of the number of members for the province is ascertained at the then latest census to be diminished by one twentieth part or upwards;

And whereas the effect of the aforesaid provisions has not been satisfactory in that proportionate representation of the provinces according to population has not been maintained;

And whereas it is considered that a more equitable apportionment of members to the various provinces could be effected if readjustment were made on the basis of the population of all the provinces taken as a whole:—

A humble address be presented to His Majesty the King in the following words:—

To the King's Most Excellent Majesty:
Most Gracious Sovereign:

We, Your Majesty's most dutiful and loyal subjects, the Senate of Canada in Parliament assembled, humbly approach Your Majesty, praying that You may graciously be pleased to cause a measure to be laid before the Parliament of the United Kingdom to be expressed as follows:—

An Act to provide for the readjustment of representation in the House of Commons of Canada on the basis of the population of Canada;

Whereas the Senate and House of Commons of Canada in Parliament assembled have submitted an address to His Majesty praying that His Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for the enactment of the provisions hereinafter set forth;

Be it therefore enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same as follows:

1. Section fifty-one of the British North America Act, 1867, is hereby repealed and the following substituted therefor:

51. (1) The number of members of the House of Commons shall be Two hundred and fifty-five and the representation of the provinces therein shall forthwith upon the coming into force of this section and thereafter on the completion of each decennial census be readjusted by such authority, in such manner, and from such time as the Parliament of Canada from time to time provides, subject and according to the following Rules:

1. Subject as hereinafter provided, there shall be assigned to each of the provinces a number of members computed by dividing the total population of the provinces by Two hundred and fifty-four and by dividing the population of each province by the quotient so obtained, disregarding, except as hereinafter in this section provided, the remainder, if any, after the said process of division.

2. If the total number of members assigned to all the provinces pursuant to Rule One is less than Two hundred and fifty-four, additional members shall be assigned to the provinces (one to a province) having remainders in the computation under Rule One commencing with the province having the largest remainder and continuing with the other provinces in the order of the magnitude of their respective remainders until the total number of members assigned is Two hundred and fifty-four.

3. Notwithstanding anything in this section, if upon the completion of a computation under Rules One and Two, the number of members to be assigned to a province is less than the number of senators representing the said province, Rules One and Two shall cease to apply in respect of the said province, and there shall be assigned to the said province a number of members equal to the said number of senators.

4. In the event that Rules One and Two cease to apply in respect of a province then, for the purpose of computing the number of members to be assigned to the provinces in respect of which Rules One and Two continue to apply, the total population of the provinces shall be reduced by the number of the population of the province in respect of which Rules One and Two have ceased to apply and the number Two hundred and fifty-four shall be reduced by the number of members assigned to such province pursuant to Rule Three.

5. Such readjustment shall not take effect until the Termination of the then existing Parliament.

(2) The Yukon Territory as constituted by Chapter forty-one of the Statutes of Canada, 1901, together with any part of Canada not comprised within a province which may from time to time be included therein by the Parliament of Canada for the purposes of representation in Parliament, shall be entitled to one member.

2. This Act may be cited as the British North America Act, 1946, and the British North America Acts, 1867 to 1943, the British North America Act, 1907 and this Act may be cited together as the British North America Acts, 1867 to 1946.

Hon. A. MARCOTTE: Honourable senators, about ten years ago, when I had occasion to speak on the matter of amending the British North America Act, I gave the Senate some citations which I am again going to use in this debate because in my view they apply with equal force to this resolution.

In the opinion of some of us the resolution is so important and the issues involved in it carry such grave implications that it should be approached with care and diligence. For the first time since confederation a very eminent lawyer has expressed the opinion that this parliament could legally erase from our constitution section 133, and thus destroy the guarantee concerning the use of the French language in this parliament, and in the legislature and the courts of Quebec.

I shall try to prove that even if the British North America Act is to be regarded only as a statute and not as a compact or a treaty, it should be all the more sacred to us and should not be amended without consulting the provinces that were parties to the agreement upon which it is based, for that would be tantamount to trapping them into a legal status which was not contemplated at the time, and from which they could not escape.

Whether the British North America Act is a kind of compact or treaty or merely a statute has been a controversial subject among politicians, judges, and writers on constiutional law ever since confederation.

As will be recalled the House of Commons in 1935 appointed a committee to study the best methods of amending the British North America Act. Noted jurists and professors of constitutional law appeared before this committee and the report issued by the committee, a copy of which I now have in my hands, is one of the most interesting documents I have read on the matter.

On the question of whether the British North America Act is a contract, a compromise, an entente, a compact, a treaty, or simply a statute, the opinions given before the committee were just as opposed to each other as were the witnesses. I will not burden my remarks with the full citations I made at the time, but will briefly refer to some of them.

In his *Responsible Government and the Dominions,* Professor Arthur B. Keith, at page 586, wrote:

> It was most expressly recognized in 1907 by the Imperial Government that the federal constitution is a compact which cannot be altered save with the assent both of the dominion and the provinces.

Lord Chancellor Sankey, in the Aeronautics case, 1932, said:

> Inasmuch as the Act embodies a compromise under which the original provinces agreed to federate, it is important to keep in mind that the preservation of the rights of minorities was a condition on which such minorities entered into the federation, and the foundation upon which the whole structure was subsequently erected. The process of interpretation as the years go on ought not to be allowed to dim or to whittle down the provisions of the original contract upon which the federation was founded,

nor is it legitimate that any judicial construction of the provisions of sections 91 and 92 should impose a new and different contract upon the federating bodies.

Honourable Mr. Veniot, the father of our honourable colleague Doctor Veniot, stated:

Further than that, it must be understood, I maintain, that it was a strict agreement between the provinces.

That was part of a question put to Mr. Edwards, Deputy Minister of Justice, who replied:

I agree with you, that it was an agreement.

At page 54 of the report of the committee there appears this statement:

In February, 1925, however, Mr. Meighen said: "Undoubtedly, the pact of confederation is a contract and there are rights involved therein not represented by the Parliament of Canada."

At page 3 of the report a portion of the evidence of Mr. Edwards, then Deputy Minister of Justice, reads:

I would desire to negative any idea that in any matter which relates to all the provinces, the mere fact that certain provinces object would entitle them to have a voice at London or at Ottawa, wherever the constitution is being amended. That would be a matter of purely dominion concern which should be settled in this parliament; but where the amendment would affect what we would call actual provincial rights, and there is a body of provincial opinion opposing the amendment, I would say this parliament should consult the interested provinces.

(Question): It might lend great weight, Mr. Edwards, but do you think we representatives of all the provinces in the federal arena are authorized to speak for the provinces on the question of jurisdiction?

(Answer): Not for the provinces, no.

They voluntarily agreed to accept the new constitution; and they and the dominion are bound by the terms of that constitution as it stands today; so that when you come to face any question as to how you are going to amend that constitution, and the amendment in prospect is one which will take away from the provinces a thing which they got at confederation, you have to consult the provinces.

Someone made the remark, "That is fair."

Speaking in the House of Commons on February 3, 1865, Sir John A. Macdonald, in introducing the resolutions adopted at the Quebec conference, referred to what he called the "treaty of union." He said further:

The government desires to say that they presented the scheme as a whole, and would exert all the influence they could bring to bear in the way of argument to induce the house to adopt the scheme without alteration, and for the simple reason that the scheme was not one framed by the government of Canada, or by the government of Nova Scotia, but was in the nature of a treaty settled between the different colonies, each clause of which had been fully discussed and had been agreed to by a system of mutual compromise.

As I stated in the preliminary discussion, we must consider this scheme in the light of a treaty.

I trust this scheme will be assented to as a whole. I am sure this house will not seek to alter it in its unimportant details and, if altered in any important provisions, the result must be that the whole will be set aside and we must begin de novo. If any important changes are made, every one of the colonies will feel itself absolved from the implied obligation to deal with it as a treaty. Each province will feel itself at liberty to amend it ad libitum so as to suit its own views and interests.

Now let us examine further the views expressed by Canadian statesmen and jurists.

In 1883 Sir Wilfrid Laurier said:

I repeat, each time that this parliament (Ottawa) succeeds in depriving a province of a right which it holds, no matter how insignificant such right may be, it is a step further along the the path leading to legislative union.

Honourable Mr. Justice Mignault made this statement:

The British North America Act is merely the legalization of a pact entered into by the provinces.

Hon. Mr. VIEN: Would my honourable friend please cite the page number of *Hansard* from which he is reading?

Hon. Mr. MARCOTTE: The extract was taken from the House of Commons *Hansard* of this year. I regret I cannot give the exact page.

The following statement was made by the Honourable Justice Loranger:

The confederation of the provinces was the result of a pact and the imperial parliament merely ratified it.

These are past commentaries. Are they sufficient to prove to you, honourable senators, that this is more than a statute? I think they should be ample.

This was a case in which parties, unable to deal between themselves because of their legal incapacity, went to the only authority available to them and said: "We are incapacitated, because we have no legal authority to act. This is what we want. Will you give us the compromise we wish for? Will you ratify the treaty between us that we of ourselves have no power to make? Will you consecrate our entente?"—and it was done. That, in my opinion, is more than could have been done by the contracting parties.

In the other place references have been made several times to the two books written on our constitution by Dr. Maurice Ollivier. No one has more admiration for these two books and their author than I have. Dr. Ollivier takes the stand that the British North America Act is merely a statute, so as regards the present resolution his opinion should be of great weight.

In a memorandum prepared for the committee, Dr. Ollivier cited a table he had prepared, showing the sections of the act which could be amended—some without the consent of the provinces, some with the consent of a majority of them, and some with their unanimous consent. Among the sections requiring the consent of the majority is section 51, which the present resolution would amend. Among those which could not be amended without the unanimous consent of the provinces is section 133 which deals with the use of the French language. In the light of this section, I fail to understand the declaration made by the Minister of Justice. Section 133 reads as follows:

Either the English or the French language may be used by any person in the debates of the houses of the Parliament of Canada and of the houses of the legislature of Quebec; and both those languages shall be used in the respective records and journals of those houses; and either of those languages may be used by any person or in any pleading or process in or issuing from any court of Canada established under this act, and in or from all or any of the courts of Quebec.

The acts of the Parliament of Canada and of the legislature of Quebec shall be printed and published in both those languages.

Yesterday some comments were made on the statement of the minister, and where it would lead us. I do not propose to cite the table prepared by Dr. Ollivier, but I would point out that according to him section 51 of the British North America Act—the very one we now are asked to take out of our constitution—requires the consent of at least some of the provinces. Dr. Ollivier says:

Finally, a section should be inserted in the imperial act stating that no change in the method adopted for amending the B.N.A. Act shall be valid unless assented to by all the provinces.

There is one more citation I wish to make, and then I shall conclude in a few words. Dr. Scott, professor of civil law at McGill University and a lecturer on Constitutional Law, also appeared before the committee. In his memorandum Dr. Scott said, as reported at page 84 of the report:

South Africa is a particularly interesting example to us, I think, because that dominion has a racial problem and a minority problem comparable or analagous to that in Canada; and yet, after beginning with an imperial statute in 1909 as the basis of their constitution, which contained special guarantees for minorities, special entrenched clauses, they have now re-enacted that statute as their own constitutional act, as a statute of their own parliament—

I draw the attention of honourable members to this passage:

—and have thus destroyed the legal basis of the safeguards for minorities which were found in the earlier act. The South Africans now admit that the adoption by them, by their own parliament, of their own constitution, puts it into the category of an ordinary act of parliament in so far that in future it could be changed legally by the procedure of an ordinary act. But they have stated in the debates and discussions of that change that, where minorities are protected, they will continue to respect that protection, relying in future not on legal protection, but simply on one another. I feel that with flexibility, reasonable flexibility, rather than rigidity, we shall, besides greatly simplifying the whole process of government, be stimulating still further the development in Canada of that spirit of trust and tolerance without which even legal safeguards are of little value.

Honourable senators, this citation should prove to us that we should be very careful in amending our constitution.

Last session, in dealing with the powers of the Senate, I had occasion to cite the opinion of three great lawyers on the duties of this house. Under our constitution the Senate was created as a body to represent the provinces. There is no need to repeat that opinion, but there is need to appeal once more to honourable members of the Senate to use the utmost care and vigilance in dealing with resolutions like the present one. Oh, I know it has been stated that we should depend on good will and understanding—and let us hope that we shall achieve them; but the safest way to ensure that we will reach the desired goal is to save for the provinces, not the chance, but the right to be consulted on questions so vital to them.

Hon. G. G. McGEER: Honourable senators, in rising to address the house today, I do so with a sense of deep regard for, and a full appreciation of the situation that exists not only in the Dominion of Canada but throughout the world. I should think that if there ever was a time in our history when we needed to have regard for unity, in the highest sense of that term, and a full realization of the obligations that the maintenance of unity imposes, that time is now. We are not living in a world of great security such as we had hoped would come with unconditional surrender of the aggressors in the last war. On every hand that freedom which is the trust of the political world that was born in the parliament of our motherland, is being challenged as it never was challenged before, and challenged not only from without but from within.

I know that the Senate has been lectured ad nauseam on what it can do and what it should do, but I happened to come across a statement by a great Canadian authority, and I am going to quote it because it offers an opinion as to what is the paramount justification for the existence of this house as part of the government of the people of Canada.

Speaking in another place in 1906 the Right Honourable Sir Wilfrid Laurier said, as reported in volume 2 of Hansard for that year, page 2302:

But one consideration which, to my mind, is absolutely conclusive and paramount, is that under our system of government, a second chamber is an absolutely needed safeguard for the smaller provinces against a possible invasion of their rights by the larger provinces . . . This principle having been adopted admittedly for the protection of the smaller provinces, every one will admit at once that if we were to remove that safeguard, there would be a natural discontent in the smaller provinces, so that I contend that we cannot seriously entertain, even for a moment, the idea of ever abolishing our Senate. The arguments which we see from time to time in the press have altogether ignored that view of the constitution, which is a true one, and a paramount argument in favour of the maintenance of a second chamber.

Now, if the paramount justification for the Senate's maintenance is its power and its responsibility to protect the rights of the smaller provinces from invasion by the larger provinces, the time has arrived when the Senate should exercise its power in fulfilment of that responsibility.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: If on occasions of this kind it is not the view of the members of the Senate that those rights should be protected, then that paramount justification defined by our greatest constitutional administrators will have disappeared.

I do not represent British Columbia, as was stated by the honourable senator from Lincoln (Hon. Mr. Bench). I represent one of the senatorial seats in the western division—of which British Columbia happens to constitute a fourth part, just as Prince Edward Island constitutes a part of the maritime division—and I want to address my first remarks to the rights of those smaller provinces in the west that are being invaded by this proposed legislation, and to advance the claim that although the proposed change would substantially increase the membership of the House of Commons, the number of members for the four western provinces would remain the same.

Before dealing with the resolution placed before the Senate by the honourable member from Lincoln, may I present a statement that was offered to the members of the Parliament of Canada in 1867 by the Attorney General (West), the Honourable John A. Macdonald? I quote from *Confederation Debates*, 1865, at page 38:

In the formation of the House of Commons, the principle of representation by population has been provided for in a manner equally ingenious and simple.

I think the word "ingenious" might be used to describe the new formula which the honourable gentleman from Lincoln gave us the other night; but no one would ever regard it as "simple".

The introduction of the principle presented at first the apparent difficulty of a constantly increasing body until, with the increasing population, it would become inconveniently and expensively large. But by adopting the representation of Lower Canada as a fixed standard—as the pivot on which the whole would turn—that province being the best suited for the purpose, on account of the comparatively permanent character of its population, and from its having neither the largest nor the least number of inhabitants—we have been enabled to overcome the difficulty I have mentioned. We have introduced the system of representation by population without the danger of an inconvenient increase in the number of representatives on the recurrence of each decennial period. The whole thing is worked by a simple rule of three. For instance, we have in Upper Canada 1,400,000 of a population; in Lower Canada 1,100,000. Now, the proposition is simply this—if Lower Canada, with its population of 1,100,000, has a right to 65 members, how many members should Upper Canada have, with its larger population of 1,400,000? The same rule applies to the other provinces—the proportion is always observed and the principle of representation by population carried out, while, at the same time, there will not be decennially an inconvenient increase in the numbers of the lower house.

Along with that basis of determining the representation in the House of Commons I am going to quote the remarks of the same gentleman dealing with the manner in which the Senate's representation was determined. At page 35 of the same debates will be found this statement:

In order to protect local interest, 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. There are three great sections, having different interests, in this proposed confederation. We have Western Canada, an agricultural country far away from the sea, and having the largest population which have agricultural interests principally to guard.

That western section then was the province of Ontario and did not include any of western Canada as we know it today.

We have Lower Canada, with other and separate interests, and especially with institutions and laws which she jealously guards against absorption by any larger, more numerous, or stronger power. And we have the Maritime Provinces, having also different sectional interests of their own, having, from their position, classes and interests which we do not know in Western Canada. Accordingly, in the upper house—the controlling and regulating, but not the initiating, branch (for we know that here as in England, to the lower house will practically belong the initiation of matters of great public interest), in the House which has the sober second-thought in legislation—it is provided that each of those great sections shall be represented equally by 24 members.

Now we propose to change the basis of the relative representation. I know that

subsection 4 of section 51 of the British North America Act provided that no change should take place in a province's representation in the House of Commons unless the relative position of the population of the province showed a decrease of one-twentieth part or more. That was the prerequisite before any province could lose any of its members.

As the result of the working out of that provision—something that may or may not have been foreseen at the time—some of the provinces now have more members in the House of Commons than they would have had on the straight basis of 65 for Quebec and a relative number for the other provinces. If we eliminate subsection 4 and take the basis as described by the Attorney General (West), Hon. Mr. Macdonald, to the Fathers of Confederation, and adopted then, the representation in the House of Commons would be as follows: Prince Edward Island, 4; Nova Scotia, 11; New Brunswick, 9; Quebec, 65; Ontario, 74; Manitoba, 14; Saskatchewan, 17; Alberta, 16; British Columbia, 16; the Yukon, 1, or a total of 227 members. On that basis British Columbia would have exactly the same number of members as she has today, namely, 16.

What changes are we proposing to make? In the first place, we increase the present inflated membership of 245 to a total of 255. The Fathers of Confederation had in mind two things: one, Quebec would always be the pivot; two, there would not be an undue increase in the number of members.

The first thing I think the Senate should consider now is whether or not this is the time to increase the number of representatives in the House of Commons.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: Does anybody think that Ontario is not sufficiently represented by the representation it has in the House of Commons today, or that the addition of another ten members is going to improve the efficiency of that house? How the other place conducts its affairs is no concern of ours. Certainly, in the estimation of the people of Canada, it does not lack debating power. At the present time young men back from the war and starting out in life are confronted with great difficulties. Hundreds of thousands of them are asking: Can we afford, in this doubtful economy to which we have returned, the responsibility of a wife and home and family? The first questions that a young Canadian has to consider are: Can I afford the cost of our municipal government? Can I afford the cost of the nine provincial governments? Can I carry the burden of the cost of the national government, with an increased membership in the House of Commons? Can I carry the burden of expense that is involved in the huge bureaucracy that has grown up around our government today? Yet, honourable senators, in the face of the responsibility defined by Sir Wilfril Laurier, we are called upon to sanction and approve an unwanted and unnecessary increase in the membership of the House of Commons.

I listened with the greatest admiration, as did all honourable senators, to the masterly presentation of the formula upon which we in Canada are going to determine and adjust provincial representation in the House of Commons. It was as clever as paint; as mystifying as a mirage; but when I give you the figures I think you will agree that we in British Columbia are justified in coming to the conclusion that the results are extremely disappointing. The new basis works out very well for the maritime provinces. For instance, the present membership for that part of Canada is: Prince Edward Island 4, Nova Scotia 12, New Brunswick 10; a total of 26. Under the proposed change Prince Edward Island gets 4 members, Nova Scotia 13, New Brunswick 10; a total of 27 and a net increase of 1.

Hon. Mr. ROEBUCK: Is that not according to population?

Hon. Mr. McGEER: I am simply stating the results. The present membership for Quebec is 65, and for Ontario 82; a total of 147. Under this proposal the figures will be Quebec 73, Ontario 83; a total of 156, an increase of 9. In the West the present representation is: Manitoba 17, Saskatchewan 21, Alberta 17, British Columbia 16, Yukon 1; a total of 72. The proposed representation is; Manitoba 16, Saskatchewan 20, Alberta 17, British Columbia 18, Yukon 1; a total of 72. The net increase is zero.

Hon. Mr. DUPUIS: Actually.

Hon. Mr. ROEBUCK: That is a question of population.

Hon. Mr. McGEER: We in the West thought our population was increasing.

I am pointing out to the house that this magnificent exhibition of political calisthenics on a mathematical trapeze, which took place the other night, has given to the West the same old results. We are always getting in on the short end, and of course there is always some justification for it. But this is the first time we ever got it through the medium of higher mathematics as the basis for political activities. I suggest that the genius, whoever he was, who figured out that one, should be appropriated and put to work on

the job of developing through the medium of Einstein's theory of relativity the formulae for the new explosives we are deriving from uranium power.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. McGEER: I call upon honourable members of the Senate to at least give that kind of political jugglery the thorough examination it deserves. I call upon them to fulfill their obligation to the west—the younger part of Canada—and to protect the smaller provinces against an invasion of their rights through a proposal that increases the representation of Quebec and Ontario by nine and leaves the representation of the four western provinces as it is.

Hon. Mr. MURDOCK: May I ask the honourable gentleman a question? Under the proposed resolution are not the western provinces being given the same number of members of parliament per unit of population as Ontario and Quebec are to get?

Hon. Mr. McGEER: We thought we were until we examined the proposal. As we see it, we have been deluded or have been under a grave misapprehension in believing that we lived in a part of Canada where the population was increasing. I am simply giving the results of the formula proposed today as against those set out by the Fathers of Confederation and long accepted as satisfactory. If we are to make a change in the Canadian constitution, let us base it on the sane reason and simple understanding that the Fathers of Confederation exercised when they laid the foundations of the nation we enjoy today.

Hon. Mr. ROEBUCK: Does the honourable senator ask for the West a larger proportion of representation on the ratio of population than is given to the provinces in other parts of Canada?

Hon. Mr. McGEER: I only ask that the basis of representation be the same as that which existed when we entered into confederation.

Hon. A. L. BEAUBIEN: Then you would have four seats less.

Hon. Mr. McGEER: We would have four seats less in a house of 227 members. Now it is proposed that in a house of 255 members we should have the same number of seats we have today in a house of 245 members.

Hon. Mr. LAMBERT: Is this not the answer to my friend's proposition: that unfortunately the part of the dominion to which he refers has not the population to warrant an increase in membership?

Hon. Mr. McGEER: That may be the answer; it may even be the answer you will be prepared to go out and give to the people of British Columbia; but in my opinion it is not a satisfactory answer. In any event, let us face the proposed change as it stands: it means increasing the representation of the East in the House of Commons while that of the West remains fixed. That may not appeal to some of our western friends. But let me turn to another point.

Hon. Mr. MURDOCK: Before he does that, will the honourable gentleman please tell us what he thinks should be the basis of representation in the West?

Hon. Mr. McGEER: I say that the basis of representation was perfectly satisfactory before this amendment was proposed. If there is anything wrong with subsection 4 of section 51 of the British North America Act, that can be eliminated, and with the basis of representation as arranged in 1867, with 65 members for Quebec—

Hon. Mr. MURDOCK: Does my honourable friend suggest that the increase in population in Ontario and Quebec should be disregarded?

Hon. Mr. McGEER: That would change, as it has done all the way along. The membership in the House of Commons has increased from 196 to 245.

Hon. Mr. COPP: The representation in the West would be less under that arrangement.

Hon. Mr. McGEER: Not proportionately.

Hon. Mr. ROBERTSON: It would be down seven members.

Hon. Mr. ASELTINE: The total membership goes down to 227.

Hon. Mr. McGEER: On this proposed basis we will never catch up.

Hon. Mr. LAMBERT: My honourable friend is surely overlooking the fact that his own province of British Columbia, where the population has increased, is to get two more members, while two of the prairie provinces are to lose two members because their population has decreased.

Hon. Mr. McGEER: Everyone knows that at the time of the 1941 census there was a tremendous drift of population from the prairie provinces, as there had been for years, to British Columbia. Now the people are drifting back again, and the population of the prairie provinces is probably increasing. Whether or not we should be subject to a system of representation based on temporary flights of population, which may or may not occur at the decennial periods, is a question.

It may be that plan is better than the one figured out by the Fathers of Confederation. From the point of view of eastern Canada it obviously is the better plan, because it increases the present representation for the East and leaves that of the West unchanged. I do not say that it is not the best way, but I maintain that this question is one that requires very serious consideration. Before taking a step that is not demanded, except by the few who thought up this scheme, we should carefully examine and analyse its present effects and future results. I do not think there is any popular demand for this change in Quebec or Ontario, or any claim for it in the maritime provinces. Certainly there is no demand for it in western Canada. Then, why the hurry?

We are told that this resolution is necessary because it will more truly reflect the principle of representation by population. From my reading and study of our constitution, it seems to me that in addition to the original crown colonies of Nova Scotia, Prince Edward Island, New Brunswick, and Canada, there were the crown colonies of Vancouver Island and British Columbia as they existed at that time, and Ruperts Land—the Great West as we call it today—under the control of the Hudson's Bay Company. The important consideration before the Fathers of Confederation was not so much the number of crown colonies as the fact that there were two races of people in the crown colony of Canada. If ever there was a great and solemn compact made it was when John A. Macdonald and George Brown, representing the Anglo-Canadian Protestants of Upper Canada, sat down with Taché and Cartier, representing the French Canadian Roman Catholics of Lower Canada and brought into being with the sanction of the crown the basis for laying the foundation of the nation of Canada. One could easily brush these matters aside today, but they have a nasty way of cropping up tomorrow. We are asked to take away one of the fundamentals of that compact, and thereby to deprive Quebec, the pivotal province, of its present basis of representation and put that province on the same basis as the rest of Canada. Do you think that the people of Quebec came into confederation for nothing; or that one of the essentials of the agreement can be wiped out without serious consequences?

May I deal with the question of "rep by pop" as it works out in the Senate, having in mind the reference I made to the remarks of the Attorney General? In 1915, when the West was made one senatorial division, the principle of territorial representation was completely violated. Two great divisions were clamped into one. The provinces of Manitoba and Saskatchewan both economically and in their trade relations are linked with the east. The port of those two provinces is Fort William. The great inland waterway system of the Great Lakes, the canals and the St. Lawrence river is the highway for both exports and imports. When the St. Lawrence waterway is developed, Fort William will be the equivalent of an ocean port. In addition, the markets, industrial centres and distributing bases of Manitoba, Saskatchewan and Ontario are inseparably linked together.

We have another division on the Pacific coast where we are just as isolated, if I may use the term, or just as much tied to the ocean, as are the provinces on the Atlantic coast. We are tied not only to the Pacific Ocean but to the Panama Canal. Our internal rivalries are definite and real. Our ocean ports on the Pacific coast—Vancouver, Victoria and Prince Rupert—compete with all the lake and river ports from Fort William to Buffalo, Montreal, and Quebec, and with all the Atlantic seaboard ports from Saint John and Halifax to Portland, Maine, New York, Boston, Philadelphia, and Norfolk, Virginia. When we come to ask for equal treatment in the matter of cost of transportation, we are told that there are natural difficulties for which we must pay—the difficulties of mountain transportation. We established before the Board of Transport Commissioners that the cost of operation through the mountains, even via the Canadian Pacific Railway, was less by some 36 per cent than the cost of operation of the Canadian Pacific into Montreal or Saint John, or of the Canadian National into Halifax. We were also able to establish that the mountain differential was not fixed to take care of operation costs, but was deliberately imposed as a barrier to the movements in and out of Pacific ports of goods that would move through the Panama Canal.

Yes, we need fair representation in the House of Commons. But we are entitled also to equality in the Senate, for it is in the Senate that the rights of the smaller provinces are to be protected. The Maritime Provinces, with their powerful representation in both houses of parliament, have too their geographic disadvantage. The distance from Montreal to Saint John and Halifax is far greater than the distance from Montreal to New York. To obviate this natural geographic disadvantage, the Maritime Freight Rates Act fixed an arbitrary rate under which the railways operate between the rest of Canada and the Maritimes at a loss. The people of British Columbia along with the rest of Canadians are taxed to make up that loss.

I ask honourable members of the Senate if they think it is fair that a situation such as that should continue.

Let me give some figures. According to the 1941 census the population of British Columbia was 817,461, and that of Alberta, 796,169, a total of 1,613,630. The population of Prince Edward Island was 95,047; Nova Scotia, 577,962, and New Brunswick, 457,401, a total of 1,130,410. British Columbia and Alberta, a natural division of the same kind as the Maritimes, though having a population of nearly 500,000 more than the Maritimes, have twelve senators less.

I suppose somebody will tell me that that too is on the basis of representation by population. There probably is some gentleman in Ottawa who can calculate on a mathematical trapeze and perform some kind of political calisthenics by which we are supposed to be led to believe that an increase of ten in the parliamentary representation of the East, with no change in the representation of the West, is just the kind of thing that the people of the West should be thankful for. Well, I am not thankful for it. Someone said the other night that we wanted justice in the basis of representation. Then, let us have a little bit of justice in the matter of the Senate representation for British Columbia and Alberta.

I do not think you would expect the people of the West to be quite as docile or stupid as they would have to be to accept that kind of treatment without a protest. I wonder what my honourable friends from the Maritimes would be saying if the shoe was on the other foot. I wonder what they would say if in British Columbia and Alberta we had 500,000 fewer people than the Maritimes but had twice as much representation in the Senate.

Hon. Mr. ASELTINE: How about Saskatchewan and Manitoba?

Hon. Mr. McGEER: Saskatchewan and Manitoba are in the same position as British Columbia and Alberta. We in the Great West were just jumbled together, nobody apparently having been concerned about our representation in this house, a matter which has now come to be a grim reality. I think there has not been a deliberate design on the part of men of the East to discriminate against us. We are ourselves largely to blame. As I have often said in Vancouver, the distance from that city to Ottawa is actually 3,000 miles, but after nearly twenty-five years' experience with the Ottawa point of view it has seemed to me that the distance from Ottawa to Vancouver is about 50,000 miles.

Hon. Mr. DUFFUS: What kind of mathematics is that?

Hon. Mr. McGEER: What I mean to say is that the East has its own business to attend to, and that if we allow this kind of thing to go on we deserve what we get. But, honourable senators, when we bring the situation before you we expect treatment based upon the principles on which our Canadian Confederation was founded—and the greatest of these is that in Canada we shall live under a scheme of government that administers impartial justice throughout the land, so that no one section or class may unrighteously advance at the expense of the other.

Do we agree upon the basis of representation by population? A basis that had regard to territorial divisions as well as to certain principles was fixed in 1867. Is it necessary that it should be changed now? And if we agree that it should be changed, should we not agree at the same time that the representation of western Canada in the Senate should be on the same basis as the representation of eastern Canada? Is there anything wrong with that? Is there anything un-Canadian about it? I say that is one of the things that should be considered and determined before an appeal is made to the Parliament of the United Kingdom for the change proposed in the resolution before us.

I have given you an instance of an injustice imposed upon a provincial minority, certain smaller provinces, an injustice that should be remedied. Let me refer to another minority, since it is here that minorities have the right to look for protection. I wanted to move an amendment to this resolution, to provide that the words "Contributory old age pensions" be added to section 91 of the British North America Act, after the words "Unemployment insurance," which were added in 1920. The great mass of workmen who never lose a day either from idleness or indifference and rarely from sickness, who do not look forward to ever getting a penny's worth of benefit from unemployment insurance, have to pay the shot. On the good principle that the more fortunate should help out the less fortunate—a principle of which there is not so much evidence in this world as there might be—we say to the industrious and efficient workmen: "You are employed all the time, so you should pay for the unfortunate men who are the first to be laid off when depression comes along and unemployment begins to stalk the land."

I say, let us be fair to that group of workers, who are the backbone of industry; let them have the privilege of enjoying at retirement an old-age pension based upon the contribution they have made to the relief of those who were unfortunate enough to be unemployed. When considering amendments to the British North America Act, are we willing to regard

the rights of that minority as an essential element? If I read correctly Sir Wilfrid Laurier's definition of the paramount justification for the existence of the Senate, it involves not merely the protection of the smaller provinces, but the protection of minorities as well.

There is one other statement that I should like to refer to, because I think it was wholly lacking in historical fact. We were told that there is justification for the proposed procedure. I do not think there is. I think the weight of authoritative opinion is overwhelmingly against any such conclusion. The amendment most relied upon as justification for this procedure is the one made to the British North America Act in 1915. If you will check the record, you will find that that amendment was first introduced in 1914.

Hon. Mr. ASELTINE: Correct.

Hon. Mr. McGEER: In 1914 the Senate moved an amendment to the bill that came from the House of Commons. The amendment was not accepted by the government. The bill was reintroduced in 1915, and in due course came before the Senate. In presenting that bill to this house the leader of the government, Senator Lougheed, made a statement which in my opinion summarizes the whole position. It was not a case of something coming out of the blue, it was the tying together of transactions that had taken place since British Columbia came into Confederation under the Act of Union in 1871. In Senate Hansard of March 29, 1915, at page 211, Senator Lougheed is reported as follows:

> At the close of the session of 1914 I had the honour to move, on behalf of the government, a precisely similar address to the one now before us for our consideration. The object of the address is to divide the dominion into four senatorial sections, or groups, not in any way departing from the representation already enjoyed by the Maritime Provinces, the province of Quebec and the province of Ontario so far as the numbers of their representatives in this chamber are concerned. It is proposed to add, as I have said, a fourth group, giving a representation of 24 senators in this chamber to that portion of Canada lying west of Lake Superior. That is to say, it is proposed to increase its representation in this chamber to six senators for the province of Manitoba, six for Saskatchewan, six for Alberta and six for British Columbia. As honourable gentlemen are doubtless aware, we already have legislation upon our statute books making provision for a representation of six in the province of Manitoba. Some question has arisen as to whether the Parliament of Canada has authority to appoint the additional number of 2 for which provision was made in the Manitoba Boundaries Extension Act, passed in 1912. It is considered by some of the law officers of the crown that this parliament had authority to make provision for that increase of numbers. However, others have cast a doubt upon the exercise of such authority, and it is, therefore, thought desirable to seek imperial legislation upon the subject. No question can arise as to the provision which already has been made for the appointment of six senators for the provinces of Alberta and Saskatchewan, respectively. When the North West Territories were erected into the two provinces already mentioned, namely Saskatchewan and Alberta, provision was made for a representation of six from each of those two provinces, but inasmuch as imperial legislation was thought desirable for the other provinces, it was therefore considered proper that the entire representation should be included in this measure. As to the province of British Columbia, honourable gentlemen are doubtless aware, when the British Columbia Act of Union was passed, provision was made for only three senators and no further provision was made for an increased representation of that province in this chamber. As all those provinces have simultaneously increased in population, and as they closely approximate each other in population, of course no question can arise as to the reasonableness of the number which is being given to each. It is also provided that the clause in the British North America Act which makes provision for either three or six additional senators being appointed upon leave being given by the imperial authorities in the case of an emergency be amended, and that in view of the extension of the number and of the creation of four groups, this clause in the British North America Act should read "four or eight," as the case may be, instead of "three or six" as it now reads. Provision is also made in the address that each province of the dominion shall always have a representation in the House of Commons as large as their senatorial representation

That was to take care of what had already been agreed to for the province of Prince Edward Island. So when you came to the amendment of 1915 there was nothing new; no precedent was being established. On that occasion a much beloved and well-remembered gentleman, the late Senator Turgeon, said:

> I believe that this is the mildest, most just and righteous amendment that has ever been proposed to the British North America Act, but I think it would be the part of wisdom, and I think it would be better if the house, although everyone is agreed to it, sought and secured the concurrence of the provinces, and took that concurrence with them to London.

Hon. A. L. BEAUBIEN: Were the provinces consulted on the 1915 amendment?

Hon. Mr. McGEER: The provinces had been consulted all the way through. There was no disagreement. Both parties, Liberal and Conservative, in the Senate and in the House of Commons, were unanimous in their support of the amendment. Every province had had under consideration what had been done ever since British Columbia, Manitoba, and later the prairie provinces, entered Confederation. It was merely confirmation of what had been done by extending to British Columbia what had already been given to the other western provinces.

Hon. A. L. BEAUBIEN: I quite agree as to the western provinces. But the point is, were the provinces that were not given increased membership consulted in 1915?

Hon. Mr. McGEER: I think every province would be consulted.

Hon. A. L. BEAUBIEN: There was no formal conference.

Hon. Mr. McGEER: I shall deal with that a little later. That is a little more of your calisthenics.

Hon. Mr. LAMBERT: British Columbia style.

Hon. Mr. McGEER: I am here representing "British Columbia style," and I am not concerned whether my honourable friend from Ottawa likes it or not.

Hon. Mr. LAMBERT: I ask my honourable friend not to impose upon the intelligence of the house by assuming there were conferences and consultations when there were none. There are other people who know the history of Canada as well as my honourable friend.

Hon. Mr. McGEER: I have simply pointed out that when the province of British Columbia was formed provision was made for three members, when Manitoba—

Hon. Mr. LAMBERT: There is no dispute or complaint about that. We know very well that British Columbia came in on the guarantee of getting a railway.

Hon. Mr. McGEER: If you think we did not know what was taking place in 1915, when we were going to have an increase of membership from three to six, I would remind you that there were representatives of the British Columbia government here; and any man who knows anything about what was going on at that time knows full well that it was on the representations of British Columbia and Manitoba that the amendment was made. Alberta and Saskatchewan already had six members.

Hon. A. L. BEAUBIEN: Was that done by representatives of the legislatures or of the governments?

Hon. Mr. McGEER: By the representatives of the governments—which is the way it is always done. I have seen a great many conferences, and only once was the representative of the legislature of British Columbia not acknowledged as the representative of the government of that province.

Hon. Mr. CRERAR: Just to clear up a point with respect to the amendment which was adopted in 1915, may I ask whether Prince Edward Island, Nova Scotia, New Brunswick, Quebec and Ontario were called in to a preliminary conference to see if they approved or disapproved of the proposal to increase the senatorial representation of British Columbia and Manitoba?

Hon. Mr. McGEER: I do not know whether they were or not.

Hon. Mr. CRERAR: I may say to my honourable friend that if he inquires he will find they were not.

Hon. Mr. McGEER: I do not stand only on that. I did not expect that a case so strongly built up on the 1915 amendment would be wiped out by that argument alone. Let me cite a gentleman whom I think all will accept as an outstanding authority. He appeared before a Special Committee on the British North America Act appointed by the House of Commons in February, 1935. The committee filed its report on June 19, 1935. Dr. Oscar Skelton, Under-Secretary of State for External Affairs, appeared before the committee and cited all the amendments which had been made up to that time. I refer honourable members to page 35 of the report, where the following will be found:

B.N.A. Act, 1915

Object: To increase the number of senators and alter the main senatorial divisions.

Procedure: The procedure adopted was that the Act was passed by the United Kingdom parliament following an address by the Senate and House of Commons of Canada. Prince Edward Island made representations before a House of Commons committee, which were not accepted. Other provinces were not consulted and made no representations. The suggestion was made in the House of Commons by Mr. O. Turgeon, now Senator Turgeon, that the provinces should be consulted, but it was not acted upon.

The reason no representations were made was, I submit, that there was no change to which anybody, outside of Prince Edward Island, was objecting. The representatives of that province were heard, but their views were not accepted. Dr. Skelton proposed to segregate the different types of amendments.

At page 38 of the report he said:

To return to the summary of these precedents:

1. It would appear that a request to the United Kingdom parliament by the dominion government alone, without action by the dominion parliament, is not adequate;

2. That in six out of seven amendments, amendment has been based on action by the dominion parliament alone without consent of or consultation with the provinces generally.

3. That in two of these cases (the definition of parliamentary privileges in 1875 and extension of the life of parliament in 1917), the amendments were of minor or temporary character and involved no provincial interest.

4. That two at least of the remaining cases (1871, empowering the federal parliament to admit new provinces and assign them representation in Ottawa, and 1915, revising the Senate provisions) might have been considered to possess some provincial interest but were effected wholly by federal action;

5. That the 1907 case, while involving provincial action, through representatives of the provincial governments, does not support the theory of unanimous consent; and while indicating some measure of British adherence, twenty-eight years ago, to the view that provincial consent was necessary, left the question of degree undetermined and uncertain—as to how many provinces were to consent.

6. Finally, that the instances include no major alteration of the distribution of federal and provincial powers and do not touch, in that sense, the heart of the matter. They throw no certain light on the attitude the United Kingdom parliament would take on a request from the dominion parliament for a change in powers if opposed by, say, three or five provinces.

Dr. Skelton reviewed the amendments suggested, and found no precedent for the provinces being ignored on a major change in the foundation of the constitution.

Hon. Mr. CRERAR: Or being consulted.

Hon. Mr. McGEER: That again is a question of what is meant. I come back to the fundamental question of whether the British North America Act in itself was a guarantee of provincial and minority rights?

Hon. Mr. LEGER: It should be.

Hon. Mr. McGEER: But was it so treated by the Fathers of Confederation? If it was, provincial rights should not be interfered with unless there is opportunity for full consideration and conference. Then the matter is argued, as was done in 1907, by the authority responsible for the amendment.

Hon. A. L. BEAUBIEN: But suppose the provinces do not agree?

Hon. Mr. McGEER: They did not agree in 1907, and the question then was on a fundamental issue, as it is today. A provincial conference was called by the two Prime Ministers of Quebec and Ontario, Hon. Mr. Mercier and Hon. Mr. Mowat. They met and passed a series of resolutions, but were unable to get the provinces to agree. The convention obviously divided, as so often occurs, on the line of party politics. The governments of Mercier and Mowat claimed that their subsidies were inadequate, and sent representations to Ottawa and London, but they were ignored. In 1902 Sir Wilfrid Laurier called a Dominion-Provincial conference on that issue, but it remained unsettled for years. In 1906 the Dominion-Provincial conference agreed to revise the subsidies upwards, and a settlement was reached. British Columbia alone refused to accept the terms proposed and the government of Sir Richard McBride walked out of the conference.

The resolution proposing the amendment to the constitution passed the House of Commons and the Senate, and was taken to London by Sir Wilfrid Laurier. The proposed legislation to increase the amount of subsidies to be paid contained the words "final and unalterable". Sir Richard McBride objected to the terms of the proposal and to those particular words. His representations were placed before the government. In this same record one will find a letter written on behalf of the Colonial Secretary, Lord Elgin, to Sir Richard McBride. It reads:

I am directed by the Earl of Elgin to inform you that his lordship has given the most careful consideration to the documents which you presented to him and to the views advanced against the proposed amendment of the British North America Act fixing the scale of payments to be made by the Dominion of Canada to the several provinces.

2. Lord Elgin fully appreciates the force of the opinion expressed that the British North America Act was the result of terms of union agreed upon by the contracting provinces and that its terms cannot be altered merely at the wish of the dominion government.

3. But, in this case, besides the unanimous approval of the dominion parliament, in which British Columbia is of course represented, to the proposed amendment of section 118 of the British North America Act, his lordship is bound to take into account the fact, that at the conference of 1906 the representatives of all the other provinces of Canada have concurred in fixing at $100,000 annually for ten years the additional allowance payable to British Columbia, while rejecting the claim of Manitoba, Alberta and Saskatchewan for additional grants, and that they also rejected the proposal that the claim of any province should be referred to arbitration.

4. His lordship feels, therefore, that in view of the unanimity of the dominion government and of all the provincial governments, save that of British Columbia, he would not in the interests of Canada be justified in any effort to override the decision of the dominion parliament or to compel the reference of the question to arbitration.

5. I am to add that no mention will be made in the imperial act of the settlement being "final and unalterable," such terms being obviously inappropriate in a legislative enactment.

6. His lordship also desires it to be understood that he expressed no opinion upon the sufficiency or otherwise of the quantum of extra contribution awarded to British Columbia.

The representations were accepted to the extent that the words "final and unalterable" were not to be included.

Hon. Mr. COPP: Which meant nothing.

Hon. Mr. McGEER: If honourable senators will refer to the record, they will observe what Mr. Churchill, then Under-Secretary for Colonial Affairs, had to say. It must be remembered that Sir Wilfrid Laurier was representing an overwhelming majority while Sir Richard McBride represented a pitiful minority. At

page 753 of *Hansard* of the British House of Commons of June twenty-first, 1907, Mr. Churchill said:

Adherence to the union was something in the nature of a treaty . . . an agreement has been come to by all the provincial prime ministers and the dominion government, with the exception of British Columbia . . . the Prime Minister of British Columbia and others thought that the words "final and unalterable" should not be inserted in the Bill . . .

At page 1616, under date of June thirteenth, 1907, he said:

The parliament of British Columbia passed a resolution protesting against the settlement being regarded as final and irrevocable . . . In deference to the representations of British Columbia the words "final and unalterable" applying to the revised scale had been omitted from the Bill.

On the same page he continued:

I would be very sorry if it were thought that the action which His Majesty's government had decided to take meant that they decided to establish as a precedent that whenever there was a difference on a constitutional question between the federal government and one of the provinces, the imperial government would always be prepared to accept the federal point of view as against the provincial.

Now I ask any lawyer in this house if that is not a proper position for a government and parliament to take with reference to a statute that is also a constitution by which are preserved the rights of others. I think that is a fair statement of the British North America Act, which is, of course, a statute and must be interpreted according to the laws with respect to the interpretation of statutes. As this is a statute that contains a constitution, due regard must be had not only to the rules, regulations and precedents governing the interpretation of statutes, but the law and precedents governing the interpretation of constitutions. If it is sound in law to say that a statute which is a constitutional statute should be interpreted according to the rules of the statutes, it should be amended according to the same rules. The precedent of 1907 established the right of even a hopeless provincial minority to not only go to the British Parliament, but to have its representations heard and in part acted upon. It is a precedent which makes the British Parliament a trustee for the rights of the minority as well as those of the majority.

Hon. Mr. ROEBUCK: I suppose the provinces could go there now?

Hon. Mr. McGEER: I have no doubt they will go. If I were representing British Columbia I would go to the British Parliament in no uncertain way. I am not sure what consideration would be received today, because the situation has greatly changed.

Now I should like to speak for a moment to the question of whether the British North America Act is a guarantee of minority rights in Canada. May I quote from the Debates of Confederation, 1865, page 944, where Hon. Mr. Dorion is reported as follows:

I do not rise to offer any lengthened remarks, but to draw for a moment the attention of the members of the administration, with a view to obtain some information in connection with this scheme; but before doing so, I would say a word in reply to the explanation given by the Honourable Attorney General (West) to the question put by the honourable member for the county of Quebec (Hon. Mr. Evanturel), with regard to the use of the French language. The Honourable Attorney General (West) stated that the intention of delegates at the Quebec conference was to give the same guarantees for the use of the French language in the federal legislature, as now existed under the present union. I conceive, sir, that this is no guarantee whatsoever, for in the Union Act it was provided that the English language alone should be used in parliament, and the French language was entirely prohibited; but this provision was subsequently repealed by the 11th and 12th Victoria, and the matter left to the discretion of the legislature. So that if, to-morrow, this legislature chooses to vote that no other but the English language should be used in our proceedings, it might do so, and thereby forbid the use of the French language. There is, therefore, no guarantee for the continuance of the use of the language of the majority of the people of Lower Canada, but the will and the forbearance of the majority. And as the number of French members in the general legislature, under the proposed confederation, will be proportionately much smaller than it is in the present legislature, this ought to make honourable members consider what little chance there is for the continued use of their language in the federal legislature. This is the only observation I have to make on this subject, and it was suggested to me by the answer of the Honourable Attorney General (West).

Hon. Attorney General Macdonald: I desire to say that I agree with my honourable friend that as it stands just now the majority governs; but in order to cure this it was agreed at the conference to embody the provision in the imperial act. (Hear, hear.) This was proposed by the Canadian government, for fear an accident might arise subsequently, and it was assented to by the deputation from each province that the use of the French language should form one of the principles upon which the confederation should be established, and that its use, as at present, should be guaranteed by the imperial act. (Hear, hear.)

Hon. Attorney General Cartier: I will add to what has been stated by the Honourable Attorney General for Upper Canada, in reply to the honourable member for the county of Quebec and the honourable member for Hochelaga, that it was also necessary to protect the English minorities in Lower Canada with respect to the use of their language, because in the local parliament of Lower Canada the majority will be composed of French Canadians. The members of the conference were desirous that it should not be in the power of that majority to decree the abolition of the use of the English language in the local legislature of Lower Canada, any more than it will be in the power of the federal legislature to do so with respect to the French

language. I will also add that the use of both languages will be secured in the imperial act to be based on these resolutions. (Hear, hear.)

What did the Honourable Minister of Justice say with regard to the rights of the majority to amend section 133, which was the guarantee not only of the use of the French language in the Parliament of Canada but of the English language in the Legislature of Quebec? When Macdonald and Cartier declared that guarantee was in the imperial act they gave their answer to Dorion that a mere majority would not be able to change it. If this resolution carries, and the recommendation of the majority of the Senate and House of Commons is accepted over the protests of the province of Quebec, that guarantee is gone. It is a question of political consequence in Canada, and I have the feeling that it is not going to be forgotten after it leaves this chamber. I have described, honourable senators, the guarantee the Fathers of Confederation gave to the English and French speaking Canadians.

Now I shall quote Mr. Arthur Smith, the honourable gentleman who represents Calgary West in the other house. On June 18 this year he said, as reported in the Hansard of that house at page 2689:

Going a step farther, I will ask the Minister of Justice (Mr. St. Laurent), when he replies, if he can tell us in his judgment whether or not the earlier part of section 133 can be dealt with by a majority in this parliament; that is the section of the act which provides for the French language in this house and in the province of Quebec. It also provides for the French language in dominion courts and in the courts of the province of Quebec. I am now the questioner and the great constitutional lawyers over there will perhaps answer me on that point. If I am right, my view is this. It is a severable section. If this parliament by a majority can change the proportion of membership in this House of Commons, that is the proportion by provinces, and if it is held that that is entirely within our jurisdiction, then I assert, with, I hope, some force and with, I hope, some reason, that on the same basis this same body can change section 133.

What was the answer? The answer was not that you can do this, but that you cannot do that. The Minister of Justice is too sound a lawyer to offer any such conclusion as that. Having taken a certain stand in one connection, he was driven to take the same stand in the other connection where he knew the situation was identical. Let me quote him. He does not mince any words. The Minister of Justice, the Right Honourable Mr. St. Laurent, for whom I have the very highest regard, said, as reported at page 2696:

I am sorry I have taken more than forty minutes and I did not intend to do so, but there is that question which was asked by the honourable member for Calgary West. The honourable gentleman asked, what about section 133, which provides:

Either the English or the French language may be used by any person in the debates of the houses of parliament of Canada and of the houses of the legislature of Quebec; and both those languages shall be used in the respective records and journals of those houses; and either of those languages may be used by any person or in any pleading or process in or issuing from any court of Canada established under this act, and in or from all or any of the courts of Quebec.

Can that be dealt with without the consent of the provincial legislatures? Legally I say it can.

Well, if that is true, and if the economic programme that was admittedly imposed upon the provinces is put together with this interpretation of our guarantees, we have in Canada a centralization in which there is not left a vestige of provincial rights.

Hon. Mr. LAMBERT: May I ask the honourable gentleman if he would care to read the remarks made by the Minister of Justice beyond the point at which he has been quoted? The minister said that legally he thought section 133 could be dealt with by parliament without the consent of the legislatures. He was speaking then as a lawyer; but afterwards, speaking as a constitutionalist —and there is a difference—he made remarks which satisfied me and, to my mind, changed the whole complexion of the argument.

Hon. Mr. ROEBUCK: Would the honourable gentleman read what the minister said?

Hon. Mr. McGEER: I had thought of reading it, and I do not mind doing so.

Hon. Mr. LAMBERT: I think you should read it. It is very brief.

Hon. Mr. McGEER: I left it out because I thought the minister made a most unfortunate analogy or illustration as to the security of minorities. He said something about Festus and Agrippa—but maybe I had better read his exact words.

Hon. Mr. LAMBERT: I think you should.

Hon. Mr. McGEER: It was a spirit of generosity that caused me to omit quoting these words of the minister.

Hon. Mr. LAMBERT: I think it is the spirit of the thing that counts.

Hon. Mr. McGEER: I will read the remainder of the minister's remarks now, since they have been referred to. Continuing from the point where I left off, he said:

The situation appears to me to be this. There are persons and nations who reach a high estate in the affairs of men, and the high estate they reach imposes upon them high obligations. There was no obligation on the Tribune Festus to say to King Agrippa that he could not deliver Paul to the Jews when they requested that he be put

to death. It occurs to one, however, that they also had reached a high estate, which imposes a corresponding obligation. I copied out of the Bible on the table of this house, from the Acts, the quite natural statement of Festus:

It is not the manner of the Romans to deliver any man to die, before that he which is accused have the accusers face to face, and have licence to answer for himself concerning the crime laid against him.

Everybody will agree that that is a pretty sound principle. The minister continued:

There was no statute; there was no law which required that this be done; but there was the concept in the Roman conscience that it was the proper thing to do.

I suppose the inference is that the Parliament of Canada, having reached its new high estate, has developed a sense of responsibility equivalent to that which the Roman Emperors had in the time of St. Paul. Well, honourable senators, I only want to say that if the security of our provinces and minorities is no better than was the security of St. Paul in the hands of Festus and Agrippa, we are in a very sorry plight. I know authentic secular history rather suggests that the facts concerning St. Paul's final years are unknown, but no such conclusion is possible from church history and tradition. From those sources we learn that St. Paul, along with a number of other Christians, was taken out on a Roman holiday and thrown to the lions in the colosseum. Another tradition is that Nero, who was accused of burning Rome for his own amusement, blamed it on the Christians, and that St. Paul was one of the victims in a Roman purge. Is that the kind of security we want for Canadian provinces and Canadian minorities? Why not go a little further? There was another great Roman authority on whom the Carpenter of Nazareth depended—Pontius Pilate. He had the same arbitrary powers as Agrippa and Festus enjoyed when they carried Paul to Rome, either to be butchered to make a Roman holiday or to be eaten by lions in a Roman circus.

An Hon. SENATOR: Why not leave that out?

Hon. Mr. McGEER: I would have left it out if my honourable friend had not mentioned it.

Hon. Mr. DUPUIS: Would the honourable gentleman allow me to intervene? In all fairness to the Minister of Justice I think my honourable friend will agree with me that the right honourable gentleman not only relied on Roman justice but also on British justice when he cited two cases in the history of this country. For instance, he pointed out that Britain abolished the right of French-Canadians to use the French language, but the common sense of Britishers triumphed and that right was restored.

Hon. Mr. McGEER: I am not complaining of what the Minister of Justice may have had in mind. I think that so long as we have men of the type of the Right Honourable W. L. Mackenzie King as Prime Minister and the Right Honourable Mr. St. Laurent as Minister of Justice we are in no danger of having imposed on us any Roman law or Roman ideas of security for minorities or provinces. But Mr. King has already announced his intention of retiring, and this resolution in my opinion is a dangerous precedent right on the eve of his departure, because we do not know who is going to be in control tomorrow. But let me say to my honourable friend that that is not the point. The bargain made between the peoples of Canada is a bargain above the rule of majorities, no matter how just and righteous they may be.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: That is guaranteed in the act. The guarantee is being swept away. You are putting yourselves back to where you might again have in authority the same type of persons that once took their language away from French Canadians—to be given back under pressure. It is a permanent guarantee—at least it was intended to be.

Hon. Mr. DUPUIS: Would the honourable gentleman allow me again? On the point of guarantee, may I remind him that there is a world of difference between the section now to be amended and section 133. If the honourable gentleman—

Hon. Mr. McGEER: Have you a question to ask?

Hon. Mr. DUPUIS: It will take just one minute. The section to be amended is based on section 40, which reads:

Until the Parliament of Canada otherwise provides, Ontario, Quebec, Nova Scotia, and New Brunswick shall—

have so many members. But section 133 does not begin with the words "Until the Parliament of Canada otherwise provides." It simply says, "Either the English or the French language may be used." It seems to me there is a world of difference there.

Hon. Mr. McGEER: That which it is sought to change is not something with which the Parliament of Canada has to do. All that this parliament has to do with under section 51—this section is complementary to

section 40 and came into operation on the completion of the 1871 census—is the provision of representation for the constituencies within the limit fixed by the constitution, namely 65 members for Quebec and proportionately for the other provinces.

Hon. Mr. DUPUIS: Until Parliament otherwise provides.

Hon. Mr. McGEER: That limit is fixed by the constitution, and parliament had no power to change it then, nor has it now, until it goes forward to the British Parliament with a plea for amendment.

I now come to another more important issue. Are we on safe ground under the present constitutional powers? Is Canada constitutionally equipped to meet the changed conditions which now exist—international, internal and domestic? I do not think so. I think everybody in this country realizes that Canada has attained a new place not only in the British Commonwealth of Nations but among the nations of the world. During the last twenty years we have moved through a great depression into a great war, and the revelation of Canada's powers that came during the war is no less known to the younger generation than to the older ones. The younger generation are asking, and rightly so, that these enormous powers which have been revealed as being in the possession of the Canadian people shall be used for the benefit of the Canadian people. What have we learned? We have learned that we can assume all the obligations of the late war and—as His Honour the ex-President of the United States told us the other night—can provide one-fifth of the food required to break the world's greatest famine.

Are we going back to the 1930's, or any semblance of them? Not without extreme danger to our whole economy. What was the position of this country in 1867? It was a group of crown colonies travelling along like a convoy of sailing ships under the guidance of the Mother Country. Weak, it looked to the Motherland for defence, for immigration, for economic aid and for financial power. Do we look to the Motherland for anything today? We defend ourselves; we have entered into an agreement with the United States for the joint defence of the North American continent. Do we need to borrow in London? We have agreed to lend, without interest for a period of time, 1,250,000,000 Canadian dollars, and the money can be spent in Canada, the United States, or any other country. There is not one string attached to that money sent out of Canada to the banks of London. We have shipped 750,000,000 Canadian dollars to other countries for export trade; we are providing 600,000,000 Canadian dollars under the Bretton Woods agreement, and a large sum to UNRRA; and we are undertaking large obligations in connection with international food supplies.

Now, let me put this question to you: How would you like to be in court opposing a client who had lent the judge a million dollars? We are in the position of that client: the British government is beholden to us for a gift or loan. We should have loaned the money to Great Britain without a dollar of interest; indeed I think we should have given it. I have no quarrel at all with what has been done. What is the position of the imperial parliament when it comes to adjudicate upon constitutional differences between the minorities and the majority in Canada? That position has changed, and as a result, in my humble opinion we are now charged with the responsibility of taking over our own constitution and, by agreement of the majority, defining the securities that will be satisfactory to both the majority and the minorities in this great nation. We must agree. French-Canadians and Anglo-Canadians have agreed in the past. We cannot at a moment such as this let any sentiment of loyalty to party politics stand in the way of our not only becoming masters in our own house, but of taking the power to become masters.

There is one other precedent I want to quote —the Statute of Westminster. Were the provinces consulted when it came into being? Of course they were. On three different occasions there was involved what Dr. Skelton calls the "federal element" in our constitution—the amendment on subsidies in 1907, the transfer of powers from the provinces to the dominion in relation to unemployment insurance in 1940, and the change of national status under the Statute of Westminster in 1931. That change of status grew out of not only the demands of Canada but the demands of the other overseas dominions for self-governing power. After the imperial conferences of 1926 and 1929 the representative of the Canadian government, then the Right Honourable R. B. Bennett, returned to Canada to consult the provinces. At page 3193 and following pages of the Commons *Hansard* of 1931, Mr. Bennett is reported as follows:

> In moving the motion that stands in my name for the adoption of a humble address to His Majesty the King in order that there may be passed a statute of the imperial parliament to be known as the Statute of Westminster, I do so with the utmost pleasure because I realize that it is the culmination of the long, long effort that has been made since we were a colony, to become the self-governing dominion that we now are.
>
> . . . I received a communication from the province of Ontario saying that they did not desire

these changes should take place until they had an opportunity to be heard. I also received a communication from the province of Quebec . . . they agreed that inasmuch as the original Act might be amended in the opinion of the government of this province by this parliament by a majority vote, they should have the opportunity before any such action was taken to present their views and make known their decisions. I communicated with the various provincial governments and invited them to attend a conference.

* * *

I think it will be a matter of satisfaction to the house to know that the representations of the provinces and the dominion unanimously agree that we should insert as a section of the Statute of Westminster the section which is now before the house.

This is the section which the members of the conference conceded we should draft for ourselves as our section in the Statute of Westminster. The section reads:

> Nothing in this act shall be deemed to apply to the repeal, amendment or alteration of the British North America Act, 1867-1930, or any rule or regulation made thereunder.

In other words, lest it be concluded by inference that the rights of the provinces as defined by the British North America Act had been by reason of this statute curtailed, lessened, modified or repealed, we make in the Statute itself a declaration that such is not the case.

In this debate Mr. Ralston offered the criticism that the procedure being followed might indicate that one or more of the provinces had the right to prevent the federal government from seeking an amendment. But that criticism was wholly unwarranted, for the right to be considered and the right to be heard in objection, which has never before been denied, would be absurd unless any objection offered could be sustained or denied. In the present instance it is this right to consideration, this right to be heard, and this right to object that it seems to me are now being brushed aside.

Unfortunately our Canadian constitution contains no statement as to how it should be amended.

The steps followed in initiating any proposed amendment under the practice that has evolved are conference and agreement between the provinces and the dominion followed by a resolution of the federal parliament praying for legislative enactment by the parliament of the United Kingdom with the right of all parties concerned to be heard.

It is the right of all our provinces, of the representatives of our people, to come to the determination of a change in their constitution by open discussion, argument, debate, agreement—and disagreement, if you will. That is the foundation of British democracy. That is one of the foundations of our Canadian democratic security that is being attacked today.

Do you think that any of the great French-Canadians could carry on this programme in the light of what has been said on the subject? Permit me to refer to the views of the late lamented and much loved Right Honourable Mr. Lapointe. I think you will agree with me when I say that in a sense the British Parliament is the trustee of the rights of Canadian majorities as well as of the minorities, of the federal as well as the provincial authorities. In the final jurisdiction of the British Parliament is to be found the safeguard of Canadian constitutional rights. At page 3203 of the House of Commons Debates of 1931 Mr. Lapointe is reported as saying:

> I do not believe that the rights of the minorities in this country are linked with the legal situation as it exists now. The best safeguard which the minority has to protect their rights lies in themselves rather than in some outside authority. I am of the opinion that Canadians as a whole, in Quebec as well as in other provinces would not permanently be satisfied with a condition under which they would be subordinated to any power outside the territory of Canada.

In that statement Mr. Lapointe was giving expression to his view that some time in the future Canadians would agree to take control of their own constitution and work out the procedures to take the place of the jurisdiction of the parliament of Great Britain.

He further said:

> So I think there is a possibility of reaching an agreement in that matter. It will be difficult work, I am quite willing to agree with my honourable friend the Secretary of State, (Mr. Cahan), that this conference will have before it, but I believe there is a possibility of coming to an agreement and of devising safeguards just as strong as those which now exist in order to allay the fears which the minorities might have in regard to their rights.

Where is the agreement to take the place of those securities that Mr. Lapointe recognized as existing notwithstanding the passage of the Statute of Westminster?

The late Dr. Skelton made certain observations, and I think they are worthy of being repeated. I read from page 42 of the 1935 report on the B.N.A. Act, in which Dr. Skelton is reported as follows:

> Applying these Canadian precedents and this outside experience to our immediate problem, how best amendment is to be effected, the first question appears to be, should the parliament of the United Kingdom be retained as the instrument for effecting amendments? I cannot see any reason for such a solution. No other country in the world looks to the parliament of another country for the shaping of its constitution. This solution could only be supported if we believe that Canadians are the only people so incompetent that they cannot work out a solution of their constitutional problem, and so biased that they alone among the peoples of the world cannot be trusted to deal fairly with the various domestic interests concerned. To retain permanently the intervention of the parliament

of the United Kingdom is either superfluous or dangerous. If that parliament is to act automatically, its intervention is superfluous; if it is to exercise its own discretion, its intervention is fraught with danger to continued good relations between Canada and the Mother Country. It would be unfair to the United Kingdom to ask it to intervene in our local differences, and it is a task this parliament would not desire to exercise. It will of course be necessary, once we in Canada have reached as wide a measure of agreement as is possible on the method we desire to use in the future, to go to the British parliament and ask it to act once and for all, but that is a very different thing from asking it to exercise indefinitely this anomalous and outgrown task.

I had intended, honourable senators, to move an amendment to the address. I appreciate, however, that no advantage is to be gained from going against the will of the majority. As far as I am concerned I am willing to accept the view of the majority as right.

But while I am on the subject I should like to refer to one tremendously important question. Representation in the Canadian House of Commons needs attention now. The success of our whole scheme of constitutional democracy is dependent on the right of the majority, expressed by ballot, to rule. A great many members in our House of Commons are minority members. I was one myself. My opponents —being either further to the left than I was, if that is possible, or Conservatives—were defeated in a divided electorate. Between the two, by having about a third of the electors vote for me, I was elected. The same situation prevails in the provincial field. This feature is coming to the fore in an ever-increasing degree, and I do not know how it can be prevented. I do not know whether the primary system of the United States or some form of proportional representation should be adopted, but I do know that the will of the parliament that controls the government should be the will of the majority of the Canadian people and not the will of a group of divided minorities.

It was my intention to ask leave of the Senate to present a resolution to be considered when the sitting reconvenes on the 23rd of July next. I now give notice of a motion for consideration on that date:

That in the opinion of this house, a Special Committee consisting of six members from Ontario, six members from Quebec, six members from the Maritime provinces and six members from the Western provinces to be selected by the Speaker, the Leader of the Government Party and the Leader of the Opposition in the Senate, should be set up to study and report on the best method by which the British North America Act may be amended or changed so that while safeguarding the existing rights of territorial, racial and religious minorities and the autonomy reserved to the provinces in the said Act of 1867, the dominion government and the provincial governments may be given adequate powers to deal effectively with the economic, interprovincial, internal and international problems now demanding urgent, just and effective settlement, and that the committee be empowered to study and report on the best method by which the British North America Act may be amended or changed to meet every and all situations now existing.

And that the said committee shall have power to sit during the time this house is not in session and to report from time to time and to the next session of this house, and to call witnesses, employ assistants to take evidence and to do all things which the committee may deem requisite and necessary in the preparation and presentation of its report.

And that the address and proposed legislation now before this house be referred to the said committee.

I hope, honourable senators, the suggestions I make will not appear idle to you. It seems to me that we have reached a deadlock as between our dominion and provincial governments. This is a crisis in our national life. It does not matter who is to blame. At a time like this, after what we have gone through, it is a tragedy that the people of Canada should be confronted with a hopeless deadlock between their representatives in the provincial houses and those in the dominion house, and someone should attempt to break it. It is a pathetic blot upon the ability of Canadians to maintain good government.

If the protection of the rights of the provinces is the paramount justification for the existence of the Senate, the provinces of this nation should have a right to appear and present their case for consideration by a committee of this house. If the Senate fulfils its high function of being the guardian of good government of the Canadian people, it will perform a lasting service and one for which it will ever be remembered and applauded. As I see it, that is the trust of the Senate. If in the discharge of that task it can take the lead and bring together the great executive forces of our national parliament and the nine provincial legislatures, thus giving to the people during the next four score years the kind of hope and promise that the Fathers of Confederation gave in 1867, everyone in Canada will be glad the Senate was created, and there will be nothing but tribute and regard for the elder statesmen who serve as its members.

The wealth of Canada makes us the richest people in the world. No other 12,000,000 people enjoy what we possess. Our wealth is not in our fisheries, our forests, mines, or our factories, but in the Canadian people themselves. They are the nation's greatest asset, and Canada is beholden to them in this time of national crisis. By all means let us have rule by the majority, but never let it be said that members of this honourable house failed

to give of their great wisdom and experience in holding the line of caution and consideration when changes in the fundamental constitution of the nation are being made.

I think that the Senate would be well advised to delay this proposal and consider it with other larger measures. I have presented a resolution for future consideration, but I am not insisting on it; and I thank honourable senators for the kind and close attention they have given to my remarks on what I believe to be the situation today. I do not want them to think that I am without experience. I have been active in a good many fields of Canadian life. Born in the centre of the dominion, I took part of my education in the Maritime Provinces and for fifty years have lived on the Pacific coast. My experiences embrace working with my hands at a trade and being associated with our labour movements. It has been my privilege to study law, to hold office as mayor of the city in which I live, to represent it in the provincial legislature, as well as in the Canadian House of Commons for ten years, and to receive the great honour, which you all enjoy, of being a member of this chamber.

I do not apologize for the views I hold, because they have been gathered from an active participation in public affairs and the business of our Canadian people by one who has never failed to thank his parents for selecting the Dominion of Canada as the place where he was privileged to be born.

Hon. THOMAS VIEN: Honourable senators, I crave the indulgence of the house for a few minutes only. I shall have consideration for the patience of my colleagues, in view of the lateness of the hour, but I believe I would be derelict in my duty if I did not offer as a humble contribution to this important debate the brief remarks which I am about to make.

In the first place I should like to remind the Senate that a few days ago we celebrated the 79th birthday of confederation. For 79 years the British North America Act, our constitution, has governed relations between the provinces as well as between Canada and the British Empire, or, as it is now known, the British Commonwealth of Nations. Since that statute has enabled our country to keep on its course for almost four score years and to arrive at its present glorious position, it must be concluded, I submit, that the statute is a good one and that its provisions indicate that the Fathers of Confederation were far-seeing and broad-minded. If we stopped to examine with a magnifying glass the meaning of this, that and the other section, and were afraid to make any change because it might be dangerous in the future, the act would become an iron rule lacking that flexibility necessary to meet changing circumstances in the life of the nation. I suggest to honourable members that in the British North America Act, as in any other piece of writing, the letter killeth, but the spirit quickeneth.

I shall try to confine my remarks to the resolution before us and not attempt to rove over all the territory that has been covered in this debate. The resolution is contemplated by section 40 of the British North America Act. The act provides that the number of members from the various provinces in the House of Commons may be changed from time to time by the Parliament of Canada, in accordance with a basic formula. The province of Quebec was assigned a fixed number of 65 members, and this established a basis of representation which determined in turn the representation of each of the other provinces. In my humble opinion a certain provision in subsection 4 of section 51 of the act has been misinterpreted by the Privy Council and has led to an anomaly in the representation of the various provinces in the House of Commons. This resolution proposes a change which would do away with that anomaly and re-establish representation upon the basis of population, except only for the proviso that no province shall be represented by fewer members in the House of Commons than it has senators in the upper chamber of parliament.

I shall not deal with any figures that have been quoted, but I should like to suggest to the honourable senator who has just taken his seat that in my judgment the table of figures he gave does not tell the whole story.

Hon. Mr. McGEER: It does to us.

Hon. Mr. VIEN: The honourable gentleman failed to indicate that if the representation were adjusted in accordance with the British North America Act as it now stands, there would be 238 members in the House of Commons, or seven members less than the present number, and that these seven would be taken from the four western provinces.

Hon. Mr. HORNER: There would be 227, not 238.

Hon. Mr. McGEER: Under the British North America Act as it stands now, there would be 238, but if the calculation were made without taking into account subsection 4 of section 51, there would be 227.

Hon. Mr. VIEN: I wish to take up as little time as possible, because the patience of the Senate is—

Hon. Mr. MacLENNAN: —exhausted.

Hon. Mr. VIEN: I do not at all suggest that we have been detained by the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer), but I am not unmindful of the fact that it is six o'clock on Friday evening, and we are still sitting.

Hon. Mr. McGEER: We from the West are well accustomed to that kind of thing.

Hon. Mr. VIEN: I am not complaining at all; I am simply pointing out that a very few minutes are at my disposal.

Members from the province of Quebec in both houses of parliament will always be prompt to protect the representation of the various provinces and the rights of minorities in accordance with the guarantees given to us and to others by the British North America Act. But in the resolution before us I see no attempt to curb the prerogatives or privileges of minorities anywhere in Canada. Far from it. On the contrary, I see an attempt to redress a situation that could have been complained of. Quebec was entitled to not merely 65 members in the House of Commons, but to representation based on population. For a number of years our province has not had proper representation in that house, but we have not proclaimed that confederation itself was on the verge of collapse. We knew that the temporary anomaly would sooner or later be corrected in accordance with principles embodied in the British North America Act; and this session the Minister of Justice introduced in the other house a resolution, which we are considering here now, designed to remove the anomaly and give us representation based on population.

There is another aspect, and this is the one which I felt bound to touch upon to-day. It has been said that if we amend the British North America Act without the unanimous consent of the provinces we shall be entering upon a very dangerous path, because the fundamenal rights guaranteed in the act might sooner or later be tampered with or abrogated by a parliamentary majority. Well, I am one of those who have full trust in the majority of the people of Canada. I feel perfectly confident that parliament would never agree to the creation of an injustice under the provisions of the British North America Act or amendments thereto.

This is not the first time that parliament has felt it wise to have the act amended. A number of occasions were referred to in the debate and are fresh in the memory of honourable members. We are not creating a precedent; we are but following in steps that have been taken in the past. But I believe that the status achieved by Canada since the Statute of Westminster was enacted makes it necessary that we should come to certain definite conclusions with respect to the method of amending the act. I feel it is not consonant with the dignity of Canada as a nation that we should have to ask the parliament at Westminster to ratify a change which the Parliament of Canada desires to make in our own constitution. I believe that some method should be adopted whereby we can amend the British North America Act, always, of course, adequately safeguarding the rights, privileges and guarantees therein contained.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. VIEN: The United States can amend its constitution by an act of Congress, which becomes effective when it has been ratified by 75 per cent of the states. We could probably adopt a somewhat similar procedure.

Hon. Mr. McGEER: South Africa can amend its constitution.

Hon. Mr. VIEN: And so can Australia.

Hon. Mr. McGEER: Yes.

Hon. Mr. VIEN: But we should not venture into this new field without due consideration. The occasion does not arise under this resolution, which is simply for the purpose of correcting an anomaly which has developed in the course of years, and re-establishing representation in the House of Commons on the basis of population and in the spirit of the British North America Act.

This debate has emphasized the necessity of devising a method by which we can amend our constitution without having to resort to the Imperial Parliament, and I shall support the resolution. But I wish it to be distinctly understood that I do not subscribe to the theory that a mere majority of this parliament can change the fundamental principles embodied in the British North America Act without first adopting the procedure which I have suggested.

Hon. Mr. ASELTINE: A sort of mental reservation.

Hon. Mr. VIEN: I am not taking the position that when a proposal would give more seats to Quebec it is all right, but when it would improve the position of some other province it is all wrong. Quebec's gain of eight seats is long overdue. That province has only 65 seats while other provinces, including some in the West, are enjoying much more than their quota on a population basis. If we were

to apply the principles of the British North America Act, the four western provinces would lose seventeen members.

Some Hon. SENATORS: Question!

The motion was agreed to on the following division:

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Hon. Mr. MURDOCK: I was paired with the honourable senator from Shediac (Hon. Mr. McDonald). Had I voted, I should have voted for the resolution.

Hon. A. L. BEAUBIEN: I was paired with the honourable senator from Red Deer (Hon. Mr. Michener). Otherwise I should have voted for the motion.

Hon. Mr. LEGER: I was paired with the honourable senator from Lincoln (Hon. Mr. Bench). Had I voted, I should have voted against the resolution.

ADJOURNMENT

Hon. Mr. ROBERTSON: Honourable senators, I move that when this house adjourns it stand adjourned until Tuesday, July 23, at 8 o'clock in the evening.

The motion was agreed to.

The Senate adjourned until Tuesday, July 23, at 8 p.m.

THE SENATE

Tuesday, July 23, 1946.

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

Prayers and routine proceedings.

FOOD AND DRUGS BILL

COMMONS AMENDMENT

A message was received from the House of Commons with Bill X9, an Act to amend the Food and Drugs Act, and acquainting the Senate that they had passed the bill with an amendment, to which they desire the concurrence of the Senate.

The Hon. THE SPEAKER: When shall this amendment be taken into consideration?

Hon. Mr. ROBERTSON: Tomorrow.

EXPORT CREDITS INSURANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 126, an Act to amend the Export Credits Insurance Act:

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

UNEMPLOYMENT INSURANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 243, an Act to amend the Unemployment Insurance Act 1940.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

PUBLIC PRINTING AND STATIONERY (ADVANCES TO KING'S PRINTER) BILL

FIRST READING

A message was received from the House of Commons with Bill 245, an Act to amend the Public Printing and Stationery Act. (Advances to the King's Printer).

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

EXCHEQUER COURT BILL

FIRST READING

A message was received from the House of Commons with Bill 249, an Act to amend the Exchequer Court Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

ATOMIC ENERGY CONTROL BILL

REFERRED BACK TO COMMITTEE

On the Order:

Consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill 165, an Act relating to the Development and Control of Atomic Energy.

Hon. WISHART McL. ROBERTSON: Honourable senators, it is the desire of the Department of Reconstruction and Supply that the Standing Committee on Banking and Commerce should reconsider one of the amendments made to the Atomic Energy Control Bill. I have discussed the matter with the chairman and other members of the committee, and as a result I now move that this order be discharged and that the bill be referred back to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADA'S METALLIFEROUS MINES

REPORT OF COMMITTEE CONCURRED IN

The Senate resumed from Thursday, June 20, the adjourned debate on the consideration of the report of the Standing Committee on Natural Resources respecting the economic value of metalliferous mines in Canada.

Hon. JAMES MURDOCK: Honourable senators, the report of the Standing Committee on Natural Resources is a result of the motion made before this house on the 28th day of March last, which reads as follows:

That the Standing Committee on Natural Resources be instructed to examine into the economic value of metalliferous mines in Canada and report to the house its findings, and to that end have power to call and examine witnesses and keep a record of its proceedings.

I am sorry the honourable senator from Toronto (Hon. Mr. Hayden) is not in the chamber tonight. On the 20th day of June last he made a very fine explanation of what the committee contemplated in the report which was before us. I then asked to have the matter stand, and it has been largely my fault that it has not been further debated since that date.

I would now ask honourable senators to follow my remarks, to see if in any measure the committee followed its order of reference, namely, to investigate metalliferous mines in Canada. Except for gold and gold mining not one single feature of the question referred to the committee was touched upon. In his remarks on the 20th of June my honourable friend from Toronto stressed that fact. He went to considerable length to state what gold has done. Among other things, he said:

After all, once gold is mined it is gone forever.

And further on:

We must not assume that gold is where you find it.

That comment of the honourable gentleman reminds me of an incident reported three weeks ago by our friend who at ten o'clock every Sunday morning makes a radio broadcast for the information of the country people. He told about a chicken somewhere west of North Bay which, when killed, was found to have in its crop a gold nugget that on examination turned out to be worth $100.

Hon. Mr. HOWARD: Some chicken!

Hon. Mr. MURDOCK: Since that time I have tried to visualize the number of prospectors and promoters appearing in that vicinity in an effort to ascertain where the chicken got its nugget.

The honourable senator from Toronto made a very nice explanation of what the committee did. As reported at page 423 of the Senate Hansard, he said:

The problem of your committee was what could and should be done in order to maintain and encourage the gold mining industry of Canada.

That is not at all what the committee was instructed to do. It was to inquire into the value of metalliferous mines in Canada; but not one sentence can be found in the report to indicate that the committee inquired into any phase of mining except gold mining.

On the 20th day of June the distinguished members of the committee were in a hurry to get their work completed, to place their report before this House, and have it O.K'd. and sent along to the Finance Minister so that he would take their recommendations into consideration. What were the recommendations? They were recommendations to put more money into the pockets of the prospectors. I am not one of those fellows who will argue against the producers and workmen in the mines of Canada getting a just and fair wage; they should get it first, last and always; but there are other individuals very much interested in the gold mining industry who, in my humble judgment, require some timely supervision to keep them from utilizing the services of many uninformed citizens of Canada and elsewhere, and inducing them to bite where they should not bite.

According to the report of June 19 the committee had before it a number of distinguished gentlemen and well known associations. Let us see what associations and witnesses appeared before that committee. The associations were as follows:

The Ontario Mining Association;
The Western Quebec Mining Association;

The Toronto Stock Exchange;
The Mid-West Metal Mining Association;
The Prospectors and Developers Association, and
The British Columbia and Yukon Chamber of Mines.

The following witnesses were heard:

Mr. Sidney Norman, Special Writer, the Toronto Globe and Mail;
Mr. A. W. Hawkey, Chemist, Royal Canadian Mint;
Dr. W. C. Clark, Deputy Minister of Finance;
Dr. Charles Camsell, C.M.G., former Deputy Minister of Mines and Resources, and
Mr. W. H. Losee, Director of the Industrial Census, Dominion Bureau of Statistics.

The committee did not have before it certain gentlemen who, I think, should have been there, and who could have given advice in the matter of protecting the rights of individual citizens of Canada and elsewhere. I am referring to the chairmen of the Ontario and Quebec Securities Commissions. Our friend the senator from Toronto told us how many millions of dollars had been earned in the gold mining industry during past years, but he did not say, and could not say—nor can I—how much money compared to the value of the gold produced had been spent by the people of Canada and the United States on this "Come on" stuff.

May I read two short articles which indicate what I mean? One is under date of June 14, two or three months subsequent to a time when we heard a good deal about some of the states in the United States barring certain mining prospectors in Canada from carrying their wares across the border and selling them to the uninformed and unsuspecting public. This article is headed "Restrain Toronto Broker in Virginia", and says:

A permanent injunction prohibiting Wanapitei Basin Mines Ltd., of Canada, from offering gold mine securities for sale in Virginia without authorization of the State Corporation Commission was entered by the S.C.C. today in one of a series of actions dealing with unregistered security offerings in the state.

The commission also entered a temporary restraining order against a Toronto firm of investment brokers, banning their security offerings unless authority first is obtained from the commission as the administering authority for the Virginia securities law. The firm is A. E. De Palma & Co.

Robert Mitchell & Co., of Toronto, was summoned to show cause why a similar restraining order should not be entered in its case.

That is only one of the things that indicate to me that the chairmen of the Ontario and Quebec securities commissions should have been present to give this committee some advice regarding protection of the unsuspecting and uninformed public.

I will read part of another article which came out on the 20th of June. That, by the way, was the date when this matter was last discussed in the Senate. The article is headed "J. T. McTague may order investigation of Beaulieu," and it goes on to say:

"An out and out investigation" into the transactions that caused the sharp drop of Beaulieu Yellowknife stock from $2.60 to only 60 cents, may be ordered in the next few days by the Ontario Securities Commission. This was announced late Wednesday by Chairman J. P. McTague, who said the commission is now completing a preliminary investigation . . .

Mr. McTague's statement followed a special meeting of Beaulieu shareholders Wednesday afternoon at which Samuel Ciglen, president, charged the stock was driven down by "professional (short-selling) operators who saw a chance to make a killing. I am convinced, he said, "that they got together and that it was organized."

Alan Jobson, a shareholder, who said he was a ticker-tape watcher, declared "more stock was sold than was owned." He said he knew some of the short operators, adding "that a lot of good guys got licked for a million dollars in the deal."

It seems to me that for the protection of the public our Committee on Natural Resources should have had something to do with inquiring into the wherewithal of that kind of work. Here, when at full strength, we are 96 presumably—most of us—distinguished representatives of Canada; mature, capable citizens who will honestly and fairly undertake to protect the rights of all Canadians. But is there any evidence of anything being done here to prevent the gold mine promoters from taking advantage of the common craze of the years gone by—"Come on, suckers; bite!"? To my mind the committee should be asked to deal with the matter as it was originally placed before them, which they have not done, by any means. The honourable senator from Toronto (Hon. Mr. Hayden) said in his statement on the 20th of June that all that the committee had dealt with was gold. We know from his statement what it was they were undertaking to do; they were undertaking to get more money into the pockets of the gold mine promoters in Canada.

Hon. Mr. CAMPBELL: Oh!

Hon. Mr. MURDOCK: Did somebody say "Oh!"? That is exactly all that was involved, the getting of more money, regardless of who was hit or hurt.

I might go into it at further length. When on the 20th of June I adjourned this debate I intended to deal with it in a considerably different way from the way I am dealing with it now; but time brings changes, and so tonight I want to suggest that if the Senate—composed, as I have said, of 96 presumably distinguished and reputable citizens—wants to hand out even-handed justice to the ordinary citizens of Canada, this report from

the committee should be sent back to them with instructions to do what they were instructed to do in the first place, and not to come in here with some far-fetched excuse to boost the stock and the wealth of the gold mine promoter in the Dominion of Canada and, presumably, elsewhere. I would not be in order, of course, in making a motion of that kind; but I really think the Senate ought to say that a committee, when something is placed before it, should consider that question and deal with it in the form in which it was originally presented.

The motion authorizing the committee to act on this particular question read:

That the Standing Committee on Natural Resources be instructed to examine into the economic value of metalliferous mines in Canada . . .

The committee did no such thing, but rather undertook to deal with the one product of which the chicken got a hundred dollars' worth in its crop at some place about 100 miles west of North Bay. I hope somebody in this house will further the suggestion that the matter be referred back to the committee with instructions to inquire fully into the metalliferous mines in Canada rather than to deal with one of them.

Hon. A. L. BEAUBIEN: Honourable senators, it is not my intention to speak at great length and to follow the arguments of my honourable friend from Parkdale (Hon. Mr. Murdock). Evidently he did not read the resolution appointing the committee to inquire into the mining industry in this country, or if he did read it he certainly misinterpreted it.

Hon. Mr. HORNER: Hear, hear.

Hon. Mr. A. L. BEAUBIEN: The resolution authorized the committee to examine into the economic value of the mining industry in Canada.

Hon. Mr. MURDOCK: No; of metalliferous mines in Canada.

Hon. A. L. BEAUBIEN: It is the mining industry. I have quite a task in pronouncing that term "metalliferous mines", so I said "the mining industry". The resolution was proposed by the late lamented honourable senator from Vancouver (Hon. Mr. McRae), who probably knew more about mining and the value of the mining and metals in this country than any other man in the Senate. He was very sincere in moving that resolution, thinking the inquiry he proposed would not only help the Minister of Finance to appreciate the economic value of these metals and of mining as a whole, but would help the public in general to realize what mining means to Canada.

Under the able chairmanship of the honourable senator from South Bruce (Hon. Mr. Donnelly), we conducted our inquiry into the economic value of metalliferous mines in exactly the same way as the honourable senator from Parkdale, as chairman of the Standing Committee on Immigration and Labour, is conducting his inquiry into the operation and administration of the Immigration Act. We invited all managers or presidents of metalliferous mines in this country to appear before our committee. Those who came represented only the gold mining industry, probably for the reason that gold, being controlled by the Treasury Department, is placed in a different category from other metals.

Hon. Mr. MURDOCK: Did you invite the chairmen of the securities commissions of Ontario and Quebec?

Hon. A. L. BEAUBIEN: I shall come to that in a minute, if you will give me time. Today the gold produced in our mines goes to the Mint to be assayed, and then, whether the producers like it or not, it is taken over by the Treasury Department. Gold was controlled during the war, and is still controlled. Consequently the mining companies and others interested in gold mining were thus concerned about presenting their views before the committee, in the hope, perhaps, that the Minister of Finance might grant some concessions which would stimulate the operation of producing mines and the development of new mines.

My honourable friend must realize that this committee was not appointed to inquire into gambling. Gambling, whether in grain, in mining stocks or in horse racing, is something that can be much better investigated by the various provincial securities commissions. Today you will find that these commissions in Ontario, Manitoba, Quebec, and other provinces, are exercising very close supervision over gambling in gold mining stocks. I am sure that on reconsideration my honourable friend will appreciate that he did not understand the resolution, or else he has misinterpreted it to support his argument.

About six weeks ago I and some others had the pleasure and benefit of visiting some of the mining camps in northern Ontario and northern Quebec. We went first to Kirkland Lake and inspected a producing gold mine. It is one of the most up-to-date, well managed concerns that I have ever seen. That mine has a very rich ore body, and the manager told me that as soon as the company was able to

get material it intended to double the capacity of the mine. This would entail a capital outlay of $4,000,000, and spread over the various industries in this country producing the required material, would provide many man-hours of labour at good wages. In short, just doubling the capacity of that one mine would give to our people a tremendous amount of work. At Kirkland Lake we found the most up-to-date recreational facilities, and schools better than some I have seen in much larger centres. Everybody was well dressed and well housed. The men working in that mine earned from $6 a day upwards. In a word, high wages had made a contented and prosperous community. Next we went to Timmins, with a population of 30,000, and again we saw the same conditions as prevailed in Kirkland Lake.

Mining development in that northern country has brought about a rapid development in agriculture, and today with a lucrative and convenient market, the local farmers are in a prosperous condition. It is unnecessary for me to emphasize the great economic value to Canada of this development of our natural resources.

Hon. Mr. MURDOCK: May I ask a question? The committee was instructed to "examine into and report upon the economic value of the metalliferous mines of Canada." Will you tell us where and how you did that?

Hon. A. L. BEAUBIEN: I am telling you now—if you will only appreciate what I am saying. I have shown how the development of these mines has led to the establishment of prosperous, contented communities, and how in turn this mining development has brought about in that part of the country a corresponding development in agriculture—a development it never would have had otherwise.

Next we went to Noranda, where we inspected one of the greatest mills I have ever seen. Noranda is mostly a copper mine.

An Hon. SENATOR: That is right.

Hon. A. L. BEAUBIEN: Then we went to Rouyn, Val d'Or, Malartic and that whole northern portion of the province of Quebec. The mining shafts were as numerous as grain elevators along the railway lines of Western Canada. I grant you that some of the shafts were abandoned, but others were in process of construction, and still others were going concerns. At one place near Noranda the manager was sinking a shaft. He gave us figures which showed that before he could get one ounce of ore body or quartz he would have to spend $262,000. Well, if that is not of economic value to the country as a whole I do not know what is.

Hon. Mr. MURDOCK: That is for the first ounce?

Hon. A. L. BEAUBIEN: I do not know whether it is for the first ounce or not.

Now, honourable senators, as I said before, it is not my intention to speak at any great length on this subject. My honourable friend's criticism appears to be based solely on articles he has read in newspapers concerning some stock exchange gamblers who probably have done something they should not have done.

Hon. Mr. MURDOCK: Not at all.

Hon. A. L. BEAUBIEN: Those articles may also have complained of too much gambling on the grain exchange. Well, honourable senators, let me say that you are not going to stop gambling, for life itself is a gamble. I submit that the gold mining developments in this country are essential to the economic well-being of our people, because obviously unless those natural resources hidden in the ground are developed they will be of no value to Canada.

The honourable gentleman is correct when he says that we inquired into gold mining. We invited other people to appear before the committee, and if they did not come it was because they chose not to do so. Our report was based, as will be that of the Committee on Labour and Immigration, on the only proper basis for such a report—the evidence produced before the committee. The only evidence we heard was on the gold mining industry.

I repeat that gold mining is of very great value to the economic well-being of this country. That fact was proved during the war, because gold enabled us to pay our exchange, to keep our currency and trade balance, and to carry the heavy burdens of wartime. If Canada is to live and progress economically and from a trade standpoint, our gold production is of great value.

Some hon. SENATORS: Hear, hear.

Hon. Mr. MURDOCK: May I ask if the Chairman of the Securities Commission was invited to appear before the committee? I understood the honourable member to say that he was.

Hon. A. L. BEAUBIEN: No. I said that we were not instructed to inquire into the problem of gambling on the stock market or to question the securities commissioners of Ontario, Quebec, Manitoba or any other province.

Hon. Mr. MURDOCK: Then you are willing to let the old adage stand: "Come on sucker, bite!"

Hon. R. B. HORNER: Honourable senators, as a member of the committee I am in duty bound to say that either the honourable senator from Parkdale or I misunderstood what the committee was to do. Had the honourable gentleman attended the sittings of the committe he would have heard the very problem he refers to discussed by the members of the committee and those who appeared before it.

As I understand it, our duty was to show what the mining industry had meant to the building up of cities all over Canada. My friend suggests that many millions of dollars were lost. In one sense that money was not lost. Our duty was to try to obtain some consideration for risk capital or, if you like, "gamble money." Had the honourable gentleman listened to the witnesses who testified before the committee he would have learned of hundreds of mines which cost large sums of money and then were found to be non-producers. Someone suggested that mining was an extremely risky business. The witnesses agreed, and emphasized that fact. Our endeavour was to learn of the necessity for the expenditure on mining, and the value of its development to Canada.

For instance, the Hudson's Bay Mining and Smelting Company mine, located on the border between Manitoba and Saskatchewan, has a greater future than any other mine on the North American continent. However, a peculiar situation existed there, and over many years—I do not know just how long—something like $15,000,000 was spent on the mine before one dollar was realized from it. Risk money was provided to invent a new machine to handle the ore, and this resulted in the finding of copper and many other minerals. It was necessary to take that risk and to spend so many millions of dollars before realizing any returns. These are facts which the people of Canada should know.

Perhaps I did not understand the purpose of the committee, but I believe we did a very good job. Instead of saying "Come on sucker!" we say, "Be careful, you are risking your money." Everything the committee did pointed out to the people the chance they were taking when they went into the mining business. I do not agree with the views of the honourable senator from Parkdale.

Hon. Mr. HAIG: Question.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in the report of the Standing Committee on Natural Resources respecting the economic value of metalliferous mines in Canada?

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

HOUSE OF COMMONS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 125, an Act to amend the House of Commons Act.

He said: Honourable senators, prior to 1931 there was no provision under the Consolidated Revenue and Audit Act for issuing moneys out of the Consolidated Revenue Fund for the administrative expenditures of the House of Commons. Letters of credit signed by the Speaker and two commissioners of the Internal Economy of the house were periodically sent to the treasury for amounts required during a certain period—usually three months. A letter of credit was issued in favour of the accountant of the house, who had been duly authorized by the Speaker to receive it. As a result of the revision of the Audit Act during the session of 1931, the revised act provides that all issue of public moneys out of the Consolidated Revenue Fund shall be made by cheque under the direction of the Comptroller. These cheques cover the issue of moneys required for the House of Commons. Therefore sections 19 and 20 of the House of Commons Act, which have not been availed of since 1931, and which it is the intention to repeal under this bill, are obsolete and useless, and therefore should be deleted from the statutes.

The motion was agreed to and the bill was read the second time.

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

Hon. Mr. ROBERTSON: Next sitting.

PUBLIC PRINTING AND STATIONERY BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 127, an Act to amend the Public Printing and Stationery Act.

He said: Honourable senators, in effect this bill is not unlike the previous one, in that it contemplates the repeal of a certain section of the Act.

Section 3 of the Public Printing and Stationery Act, which it is intended to repeal, was passed during the session of 1888. Honourable senators will see by the explanatory note to the bill that the committee referred to in section 3 was empowered to employ a clerk, independent of the authorities of the Houses of Parliament. The Chairman of the Joint Committee on Printing chose the job printing

companies which were to handle the work, and the clerk of the committee, acting as his secretary, had equal power.

Section 3 of the Printing and Stationery Act is now obsolete because the staffs of the Senate and the House of Commons have been reorganized, and their permanent officers, clerks and employees are appointed under the provisions of the Civil Service Act. According to section 3, which it is proposed to repeal, the chairman of the committee can theoretically ignore the Speaker and the Clerk of the House and give whatever orders he desires.

The practice I have referred to has not been in vogue for some time; but it is deemed desirable that there should be no possibility for conflict in the future, and the purpose of this bill is to delete section 3 of the Public Printing and Stationery Act from the statutes.

Hon. Mr. LEGER: Will the leader of the government tell us whether it is the intention of the government to proceed with the revision of the statutes? The repealing of certain obsolete sections might lead to that end.

Hon. Mr. ROBERTSON: I am informed that the present procedure has removed the necessity for this section in the act. It seems desirable, therefore, that it should be deleted from the statutes. I do not know that anything further is contemplated.

Hon. Mr. LEGER: That situation has existed for almost ten years.

Hon. Mr. ROBERTSON: Yes, I think it has.

Hon. Mr. LEGER: I merely ask the intention of the government.

Hon. Mr. ROBERTSON: I have no information on the subject.

Hon. Mr. BENCH: As I understand the honourable senator from L'Acadie (Hon. Mr. Leger), he means that instead of obsolete sections being amended piecemeal, the statutes should be revised without delay.

Hon. Mr. LEGER: Exactly.

Hon. Mr. BENCH: It should be one operation. The fact is that our statutes have not been revised and consolidated since 1927.

Hon. THOMAS VIEN: Honourable senators, the two bills which have been brought to our attention tonight propose to remove an anomaly which arises from the fact that there are obsolete sections in the two acts which are to be amended. In former times it was considered that parliament should be independent of the crown, as represented by the cabinet. The government is only a committee of the House of Commons, and is responsible to that house. The Senate is the senior branch of parliament. This house and the House of Commons should be capable of dealing with legislation brought before them without being hampered in any shape or form by the government or anybody else. For the proper functioning of parliament we must have funds to pay the staffs necessary to efficiently carry on the work of both houses. For a number of years the government has been bringing both houses of parliament under more stringent control. According to the provisions of the Consolidated Revenue and Audit Act, without the dictum of the Comptroller of Treasury no money can be issued to pay even senators or members of the Commons, or the staff of either house. The provision which formerly was effective became obsolete by reason of the Consolidated Revenue and Audit Act, which removed from the two houses the control of finances voted by parliament for their proper functioning. I think that the two bills which have been brought to our attention are quite appropriate, inasmuch as they remove the anomaly created by two obsolete sections.

I deplore the fact that we have reduced the independence and the powers of parliament by placing them under the control of the Comptroller of the Treasury, through the Consolidated Revenue and Audit Act, and by making parliament subject to the application of the Civil Service Act. My remarks would have been more timely ten years ago, for it was then the harm was done. I see no fundamental objection to eliminating from the statute book the two sections which have become obsolete, but I want to go on record as supporting my honourable friend's suggestion as to the revision of the statutes. We should revamp the legislation which affects the two houses of parliament, and in doing so deal with all the statutes which piecemeal have taken away powers that parliament must have if it is to maintain its proper independence.

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

QUEBEC BOUNDARIES EXTENSION BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 156, an Act to amend the Quebec Boundaries Extension Act, 1912.

He said: Honourable senators, this bill is incidental to the proposal concerning redistribution, which was dealt with by the resolution passed in the Senate on July 5, 1946. In 1912 the Parliament of Canada extended the boundaries of the provinces of

Manitoba, Ontario and Quebec, by chapters 32, 40 and 45 of the Statutes of 1912. As, under the provisions of the British North America Act, the population of Quebec was the determining factor in fixing the representation of the other provinces in the House of Commons, it was provided that the population of the added territory would not be counted in the population of the province to be divided by 65 to find the unit of representation on a redistribution or readjustment of representation consequent upon any census.

Under the proposed amendment to the British North America Act, as to the readjustment of representation, the population of Quebec will not hereafter be the determining factor in fixing representation in the House of Commons. Therefore, it is felt that the restrictions inserted in the legislation of 1912 should be removed. At the present time the legislation that this bill proposes to repeal would have no effect.

When the 1912 statute was passed, its coming into force was made contingent upon concurrent legislation of the province of Quebec. The present bill also provides that the amendment shall not come into effect until the legislature of Quebec agrees to it.

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

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Committee on Divorce, presented the following bills:

Bill W10, an Act for the relief of Joseph Alphonse Christen.

Bill X10, an Act for the relief of Edmund Lionel Hurd.

Bill Y10, an Act for the relief of Gladys Elsie Lariviere Doyle.

Bill Z10, an Act for the relief of Ernestine Anne Lothrop MacNaughton.

Bill A11, an Act for the relief of Irving Vengroff.

Bill B11, an Act for the relief of Robert Malcolm Dickenson.

Bill C11, an Act for the relief of Gwendolyn Edith Edson.

Bill D11, an Act for the relief of Bernice Mae Skidmore Weale.

Bill E11, an Act for the relief of George Christie Henderson.

Bill F11, an Act for the relief of Marie Lauretta Elinnette (Rita) Vallerand Barraclough.

Bill G11, an Act for the relief of William Thomas Bennett.

Bill H11, an Act for the relief of Edna Marjorie Pitts Wellington.

Bill I11, an Act for the relief of Josephine Isabelle Nicholls Broglie Geoffrion.

Bill J11, an Act for the relief of Rose Hannah Colbeck Grant.

The bills were read the first time.

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

Hon. Mr. ASELTINE: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, July 24, 1946.

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

Prayers and routine proceedings.

THE LATE SIR THOMAS CHAPAIS

TRIBUTES TO HIS MEMORY

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, I regret very much that it is my duty to report to you that since we last met we have lost through death one of our most distinguished colleagues, Sir Thomas Chapais, K.B. Some of our members, particularly the younger ones, may not have realized that behind the courtly bearing and gentlemanly mien of the late senator from Grandville lay one of the longest and most distinguished political careers in Canada. Having been a candidate in the general election of 1891, and appointed to the Legislative Council of Quebec in 1892, the late senator was prominent in the political life of this country for more than half a century.

Senator Chapais' ancestors came to Canada in the early part of the eighteenth century. He was born on March 23, 1858—nine years before confederation.

Although educated for the bar, to which he was admitted in July, 1879, Sir Thomas followed his natural inclination and devoted his life, in a large part, to education and journalism. He held degrees from Laval University, Montreal University, Ottawa University, University of Bishop's College and Queen's University. For a time he was professor of history in Laval University.

As a tribute to the high esteem in which his intellectual qualities and general character were held, he received the highest honours from both church and state. He was minister without portfolio in several governments of

the province of Quebec, and was at various times leader of the government in the legislative council, of which he was also at one time president. In 1930 he was a delegate at the Assembly of the League of Nations. He had been president of the Royal Society of Canada and of the Historical Society of Canada. At the time of his death he was not only a member of this honourable house but also government leader in the Quebec legislative council, and minister without portfolio in the cabinet of Mr. Duplessis.

Despite his advanced years, he was, until comparatively recently, a most regular and faithful attendant of the sessions of the Senate. His contributions to our debates never failed to evoke the interest and respect to which his long experience and intellectual qualities entitled him.

On July 15, last, he died quietly in the house in which he was born 88 years ago. The halls of parliament will know him no more, but the memory of his kindly, courteous and dignified personality will long linger amid surroundings where he was such a familiar figure.

I am, I believe, voicing the regret of all honourable senators at his passing.

(Translation):—

Hon. LUCIEN MORAUD: Honourable senators, I sincerely believed three weeks ago, when I requested this Chamber to adjourn the debate on the resolution respecting a new redistribution of electoral divisions, that the late Senator for Grandville (Sir Thomas Chapais) would remain among us to take part in this important discussion. As a matter of fact, I was handed, at the time of his funeral, the notes which he had started to draft in this regard.

Providence decreed otherwise.

In revealing to him the ailment that was to carry him off, his physicians advised him to undergo emergency treatment at the Hotel-Dieu in Quebec, but their clear-sighted patient hearkened to the voice of Nature rather than to that of Science, and returned to his old home at Saint-Denis de Kamouraska, where he was born, and where his father, his mother and his wife had died. The faithfulness of his attachment for his native heath moved the whole population of this beautiful ancient village, who thronged to his imposing funeral along with his friends who had foregathered from all parts of the province.

The villagers of Saint-Denis fully sensed that they were accompanying to his last resting place a man of extraordinary distinction, who had filled a most fruitful and useful career which marks an already completed epoch, that of the Merciers, the Taillons, the Bouchervilles, the Chapleaus, the Lauriers, and other eminent patriots whose names will live in history.

Canada, and more especially French Canada, has lost in our colleague one of its most notable citizens and most universally respected personalities.

It was principally in our province that he played a leading part; and the short biographical notes published in the Quebec press convey but a very faint idea of the fullness of his career.

Admitted to the bar in 1879, he immediately became private secretary to Lieutenant Governor Théodore Robitaille. Candidate in Kamouraska at the Dominion elections of 1891, he was defeated by Henry George Carroll, by a majority of 95 votes. The success of the one and the defeat of the other marked for each the beginning of a brilliant career. Mr. Carroll became Solicitor General in the Laurier cabinet, then one of the most highly regarded judges of our Court of King's Bench, and finally Lieutenant Governor of our province. Mr. Thomas Chapais, in 1892, became legislative councillor for the Laurentides division; in 1893, at the age of 35, government leader in the Legislative Council. In 1895, he was Speaker of the Upper House; in 1896, president of the Executive Council in the Taillon cabinet; and in 1897, Minister of Colonization and Mines in the Flynn cabinet. In this same year, following the downfall of his party, he became leader of the opposition in the Legislative Council, a post he was to occupy for 40 years.

He was summoned to the Senate in 1919, as representative for the division of Grandville; in 1930, he accompanied the Right Honourable Sir Robert Borden, as a Canadian delegate to Geneva. Then, from 1936 to 1939, and since 1940 to the time of his death, he again became a member of the government of his province and government leader in the Legislative Council.

Appointed professor of history at Laval University in 1907, he has published numerous works: *Les congrégations enseignantes et le brevet de capacité* (1893); *Le Serment du Roi* (1901); *Jean Talon* (1904), crowned by the French Academy; *Le Marquis de Montcalm* (1911); *Discours et Conférences*, 3 Vols. (1873-1913): *Mélanges de polémiques et d'études religieuses, politiques et littéraires* (1915); *Cours d'Histoire du Canada sous la domination anglaise jusqu'à la Confédération*, 8 Vols. (1919-1933).

Editor in chief and owner of the *Courier du Canada*, from 1884 to 1901, he was afterwards and for several years editor of the *Evénement*.

Sir Thomas Chapais was a Commander of the Order of St. Gregory, Knight of the Legion of Honour, a former president of the Royal Society of Canada. In 1935, he was created a Knight Bachelor by His Majesty the King in recognition of his work as an historian.

In politics, Mr. Chapais was a Conservative. While denouncing the opportunism of his opponents and deploring the uncompromisingness of his political friends, he remained convinced nevertheless of the necessity of the two great political parties and of party discipline.

He was concerned with inculcating his patriotic ideas in the minds of young men who were going to venture into politics. How often did he welcome us in his home on du Parloir Street, to lavish his advice on the new generation that placed its whole confidence in him, and to urge us to place the interests of the homeland above all.

One day when he was giving a public course at the university on the Quebec Conference, as he was addressing himself especially to young people, he interrupted his historical narrative to speak parenthetically as follows:

> Young men who are listening to me, there are perhaps several among you who will some day enter upon this stormy political career, so attractive when seen from afar, and often so disconcerting at close range. I entreat you, never forget this: politics are not the realm of the absolute; that is indisputable. But one should not conclude that one should banish therefrom the conception of the absolute, or, rather, the very clear vision of the whole truth. On the contrary, it is essential to keep always in mind that which is the truest, that which is the most just, that which is the most consistent with the strictness of principles. In adapting one's self to the hypothesis, when that is inevitable, one must beware of denying the thesis. And if the lofty objective is impossible to reach, while foregoing it, one must apply one's self to draw as close as possible to it, and to situate one's action in the relative the least distant from the absolute. (Quoted in *Cours d'histoire du Canada*, at the bottom of pages 192, 193 of volume VIII—1934 edition).

A man of politics, he drew his inspiration from the teachings of history, and everybody knows that he devoted his whole leisure and gave himself heart and soul, to studying the events that exercised some influence on the development of our country. A thorough scholar and a magnificent writer, he set forth all these events in works that will shine for ever in Canadian literature.

He devoted two works to the French domination. One, *Jean Talon Intendant de la Nouvelle-France*, 1665-1672, published at Quebec in 1904, is not only a perfect biography of the second Intendant of New-France, but constitutes also an excellent synthesis of New-France's great era of colonization and organization. The other, *Le Marquis de Montcalm*, published at Quebec in 1911, is the biography of Montcalm, and at the same time a very accurate picture of the Seven Years' War in America. There are in this book battle narratives, for instance that of the battle of Carillon, that have become pieces of anthology.

To the English domination Mr. Chapais devoted eight volumes, the general title of which is *Cours d'histoire du Canada*. These are the courses he had given at Laval University, where he was professor of Canadian history. These courses cover the period that extends from 1760 to 1867 and constitute, above all, a political history that is notable for its objectives. Certain Nationalists have accused Mr. Chapais of having shown himself favourable to England. I am convinced that he was especially concerned with being objective. He submitted to facts and documents. Imbued with a deep sense of historical truth, he caused the removal of many prejudices which, before his advent, cluttered up history; and he did so with much prudence, without controversy, without rancour.

In a lecture he delivered in Montreal in 1925, during the Canadian History Week, Mr. Chapais said of F. X. Garneau:

> A great patriot, that is what Mr. Garneau was essentially and above all. He loved his native land with all the ardour of a generous soul, he dedicated to it all the faculties of a great mind.

I believe that the greatest tribute we can pay to the memory of the venerable colleague whose loss we mourn, a man who was the very embodiment of frankness and simplicity, is to apply to him those words, as simple as they are laudatory, which he dedicated to the greatest of our national historians.

With the passing of Sir Thomas Chapais there disappears one of the most eminent men of our era, a great patriot and, above all, a great Christian. His death entails an irretrievable loss for the province of Quebec, which he served with his whole soul and his whole intelligence, and which he made his field of action and the object of his whole affection. So, must we express our heartfelt sympathy to his colleagues of the Quebec government as well as to the members of his family.

(Translation):—

Hon. J. FERNAND FAFARD: Honourable senators, today we mourn Senator Thomas Chapais, who died peacefully in his old home at Saint-Denis de Kamouraska, on the 15th

instant. It was in his library, in the midst of his books, that the venerable deceased wished to be laid in state. He had lived with them, and it was with them that he wished to sleep his last sleep. His library and his family constituted his most cherished possessions in this world.

Sir Thomas Chapais was a statesman in the full acceptance of the word. Throughout his whole life he interested himself in the politics of his country, and all political parties always recognized his attachment to his province. He was a great Canadian. His whole life was one of work and of devotion to his own. His most cherished wish was fulfilled: he worked right up to the closing days of his long and fruitful career.

In his private life, he was a great Christian and a wise counsellor. He knew all the families of Saint-Denis, who did not fail to address themselves to him to settle their family affairs.

Those who had the opportunity of attending his funeral were able to note the attachment of his fellow-parishioners, of whom he was the idol and the counsellor. He rests now in the humble cemetery of his native parish, among those who loved and respected him.

I take it upon myself to be the interpreter of the citizens of Saint-Denis the senatorial division of which borders on mine, and to express in this chamber the loss they mourn.

I need not review the record of his brilliant career, for this was done very fittingly by the honourable senator for La Salle (Honourable Mr. Moraud). Suffice it to say that he was born at Saint-Denis de Kamouraska, March 23, 1858. After brilliant studies at the Collège Ste. Anne de la Pocatière and at Laval University, he was admitted to the Bar in 1879, and started at once to take an active part in the political life of his province.

When barely 34 years of age he was appointed Legislative Councillor for the Laurentides division, and, in 1919, was summoned to the Canadian Senate for the division of Grandville. His long and distinguished career tells us better than I could express it, the immense services he rendered to his country. He leaves the works and the memory of a man of gentle birth.

In the name of the Canadian Senate I wish to convey to his loved ones and to the citizens of Saint-Denis the expression of our deep sympathy and the grief we experience at the loss of this great Canadian.

(Text):—

Hon. JOHN T. HAIG: Honourable senators, in a spirit of sadness, and yet in a spirit of joy, I rise in my place to say just a word or two about a former distinguished member of this house. Seldom is it the privilege of legislators to know a great man at close range. Usually we think that a great man is someone in a place other than where we and our associates are. My great joy comes from the fact that during nearly eleven years of membership in this house I had the close personal friendship of the late Sir Thomas Chapais. Sometimes we Canadians wonder if our country will hold together. Sometimes people say that Canada can never be united as a great nation. Honourable senators, a nation that can produce men like Sir Thomas Chapais will never be disunited. A nation is made by its great leaders. Lesser lights may seem to control things for a while, but in the long run the destiny of a nation depends upon the leadership given by its great men.

I will not take the time to speak of the career of Sir Thomas Chapais. That has already been referred to in some detail. I am not sufficiently familiar with the French language to have understood all that was said by the honourable senator from De La Durantaye (Hon. Mr. Fafard), but I had the pleasure of being able to follow some of the words of my honourable friend from LaSalle (Hon. Mr. Moraud).

As a Canadian, and as the leader of the Opposition in the Senate, I stand here today to pay my meed of praise to one of Canada's great senators, as great a man as ever sat in this house. As the years go by, his literary work, particularly in the field of history, will do much to make all Canadians understand our country's past. Today, in paying respect to his memory, we recall the contribution that he made to his own province, and more especially his contribution to Canada as a whole. I desire to be associated with the honourable leader of the government (Hon. Mr. Robertson) and other speakers in paying tribute to the name and the memory of Sir Thomas Chapais.

Hon. C. P. BEAUBIEN: Honourable senators, may I claim your indulgence for a few moments while I express my deep regrets at the passing of a very old friend, for whom I have had for more than half a century a deep respect and great admiration. He has gone to his reward, and no longer shall we see the kindly old gentleman in his typical morning coat, moving rapidly to his seat. His outward appearance was a true reflection of his mentality. He was deeply and faithfully attached to things of a past which he carefully followed, approved and at all times generously defended.

He had a very long, meritorious and useful life. Being modest, he rarely if ever spoke of events in public life in which he played a

major part. Although he hardly ever betrayed his combative propensities, he was for many years a public speaker of rare power, an orator of proud sail who met and buffeted troubled waters with a courage, vigour and talent practically unequalled in his time.

His influence was greatly increased throughout the province by his long and brilliant career as a journalist. In his own newspaper in Quebec, *Le Courrier du Canada,* his editorials, always of a distinctive personal character, sound in argument and impeccable in form, were widely read and commented upon. How often in earlier days has someone said to me: "Have you read Chapais' last editorial? Do not miss it; it is formidable."

From his strenuous battles of the hustings and the press, our colleague would return contentedly to the company of his old friends, the books of his own library, and would studiously prepare his lectures on history for the students of Laval University.

These lectures formed the basis of several volumes covering the British regime in Canada from the conquest to confederation, and it is generally agreed that they constitute the best historical work of that period by a French author. Apart from an excellent co-ordination of subject and a style of the highest quality, this precious history of our country has, above all, the essential qualities of truth and broadmindedness. Chapais was not biased or narrow. He admired the British parliamentary system and the great statesmen of England, and stated so repeatedly. His conscience as an historian dominated and directed his pen. Once, when asked to continue his history from Confederation to the present day, he answered: "How can I do so honestly? My father was a minister in the dominion government at the time of confederation. I might find it difficult, if not impossible, to be impartial."

A well-known French writer has stated that at the age of sixty man stands at the station awaiting the train for eternity—a train that sometimes is a little late. Happily for our colleague, the conveyance was indeed long delayed.

Mr. Omer Heroux has noted in his newspaper that Mr. Chapais, exactly on his 60th birthday was called upon to preside at a celebrated St. Jean-Baptiste day banquet in Quebec and delivered the most brilliant of his orations. For the rest of his long life, Mr. Chapais has continued to be always industrious and useful. He has three times been a minister in the Quebec cabinet, three times speaker of the legislative council, and several times leader of that body. He was honoured by the universities of his own province, as well as by those of Ontario. He was president of the Royal Society of Canada and of the Historical Society of Canada.

He will long be held in kind memory, even by his political opponents, and in grateful remembrance by the entire population, at least of my province. His works will long endure and help to form in rising generations a spirit of generous tolerance, free from any vestige of narrow prejudice. Nothing could better help toward the harmony and happiness of this country.

I join with those who have preceded me in their expressions of sympathy to the members of Sir Thomas Chapais' family.

(Translation):—

Hon. CYRILLE VAILLANCOURT: Honourable senators, the passing of our colleague from Grandville means to us the loss of one of the last among those who witnessed the birth and growth of the Canadian confederation. With Macdonald, Cartier and Taché, his father was one of the founders of confederation. From his early youth our colleague learned the political history of Canada from one of the authors of the 1867 constitution.

It is not my intention to panegyrize our departed colleague as a historian, a politician or an outstanding orator. However, I wish to stress two things which have featured his whole life: his patriotism and his sterling Christian qualities. He dedicated his life to his fellow-citizens and his country. He pledged all his energies to his country, whose greatness and prosperity he had at heart. How happy we were to attend his lectures on Canadian history, which he had the knack to make so interesting and vivid. Through his father he had been able, better than any one else, to become acquainted with the history of the union of the two Canadas and the origin of confederation. He could illustrate with a remarkable objectivity the lessons he deemed it necessary to draw from past and contemporary events.

Although a staunch supporter of his party, he never sacrificed for its sake what he considered his duty, and one day he was even compelled to disown his leader.

An outstanding feature of his character which I wish particularly to emphasize is that his private life was ever consonant with his public life. An exemplary father, he also was a model Christian. He had no bigotry, but he was a believer whose faith was truly alive. He served his country and his fellow-citizens through his spoken and written words his actions, and especially, I may add, through his example. None of his four children survives him, so what I would call his heritage cannot be perpetuated but one thing that will

live in history as long as Canada endures is his memory, because he was a great man whose deeds on our behalf will never be forgotten.

(Translation):—

Hon. ATHANASE DAVID: Honourable senators, what a pity that once again one must deplore the disappearance from the chamber of a personality that shed lustre upon it.

Thomas Chapais represented the epoch that extended from confederation down to our times. Under the parental roof he learned what were the struggles that preceded confederation and also the difficulties that followed its adoption.

Both his broad learning and his splendid experience were always at the service of his Senate colleagues, and every time he deemed it advisable to give his opinion, his words were listened to with infinite respect.

Learned historian that he was, nobody ever impugned his good faith. One might not subscribe to all his propositions, but one bowed to their sincerity.

His was a well filled life and when he was wont to recall the violence of the first fights in which he took part in the political field he always did so with a charming smile.

Indeed, I shall never forget the reminiscences he placed before me at his office here, in the course of conversations to which he often invited me.

A journalist, he broke a lance many a time with my father in the course of lively and occasionally, even rather acrid controversies. But time healed everything, and, meeting one another in the Senate several years later a friendship, which past discussions had not lessened, grew closer and became very intimate.

How often in the company of Béique one could see them—all three, he told me, walking beneath the great trees hard by the Parliament Buildings, recalling yesterday and speaking of tomorrow.

Nimble-minded, his witty and occasionally bantering remarks amused; and age having tempered the harshness of earlier years, even the sharpest discussions always bore the imprint of the most beautiful and serene cordiality.

Thomas Chapais is dead, but he will not soon be forgotten. Everything about him is an example, a splendid spectacle. An active life until the very last preserved to him his whole intellectual and physical power. Like a giant oak of the Canadian forest, deeply rooted in the soil, it took the storm and stress of his eighty-eight years to fell him.

A great Canadian citizen has just departed from our midst; a beautiful page of the past has just been torn. Honourable senators, let us bow our heads in respect.

(Text):—

Hon. JEAN MARIE DESSUREAULT: Honourable senators, as a Quebec colleague of the late Sir Thomas Chapais, may I have the privilege of associating myself with the very eloquent and well deserved tributes which have been paid to his memory.

I wish first to assure my honourable friends opposite that I participate in the deep loss they have sustained through the passing away of Sir Thomas Chapais. Though not sharing his political faith, I have always admired him as an outstanding Canadian and a great statesman. From this day forth our ranks will no more include the sage and venerable Sir Thomas Chapais. He will be greatly missed, and it is with heavy hearts and deep regrets that we now experience his absence from this Chamber. I know it is the hope of all, that his spirit may remain with us as we continue the work which he so ably participated in and furthered during his long membership in this House.

Canada has received from Honourable Senator Chapais contributions both innumerable and invaluable. He was a gifted man, and he showered his gifts upon his countrymen—politicians, farmers, workers, students and statesmen alike. His oratory, simple, beautiful, forceful and wise came to the ears of many. His unparalleled historical works are endowed with the profound patriotism that he felt for his native Canada. The age-old curse of prejudice found no lodging in the mind or heart of the late Sir Thomas Chapais. Throughout his long and distinguished career the views of his opponents were always respected, and their logic considered. Sir Thomas Chapais possessed the quality of an open and unbiased mind when in 1892, fifty-four years ago, he entered public life as a member of the Quebec Legislative Council. This quality was retained as he advanced to become a member of this honourable House in 1919, some 27 years ago.

In a tribute to the late honourable senator we cannot overlook another of his very singular qualities. Although in his life he scaled great heights, although he distinguished himself in countless achievements and probed the great complex problems of his province and his country, he was always but a simple man. He loved the simple beauty of the small country village where he was born and lived—and which I know well. He loved the simple beauty of its surrounding rivers, fields and hills. He loved the simple people among whom he dwelt; and in turn he was their champion. In simplicity he was distinguished; in simplicity he was honoured and knighted by his King.

Through his long life and full years he availed himself of the God-given opportunity to

accomplish many things that history will surely record for posterity. It would appear with but little reflection that the Almighty God saw fit to allow him to remain with us longer than most great men, and for this we can only be profoundly grateful.

The accomplishments of Sir Thomas Chapais during his distinguished career are far too numerous for me to relate accurately at this time; but long will he be remembered by the honourable members of this house for his great strength of character and his unswerving devotion to the things he knew to be right and honourable. Throughout his entire life, dignity—a quality seldom found in the greatest of men—could be observed in his every action.

Those of us who accompanied Sir Thomas Chapais to his final resting place had no doubt that a truly great man was returning to the soil he loved and the God he cherished. However great the monument erected at his head, certainly none will be greater than the one fashioned by himself during his many fruitful years of service to his beloved Canada. The unwritten words to his epitaph might very well read: Hard work, perseverance and ability, coupled with integrity, loyalty, honesty and love for his fellow men; and not least, his belief in the divine guidance of his God.

The memory of his noble character should never cease to be a source of inspiration to those of us who knew him, young and old, and who hope to reach the heights ordained for us. He has served his country well, through calm years and turbulent times, with vision and understanding. He has made his niche in our Canadian history. He has earned his rest. May he rest well.

Hon. L. M. GOUIN: Honourable senators, I wish to add a few words to mark our regret for the death of our venerable colleague from Grandville. With him disappears a perfect gentleman of the old school and one of the greatest historians of our country.

Sir Thomas Chapais was a scholar of many accomplishments, but his historical works are sufficient to immortalize his name. His two books on the French regime, *Jean Talon* and *Le Marquis de Montcalm,* have been unexcelled by any other writer. They are remarkable from every point of view—scientific accuracy and a most attractive style, coupled with a sincere and impartial patriotism and a deep understanding of our glorious past.

Much has already been said of the eight volumes he published, presenting his series of lectures on the British regime delivered at the Laval University. I may add that English readers will find excellent articles by the late senator in great collections like *Canada and Its Provinces, Chronicles of Canada* and *The Makers of Canada.* Everybody admires the reliability and completeness of the documentation of the great author, his honesty and his toleration.

By his family connections our late colleague was closely associated with the birth of our federal union. On this subject he spoke and wrote with great authority. His testimony concerning the early days of confederation had more than a purely historical value. When we listened to this illustrious survivor of a bygone era it was as if we actually heard the voice of an eye-witness.

Even when we differed in opinion from Sir Thomas, we always recognized that his views were entitled to the greatest respect, because nobody could doubt his perfect sincerity. He was a writer of genius and a born orator. His eloquence embodied an academic style of great strength and exquisite elegance combined with a moving conviction. His best speeches remind us of our great masterpieces of French architecture. His logic was perfect; the beauty of his thoughts and expressions was most impressive. To his legal education, I believe, our colleague from Granville owed much of the clearness of his arguments and of his appreciation of constitutional history.

It must also be mentioned that our late senator was the dean of French-speaking journalists in Canada. Many of his articles were unsigned, but in *La Presse* about 30 years ago he published, under the pen name of Ignotus, a whole series of chronicles on history. It was with great interest that on several occasions I consulted those early writings of our departed friend. They can be read again with great pleasure and much profit, as was pointed out in an excellent editorial by Mr. Omer Héroux in *Le Devoir* of July 16. This suggests to me that the best way to honour the memory of our late colleague is to ensure that his fertile work survives and his generous soul remains with us; and this we can do by perpetuating his ideas and making all his best writings available to as many readers as possible. I hope that some of the many friends of this very great Canadian will take the initiative in creating at his Alma Mater, Laval University —the mother of all our universities—a foundation which shall ensure for ever the remembrance of an intellectual aristocrat of the finest quality a veteran of our parliamentary life, a noble soul and a kind heart.

We are now mourning an outstanding representative of French culture, whose charming simplicity of manner was the true mark of a

great Christian gentleman, "un grand gentilhomme chrétien", whose name deserves to live forever.

(Translation):—

Hon. ARTHUR MARCOTTE: Honourable senators, after all the remarks addressed to the memory of Sir Thomas Chapais, one could not say very much more; in fact, there is little more to add, save what has already been said. But you might perhaps like to hear a few very personal reminiscences from one who, in this chamber, was longer and more intimately acquainted with Sir Thomas Chapais than any other.

This takes us a long way back. When the death of the late Senator Dandurand occurred, I was the man who had known him longest. In 1892, and that is a long time ago for most of you, my chief, Mr. Augé had just been elected in St. James County in Montreal. In those days, shorthand was very little known, and typewriting even less. Mr. Augé, who was a great speaker, was in need of a secretary, somebody not only able to catch his thought while he was dictating, but also able to write it down properly. When he went to the Quebec Legislature for the first time, he took me with him and it was on that occasion that I had the pleasure of meeting the man you became acquainted with, Thomas Chapais, who later became a legislative councillor. Years went by. In 1896, G. A. Nantel—whom many of you have known—then minister of Crown Lands, father-in-law of my friend Senator David, took me to Quebec as temporary secretary. This temporary job of mine lasted eight years, but it gave me the opportunity to meet Thomas Chapais, who at that time was Minister of Colonization. My minister was Minister of Crown Lands, a department which is run side by side with the other. This gave me the opportunity to become intimately acquainted with Chapais. My minister, who was a writer, a newspaper man and a friend of Thomas Chapais, said to me: "Your first duty, since you are so fond of books, will be to set my library in order, and if you are in trouble go and see Chapais." And, as I was often in trouble, I went to Chapais. Had you seen Chapais at that time, in all the vigour of his youth, in his full manhood, you would have known the real Thomas Chapais. It is said that a man reaps as he sows. You knew him as a great speaker, a great politician, a great writer, a great historian, but you never knew him as I knew him then, young, strong, vigorous, even ambitious, but ever conscious of his duties, always honest and impeccable in his life as in his work.

Well, there was also at that time, in Spencerwood, Sir Joseph A. Chapleau, the Lieutenant-Governor, and there was in Quebec the *Société des Dix*—ten members who were often fifteen—the Langeliers, the Lemieux; among the Conservatives, there were the Nantels, the Chassés, the De Puyjalons and the Delpits. As secretary to the minister I was sometimes admitted, young as I was, and you can imagine how I kept my eyes open, and as well, my ears to get hold of everything that was said. What was most remarkable was that these men, so learned, so well-informed, used to say every time a doubt arose: "Well, Chapais, what do you think of it?" And Chapais said what he thought. Because of his extraordinary memory and his regard of truth, he carried great weight; you always got the truth from him, and much information.

Many years later—oh, many, many years this time—in 1919, one day Mgr. Mathieu, Archbishop of Regina, called me up at my office and said: "I have very good news for you. Your friend Chapais is going to be appointed senator." And he was. When I came to the Senate, immediately after I was sworn in he was the first man who took my hand—he along with the honourable Jacques Bureau, whom most of you have known, a perfect gentleman if ever there was one, and who said: "You will see what a lovely life we lead here; we are glad to see you with us and we shall take care of you." And Sir Thomas, during the rest of his life, reminded me of the days of my youth.

There has just passed away a man who thought a lot of me, who gave me much advice and helped me very much. I was in Windsor last week when I heard the news of his death. You cannot imagine the pain I felt in my heart. That is the best tribute I can pay him. He has been praised as historian, speaker, and statesman. Let me tell you that he was a good man who had a great love for his friends—and I was one of them.

(Translation).—

Hon. GUSTAVE LACASSE: Honourable senators, although I have shared with my honourable friend from St. Hyacinthe (Hon. Mr. Bouchard), the heartfelt satisfaction of expressing by means of my pen the regret which every one of us has felt at the death of our honourable colleague. I beg to be allowed to add a voice from outside our lamented friend's own province, to that of my honourable friend from Saskatchewan (Hon. Mr. Marcotte), and to lay my tribute of respect on the grave just closed.

The younger members of this chamber who perhaps were not personally acquainted

with the late honourable senator, are probably thinking after hearing the tributes of those who knew him so well: "He must have been a real man." He was a real man, honourable gentlemen. While I did not know him intimately, like my honourable friend from Ponteix, for nearly twenty years I had the privilege and the pleasure of sitting opposite him, gaining inspiration from his eloquent speeches and feeling the enthusiasm which his admirable sentiments always aroused in me. Some of you have praised his literary gift, some his political talent, some his personal qualities. Well gentlemen, although I feel inclined to consider him as one of the greatest newspapermen ever produced by French-Canada, I must chiefly render homage to the impartial and sober-minded historian—and this is the more to his credit as he took part in many very bitter political struggles during his youth. Well, gentlemen, it is not only a voice which has now become silent, it is also a writer's hand which death has stilled. Sir Thomas Chapais was a devotee worshipping at the shrine of History and, in his turn, he has become part of History.

Only a few days ago we closed the grave on the mortal remains of a great citizen. Already he belongs to the annals of the country, political, literary, journalistic. The example of his energy, his faith, his virtues, will be an inspiration to our youth who have the heavy responsibility of following the steps of the faithful servants of the City in the path of honour, of duty and of enlightened patriotism.

CRIMINAL CODE BILL

FIRST READING

A message was received from the House of Commons with Bill 303, an Act to amend the Criminal Code.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

ATOMIC ENERGY CONTROL BILL

REPORT OF COMMITTEE

Hon. Mr. CAMPBELL, Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 165, an Act relating to the development and control of Atomic Energy.

He said: The committe have again examined this bill and now report the same with the following amendments:

1. Page 3, line 46. After "9 (1)" insert "The Board may"

2. Page 3, lines 45 and 46. Leave out the words "The Board may"

3. Page 4, line 44. After "companies" insert "incorporated under the provisions of Part I of The Companies Act, 1934,"

4. Page 5, line 39. For "the said Compensation" substitute "that"

5. Page 6, lines 43 and 44. For "under the authority of this Act" substitute "thereunder"

6. Page 6, line 44. After "and" insert "shall be"

7. Page 7, line 2. After "both' leave out "such." After "and" leave out "such"

8. Page 7, line 5. For "taken place" substitute "been committed"

9. Page 7, line 6. For "convicted" substitute "found guilty"

10. Page 7, line 8. After "both" leave out "such." After "fine and" leave out "such"

11. Page 7, line 15. For "the" substitute "its"

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

Hon. Mr. ROBERTSON: With leave of the Senate, now. I may point out that in the main these amendments have been before the house for a considerable time. There was one amendment involved, to which reference was made yesterday when the bill was referred back, and it is the unanimous opinion of the committee that that amendment should be omitted. If it is agreeable to the Senate, I would move that the report be concurred in.

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

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

THE ESTIMATES

MOTION

Hon. Mr. ROBERTSON: I have, honourable senators, a notice of motion as follows:

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

In accordance with the rules of the Senate this motion should stand for consideration until to-morrow; but if there is no objection I would ask that it be considered now, since this would facilitate the work of the committee in dealing with the subject matter referred to.

The motion was agreed to.

HOUSE OF COMMONS BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 125, an Act to amend the House of Commons Act.

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

PUBLIC PRINTING AND STATIONERY

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 127, an Act to amend the Public Printing and Stationery Act.

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

QUEBEC BOUNDARIES EXTENSION BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 156, an Act to amend the Quebec Boundaries Act, 1912.

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

CANADA DAY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, June 26, the adjourned debate on the motion of Hon. Mr. Foster for the second reading of Bill 8, an Act respecting Canada Day.

Hon. WISHART McL. ROBERTSON: Honourable members, through the courtesy of the honourable senator from St. Jean Baptistè (Hon. Mr. Beaubien), who adjourned the debate, I should like to say a word or two on this bill.

I do not need to remind honourable senators that this is not a government measure. It was introduced in the other house by a private member, and on reaching us was sponsored by an honourable senator. So I would ask honourable members to regard the observations I propose to make as strictly my own and in no way reflecting government policy as such.

I have become interested in this bill in more ways than one, for I have found myself influenced to a very marked degree by the discussion which has taken place in this honourable body. In my native province I had heard no suggestion that there should be any change in the name of our national holiday, and I must say quite frankly that when the bill was introduced it did not interest me very much. But as the discussion continued, certain statements made from time to time profoundly impressed me. I am not sure that I remember them in chronological order, but one of the first that stands out in my mind was made by the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer), to the effect that the first of July was little observed in the city of Ottawa. This led me to discuss with other senators the situation in their respective communities. I found that while the day was celebrated with varying degrees of interest, there certainly was not that enthusiasm displayed which might be expected in commemorating what is generally regarded as the national holiday of Canada.

Then, honourable senators, I asked myself what I did to mark the first of July as the outstanding day in our calendar. I might say that I come from a family which was intensely antagonistic to confederation. My earliest recollection as a child is the attitude of my grandfather. He was an associate of Joseph Howe in the anti-confederation battles. Reverently but firmly he would remove the Union Jack from our gate post, saying as he did so, that the flag might fly there any day but the 1st of July. As time went on, the 1st of July meant to us in varying degrees, certainly not so much as might have been expected. I am told that even to this day some of the more extreme anti-confederates fly the Union Jack at half mast on the first of July, although I must confess I have never seen this done.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. ROBERTSON: But if my observant friend who sits on the opposite side of the house—with whom I share the great privilege of residing in the very beautiful village of Bedford—had looked across the bay on the 1st of July last year, he would have seen me flying the flag of Nova Scotia. This I have done for many years, and had I been at home on the first of this month I have not the slightest doubt that I would again have flown the same flag.

Hon. Mr. BENCH: Not the red ensign?

Hon. Mr. ROBERTSON: I do not know just why I do it, honourable senators. I suppose it is a heritage from the past. As an adult whose responsibility is at least equal to that of other people in Canada, I now realize that by doing what I did I was not making very much of a contribution to the idea of a united Canada. Honourable senators and others who have placed less than the proper emphasis on the importance of our national holiday have, to a greater or

less degree, failed to educate the young and the newcomers to this country as to the true significance of the first of July.

Some hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: So, honourable senators, I want to refer quite frankly to the change of thought I have had in regard to this bill. I began to question the motive of the sponsors of the bill and to ask what they had in mind. They have said that for one reason or another they thought that if "Dominion Day" was changed to "Canada Day" the name would be generally acceptable, and the first of July would be more appropriately celebrated in their particular constituencies. I am bound to accept that explanation, honourable senators, but I must say that I do not think such a change would help very much in the province of Nova Scotia. I am equally certain that the change from "Dominion Day" to "Confederation Day" would not be much better.

The honourable senator from The Laurentides (Hon. Mr. Bouchard) said, and I agree with him, that the important point is not what the day shall be called, but that it be declared a national holdiay. I must confess that when the honourable gentleman spoke I thought he was wrong. It was my impression that July first was Canada's national holiday, and that the statutes so stated. I knew, however, that the honourable gentleman was usually correct, so I took the trouble to look up the matter and found that he was exactly right. The first of July is a legal holiday, but it is not called the national holiday.

Since the introduction of this bill I have received, as have other honourable senators, a great number of communications in regard to it. Many of the letters suggested that the name of Dominion Day be not changed to Canada Day. On looking over the file again, I was surprised to observe the frequent use of the phraseology: "We protest against the change of the name of our national holiday to Canada Day." I recall that the Women's Progressive Conservative Association of Toronto protested, and used the same language—"our national holiday". I believe I read in a newspaper that the Premier of Ontario referred to the day as "our national holiday". Yet, honourable senators, these people were all wrong. There is no holiday which has been declared a "national holiday". I began to think there was something in the suggestion of my honourable friend.

I listened with interest to all of the many excellent speeches made on the subject, but I think the most impressive one was delivered by the honourable senator from De Salaberry (Hon. Mr. Gouin). The tone and spirit of his address was beyond praise. I am confident that I never before heard a more appealing speech or one as broad in aspect. The honourable gentleman's ancestors came to this country long before mine did, and they have been here a long while; he is intensely interested in the people of Canada, especially the new-comers, and in seeing that they become good citizens and appreciate this country.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: I cannot doubt his sincerity when he says that he is sure that in his constituency a change of name would help. He speaks for the part of the community that he knows best, and if he is as familiar with it as he is with the rest of Canada he cannot be far wrong. I should like to quote from the honourable gentleman's speech, and I ask members from the maritimes to listen and to judge as to the accuracy with which he reflects the attitude of our part of the country. The honourable gentleman deplored the apathy and lack of interest throughout Canada in what should be our national holiday. In part he said:

> In some regions when our good fellow citizens nourish any alleged grievance against our federal system, July first not only leaves them indifferent, but is almost tinged with a shade of disillusion or frustration, and thus has a tendency to become a day of recrimination against the dominion.

In my opinion no one could have more accurately portrayed the exact situation in the part of Canada that I represent—a part that was once intensely opposed to confederation. I suppose the careless things I have done and the lack of interest I have shown in the first of July have stemmed from that background.

My honourable friend, who bears a distinguished name and represents a great people, says to me, in effect: "Our objects are the same. In our case I think the change would be helpful." But, gentlemen, he has done a great deal more towards educating our people in citizenship than I have ever done. Figuratively, he says to me, a representative of people whose national origin is in the British Isles: "I think this is what we should do, but I am quite willing to meet you on some other basis." Honourable senators, because of the great respect I have for the viewpoint of my friend and the desirability of what he has in mind, I am prepared to meet him. I think any honourable senator should deliberate a long time before he brushes the thought aside.

As far as I am concerned, irrespective of the advantages which might flow to some sections of the country, I do not believe that

a change of name Dominion Day to Canada Day would help us very much in the province from which I come. However, I do not think it would hinder us, for so far we have not made a very good job of celebrating the first of July. I do not think we can boast of our respect for that day. I am quite sure that the name "Confederation Day" would not help us. But, honourable senators, I am prepared to accept the specific suggestion of the honourable senator from The Laurentides (Hon. Mr. Bouchard) and the general spirit of the honourable member from De Salaberry (Hon. Mr. Gouin), and to state that I should like to see the first of July declared the statutory national holiday of Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: I would be prepared to go to the province of Nova Scotia and say to the people there—as I have said to myself and to my conscience—"It is time we stopped fooling and being childish about this question. This is a great country." Every honourable senator within the sound of my voice is apprised of the meaning of citizenship in Canada. But, gentlemen, our responsibility does not end there. It is our obligation to see that the children growing up in this country and the new-comers arriving here appreciate the significance of citizenship as we do. I think a declaration by statute that the first of July is the national holiday of Canada is worthy of our consideration. If any honourable member desires to call the day by a certain name, I can find no fault with that. For instance, originally the national holiday of the United States was named "Independence Day," but today it is referred to as "The Fourth" or "The Glorious Fourth". Because of the influence of our American friends, we commonly refer to our holiday as "The First of July".

There are many differences of opinion as to the name by which the day should be known. I have read that the Premier of Ontario had said that even if the Parliament of Canada changes the name of the first of July to "Canada Day", he will continue to refer to that day as "Dominion Day." On the other hand, if the Parliament of Canada declines to change the name, it will be just as fair for people in some other sections of the country to refer to the day as "Canada Day." The important point is that the July 1st should be declared by statute to be the national holiday of Canada.

Honourable senators, I intend to vote for second reading of this bill in the hope that in committee it will be amended as I have suggested. Should it not be so changed, I reserve my right to then do as I see fit. But I ask honourable senators to bear in mind the importance of this matter and to give serious and open-minded consideration to the question of establishing a national holiday. Honourable members might well vote in favour of second reading of the bill. Should it not be amended in committee, they of course will have a perfect right to do as they see fit afterwards. For my part I am going to accept the suggestion and the spirit of the honourable senators who have spoken in support of the bill. I hope this house will give it second reading and that in committee it may be amended along the lines I have suggested.

Some Hon. SENATORS: Hear, hear.

Hon. J. J. BENCH: Honourable senators, I had intended to vote against this bill on second reading. Undoubtedly the people in the part of the country from which I come are opposed to designating the first of July as "Canada Day", and I am not sure that I disagree with the views that the old name should not be changed so speedily and give way to the new.

The honourable gentleman who has just spoken referred to Joseph Howe. I should like to give the house my memory of a brief statement made by that very great Canadian. My recollection is that it goes something like this: It is a wise nation that gathers up its records, preserves its muniments, decorates the graves of its illustrious dead, and fosters national pride and love of country by perpetual reference to the glories and traditions of the past.

Hon. Mr. LEGER: That is exactly correct.

Hon. Mr. BENCH: That sentiment, expressed many years ago by another eminent Maritimer, has been echoed in this chamber today by the honourable leader of the government. As I say, I had intended to vote against the second reading of the bill. However, I am much impressed by the suggestion that has fallen from the lips of the honourable leader, and like him I am prepared to vote for second reading of the bill, reserving to myself the right to vote against the third reading if such an amendment as he suggests is not made in committee.

Hon. Mr. HAIG: Honourable senators, I have already spoken on this bill, but I would ask the indulgence of the house to allow me to move the adjournment of the debate until tomorrow. The proposal that has just been made is absolutely new to me, and I need some little time to consider it. I realize that in the circumstances I cannot move the adjournment without unanimous consent.

Hon. Mr. VIEN: Honourable senators, there is no member of the house whose suggestion I would yield to with more pleasure than I would to that of the leader opposite (Hon. Mr. Haig). However, it happens that I have to go out of town tonight, and as this debate has been carried on for a considerable period I feel that we should conclude it now unless there are cogent reasons for a further adjournment.

Hon. Mr. ROBERTSON: This is, after all, a private bill, and I would not have made my suggestion but for the fact that I have a certain responsibility to the house. I may say frankly that I had intended to notify the honourable leader opposite (Hon. Mr. Haig) of what I was going to do, but had no opportunity of speaking to him on the matter. The fault is partly his—he attends so many committee meetings. It seems to me that his request is reasonable, but I suppose the sponsor of the bill (Hon. Mr. Foster) is the one who should be consulted.

Hon. Mr. VIEN: I do not want to raise any unreasonable objection. Unfortunately, I shall be away tomorrow—

Hon. Mr. HAIG: I will promise the honourable gentleman a pair, if I have to pair with him myself.

Hon. Mr. COPP: Perhaps the debate could be adjourned until the honourable gentleman from De Lorimier (Hon. Mr. Vien) returns.

Hon. Mr. HAIG: That would be agreeable to me. I simply want a little time to consider the suggestion that has been made this afternoon.

Hon. Mr. SINCLAIR: I suppose it will be understood that the rest of us who have already spoken in this debate will be given the same opportunity as the honourable leader opposite (Hon. Mr. Haig) to speak again.

Hon. Mr. HAIG: If it is the wish of honourable members, I will withdraw my request; but in that event I will certainly ask that the house divide when the vote is taken. I would be loath to do that.

Hon. Mr. VIEN: The honourable gentleman does not desire to reopen the debate?

Hon. Mr. HAIG: No, no.

Hon. Mr. VIEN: The honourable gentleman simply desires to think over the situation in the light of remarks made by the honourable leader of the house.

Hon. Mr. HAIG: Yes.

Hon. Mr. VIEN: That is a cogent reason for adjourning the debate, and I agree to the adjournment with pleasure.

The motion was agreed to, and the debate was adjourned.

FOOD AND DRUGS BILL

CONCURRENCE IN COMMONS AMENDMENT

The Senate proceeded to consideration of the amendment made by the House of Commons to Bill X9, an Act to amend the Food and Drugs Act.

Hon. Mr. ROBERTSON moved concurrence in the amendment.

He said: Honourable senators, I will ask the honourable gentleman from Gloucester (Hon. Mr. Veniot) to explain the amendment.

Hon. C. J. VENIOT: Honourable senators, this bill, which originated in the Senate, was read the third time and passed here on the 5th of July. It now comes back to us from the other house with a short and commendable amendment. Before the bill was considered in the other place, representations were made by the Canadian Pharmaceutical Association to the Department of National Health and Welfare, to the effect that section 1 as worded might have implications beyond what the department intended, since it might be interpreted as giving the department power to regulate the commerce in a particular drug by, for instance, fixing the price of the drug or limiting the quantity of it which could be sold. In order to avoid any misinterpretation of the department's purpose, the other house amended section 1 by adding at the end thereof the following words: "in the interest and for the protection of the public health." The section as amended would read:

> Subsection one of section three of the Food and Drugs Act, chapter seventy-six of the Revised Statutes of Canada, 1927, as amended by section five of chapter three of the statutes of 1939, is further amended by adding thereto immediately after paragraph (k) thereof the following paragraph:
>
> (kk) defining the conditions of sale of any drug in the interest and for the protection of the public health.

It may be recalled that the main purpose of this section was to regulate the sale of penicillin and other new drugs, such as the sulpha drugs. A large proportion of the medical profession as well as some provincial departments of health consider it desirable that, for some time at least, penicillin and other new drugs should be sold only on doctor's prescriptions, so that these drugs may be under professional

control. The amendment is a wise one and should be adopted without hesitation by this honourable house.

The motion was agreed to.

EXPORTS CREDITS INSURANCE BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 126, an Act to amend the Export Credits Insurance Act.

He said: Honourable senators, I will ask the honourable senator from King's (Hon. Mr. McDonald) to explain this bill.

Hon. JOHN A. McDONALD: Honourable senators, I hope no one will get the impression that I set myself up as an authority on export credits insurance legislation, for I feel that I probably do not know as much about it as some other members do. However, from the reading I have done and my conversation with the chief executive officer of the corporation, I may be able to give sufficient information to enable honourable senators to give the bill second reading and refer it to the Committee on Banking and Commerce. There it could be examined clause by clause in the presence of the chief executive officer, and also Mr. Johnson of the Department of Finance, both of whom could be asked for any detailed information required.

Honourable senators will remember that the Export Credits Insurance Act is comparatively new legislation, having been first passed in August, 1944. It was amended last fall to increase from $100,000,000 to $750,000,000 the amount that may be loaned by the Minister of Finance.

Legislation similar to our act has been in effect in Britain for 27 years, and the United States government is now drafting a law along the same lines. Before the war sixteen foreign nations provided insurance facilities such as our exporters have under this statute.

The bill is divided into two parts. The first part, which comes under the jurisdiction of the Minister of Trade and Commerce, gives exporters of Canadian goods the privilege of getting insurance which they cannot get from private enterprise. There are, I believe, two private insurance companies, but they will only insure goods going to the United States or to Newfoundland, so on shipments elsewhere our exporters are unable to obtain protection other than that available under this Canadian government insurance scheme.

The scheme is of course a great encouragement to the expansion of our export trade. It must be remembered that Canada has to export about 25 per cent or more of her products, whereas it is estimated that only about 10 per cent of the products of the United States are exported. Possibly that is one reason why the United States has been behind Canada in this particular legislation.

The amendments in the first part of the bill are the result of six months' experience by the Export Credits Insurance Corporation, which was set up under the act. The corporation started business late in September last year. I do not know whether honourable members have seen its first report, covering activities of a little more than six months, but it was tabled in another place on the 23rd of May. The amendments suggested in part I of the bill are, first, to allow the corporation to insure an exporter against any risk of loss under an agreement for the export of goods, as well as any risk of loss involved in the actual export of the goods. The act authorized the corporation to insure an exporter only after the goods had been shipped, whereas it is desirable, in order to promote the increase of Canada's foreign trade, to insure exporters immediately they enter into contracts with foreign buyers. Honourable senators will understand the reason for this. Quite often goods are ordered from manufacturers, and they have to be stamped or in some other way marked. In such cases it is desirable that the insurance should run from the time the order is given.

Hon. Mr. HAIG: Does that protect the exporter in case of cancellation of the order after the manufacturing has started?

Hon. Mr. McDONALD: Yes, it does, if the cancellation could not be foreseen.

Hon. Mr. QUINN: The insurance protects him.

Hon. Mr. McDONALD: Yes. The second change is to allow the corporation to insure an exporter against all risks of loss involved in foreign trade arising from events beyond his control. Originally the act allowed the corporation to insure against certain specific risks only.

The third change is to allow the corporation to insure all goods which are exported from Canada, whether they be Canadian-produced goods or imported goods which are re-exported. The re-export of goods forms a minor but integrated part of Canada's export trade.

These extensions of insurance protection have been authorized since August 31, 1945, under order in council P.C. 5845, which order will, of course, be cancelled if this legislation is enacted.

The amendments to Part II of the act are designed chiefly to enlarge the purpose for which credits may be used. This part comes

under the jurisdiction of the Minister of Finance as well as of the Minister of Trade and Commerce; whereas the first part comes wholly under the jurisdiction of the Minister of Trade and Commerce. The changes noted here are three:

(a) The amendments are designed to enable a credit to be used for the purpose of paying for Canadian services. Under the act, credit can only be used for the purpose of paying the cost of Canadian-produced goods. There has been a demand by some countries for Canadian shipping, engineering and other services, and this change will allow us to meet reasonable demands of this nature.

(b) The second class of amendments are designed to enable a foreign country to make the credit available to private importers. Under the act it is necessary for the foreign government itself or some agency of the foreign government to purchase goods directly from an exporter. It is considered most desirable that ordinary channels of trade be established as quickly as possible and that private importers in the various countries to which credits have been granted should get in touch with their opposite members in Canada.

(c) The third class of amendments, enlarging the purposes for which credits can be used, would enable foreign governments to purchase Canadian-produced goods from the crown or crown corporations, such as War Assets Corporation. Under the act a foreign government is required to purchase from an "exporter", and doubt has arisen whether the crown or a crown corporation is an "exporter" within the meaning of the act. This will clear up any misunderstanding in that respect.

The Minister of Finance tabled in another place a report dealing with the loans that have been made under this second part of the legislation. As this report is available to honourable members I do not expect they would wish me to go into it very fully. It might, however, be of interest to them to know that at the time the report was made the following loans had been granted: To France, $242,500,000; Belgium, $100,000,000; China, $60,000,000; Czechoslovakia, $19,000,000; Netherlands, $125,000,000; Netherlands East Indies, $15,000,000; Norway, $13,000,000; U.S.S.R., $3,000,000.

I am glad of the opportunity—as I am sure are all honourable senators—of supporting this proposed legislation, because I believe it will encourage an increase in our foreign trade. We are very dependent on our export trade, which we must stimulate to the fullest extent possible if Canada is to become the great trading nation which we all hope she is destined to be.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: Honourable members, with the leave of the honourable senator who has made such an excellent explanation of this measure, I would move, since it has to do with both finance and trade that it be referred to the Standing Committee on Canadian Trade Relations instead of to the Committee of Banking and Commerce.

The motion was agreed to.

UNEMPLOYMENT INSURANCE BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 243, an Act to amend the Unemployment Insurance Act, 1940.

He said: Honourable members will recall that some months ago a bill, similar in part to this one, was introduced in the Senate, given second reading and referred to our Standing Committee on Banking and Commerce. Later it was found desirable to add some material amendments, but as these could not constitutionally be proposed here, the bill was withdrawn in order that it might be introduced in amended form in the other place. It now comes back to us as so amended.

I have asked the honourable senator from Inkerman (Hon. Mr. Hugessen), who gave such a lucid explanation of the former bill, and who is so thoroughly posted on the subject matter, to explain the present measure.

Hon. A. K. HUGESSEN: It falls to the lot of few men, honourable senators, to have to introduce the same legislation in this house twice in the same session. That, however, has been my lot in connection with this bill. I might add that it is a very pleasant duty, for I have always found this assembly to be most courteous, most considerate and most attentive when matters of substance are brought before it. As the honourable leader has said, a similar bill was first introduced in this house, and on the 23rd of May last I had the honour of explaining it on the motion for second reading. It was given second reading four days later, and

was then referred to the Standing Committee on Immigration and Labour. That committee reported on June 19 in these terms:

The committee has been informed that the government proposes to recommend amendments to this bill which will involve substantial charges on the Consolidated Revenue Fund. The proposals alter the character of the bill, making it a money bill which, under the provisions of the British North America Act, must originate in the House of Commons and be first recommended to that house by message of the Governor General. In these circumstances, it is the opinion of the committee that the bill should be returned to the Senate with the recommendation that it be withdrawn, and that consideration of this subject be deferred until the bill from the House of Commons reaches the Senate.

That, in effect, is what happened, honourable members. The original bill was withdrawn, and after the usual formalities required for a money bill a new bill with certain amendments was introduced in and passed by the other house. That measure is now before us for consideration on the motion for second reading.

With two quite important exceptions this new bill is to all intents and purposes the same as the bill which we considered in May. Perhaps honourable senators will recall that I then inflicted upon the House a rather long explanation.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. HUGESSEN: I hope not to offend in the same way this afternoon.

Hon. Mr. ASELTINE: Give us the new points.

Hon. Mr. HUGESSEN: There are two things I wish to do. First of all, I wish to remind the house very briefly of the principal changes that were sought by the bill, as originally introduced, and, secondly, to direct attention to those parts in the present bill which were not found in the first. But before doing so I should like to bring up to date some of the information which I gave to the house in May as to the general working of the act, with particular reference to the Unemployment Insurance Fund. Members will recall that in May I produced a certain table dealing with the receipts and disbursements of the fund, and that the honourable leader on the other side was particularly interested to find out whether during any of the then recent winter months the disbursements by way of benefits had exceeded the receipts. I was able to give him that information. It was to the effect that March last was the first month in which the benefits paid out from the fund exceeded the contributions into the fund, and that they did so by an amount of approximately a million and a half dollars.

Hon. Mr. QUINN: Including the government's contribution?

Hon. Mr. HUGESSEN: Including the government's contribution. I stated at the time I was advised that for April the position had been reversed and that the contributions had again exceeded the payments made. I am now in position to place before the house a further table which gives the operation of the fund for the months of April, May and June. Briefly, during the month of April the receipts exceeded the benefits paid out by slightly over $2,000,000; the same was true for the month of May; and for the month of June the receipts exceeded the payments out by slightly over two and a half million dollars. With the permission of the house I shall place this table on *Hansard*.

UNEMPLOYMENT INSURANCE FUND

REVENUE

Period	Number of insurance books issued to date	Contributions				Interest	Gross revenue for period
		Employee (estimated)	Employer (estimated)	Government	Total		
		$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Month ending April 30, 1946.	not available	2,622,747.70	2,207,358.57	966,021.25	5,796,127.52	559,229.47	6,355,356.99
Month ending May 31, 1946.	2,355,166	3,028,584.55	2,548,919.23	1,115,500.76	6,693,004.54	565,569.95	7,258,574.49
Month ending June 30, 1946.	*2,410,565	2,965,999.02	2,496,245.95	1,092,448.99	6,554,693.96	568,542.55	7,123,236.51

* Preliminary figures.

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REVISED EDITION

UNEMPLOYMENT INSURANCE FUND
EXPENDITURE

Period	Number of persons drawing benefit during period	Benefit	Net Revenue for period after payment of Benefit	Balance in Fund
		$ cts.	$ cts.	$ cts.
Month ending April 30, 1946	158,168	4,286,614.02	2,068,742.97	319,309,403.31
Month ending May 31, 1946	127,866	5,218,914.32	2,039,660.17	321,349,063.48
Month ending June 30, 1946†	103,231	4,468,245.05	2,654,991.46	324,004,054.94

† Number of persons commencing benefit on Initial Claim for the six months ended June 30, 1946 is 193,118.

There was another point which I mentioned in May, dealing with the intention of that time to extend the coverage of the Unemployment Insurance Act to the industry of lumbering and logging in the province of British Columbia. Section 22 of the bill, by amendment, permits the commission to bring a part of an industry under the operation of the act in cases where conditions in various sections of the country are so diverse that it is not possible to bring in all parts of the industry over the whole country. In point of fact, it has now been decided to bring the logging and lumber industries in British Columbia under the provisions of the Unemployment Insurance Act as of the 1st of August next.

May I now deal very briefly with the principal changes provided for by this measure? The bill is a rather formidable looking document, consisting of 29 pages, but a large proportion of it consists of a rearrangement and reclassification of various sections without any important change in principle. I would ask honourable senators to turn to pages 3 to 15.

Hon. Mr. HAIG: May I ask the honourable senator if it is not possible for the government to bring an industry under the act by order in council?

Hon. Mr. HUGESSEN: I am coming to that question, and if the honourable gentleman will allow me I will deal with it later.

As I was saying, pages 3 to 15 merely contain a rearrangement of sections 27 to 49 of the original bill and do not involve any important changes in principle.

The important changes are as follows: In section 29(1)(b) there is a change in the amount of money which an unemployed person drawing benefits from the fund can earn without disqualifying himself. Formerly he could earn by casual employment not more than a dollar a day. That figure has been increased to $1.50.

The next change will be found in section 31(2)(d) which deals with persons having dependents. Honourable senators will recall that those who have dependents get unemployment benefits on a slightly higher scale than those who have none. This amendment is designed to give the benefit of that higher scale to persons who maintain a self-contained domestic establishment and support therein a wholly dependent person connected by blood relationship, marriage or adoption. The third important change will be found on page 7 of the bill.

Hon. Mr. ASELTINE: May I ask the honourable gentleman if those features were not in the bill which came before us earlier?

Hon. Mr. HUGESSEN: I am going over the main features of the bill before us. I hope I am not wearying my honourable friend.

The table of benefits and rates for all classes of employees is brought into the body of the bill at page 7. Originally it was hidden away in the second schedule at the end of the act.

The fourth change, and one of considerable importance, arises under section 88(1) at page 21. Honourable senators will recall that the Unemployment Insurance Commission has two principal functions: first, to collect and administer the Unemployment Insurance Fund, and, second, to establish and maintain an unemployment service throughout Canada. Heretofore the commission has been more or less a self-governing body, responsible only to the Governor in Council. This alteration proposes to make the commission, insofar as the employment service only is concerned, responsible to the Minister of Labour. There are a number of reasons for the proposed change; but as these were discussed at some length by the honourable leader opposite (Hon. Mr. Haig) last May, it is unnecessary for me to go into them at the present time.

In section 97, on pages 23 to 26, there will be found new provisions permitting the com-

mission to make regulations with respect to a very large number of matters arising under the act. At page 25 will be found about ten or twelve new powers that are given to the commission. The most important of these, as I pointed out last May, are the ones which require employers to apply to the commission when they wish to employ people, and those which require employees who propose to take employment to report to the commission and register.

Section 105 at page 26 of the bill imports a new principle which I am sure will appeal to honourable senators. It is designed to provide for secrecy of the records of the commission. In others words, the information which the commission obtains as to the employment of an individual and the rate of pay which he receives is henceforth to be treated as secret and confidential as between that individual and the commission, in the same way as a man's income tax return is treated as confidential information.

Perhaps the most important amendment provided in the bill of last May, and repeated in this bill, is found in Part IV, under the general heading of "Veterans" at page 22. This provision details the rights of combatants in the recent war with respect to unemployment insurance. Honourable senators will recall that the general scheme is that anybody who was on active service in the Canadian forces during the war, and who comes back to Canada and engages in insurable employment during a period of at least fifteen weeks in any one year, thereby becomes entitled to be treated as if he or she had been under the provisions of the Unemployment Insurance Act from the time of enlistment or the 1st of July, 1941, when the act came into force, whichever is the later. In order to make that effective the government pays into the fund on behalf of the veteran the amount of the contributions which he and his employer would have made during the period while he was on service.

Now I come to the additional changes introduced by this bill, and which were not to be found in the original measure of last May. They relate to the fact that it has now been decided to bring merchant seamen and other employees in transportation by water under the provisions of the act. Honourable senators will recall that in Part II of the first schedule of the act there is a long list of what are called excepted employments. These employments do not come within the purview of the act. One of the excepted employments, as shown in paragraph (e) of Part II of the first schedule is as follows:

Employment in transportation by water or by air and stevedoring.

It is intended to amend that by substituting the words:

Employment in stevedoring.

May I revert now to the question my honourable friend asked a few minutes ago? There are two methods by which excepted employment listed in the first schedule can be brought under the act. The first is under section 86 (2) of the act which provides as follows:

On the recommendation of the committee and the commission, the Governor in Council may extend the provisions of Part II of this Act to any of the employments specified as excepted employments in Part II of the First Schedule to this act with such modifications, if any, as may be found necessary, or by special or supplementary schemes.

That method was adopted last year to bring under the act employment in transportation by air. The second method of bringing in new classes of employment is by amending legislation, such as this bill, and striking out some of the excepted employments now listed in the first schedule. That is the method now proposed in order to cover employment in transportation by water. The provision respecting employment in transportation by air has become unnecessary, because this was dealt with in 1945; and employment in transportation by water is now being taken out because it has been decided to bring merchant seamen under the provisions of the Unemployment Insurance Act.

The second new amendment introduced by this bill relates to the same subject, employment by water, and relates particularly to merchant seamen who served in the recent war. At page 23 of the bill there is a new section 96, under the general heading "Veterans", which I dealt with a few moments ago. It relates to the rights of veterans. This section 96 provides:

For the purposes of this part "veteran" shall include merchant seamen to whom a special bonus or a war service bonus was payable and "period of service" of merchant seamen shall be such part of the time served which counted for such bonuses as may be prescribed by the Governor in Council.

That is the part of the new legislation which made it necessary to withdraw the previous measure from this house and to introduce the present bill in the House of Commons. The policy of including merchant seamen as veterans and entitling them to the provisions of this act involved the deposit by the government of a substantial amount of money in the Unemployment Insurance Fund in order to pay up the contributions of these merchant seamen. The measure then became a money

bill, and it was necessary to withdraw it from this house and to introduce it in the other place.

If this bill is given second reading, I shall, in due course, move that it be referred to the Standing Committee on Immigration and Labour.

The motion was agreed to and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. HUGESSEN moved that the bill be referred to the Standing Committee on Immigration and Labour.

Hon. Mr. MURDOCK: Honourable senators, this is an important bill. The Standing Committee on Immigration and Labour meets tomorrow, and will meet again on the 30th and 31st of July. Would there be any objection to allowing this bill to stand until after the 1st of August?

Hon. Mr. ROBERTSON: Honourable senators, for the information of the house I may say that we are having Royal Assent on Friday afternoon at 6 o'clock. It is my intention to move, with the approval of the Senate, that we reconvene on Monday evening next, because we have important committees meeting on Tuesday. This is our regular business.

Hon. Mr. MURDOCK: Would Tuesday do, then?

Hon. Mr. ROBERTSON: I should think so.

The motion was agreed to.

PUBLIC PRINTING AND STATIONERY (ADVANCES TO KING'S PRINTER) BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 245, an Act to amend the Public Printing and Stationery Act. (Advances to the King's Printer).

He said: Honourable senators, the purpose of this bill is to increase the amount of the outstanding advances of money to the King's Printer. The amount of the advances was fixed at $700,000 in 1939, when the total expenditures by the King's Printer were about $5,000,000. By order in council under the War Measures Act the advances were increased to $2,000,000, and it is now proposed to authorize this amount by legislation. Honourable senators will understand that the money is advanced to the King's Printer to enable him to buy materials and pay for work that has to be done, the work being afterwards charged up to the respective departments. During the war there was a very large increase in the total expenditures for printing, and I believe that at one period they reached a total of nearly $12,000,000. It is expected, however, that there will be a considerable reduction from now on, and that the amount of $2,000,000, which as I say has already been provided for by order in council, will be sufficient. It is really a sort of revolving fund.

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

EXCHEQUER COURT BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 249, an Act to amend the Exchequer Court Act.

He said: Honourable senators, this bill is very short, but is perhaps of considerable importance to the legal fraternity in connection with the administration of justice. It contemplates increasing the number of judges of the Exchequer Court from three to four. The arguments advanced in support of the measure are chiefly two: first, that the volume of work at present before the Exchequer Court makes an additional judge necessary; and, secondly, that the Department of Justice hopes the appointment of an additional judge to that court may lessen the demands made upon judges of provincial courts to do special work, such as serving on commissions. I have no doubt that in many cases circumstances have made desirable the appointment of commissions composed of or at least headed by judges, since in our country the judiciary commands universal respect; but apparently the practice of using provincial judges for this purpose has made a heavy demand upon their time and has been the subject of much criticism.

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

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill W10, an Act for the relief of Joseph Alphonse Christen.

Bill X10, an Act for the relief of Edmond Lionel Hurd.

Bill Y10, an Act for the relief of Gladys Elsie Lariviere Doyle.

Bill Z10, an Act for the relief of Ernestine Anne Lothrop MacNaughton.

Bill A11, an Act for the relief of Irving Vengroff.

Bill B11, an Act for the relief of Robert Malcolm Dickenson.

Bill C11, an Act for the relief of Gwendolyn Edith Edson.

Bill D11, an Act for the relief of Bernice Mae Skidmore Weale.

Bill E11, an Act for the relief of George Christie Henderson.

Bill F11, an Act for the relief of Marie Lauretta Elinnette (Rita) Vallerand Barraclough.

Bill G11, an Act for the relief of William Thomas Bennett.

Bill H11, an Act for the relief of Edna Majorie Pitts Wellington.

Bill I11, an Act for the relief of Josephine Isabelle Nicholls Broglie Geoffrion.

Bill J11, an Act for the relief of Rose Hannah Colbeck Grant.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

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

Hon. Mr. ASELTINE: Honourable senators, with consent I would move third reading of the bills now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, July 25, 1946.

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

Prayers and routine proceedings.

THE ROYAL ASSENT

The Honourable the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Honourable Thibaudeau Rinfret, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber at 3 p.m. on Friday, July 26, for the purpose of giving the Royal Assent to certain bills.

APPROPRIATION BILL No. 5

FIRST READING

A message was received from the House of Commons with Bill 310, an act for granting to His Majesty certain sums of money for the public service of the financial year ending 31st March, 1947.

The bill was read the first time.

SECOND READING

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

Hon. WISHART McL. ROBERTSON: With leave of the Senate, now.

Honourable senators will recall that on June 25 Appropriation Bill No. 4 was given first reading, and on June 26 received second and third readings. It is now necessary to have a further appropriation. The amount required at this time is the same as the amount asked for under Appropriation Bill No. 4, namely $136,598,972.86. I hope the Senate will see fit to dispose of this bill today, in preparation for Royal Assent tomorrow afternoon at 3 p.m.

Hon. JOHN T. HAIG: If the honourable leader of the government will promise not to ask for another appropriation at the end of August, I am sure that members on this side of the house will not object to the bill receiving three readings today.

Hon. Mr. ROBERTSON: I offer my good services, for what they are worth, to see that it does not occur again.

Hon. Mr. HAIG: At this time I wish to congratulate the government on agreeing to call the next session of parliament in January.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I feel very flattered that my suggestion should have been accepted so readily.

Hon. Mr. ROBERTSON: I assure my honourable friend that I do not dissent from his viewpoint.

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

THIRD READING

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

Hon. Mr. ROBERTSON: With leave of the Senate, now.

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

EXPORT CREDITS INSURANCE BILL

REPORT OF COMMITTEE

Hon. W. D. EULER presented the report of the Standing Committee on Canadian Trade Relations on Bill 126, an Act to amend the Export Credits Insurance Act.

He said: Honourable senators, the committee have in obedience to the order of reference of July 24, 1946, examined the said bill, and now beg leave to report the same with the following amendments:

Page 5, line 7. After "or" insert "its" and after "guarantee" insert "of."

Hon. Mr. ROBERTSON: The amendments are of such a minor nature that perhaps the house would agree to concur in them now, and I will so move.

The motion was agreed to.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill, as amended, was read the third time, and passed.

CANADA-UNITED KINGDOM WHEAT AGREEMENT

COPIES LAID ON THE TABLE

Hon. Mr. ROBERTSON: Honourable senators, I beg to lay on the Table copies, in English and French, of the Wheat Agreement between the United Kingdom and Canada, signed on the 24th of July, 1946.

Hon. Mr. ASELTINE: Will the agreement be printed in the minutes? It is a pretty important document.

Hon. Mr. ROBERTSON: It is not the ordinary practice to print such a document in the minutes. It can be done if the Senate so desires, but I think there are copies available.

Hon. Mr. HAIG: No, there do not seem to be any copies available.

Hon. Mr. ROBERTSON: If copies are not available, would it be agreeable to honourable senators, to leave it to me to arrange to have the document printed in Hansard?

Some Hon. SENATORS: Agreed.

(*See appendix at end of today's report.*)

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Committee on Divorce, presented the following bills:

Bill K11, an Act for the relief of Marie-Jeanne-Augusta Clement Lajeunesse.

Bill L11, an Act for the relief of Jeanne D'Arc Guilmette Henchey.

Bill M11, an Act for the relief of James Arthur Bellows.

Bill N11, an Act for the relief of Charles Howard Alexander.

Bill O11, an Act for the relief of Alfred Wade.

Bill P11, an Act for the relief of Inga Mary Frances Kitching.

Bill Q11, an Act for the relief of Harold Clayton Webb Clout.

Bill R11, an Act for the relief of Phyllis Thorburn Rice Colby.

The bills were read the first time.

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

Hon. Mr. ASELTINE: Next sitting.

PRIVATE BILL

FIRST READING

Hon. Mr. HOWDEN presented Bill S11, an Act respecting Workers Benevolent Association of Canada.

The bill was read the first time.

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

Hon. Mr. HOWDEN: Monday next.

PUBLIC PRINTING AND STATIONERY (ADVANCES TO KING'S PRINTER) BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 245, an Act to amend the Public Printing and Stationery Act. (Advances to the King's Printer).

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

EXCHEQUER COURT BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 249, an Act to amend the Exchequer Court Act.

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

COMBINES INVESTIGATION BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 193, an Act to amend the Combines Investigation Act.

He said: Honourable members, I have asked the honourable senator from Rougemont (Hon. Mr. Beauregard) to explain this bill.

Hon. ELIE BEAUREGARD: Honourable senators, the purpose of this bill is to amend the Combines Investigation Act. It will be recalled that within the last two years Mr. F. A. McGregor, Commissioner of the Combines Investigation Branch, made an exhaustive investigation into the operation of combines and cartels. In his report he recommended that the act be amended to provide for more efficient administration, in order to facilitate inquiry into undue monopolistic trade restrictions and unlawful combinations in restraint of trade. This bill deals entirely with organization, and makes no change in the existing definitions of offences.

On October 1, 1945, the administration of the act was transferred from the Department of Labour to the Department of Justice. Consequently by section 1, the definition of "Minister" is changed from "Minister of Labour" to "Minister of Justice."

Section 2 amends Section 6 of the act. Its purpose is to increase the personnel and so improve the administration. At present there is a commissioner and an assistant commissioner. The amendment provides for the appointment of one or more deputy commissioners, defines their powers and duties, and empowers the commissioner to authorize a deputy commissioner to make inquiries.

Section 10 of the act enumerates the duties of the commissioner. By section 3 of the bill paragraph (e) of section 10 is amended to read:

(e) to compile information and make studies concerning the existence in Canada of monopolistic conditions arising from the operations of international cartels or otherwise and to make reports from time to time to the minister.

I infer that this amendment will enable the commissioner to be more alert with regard to the operations of international cartels.

Section 4 is new and is substantially similar in form to section 20 of the Dominion Trade and Industry Commission Act, 1935. The amendment reads:

4. The said Act is further amended by adding immediately after section ten thereof the following section:

"10A. The commissioner may receive complaints respecting practices alleged to be offences under this act or under section four hundred and ninety-eight or section four hundred and ninety-eight A of the Criminal Code and may investigate the same and, if of opinion that a practice complained of constitutes such an offence, may communicate the complaint and such evidence, if any, in support thereof as is in the possession of the commissioner to the attorney general of the province within which the offence is alleged to have been committed or to the Attorney General of Canada, for such action as the attorney general of the province or the Attorney General of Canada, as the case may be, may deem appropriate in the circumstances."

This amendment is necessary since, by subsection 1 of section 14 of the bill—it is proposed to repeal the Trade and Industry Commission Act.

Section 5 of the bill deals with section 12 of the act. This section, if amended, will read as follows:

The commissioner shall, on application made under section eleven of this act—

That is when six British subjects forward an application supported by affidavit.

—or whenever he has reason to believe that a combine exists or is being formed, or on direction by the Minister, cause an inquiry to be made into all such matters as he considers necessary to inquire into with the view of determining whether a combine exists or is being formed.

So there are three ways of starting an investigation into monopolistic organizations.

Section 6 of the bill amends section 22 of the act, which deals with the powers of the commissioner as to witnesses, and reads as follows:

The commissioner may order that any person resident or present in Canada be examined upon oath before, or make production of books, papers, records or articles to, the commissioner or before or to any other person named for the purpose by the order of the commissioner—

Subsection (2A) of section 6 of the bill provides that the commissioner shall not exercise power to penalize any person so ordered to furnish documents, papers or articles, unless application is made to a judge of the Exchequer court, a superior or county court.

Subsection (2B) reads as follows:

A justice before whom anything seized pursuant to a search warrant issued with reference to an offence against this Act is brought may, on the application of the commissioner, order that such thing be delivered to the commissioner and the commissioner shall deal with anything so delivered to him as if production of it had been made to him pursuant to subsection one of this section.

This means that pending an investigation the commissioner may be put in possession of instruments, documents and evidence.

The next section of the bill provides for the deletion of the last part of section 24 of the act, which to some extent offered protection against prosecution. Documents produced and in the hands of the commissioner could be used only under two sections in the Combines Act and the Criminal Code dealing with the same offence. The section now reads:

No person shall be excused from attending and giving evidence and producing books, papers, or records, in obedience to the order of the commissioner, on the ground that the **oral**

evidence or documents required of him may tend to criminate him or subject him to any proceeding or penalty, but no such oral evidence so required shall be used or receivable against such person in any criminal proceedings thereafter instituted against him, other than a prosecution for perjury in giving evidence upon such investigation, inquiry, cause or proceeding.

We now fall back on the provisions of the Inquiries Act.

A slight amendment to section 27 of the act provides that the commissioner shall deliver into the custody from which they came all documents, etc. Section 8(2) of the bill reads:

Within thirty days following the transmission of such report to the minister the commissioner shall cause to be delivered into the custody from which they came if not already so delivered, all books, papers, records and other documents in his possession as evidence relating to the investigation, except that if the commissioner has reported that in his opinion an offence has been committed, he shall retain as evidence for the purpose of prosecution such of the said books, papers, records and other documents for such further time as may be directed in writing by the Attorney General of Canada or by the attorney general of any province within which the offence is reported to have been committed.

The only remaining section of importance is the one dealing with patent rights. The Combines Act of 1937 dropped the section dealing with this matter, and it is now restored. The only change in the former section is in connection with the powers of the Exchequer Court to deal with persons charged with using patents in any way to restrain trade. The court would have the authority not only to revoke the patents, but to apply any one of five or six other remedies, thus avoiding the potential dangers of the former section. This part of our law is already in the International Code. We alone could not deal with patents, because they are already under international supervision.

Hon. Mr. LEGER: Will the honourable gentleman permit a question? Does that section permit cancellation of a patent?

Hon. Mr. BEAUREGARD: I think it does; an order may be made declaring it void in whole or in part, but the court may make orders of lesser severity.

Section 12 of the bill withdraws from the courts of minor jurisdiction the power to try certain offences under the Criminal Code.

Hon. Mr. LEGER: Has the honourable gentleman not missed a page? What about section 10?

Hon. Mr. BEAUREGARD: Section 31(1) under section 10 of the bill reads:

Whenever in the opinion of the commissioner an offence has been committed against any of the provisions of this Act, the commissioner may remit to the attorney general of any province within which such alleged offence was committed, for such action as such attorney general may be pleased to institute because of the conditions appearing, any records, returns, evidence or report relevant to such alleged offence.

There is not any great difference between that section and the present section. The only change of any importance is the deletion of the provision that after the documents have been sent to the Attorney General of the province three months must elapse before the Attorney General of Canada may take action.

Coming back to section 12, I may say that the only courts which would have jurisdiction to deal with offences under section 32 of the act, as under section 498 of the Criminal Code, are the superior courts or, as they are called in some provinces the supreme courts.

Section 13 of the bill repeals section 42 of the act and section 28 of the amending act of 1935, which are replaced by sections 6 and 11, respectively, of the bill.

After the bill has been read the second time, I will move that it be referred to the Standing Committee on Banking and Commerce.

Hon. ARTHUR W. ROEBUCK: Honourable senators, may I congratulate the honourable gentleman from Rougemont (Hon. Mr. Beauregard) upon his explanation of this important measure, and the government upon having brought it forward. I suppose that no one in this chamber is more impressed than I am with the evils involved in international and other cartels, and certainly no one has had more reason to appreciate the difficulty encountered by public authorities in their endeavour to suppress illegal operations by such organizations. Many years ago—I think it was in about 1920—I was briefed by the government of Ontario to prosecute a charge of conspiracy against a large and powerful alleged combine in the wholesale grocery trade of Ontario. For two years it was my duty and privilege to carry on that prosecution, and I was impressed then, as I still am, with the technical difficulties in the way. On every side I was hampered by the apparent insufficiency of the law to carry out the purpose of the prosecution, and to give the public the protection which appeared to be necessary. While I have not studied the details of this bill so completely as has the honourable gentleman who has just explained it, I am sufficiently familiar with it to be able to say that its general drift is in the right direction. It will remove certain technical difficulties and, I hope, make it possible for public authorities to maintain what the honourable

gentleman referred to as a more alert attitude.

Later in my experience I was further impressed with the evils of combines and cartels when, as a commissioner of the Hydro-Electric Power Commission of Ontario, I had the duty, along with my fellow commissioners, of buying very large quantities of electrical equipment. I observed over and over again, when we called for tenders for electrical equipment—supplies running into the thousands, hundreds of thousands and even millions of dollars—that all the tenders received were for exactly the same amount. There was no need to call for tenders, because any one of the companies, if asked for a price, would have given the same quotation as all the rest. That was a perfecly clear indication of a price-setting agreement among all the manufacturers of the type of supplies in question, and while I was no authority on the cost of producing such goods, I was quite sure that the tendered price was far beyond the true competitive value. On one occasion we received a tender for electric light bulbs—the same little bulbs that are sold by the hundreds of thousands because they are used in all Canadian homes equipped with electricity, and that is a very large proportion of our homes. The tender was considerably lower than any we had had previously, so we accepted it and planned to sell the bulbs at prices much below what we had been charging. A short time afterwards the tenderer came to us and said that he found it impossible to fulfil his contract, as he could no longer purchase supplies. Realizing the difficulty he was in we released him from his contract. He was paid a higher price and then had no difficulty in obtaining supplies. The general result was that the people of our province paid more than the competitive price for the bulbs. That is but one illustration of thousands of such arrangements made between large producers of goods which are necessary in our modern life. The basis of the cartel to which I refer was the use of patents to exclude others from entering the industry.

Sometimes one may well wonder whether we should not be better off without any patent laws at all than we are now, with these restrictions gathered into the hands of very large operators of capital who use them to exact unwarranted price increases. It is a grave question whether the impetus that invention is supposed to receive from the granting of patent rights is as beneficial in the encouragement of investors as it is harmful in placing oppressive powers in the hands of international cartels and combines. One could not read the recent report—published over the name of Mr. McGregor, the commissioner in charge of the investigation—with regard to the operations of international combines and cartels without being impressed with the necessity of what my honourable friend has termed a greater alertness on the part of the law enforcement to curb their nefarious practices. I wish Mr. McGregor and his staff more success than perhaps I achieved myself, and that they may have fewer difficulties to overcome than were thrown in my way as a result of the then defective and inadequate law. This bill is a step in the right direction, and I hope the authorities will be encouraged by the readiness of parliament to deal with the measure. I am very happy to vote for it.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADA DAY BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Foster for the second reading of Bill 8, an Act respecting Canada Day.

Hon. JOHN T. HAIG: Honourable senators, I want to thank the house for its kindness yesterday in allowing me to adjourn the debate on this bill. I am agreeable to the suggested reference to committee, but on the distinct understanding that in giving the bill second reading we are not to be taken as adopting its principle. I reserve to myself and my associates the right, when the bill again comes before us, to deal with the question of principle as we may see fit.

Hon. Mr. ROEBUCK: Honourable senators, I wish to offer an amendment to the bill. It is moved by myself and seconded by the honourable senator from St. Jean Baptiste (Hon. Mr. Beaubien). If any honourable senators rise to a point of order, I should like to speak on it.

The Hon. the SPEAKER: Honourable members, the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has already spoken in this debate, and therefore has exhausted his privileges and rights as far as the question now before the Chair is concerned. The submission of his motion is an intrusion on his part, and cannot be put from the Chair at this time.

The Senate is fairly liberal in its practice, but Rule 35 is very positive on this point. It reads:

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.

In my opinion the honourable senator is not capable of moving the motion that he has just sent to me.

Hon. Mr. ROEBUCK: On the point of order, Mr. Speaker, may I say that I am tendering my amendment to the house, and if I speak to the amendment I shall not be seeking to speak again on the original motion but rather on my amendment.

The Hon. the SPEAKER: According to the rule I have cited, the honourable senator is not in order. He cannot now take part in this debate, having exhausted his rights in the speech he made a few days ago. The rule is definite and clear, and I must see that it is observed.

Hon. Mr. MURDOCK: Some honourable senators might like to know what the motion is that the honourable gentleman proposes.

Some Hon. SENATORS: Oh, oh.

The Hon. the SPEAKER: I have no objection to reading it.

Some Hon. SENATORS: No! Second reading!

The Hon. the SPEAKER: The motion is on the second reading of this bill.

Hon. W. E. FOSTER: Honourable senators,—

The Hon. the SPEAKER: Honourable members, the honourable senator from Saint John (Hon. Mr. Foster) proposes to close the debate. If any honourable members wish to speak, they should do so now.

Hon. Mr. FOSTER: Honourable senators, this bill has been on the order paper for a considerable period of time, it has been thoroughly discussed, and I see no reason why I should at this stage prolong the debate. Of course, wide differences of opinion have been expressed as to the most appropriate name for the national holiday of Canada. I am prepared to accept any suggestion which may meet with the approval of the Senate. I do not think it would be wise at this stage to endeavour to kill the bill. I urge its passage, because I believe that if it is eventually passed in an acceptable form it will stimulate public interest in the celebration of our national holiday under a name that, I hope, will make for greater national unity.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in the second reading of this bill?

Hon. Mr. ROEBUCK: I am asking for a recorded vote.

The Hon. the SPEAKER: Is the honourable senator supported in his request?

Hon. JAMES MURDOCK: In the event of a recorded vote being taken now, it would put me and, I am sure, many others in a very embarrassing position. If I should have to vote now, of course I would vote against the bill. But that is not what I should do; I should give consideration to the reasonable proposals made by my leader yesterday.

Some Hon. SENATORS: Hear, hear. Question.

The Hon. the SPEAKER: On the motion for second reading only one honourable senator has asked for a recorded vote. Under our rules this must be requested by at least two senators.

Is it your pleasure, honourable senators, to concur in the second reading of this bill?

Some Hon. SENATORS: Carried!

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

REFERRED TO COMMITTEE

Hon. Mr. FOSTER: I presume that the most appropriate committee to which this bill may be referred would be the Standing Committee on Miscellaneous Private Bills; but I believe it would be more satisfactory to have the bill discussed in the Standing Committee on Banking and Commerce, with its larger membership, representative of both sides of the house. I shall be glad to have an expression of opinion on the question.

Hon. Mr. HAIG: We on this side of the house are quite agreeable to the bill being referred to the Standing Committee on Banking and Commerce. This is not to be taken as any reflection on the Private Bills Committee, the only reason for the preference being that it will afford a larger number of members an opportunity to discuss the bill.

Hon. Mr. FOSTER: Then I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CRIMINAL CODE BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 303, an Act to amend the Criminal Code.

He said: Honourable members, I have asked the honourable senator from East York (Hon. Mr. McGuire) to explain this bill.

Hon. W. H. McGUIRE: Honourable senators, this is a short, simple bill, and needs little explanation. When the provinces of Saskatchewan and Alberta were created in 1905 it was provided that the Northwest Territories Act as of the 1st of September of that year should apply to the two provinces. Under that act the jury in criminal cases is limited to six men. The Attorney General of Saskatchewan has requested that his province be permitted to return to the twelve-man jury system, and this is the purpose of section 4 of the bill. By section 3, however, the six-man jury is retained in Alberta. The object of section 5 is to permit the accused in Alberta—where, as I have already stated, the six-man jury is retained—to have half the number of peremptory challenges which he would have if the jury consisted of twelve persons. In effect the proposed amendments will make the Criminal Code applicable uniformly, so far as possible, to all the provinces.

I am advised that there is some urgency about passing this bill; therefore, with the consent of the house, I shall explain the purport of its six main sections, and then, if honourable members are satisfied, it will not be necessary to send the bill to committee.

Section 1 of the bill would repeal subsection (c) of Section 9 of the Criminal Code, chapter 36 of the Revised Statutes of Canada, 1927, which states that the provisions of the Code shall, under certain conditions, extend to and be in force throughout Canada, except (a) in the Northwest Territories, (b) in the Yukon Territory, and (c) in the Province of Alberta. The effect of this repeal would be to put Alberta on the same basis as the rest of Canada except the Yukon and the Northwest Territories.

Section 2 of the bill further amends the Criminal Code by adding immediately after section 581 the new section 581A. Section 581 comes under the heading of jurisdiction and reads as follows:

> Where an indictment is found against any person for any of the offences mentioned in section four hundred and ninety-eight—

This section deals with conspiracies, combines, etc.

> —the defendant or person accused shall have the option to be tried before the judge presiding at the court at which the indictment is found, or the judge presiding at any subsequent sitting of such court, or at any court where the indictment comes on for trial, without the intervention of a jury; and in the event of such option being exercised the proceedings subsequent thereto shall be regulated in so far as may be applicable by Part XVIII. R.S., c. 146.

The proposed section 581A reads:

> Notwithstanding any other provision of this Act, any person charged with an indictable offence in the province of Alberta may, with his own consent, be tried by a judge of the superior court of criminal jurisdiction of Alberta without the intervention of a jury.

The wording of this section applies to Alberta, and preserves the right of a person accused of an indictable offence to be tried before a judge without a jury. I may say that the Attorney General of the province of Alberta has agreed to these proposed amendments.

Hon. Mr. LEGER: Would that provision apply to any indictable offence or only to certain classes of offences?

Hon. Mr. McGUIRE: Indictable offences.

Hon. Mr. LEGER: To every kind of indictable offence?

Hon. Mr. McGUIRE: The bill says "an indictable offence".

Hon. Mr. ASELTINE: Before the honourable gentleman leaves 581A, would he please explain to the members why it departs so radically from section 581, which deals only with trial by judge without a jury in conspiracy cases? I understand that if this section is passed, any indictable offence in the province of Alberta can be tried by a judge without a jury if the accused consents. Why is it necessary to go that far? I am rather suspicious of that amendment.

Hon. Mr. McGUIRE: The section being amended is 581, which refers to cases of conspiracy. As far as I can see, the amendment does not make any difference in that section, but it provides for the system which has been in effect in Alberta under the terms of the Northwest Territories Act. In other parts of Canada, except the Yukon and Northwest Territories, there are juries of twelve. In Alberta the wish is, and the Attorney General of that province has so indicated, to carry on with a jury of six. Consequently, this section—

Hon. Mr. ASELTINE: I am not satisfied with that explanation. Does the honourable member not think that section 581A refers not only to indictments in conspiracy cases but to all indictments?

Hon. Mr. LEGER: Even to murder.

Hon. Mr. ASELTINE: Yes. If that is what it means, it should be redrafted.

Hon. Mr. McGUIRE: I understand that these amendments are satisfactory to the Attorney General of Alberta.

Hon. Mr. ASELTINE: We do not care about that.

Hon. Mr. McGUIRE: I submit that I have no authority to suggest that they be amplified to include all offences. Alberta has carried on under the Northwest Territories Act, but section 1 of the bill brings the province under the Criminal Code of Canada. The Attorney General of Alberta has emphasized his desire to continue with a jury of six, and therefore not only the change under section 581 but subsequent changes in the Criminal Code are made to satisfy Alberta.

Hon. Mr. CAMPBELL: I think the point taken by the honourable gentleman opposite is quite in order. Is it not agreed that the wording of that new section would enable a person charged with any indictable offence, including murder, to elect to be tried by a judge without a jury? I have not the Criminal Code before me, but would ask if the intention of the amendment would not be effected if the words "indictable offence" were added after the words "under this secton." Is section 581 the section under which they wish the person charged to make his election for trial without a jury?

Hon. Mr. McGUIRE: Honourable members, as I stated before I have been advised that because this legislation is to be availed of in Alberta there is a desire that it be passed speedily. All the subsequent sections of the bill have been drawn up after consultation with the Department of Justice, and I cannot speak for that department. If honourable members think the section under discussion should be amended, it is quite useless for me to explain the other sections. In my opinion it would be necessary to send the bill to a committee where officials from the Department of Justice could tell us what their instructions are and what Alberta desires.

Hon. Mr. ROBERTSON: Will honourable senators permit me to make a statement? As I have not the legal knowledge possessed by many honourable members, I thought this measure was one on which there would be very little question or further information required. My suggestion was that, with the agreement of the house, it might receive third reading this afternoon. The honourable gentleman from East York has pointed out that the passage of this bill is somewhat urgent. After speaking to the honourable leader opposite (Hon. Mr. Haig) it has occurred to me that the bill might be sent to the Committee on Banking and Commerce, which could arrange to meet tomorrow morning. If the explanations given in committee were satisfactory, the house could convene tomorrow afternoon at 2.30 p.m. and reconsider the bill.

Hon. Mr. ASELTINE: If the bill is amended here it will have to go back to the House of Commons for approval. I do not see how we can pass it in its present form.

Hon. Mr. HAIG: The honourable gentleman from West Central Saskatchewan (Hon. Mr. Aseltine) intends to speak on the bill, but I should like to answer my honourable friend opposite. We have been worried about the section under discussion. If the bill goes to committee and is amended, it will then have to go back to the House of Commons.

Hon. Mr. COPP: If there is no amendment to the bill, it will go through.

Hon. Mr. HAIG: I am not speaking on the bill now, but on a point of order.

Hon. Mr. ROBERTSON: Honourable senators, if there is subject matter in the bill that does not meet with the approval of the Senate, honourable members are only discharging their duty in taking the stand they do, irrespective of the inconvenience which may be caused to the province of Alberta. The position would be no worse if the bill were referred to committee for further explanation tomorrow morning. If the information given then is satisfactory, the bill could get third reading and be ready for Royal Assent tomorrow afternoon. On the other hand, if amendment is required, the bill will have to stand over.

Hon. Mr. HAIG: That is satisfactory.

Hon. Mr. McGUIRE: Honourable members, it would appear that some members are very anxious to have this legislation considered now, but I do not think anything can be done, except in committee, where we can hear officials of the Department of Justice. In view of the circumstances, I suggest that it would be superfluous for me to give any further explanation of those sections which modify certain sections of the Code so as to make them applicable to Alberta.

Hon. W. M. ASELTINE: Honourable senators, my chief objection is to the amendment to section 581 of the Code. Perhaps the matter has been discussed here as fully as it can be for the time being, and it may be that in committee there will be some explana-

tion or amendment satisfactory to us all. I do not know why there should be such a great rush to put the bill through. Section 7 of the bill states that the act shall not come into force until a date fixed by proclamation of the Governor in Council published in the Canada Gazette. I presume that a special issue of the Gazette could be printed—

Hon. Mr. ROBERTSON: That is the intention.

Hon. Mr. ASELTINE: With regard to the other parts of the bill, I think I am correct in saying that when the provinces of Saskatchewan and Alberta were first formed their juries consisted of 12 persons, and that this remained true until some years ago when, for purposes of economy, both provinces decided to try out the six-man jury. In Saskatchewan that was found unsatisfactory, and we are now reverting to a jury of twelve.

Hon. Mr. MURDOCK: Please say why it was found unsatisfactory.

Hon. Mr. ASELTINE: I understand the leader on this side (Hon. Mr. Haig) is going to speak on that part of the question, so I will only say that we found twelve good men and true were more likely to arrive at a proper decision than six. Right from the beginning the lawyers in our province were absolutely against the change to a six-man jury, and wanted a return to the old system.

Hon. A. L. BEAUBIEN: Have we a six-man jury in Manitoba?

Hon. Mr. ASELTINE: No. I do not think Manitoba has ever had anything but a twelve-man jury.

Hon. Mr. HAIG: Oh yes. We had a six-man jury. I voted for it. I will tell you the story when I speak on the bill.

Hon. Mr. ASELTINE: I think that in all the provinces except Saskatchewan and Alberta the jury is now composed of twelve persons. I have no objection to Saskatchewan returning to the twelve-man system, nor to Alberta continuing with the jury of six men. I think that in the end Alberta will revert to the old system.

Hon. Mr. KINLEY: Does this refer to the petit jury or the grand jury?

Hon. Mr. ASELTINE: This has nothing to do with the grand jury.

Hon. Mr. KINLEY: Must not a true bill be returned by the grand jury before a person is tried by a judge or jury?

Hon. Mr. ASELTINE: I am not sure that I heard the question correctly.

Hon. Mr. HAIG: We have no grand jury in Manitoba.

Hon. Mr. KINLEY: I realize that this matter is largely one for the legal members of the house, but all through my public life I have observed certain invasions of that great bulwark of British justice, trial by jury. In the province of Nova Scotia at one time there was a movement to abolish the grand jury. It seems to me that if we are going to allow persons charged with serious offences to elect to be tried before a judge without a jury, that is an invasion of the system of trial by jury, and for that reason I think the proposed amendment should be very carefully examined.

Hon. Mr. ASELTINE: We have no grand jury in Saskatchewan.

Hon. JOHN T. HAIG: Honourable senators, I am against the six-man jury. Some years ago Manitoba had the grand jury as well as the petit jury of twelve. For reasons of economy the grand jury was abolished, and there has been no demand to have it brought back. The need for it was largely overcome by having only barristers appointed as magistrates. The number of our magistrates has been considerably reduced, and that of course means a wider area of jurisdiction for each of them. They are practically full-time employees of the provincial government. The system works extremely well, except for the fact that public institutions such as mental hospitals, jails and reformatories are no longer visited and inspected by the grand jury, and on that account there has been some little complaint.

While I was a member of the Manitoba legislature the petit jury in our province was reduced from twelve men to six. I may say, if you will pardon a personal reference, that I was one of those who voted for that change. There soon arose a demand for a return to the former system. The legislature then voted for the twelve-man jury, and that is what Manitoba has had ever since. At the time of the second vote I was not a member of the legislature, but I was then, as I am now, heartily in favour of the twelve-man jury. The demand for its return came principally from accused persons and those associated with their defence, and was based mainly on the contention, which I think is well founded, that the judge on the bench has greater influence over a jury of six men than over one of twelve.

I agree with what was said by my honourable friend from Queen's-Lunenberg (Hon. Mr. Kinley) about the importance of the jury. We want to see to it that any person

accused of a crime is given every opportunity for a fair trial by his peers. In Manitoba, and I believe also in Saskatchewan, there is a steadily growing feeling that from the point of view of both law enforcement and defence of the innocent, a jury of twelve men is fairer than one of six. I venture the suggestion that within five years Alberta will be asking for a return to the twelve-man jury.

Hon. Mr. McGUIRE: In reply to the honourable gentleman from West Central Saskatchewan (Hon. Mr. Aseltine), I may say that the only change affecting his province is the return to the twelve-man jury.

Hon. Mr. ASELTINE: I understand that.

Hon. Mr. McGUIRE: I do not think we can obtain further information on the bill except by a reference to committee, where our Parliamentary Counsel and officers of the Department of Justice could be questioned. I am advised that the proposed amendment to section 581 has come from the Attorney General of Alberta and has been consented to by the Minister of Justice. However, these matters can be gone into properly only in committee, and I would suggest that the reference be to the Banking and Commerce Committee which, as was stated by the honourable leader (Hon. Mr. Robertson), will be meeting tomorrow morning.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until tomorrow at 2.30 p.m.

APPENDIX

Canada-United Kingdom Wheat Agreement

The Government of Canada and the Government of the United Kingdom, recognizing that their mutual interest in the maintenance of reasonable prices and adequate supplies of wheat for consumers and of steady and remunerative prices for producers can best be met by international co-operation in the expansion of world trade and employment, have entered into the following arrangements designed to ensure a measure of security in the supply and of stability in the price of wheat supplied by Canada to the United Kingdom:

1. (a) The United Kingdom government undertakes to purchase and the Canadian government undertakes to sell the following quantities of Canadian wheat, which quantities include wheat to be processed into flour for sale to the United Kingdom government:

(i) within the crop year 1946-47, 160,000,000 bushels;

(ii) within the crop year 1947-48, 160,000,000 bushels;

(iii) within the crop year 1948-49, 140,000,000 bushels;

(iv) within the crop year 1949-50, 140,000,000 bushels.

A bushel shall be of the weight of 60 pounds avoirdupois.

(b) In the event of the United Kingdom requiring from Canada any additional quantities of wheat that the Canadian government is prepared to make available, such additional quantities which the Canadian government offers and the United Kingdom government accepts shall in all respects be subject to the provisions of this agreement.

(c) Of the total quantity of wheat specified above for each crop year, the United Kingdom government agrees to take the following quantity in long tons in the form of flour:

1946-47—500,000 tons as a minimum, with an additional quantity not exceeding 140,000 tons to be determined by negotiations in the light of the out-turn of the crop.

1947-48—400,000 tons as a minimum, with an additional quantity not exceeding 140,000 tons to be determined by negotiations in the light of the out-turn of the crop.

1948-49—300,000 tons as a minimum, with actual tonnage to be negotiated by the 1st July, 1947.

1949-50—300,000 tons as a minimum, the actual tonnage to be negotiated by the 1st July, 1948.

(d) The rate and place of deliveries of wheat and flour shall be determined from time to time by mutual agreement.

2. (a) The price per bushel to be paid by the United Kingdom government to the Canadian government, on the basis Number One Manitoba Northern, in store Fort William, Port Arthur, Vancouver or Churchill, shall be as follows:

(i) In respect of wheat bought and sold in the crop year 1946-47, $1.55.

(ii) In respect of wheat bought and sold in the crop year 1947-48, $1.55.

(iii) In respect of wheat bought and sold in the crop year 1948-49, not less than $1.25.

(iv) In respect of wheat bought and sold in the crop year 1949-50, not less than $1.00.

(b) The actual prices to be paid for wheat to be bought and sold within the crop year 1948-49 shall be negotiated and settled between the United Kingdom government and the Canadian government not later than the 31st December, 1947, and prices for wheat to be bought and sold within the crop year 1949-50 shall be negotiated and settled not later than the 31st December, 1948. In determining the prices for these two crop years, 1948-49 and 1949-50, the United Kingdom government will have regard to any difference between the prices paid under this agreement in the 1946-47 and 1947-48 crop years and the world prices for wheat in the 1946-47 and 1947-48 crop years.

(c) The prices to be paid for grades other than Number One Manitoba Northern to be delivered under this agreement shall be determined yearly in consultation between the United Kingdom government and the Canadian government.

(d) In addition to the prices detailed in section (a) of this article, the United Kingdom government undertakes to pay such carrying and forwarding charges as may be mutually arranged.

(e) Payment shall be made in full in Canadian funds at par Winnipeg by the United Kingdom Payments Office against presentation of completed statements of claim or otherwise as may be mutually agreed.

3. It is agreed that the United Kingdom government may sell or dispose of the wheat and flour purchased under this agreement in whatsoever manner the United Kingdom government may deem expedient both in regard to destination and price.

4. (a) The Canadian government will use its best endeavours to arrange that the quantities of wheat set out in Article 1(a) shall at all times be available and at the disposal of the United Kingdom government within the stipulated dates and in accordance with the rates and places of delivery determined under section (d) of Article 1 of this agreement.

(b) The United Kingdom government will use its best endeavours to arrange for the provision of the required ocean tonnage within the stipulated dates and in accordance with the rates and places of delivery determined under section (d) of Article 1 of this agreement.

5. It is agreed that the detailed terms and conditions relating to such matters as carrying and forwarding charges, grades, routing of shipments and all other matters incidental to the fulfilment of this agreement shall be discussed and settled from time to time and incorporated in documents to form annexes to this agreement.

6. It is mutually understood that matters arising from, or incidental to, the operation of this agreement may at the instance of either party become subjects of discussion between the parties to this agreement.

7. Having in mind the general purposes which this agreement is designed to serve, the two governments have agreed that its terms and conditions shall be subject to any modification or amendment which may be necessary to bring it into conformity with any international agreements or arrangements hereafter entered into to which both governments are parties.

Done in duplicate, in Ottawa, on the twenty-fourth day of July, 1946.

For the Government of Canada:

Jas. A. MacKinnon.

For the Government of the United Kingdom:

P. A. Clutterbuck.

THE SENATE

Friday, July 26, 1946.

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

Prayers and routine proceedings.

CRIMINAL CODE BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 303, an Act to amend the Criminal Code.

He said: Honourable senators, your committee have examined this bill, and now beg leave to report it without any amendment.

THIRD READING

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

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

Hon. W. M. ASELTINE: Honourable senators, before the motion is put I should like to make a brief explanation. When this bill was being considered here yesterday, a number of members objected to the proposed new section 581A of the Code, thinking that a new principle was being adopted with respect to Alberta, and not realizing at the time that the section embodied what is already the law in that province. The section provides that any person charged with an indictable offence in the province of Alberta may, with his own consent, be tried by a judge of the superior court of criminal jurisdiction, without a jury. A similar provision was in the Northwest Territories Act and has always been the law in Alberta.

My only objection now is to the insertion of this provision in the Criminal Code. I think it should be left in the Northwest Territories Act until such time as Alberta decides that its law in this respect should be uniform with the law throughout the rest of the dominion. At the present time Alberta is the only province in which an indictable offence may, with the consent of the accused, be tried by a judge without a jury. However, in committee this morning we were told by a representative of the Department of Justice that at a convention to be held in Winnipeg soon he would be meeting the Deputy Attorney General of Alberta, and would discuss this matter with him in an endeavour to have Alberta's law as to the trial of persons accused of indictable offences made uniform with the law of the other provinces.

I made no objection to the remainder of the bill yesterday, and in view of the fact that a very important case is coming up for trial in Alberta on Monday and it is necessary for the accused to have the privilege of making as many challenges of jurors as is usual in other provinces, I am no longer opposing the bill and shall not object to its being read the third time now.

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

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill K11, an Act for the relief of Marie-Jeanne-Augusta Clement Lajeunesse.

Bill L11, an Act for the relief of Jeanne D'Arc Guilmette Henchey.

Bill M11, an Act for the relief of James Arthur Bellows.

Bill N11, an Act for the relief of Charles Howard Alexander.

Bill O11, an Act for the relief of Alfred Wade.

Bill P11, an Act for the relief of Inga Mary Frances Kitching.

Bill Q11, an Act for the relief of Harold Clayton Webb Clout.

Bill R11, an Act for the relief of Phyllis Thorburn Rice Colby.

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

THIRD READINGS

The Hon. the SPEAKER: When shall these bills be read the third time?

Hon. Mr. ASELTINE: With leave of the Senate, I move that they be now read the third time.

The motion was agreed to, and the bills were read the third time, and passed, on division.

ADJOURNMENT

Hon. Mr. ROBERTSON: I move, honourable senators, that when the Senate adjourns today it do stand adjourned until Monday, July 29, at 8 p.m.

The motion was agreed to.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

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

An Act respecting the Marking of Articles containing Gold, Silver or Platinum.

An Act to amend The Royal Canadian Air Force Act.

An Act to amend The Department of Transport Stores Act.

An Act to amend the Soldier Settlement Act.

An Act respecting Canadian National Railways and the Acquisition of the Manitoba Railway.

An Act respecting benefits for persons who served in the Women's Royal Naval Services and the South African Military Nursing Service.

An Act to amend the Railway Act.

An Act to incorporate Prescott and Ogdensburg Bridge Company.

An Act to amend the Yukon Placer Mining Act.

An Act to amend the Research Council Act.

An Act respecting the operation of Government Companies.

An Act to incorporate Co-operative Life Insurance Company.

An Act to consolidate and amend the Acts relating to La Société des Artisans Canadiens-Francais.

An Act to amend the Food and Drugs Act.

An Act to amend the House of Commons Act.

An Act to amend the Public Printing and Stationery Act.

An Act to amend The Quebec Boundaries Extension Act, 1912.

An Act to amend the Public Printing and Stationery Act. (Advances to the King's Printer.)

An Act to amend the Exchequer Court Act.

An Act to amend the Criminal Code.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1947.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Monday, July 29, at 8 p.m.

THE SENATE

Monday, July 29, 1946.

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

Prayers and routine proceedings.

MEAT AND CANNED FOODS BILL

FIRST READING

A message was received from the House of Commons with Bill 164, an Act to amend the Meat and Canned Foods Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

PRIVATE BILL

SECOND READING

Hon. J. P. HOWDEN moved the second reading of Bill S11, an Act respecting Workers Benevolent Association of Canada.

He said: Honourable senators, the purpose of this bill is to amend the act incorporating the Workers Benevolent Association of Canada, in order to permit the association to hold conventions triennially instead of annually, as required by the act of incorporation. There is nothing unusual in this proposed amendment. It is in line with a like provision in the charters of other associations of a similar nature, and is designed to promote more economical administration of the affairs of the association.

If the bill is read a second time, it is my intention to move that it be referred to the Committee on Banking and Commerce.

The motion was agreed to and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. HOWDEN moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

BUSINESS OF THE SENATE

COMMITTEE MEETINGS

Hon. Mr. ROBERTSON: I should like to draw the attention of honourable members to the fact that to-morrow there will be several important committee meetings. In the morning the Standing Committee on Banking and Commerce will hear representations from the Canadian Manufacturers Association and the Patent Institute of Canada on the Combines Investigation Bill; the Standing Committee on Immigration and Labour will resume its sittings and take further evidence on various phases of immigration; and it is hoped that after the Senate rises there will be a meeting of the Standing Committee on Finance. On Wednesday the Standing Committee on Banking and Commerce will hear representations from the Canadian Bankers Association on the Bankruptcy Bill, and the Immigration and Labour Committee will continue its inquiry into immigration matters. This committee will meet again on Thursday for the purpose of considering the Unemployment Insurance Bill.

Hon. Mr. MURDOCK: I would ask honourable members to give us a quorum to-morrow morning when the Immigration and Labour Committee will meet to hear an important witness.

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

THE SENATE

Tuesday, July 30, 1946.

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

Prayers and routine proceedings.

MEAT AND CANNED FOODS BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 164, an Act to amend the Meat and Canned Foods Act.

He said: Honourable senators, I have asked the honourable member from King's to explain this bill.

Hon. JOHN ALEXANDER McDONALD: Honourable senators, this bill contains only two short amendments, and wherein I fail to explain them I shall look to my colleagues who are more familiar with the canned fish industry than I am to help me out.

The first section of the bill provides for the deletion of the words "the name of the place and/or province where the same was packed." This simply means that it shall no longer be compulsory for dealers to have cans of fish or shellfish labelled with the name of the place or the province where they were packed. The present requirement causes unnecessary hardship to assemblers, who pack or buy a number of canned fish products in more than one province, because labels have to be made for each type of product and for each province in which it is packed.

Hon. Mr. QUINN: Would there be anything to indicate that the product was packed in Canada?

Hon. Mr. McDONALD: Yes, the mark or number of the packer has to be embossed on the can. In that way the consumer is protected.

The second amendment provides statutory authority for the establishment of grades and other requirements for canned fish or shellfish which may be presented for grading. This will allow for the grading of canned fish and shellfish other than lobsters, where application is made for inspection or grading. I may say, honourable senators, that section 2 of the bill was amended in committee in another place. In the original drafting of the bill the words "fish or shellfish" were substituted for "lobster," and it was thought by some members of the committee that this provision might make for compulsory grading of canned fish. It was therefore decided to restore section 23 as it was originally, and to add as subsection (2), a provision which would give statutory authority for the grading of canned fish or shellfish other than lobster, when requested.

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

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

Hon. Mr. ROBERTSON: Next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill T11, an Act for the relief of Fania Pustopedskaites Sobolevicius, otherwise known as Fanny Pustopedsky Sobolevicius.

Bill U11, an Act for the relief of Frances Mary Fisk Irwin.

Bill V11, an Act for the relief of Lilias Clark Watt James.

Bill W11, an Act for the relief of Michael Gibson.

Bill X11, an Act for the relief of Azarie Trottier.

Bill Y11, an Act for the relief of Elizabeth Sharp Hamelin.

Bill Z11, an Act for the relief of Lucille Aimée Cadieux Lacombe.

Bill A12, an Act for the relief of Mary Wetstein Szabo.

Bill B12, an Act for the relief of Brandla Lylberberg Guz, otherwise known as Bertha Silverberg Gass.

Bill C12, an Act for the relief of Natalie Kathleen Fearon Kirouac.

The bills were read the first time.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, July 31, 1946.

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

Prayers and routine proceedings.

NATIONAL HOUSING BILL

FIRST READING

A message was received from the House of Commons with Bill 306, an Act to amend the National Housing Act, 1944.

The bill was read the first time.

MOTION FOR SECOND READING

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

Hon. WISHART McL. ROBERTSON: Honourable senators, the business on our order paper this week has been very limited; our activities having been confined almost exclusively to committees. The bill on housing has not yet been distributed. The honourable senator from Kennebec (Hon. Mr. Vaillancourt), at my request, is prepared to explain the bill now, if the house so desires, or to wait until we have it before us. So far as I can observe there will be very little other business for us to do tomorrow. The Finance Committee will have a meeting at 4 o'clock, when representatives of the Department of Trade and Commerce will be present. I am entirely in the hands of the Senate as to whether the motion for second reading of the Housing Bill should be made this afternoon.

Hon. JOHN T. HAIG: Honourable senators, I am in a somewhat difficult position. I never like to discuss a bill until it has been distributed. However, before replying to the honourable leader's remarks, I wish to make a suggestion on my own responsibility, as I have not consulted honourable members on this side nor anyone else about it. It looks to me as though the Senate, apart from its committees, will have no work to do all next week. Some ten or twelve bills concerning veterans' affairs were passed in the other house yesterday, but they will not give rise to much discussion here. They are the result of the deliberations of a large committee which spent a great deal of time on the whole question, and I cannot imagine that we in this house will interfere with what they have done.

Hon. Mr. SINCLAIR: Much of the discussion on the bills in the other house was in the Committee on Veteran's Affairs.

Hon. Mr. HAIG: Aside from those bills I do not see any legislation at all in sight. No progress is being made in the other place, and we might as well face that situation. I therefore suggest to the leader of the government that between now and next week he consider the advisability of having a recess of the Senate for another week. I am not in favour of recesses of this kind; I prefer to keep working for a month or so, and not to have an adjournment unless there is no work in prospect for two or three weeks. As it is now, I cannot see how there will be anything for us to do the week after next. I would have suggested an adjournment for next week except that some important committees are scheduled to be sitting then. I do not want to be pessimistic, but I think we shall be lucky if this session is over by the 1st of October. This morning in another place no progress of any kind was made.

Hon. Mr. HOWARD: They were talking on agricultural implements.

Hon. Mr. HAIG: There was no progress yesterday either. I am not criticizing anyone; I am simply stating the fact.

As to the National Housing Bill, we on this side are eager to have the legislation enacted. In my opinion, the sooner it is put through the better it will be for this country.

My reasons for now urging the leader of the government to consider a ten day adjournment, commencing next Thursday night, are two: first, that so far as I can see there will then be no legislation before us; and, secondly, that an early announcement would give those of us who live a considerable distance from Ottawa an opportunity to make necessary Pullman reservations. It is impossible to get such accommodation on short notice.

Hon. Mr. ROBERTSON: Honourable senators, I sincerely hope that the predictions of the honourable leader opposite will not be borne out, although I am bound to confess that his experience is much longer than mine, and places him in a better position to form an opinion. I should have to be a crystal-gazer to attempt any forecast. By next week we shall be better able to decide our course of action, and I can assure him that I shall be prepared to take his suggestion into consideration in the light of circumstances at that time. For the present I would suggest that when the Senate adjourns to-morrow it stand adjourned until next Tuesday evening. By that time the work of our standing committees and the legislation before us will have been dealt with, and we shall be able to appraise future developments with some degree of accuracy.

Hon. Mr. HAIG: Very well.

Hon. Mr. ROBERTSON: Then I move the second reading, and I would ask the honourable senator from Kennebec (Hon. Mr. Vaillancourt) to explain the bill.

Hon. CYRILLE VAILLANCOURT: Honourable senators, in dealing with this bill I shall not pose as an expert and attempt to explain it in detail. Doubtless if this motion is agreed to the bill will be referred to one of our standing committees, where experts will attend to give honourable members all the information they may desire. I hope therefore that they will defer any questions until the bill reaches that stage.

The urgency for this proposed legislation is obvious. Everybody complains of the housing shortage. There is no use raising a controversy over it. The better plan is to examine the situation dispassionately and try to find a solution. This bill, is, I believe, a step in the right direction, in that it will help to co-ordinate the measures already put into effect.

We have been told that for the first ten years the housing programme will cover 700,000 units. This year it is hoped that 50,000 will be completed. The question may be asked: Why is there this housing shortage? One of the reasons advanced is that during the war many of our people moved from rural areas to urban centres. But in my opinion the principal cause is to be found in the fact that the number of marriages has increased threefold. This, of course, is a sign of prosperity. Before the war most children when they came of age remained unmarried, and a family of eight or ten persons would live together in the same house. But today the young people get married and need houses of their own, and at once more houses are required to lodge them.

One advantage of the bill is that, in order to carry out the purposes of the bill, more expert labour will be required. It is estimated that the construction of 30,000 units will provide a whole year's work for 143,000 people, 66,000 of whom will be engaged directly on the building sites, and the remainder in the mines, forests and factories, providing the materials and equipment which enter into building construction.

Another advantage of the bill is that it combines various governmental organizations which have to deal directly or indirectly with building, and co-ordinates their tasks. Under Order in Council P.C. 7502, of December 30, 1945, administration of the emergency shelter regulations was transferred from the Wartime Prices and Trade Board to the Central Mortgage and Housing Corporation.

This bill codifies all the previous laws, and brings them more into conformity with the actual needs. The few changes which have been made are the result of experience in the application of the law, and follow economic and social conditions of the present time. These amendments are also necessary for the transfer of the administration of the National Housing Act from the Minister of Finance to the Central Mortgage and Housing Corporation.

This law may be divided into four parts. Under Part I, the Central Mortgage and Housing Corporation may offer long-term loans to individuals who wish to build houses for their own use. The loans are divided into three categories: Joint loans made through lending institutions; direct loans for the construction of dwellings; loans for additions to, or for the conversion of large houses into several small apartments. Loans may be made to individuals for a period of 25 years instead of 20 years, as previously. The rate of interest is 4½ per cent. Loans may be granted to the extent of 90 per cent of the first $4,000 of the lending value of the property, and 70 per cent of the mortgage value for the amount in excess of $4,000. Thus an individual may borrow $6,000 on a house with 2 bedrooms, $7,000 on a house with 3 bedrooms and $8,000 for a house with 4 or more bedrooms. The period of the loan has been extended from 20 to 25 years, the reason being that it is easier for the borrower to repay it over the longer period—that is, the monthly payments are smaller—and that the cost of construction has increased considerably during the last few years.

The bill amends Part II of the act authorizing loans to an individual who wishes to build a duplex, provided he intends to occupy one of the apartments himself and to rent the other. In such cases loans are authorized to the extent of 80 per cent of the mortgage value, up to a maximum amount of $10,000. Under part II loans up to 90 per cent of the mortgage value may be made to limited dividend housing corporations at a rate of interest not exceeding 3 per cent. The main purpose of this provision is to permit the building of houses containing several low-rental lodgings for people who cannot afford to build their own houses. Such loans may extend over a period of 50 years. Loans allowed for the conversion of large houses into apartment buildings are also at the rate of 4½ per cent, and the maximum loaned must not exceed $5,000 for each apartment.

The National Housing Act, as amended, will allow the corporation, under certain terms and

conditions, to grant loans on houses built on leasehold land, and also authorizes loans to mining companies lumbering companies, and even to borrowers in fishermen's centres. In remote regions, such as mining and lumbering districts, it is becoming increasingly difficult to secure stable and permanent labour because of the almost insurmountable obstacles in the way of securing convenient lodgings for employees in these areas. To attract married men who wish to live with their wives and children, it is necessary to provide them with good housing. It is needless for me to give any more details; the argument must appear irrefutable to everyone.

Part III of the National Housing Act authorizes loans on rural property. To date operations under this provision have not been very successful, but it is believed that the amendments will be very useful to the farmers, and to an even greater extent to veterans. Let us not forget that under this act veterans always have a preference.

Part IV of the act, which is still operative, applies mainly to home improvement and the conversion of large buildings into suites of lodgings.

Finally, Part V authorizes the Central Mortgage and Housing Corporation to make investigations and to carry on research for the improvement of housing conditions in this country from a technical point of view as well as from the point of view of town-planning. Research and study are essential if we wish to develop throughout the country an understanding of town planning which will render our cities and even our villages more attractive and beautiful, and make our homes more comfortable at no additional expense.

While I have presented a brief statement of the aims of the National Housing Act, I am not in a position to give you technical details on its operations. I suggest that you attend the meetings of the committee, where you may ask questions of the experts who will be there for the purpose of supplying necessary information.

Hon. JOHN T. HAIG: Honourable members, it is my intention to make a few remarks and then ask that the debate be adjourned because the bill is not down. We are to have the pleasure in committee, tomorrow afternoon, of hearing the Minister of Reconstruction, the gentleman who has been in charge of housing up to the present time.

The bill, as I read it, is largely devoted to the arranging of loans and the terms of financing. These provisions are very necessary, but they do not solve our problem. Financing is altogether too easy. There is little difference between the 4½ per cent rate of interest on government loans and the 5 per cent or thereabout charged elsewhere. In my city, and it is not very attractive from a loaning standpoint, one can get lots of money for housing—millions of dollars—at 5 per cent. Anybody can get it.

About seven miles north of Winnipeg, at a place called Middle Church, the government has built some thirty homes under the Veterans' Land Act. Some of the houses are built on an acre of land, others on half an acre, and the ex-soldier is supposed to live there, work the land, and also work in the city. My information is that those houses are complete, except for a sewer connection to the river which, at the farthest point, is a mile away. Soil pipe cannot be secured and the houses, completed in every other respect, stand unoccupied. In that instance somebody slipped badly. Had those thirty houses been built in the city of Winnipeg they would have been occupied for at least the past two months; but they remain empty because the sewer cannot be constructed.

Hon. Mr. BENCH: The reason is that men do not want to work in foundries.

Hon. Mr. HAIG: If these houses had been built in Winnipeg, or in the suburbs of St. Boniface, St. Vital, Tuxedo, Assiniboia or Brooklands, all of which have water and sewerage services—

Hon. Mr. HUGESSEN: My honourable friend knows that, according to the Veterans Land Act, it is necessary to have half an acre of ground for each of these houses?

Hon. Mr. HAIG: I know that, but my point is that veterans do not want these houses where they are; they want them close to the city. The only people who would take them are those who cannot get any other living accommodation at all, except perhaps in barns. The other day a seventh child was born to a family that is living in one room in a barn.

Hon. Mr. HAYDEN: In Winnipeg?

Hon. Mr. HAIG: No; in St. Boniface. We are not quite as bad as that in Winnipeg, but we are close to it. St. Boniface is just over the river.

The things we need are nails, cement, and dry lumber instead of green lumber. Plumbing supplies are also difficult to obtain. These are the things the government should have been looking after. In Winnipeg on the first of July there were 3,300 houses in various stages of construction, which means that some of them were not advanced beyond the excavation. There is a new kind of housing project there—I cannot recall the name of it at the moment.

Hon. Mr. MURDOCK: Pre-fabricated.

Hon. Mr. HAIG: No; we have that kind too, but there is another kind of project for which you cannot get a permit unless you build at least 15 houses. On the last Sunday that I was in Winnipeg I drove out to have a look at these places. Believe me, honourable members, it would make you sick to see what human beings will be asked to live in. The houses are not more than five or six feet apart. Instead of directing its attention to getting cheap money, the government should have had nails, cement, dry lumber and other supplies made available for building. Some aluminum houses, pre-fabricated, have been erected in Winnipeg, and I also looked over them the last Sunday I was there. Well, I would not like to have one built next door to me. They are rectangular, with flat roofs, and look like nice little garages. They are a bad type of building to have in a residential neighbourhood. There has been terrific opposition to them in Winnipeg, but the city council is more or less helpless in the matter because of the clamour for accommodation.

Hon. A. L. BEAUBIEN: Can my honourable friend offer any remedy for the shortage of nails and cement and dry lumber?

Hon. Mr. HAIG: Yes. I ask the government to direct its attention to having nails, cement and proper lumber produced. I say to the government that if labour is going to be allowed to control this country we ought to get out. When a government can take over an industry like the steel industry and be defied by strikers, there is something wrong.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: That is the backbone of the whole trouble. I am willing to give labour every dollar it can get. I did not like Mr. Gordon until the other day, and then I got my eyes opened. Labour is entitled to a share, just as anybody else is, but when prices start to spiral upwards you cannot keep up with them. That is the situation we are facing. The employees in the packing plants made a wage agreement last fall, and now they find that the money they get will not buy as much as it would a year ago. I can understand the men's position. The steel workers will make the same discovery, if we leave them to go on, and the whole thing will go around in a circle. The government has got to take the situation in hand and control it. In the meantime it is not the people at the top nor the ones at the bottom who are being smothered to death; it is the white-collared classes in between, the people with fixed incomes. Included among these are large numbers of people who are trying to live on money that they saved in their younger days, when they were working. There are thousands of people in this country who saved small sums and invested them, and who now find they are worse off than old age pensioners.

The government has got to take a firm stand on its price control policy. It cannot leave the responsibility to Mr. Gordon or to a parliamentary committee. You cannot increase wages without increasing costs. No argument by the Government of Alberta or the C.C.F. party can change that fundamental law.

Hon. Mr. BENCH: I would like to hear the honourable gentleman suggest how these people can be got to go back to work.

Hon. Mr. QUINN: That is the "$64 question."

Hon. Mr. BENCH: I thoroughly subscribe to the fundamental principle which my honourable friend has stated, but how can the workers be persuaded to accept it?

Hon. Mr. HAIG: The government has taken over the steel plant at Hamilton. If I were the government of this country and had taken over that plant—I am not saying that I would have taken it over—I would run it.

Hon. Mr. BENCH: And put 15,000 people in jail?

Hon. Mr. HAIG: I don't care; I would run it. I lived through the general strike at Winnipeg, in 1919, when the bread wagon and the milk wagon could not go down the street without the permission of the strike committee. The government of the day said, "No; this must stop." It did stop, and we have not had another strike of that kind out there since. These are serious words, but we are faced with a serious situation in this country.

It is all right to talk about what we want to do, but in the meantime people have no houses to live in. I mentioned a St. Boniface family whose seventh child was born the other day, and who are living in a barn. In case anyone wishes to check up on it, I may say the family's name is Wolinski. Just before the last baby was born a taxi called to take the mother to a hospital, and the driver went up to the front door of the house at the address that had been given to him. A boy who was standing there said, "The people are not in the house; they are at the back, in the stable."

These are conditions existing in this country. Your boy and mine, who went over to Europe to fight, are entitled to have a decent place to live in when they come back. Despite the great shortage of living accommodation in Winnipeg, houses are being built seven miles

outside the city limits; but they cannot be occupied because there is no sewerage or water supply. That is the result of a haphazard policy. The thing to do is to make materials available for house building. We already subsidize this and that, and if we cannot get the materials we want in any other way, let us subsidize the nail makers, the cement producers and the lumber manufacturers.

Hon. Mr. DUFFUS: The trouble is the increasing cost.

Hon. Mr. HAIG: Cost?

Hon. Mr. DUFFUS: The cost of many things.

Hon. Mr. HAIG: Certainly, because every time you boost wages up goes the cost of everything. And the men are not doing as much work to-day as they did ten years ago.

Hon. Mr. DUFFUS: Wages have increased 40·1 per cent since 1940.

Hon. Mr. HAIG: Yes. But the trouble is that you are not getting the equivalent in production. Go to any building contractor in the city of Winnipeg and he will tell you that to do the same work it takes twice as many men to-day as it took in 1929. That is the existing situation. I cannot change that.

Hon. A. L. BEAUBIEN: Nor anybody else.

Hon. Mr. HAIG: But there should be no such thing as defiance of a government order. True, the government did not take over the rubber companies and a lot of other industries, but it did take over the steel plants so that production might not be interrupted, and the workmen simply walked out.

Hon. Mr. HARMER: Can you compel men to work?

Hon. Mr. EULER: No; but they are keeping others from working.

Hon. Mr. HAIG: If you will open the doors and let those that want to work go into the plant, they will go in.

Hon. Mr. HARMER: The men that go in may not be competent men.

Hon. Mr. HORNER: They might be a lot better than the men who are striking.

Hon. Mr. HAIG: We have this condition to-day, that men in this free country cannot walk into a factory, although it is under government control. That is a fact which it is no use denying. Unless the country is in a state of rebellion—and we seem to be reaching that stage—you have got to give men who want to work the right to do so. A friend of mine, a doctor in the plant, tells me that a lot of men want to work, but they cannot go in and then venture to come out. Why not in a free country? Because somebody stands ready to smash them over the head. That is the answer.

I move adjournment of the debate.

The motion was agreed to.

PRIVATE BILLS

REFUND OF FEES

Hon. Mr. HAYDEN moved:

That the Parliamentary fees paid upon Bill K7, an Act respecting the Army and Navy Veterans in Canada, be refunded to the association, less printing and translation costs.

The motion was agreed to.

RENT CONTROL

DISCUSSION

On the orders of the day:

Hon. J. A. LESAGE: Honourable senators, I should like to direct your attention and that of members of the government to a serious situation now confronting the owners of houses throughout the country. They are a numerous class of people, and their capital investment may well be regarded as essential to the economic soundness of this country. During the depression, particularly between 1932 and 1939, they had to let their houses at rentals much below anything like a fair return, fully expecting that when prosperity returned they would be able to get back to a reasonable rental scale. But wartime rent control has kept rentals down to the depression level. New houses containing five small rooms and a bathroom rent on the average at about $55 a month. On the other hand, old houses containing from six to seven large rooms and a bathroom must be let at about the same rental as is received for the smaller and newer type of houses.

To-day the owners of these old houses are in a most unenviable plight. Coal, although the price is only ten per cent higher than before the war, is of such poor quality that they have to burn at least twenty-five per cent more than they did seven or eight years ago to produce the same heat. Moreover, instead of paying furnace men $8, as they did in pre-war days, they now have to pay them from $12 to $15 a month. Besides these added expenses, the cost of building materials has increased substantially, and labour has risen from sixty cents an hour to between ninety cents and one dollar an hour. Naturally, old houses constantly need repairs, and honourable members will appreciate how much more costly

house repairs are to-day than they were before the war. Yet with all these increased costs the rentals board will not permit these property owners to raise their rents. In the depression years few of them were getting any return on their investment; today they cannot meet their expenses.

I submit that commissioners should be appointed in all our cities to investigate the rental situation, so that where warranted they might recommend an increase of from five to ten per cent in the rentals of pre-war houses. The granting of such an increase would at least bring some measure of relief to these unfortunate property owners. The owners of new buildings are making money and have been doing so during the war. They are permitted to get 5, 7 or even 8 per cent on their investment, but the proprietors of older properties are losing money. A tenant may rent a seven-room flat for $58 a month and sublet two rooms at $25 each per month. Therefore the flat is costing him only $8 a month, and in effect the proprietor is paying for it. I believe this situation should be studied and corrected so that owners will be treated fairly and will be able to meet the expenses of maintaining their property.

MEAT AND CANNED FOODS BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 164, an Act to amend the Meat and Canned Foods Act.

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

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill T11, an Act for the relief of Fania Pustopedskaites Sobolevicius, otherwise known as Fanny Pustopedsky Sobolevicius.

Bill U11, an Act for the relief of Frances Mary Fisk Irwin.

Bill V11, an Act for the relief of Lilias Clark Watt James.

Bill W11, an Act for the relief of Michael Gibson.

Bill X11, an Act for the relief of Azairie Trottier.

Bill Y11, an Act for the relief of Elizabeth Sharp Hamelin.

Bill Z11, an Act for the relief of Lucille Aimée Cadieux Lacombe.

Hon. Mr. LESAGE

Bill A12, an Act for the relief of Mary Wetstein Szabo.

Bill B12, an Act for the relief of Brandla Lylberberg Guz, otherwise known as Bertha Silverberg Gass.

Bill C12, an Act for the relief of Natalie Kathleen Fearon Kirouac.

The motion was agreed to, and the bills were read the second time, on division.

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

Hon. Mr. ASELTINE: Tomorrow.

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill D12, an Act for the relief of Anita Spinner Starr.

Bill E12, an Act for the relief of Fay Podolne Litwin.

Bill F12, an Act for the relief of Gregoire (Hryhory) Hyss, otherwise known as Harry Hys.

Bill G12, an Act for the relief of James Lamb Runciman.

Bill H12, an Act for the relief of Joseph Wilfrid Lionel Anecie St. Denis.

Bill I12, an Act for the relief of Emily Kathleen Mennie Thissen.

Bill J12, an Act for the relief of Robert Frederick Ring.

Bill K12, an Act for the relief of Walter Vernon Lewis.

Bill L12, an Act for the relief of Leonard Ferdinan Raymond.

The bills were read the first time.

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

Hon. Mr. ASELTINE: Tomorrow.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, before moving adjournment of the Senate, I would remind honourable members that the Finance Committee will meet immediately after the house rises, and that representatives of the Department of Trade and Commerce will appear before it.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, August 1, 1946.

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

Prayers and routine proceedings.

UNEMPLOYMENT INSURANCE BILL

REPORT OF COMMITTEE

Hon. JAMES MURDOCK presented the report of the Standing Committee on Immigration and Labour on Bill 243, an Act to amend the Unemployment Insurance Act, 1940.

He said: Honourable senators, the committee have in obedience to the order of reference of 24th of July, 1946, examined the said bill and now beg leave to report the same without any amendment.

Hon. JOHN T. HAIG: Honourable members, I am sorry I was unable to be in the committee this morning, but I was very busy in another committee—

Hon. Mr. MURDOCK: Before my honourable friend proceeds further, perhaps he would like me to repeat the statement which I made to the committee this morning, and as a result of which the bill was passed in about fifty-five minutes?

Hon. Mr. HAIG: All right.

Hon. Mr. MURDOCK: The Unemployment Iusurance Commission, an important department of the government employs 8,275 persons.

Last May we had before us a bill to amend the Unemployment Insurance Act, but after we had considered the measure for some weeks we were informed that the government, for the purpose of bringing in further classes of workers, proposed to recommend additional amendments which would involve substantial charges on the Consolidated Revenue Fund. Since this would make the measure a money bill, which of course could not be introduced in the Senate, it was withdrawn, and a new bill was introduced in the House of Commons and is now before us.

This bill may be described briefly in this way. Nearly two-thirds of the proposed changes have been made necessary by rearrangement of some of the sections, and by minor clarifications which experience has shown to be desirable in some of the old sections. Clause 3 permits the coverage of persons whose status as employees has given rise to some argument; for example, men paid on a commission basis, who may be either employees or independent contractors. On the other hand, clause 36 excepts from coverage a person who is virtually an employer; for example, a man who owns more than half the registered stock of a corporation.

Clause 6 permits repeal of section 23 (2) if the present proposal in the bankruptcy bill on priority of claims is approved.

Clause 7 is a major rearrangement of the present section in order to set out in a more straightforward manner the conditions on which benefit will be paid. It also increases from $1 to $1.50 a day the earnings permitted from subsidiary employment; widens the group of dependents in respect of whom the increased benefit rate may be paid, and authorizes benefits to be calculated to the nearest five cents. It also permits small errors to be cleared from the books of the fund. Clause 7 takes up about one-third of the bill.

Clauses 10 and 11, together with part of clause 7, clarify the question of appeals to the umpire.

Part of clause 14 assures that benefits acquired by false pretences will not be retained by the claimant.

Under clause 16 proceedings against an offender must be taken within twelve months of evidence sufficient to justify prosecution coming to the knowledge of the commission. Formerly the period was three months.

Part of clause 18 permits benefit to be paid when, due to an erroneous decision of an officer of the commission, contributions were not made.

Clause 20 grants authority to pay expenses which may be incurred if it becomes necessary to pledge securities held in connection with the fund.

Clause 21 makes the date of the report of the advisory committee the same as that of the commission report.

Clause 22 permits the gradual extension of coverage to persons engaged in lumbering and logging.

Clause 23 makes the National Employment Service responsible to the minister—that is one important change—and permits the service to carry out additional duties not within its formal functions.

Clause 24 transfers to the Unemployment Insurance Act sections of the Veterans' Rehabilitation Act dealing with unemployment insurance, with some enlargements relating to veterans of allied nations and certain merchant seamen. In this connection I may say that clause 32 repeals the relative sections of the Veterans' Rehabilitation Act.

Part of Clause 25 continues the requirement that employers report the engagement of employees, and that persons seeking employment notify the employment service.

Clauses 33 and 34 extend coverage to merchant seamen.

It will be noted that this bill places the Unemployment Insurance Commission under the direction and authority of the Minister of Labour. The plan follows the systems in effect in Great Britain, the United States and New Zealand, where measures somewhat similar to the one before us have been enacted. It is stated that 60 per cent of the money voted by parliament for the activities carried on by the staff of the Unemployment Insurance Commission is spent, not on work covered by the act, but rather on reconversion and re-establishment activities of the Department of Veterans' Affairs, the Department of Reconstruction, the Department of Transportation, the Department of Agriculture and the Department of National Defence. If the minister is to be responsible for this 60 per cent, surely it is his duty to exercise a proper supervision of the employment service, because it is on account of that service and its staff that the money is voted.

Perhaps honourable senators would like some information as to the number of persons engaged in the work of the Unemployment Insurance Commission in various parts of Canada. Commencing with the Maritime Provinces the figures are as follows: Moncton, 175; Halifax, 106; Charlottetown, 23—and at various other places there are smaller numbers. In the province of Quebec there are in Montreal, 1,805; in Quebec city, 517—and in addition there are 30 or 35 places throughout the province with smaller staffs employed. For Ontario the figures are, Toronto, 1,123; Hamilton, 177; Ottawa, 142; Windsor, 154—and there are about 50 other centres with varying numbers of employees. In the prairie region, Fort William has 48, Winnipeg 539, Calgary 169, Prince Albert 23, Moose Jaw 36, Saskatoon 79, Regina 94. In addition, there are other places where the commission has offices. Out in British Columbia, Vancouver has 702, Victoria 86, New Westminster 69, and so on.

One important amendment, which may be referred to by others who were at the committee meeting this morning, is in favour of returned men. Let us suppose that a man who enlisted on the 1st day of February, 1942 or 1943, came home and started to work on the 1st of February last. If after he has worked fifteen weeks he is laid off and cannot get another job, then for the purpose of computing the insurance benefits to which he is entitled, the three or four years that he served in the armed forces will be added to the time that he has worked since his return. The government pays into the Unemployment Insurance Fund the whole amount of the contributions necessary to cover the period while he was enlisted; that is to say the government pays the employer's share of the contribution for that period as well as the employee's share.

I was told this morning that the Department of Labour is anxious to have this bill passed today. I do not know why that is, but I presume there are some particular phases of it which the department wants to put into effect. In any event, we decided in committee that we had better pass the bill, feeling that if it did not work out as it should, it would probably be back before us for reconsideration at a later date.

Hon. JOHN T. HAIG: Honourable senators, I have no desire to delay passage of this bill, and I want to thank the honourable chairman of the committee (Hon. Mr. Murdock) for his full explanation. I am not going to repeat the objections that I have had to this act right from the start. It is an act for taxation. It taxes thousands of people in this country who by no stretch of the imagination could regard themselves as ever likely to receive any benefits under it. The bill tends to extend that territory, for power is given to the government to bring additional classes under the act by order in council.

Hon. Mr. HUGESSEN: That power was in the original act of 1940. The bill makes no change in that respect.

Hon. Mr. HAIG: I object to the act on the ground that it taxes people who cannot possibly benefit from it. If it applied only to persons who are subject to seasonal unemployment, and to persons who, if they lost their jobs, would have a chance of re-employment, I could understand it. But it goes far beyond that. For instance, it taxes bank clerks. Now, if a clerk employed by one bank is let out, there is absolutely no chance of his getting what the bill refers to as "suitable employment", because no other bank will take him. The same argument applies to employees of real estate offices and law students. Even lawyers employed in law offices—not partners in firms, but paid partners, as we call them—are taxed by the act. Yet if a law firm let such a man out of its employ the government would not be able to find him another "suitable" job. Except in a war period when there is a great dearth of legally trained men, there is no "suitable employment" for any lawyer who happens to lose his position. There is no dearth of lawyers now, and it is certain that there will be none in the near future. However, I will not pursue this point further, since the principle of the bill has been adopted.

I am glad to see that the administration of part of the act is brought under the Minister of Labour. When the original legislation was introduced in 1940 I was opposed to the independent commission, and so expressed myself. I am opposed to all commissions that are not completely under the control of a minister. Such commissions are the very opposite of democratic. We had a few of them in my own province of Manitoba, and they were always giving us trouble. There will be trouble over some of them here too. The members in another place can hardly find out anything at all about these bodies. For instance, the government will not state what salaries are paid to officials of the Canadian National Railways. A great deal of information about these independent commissions is not available to members of parliament.

I am glad to see that in this bill there is a drift in the right direction—towards placing control in the minister. It was inevitable that the minister should be made responsible when we began to have some unemployment. Anybody could have administered the act during the war years, when employment was at a peak and you had to beg men and women to work for you. Any group of commissoners could carry on under such conditions. All they had to do was to see that everybody covered by the act paid up. An office boy could have administered the act then. But now, when we are starting to run into unemployment—not anything diastrous, such as we had in the "thirties", but ordinary seasonal unemployment—the administration must be brought under a minister who can see to it that people thrown out of employment are required to take another job.

I am coming now to the main point that I want to mention. A question was asked about it in committee by my honourable friend from Saskatchewan North (Hon. Mr. Horner). The new section 27 of the act, on page 3 of the bill, provides that every unemployed person who is "unable to obtain suitable employment" shall be entitled to receive insurance benefits. I call particular attention to that word "suitable", and I venture to predict that inside of two years the government will be asking for an amendment to that section.

Suppose an office clerk loses his job and is unable to find work in another office. He may have been brought up on a farm, but why should he admit that a farm job that is offered to him is suitable? If he admitted that, he would have to work long hours every day, whereas by denying it he could continue to draw his insurance benefits. The story goes that a farmer came into an Ontario town and got a job which paid pretty fair wages for eight hours a day. He met a friend on the street and said to him: "How long has this kind of thing been going on? Why didn't you tell me about it?" During the war a young farmer came into Winnipeg and joined the army. On the farm he and his wife had been paid a total of $75 a month, but as soon as he enlisted his wife alone got that much from the government, and he got his clothes and board and was paid so much a day besides.

The word "suitable" in that section is partly responsible for the shortage of labour in the bush today. But for the three or four thousand German prisoners of war much less pulpwood would have been cut last year. Who are looking after the sugar beets in my province today? German prisoners of war. Who are weeding the market gardens in my province? German prisoners of war. Yet there are large numbers of people unemployed in the city of Winnipeg. Who will be doing the harvesting work in that part of the country this year? German prisoners of war. That word "suitable" is causing the trouble. I do not blame anyone who says that certain work is not "suitable" for him. I would take the same attitude myself, and I make no pretence to the contrary. If I thought I could get unemployment relief by claiming that hard work on the farm was not suitable for me, that is the attitude I would take. But if I refused to take work, why should people who could never draw any benefits under this act be taxed to support me?

Hon. A. L. BEAUBIEN: Would you delete that word "suitable"?

Hon. Mr. HAIG: "Suitable" is the word I want out. I base my whole address on that one word.

Hon. Mr. MURDOCK: Human nature being what is it, though, I think my honourable friend will admit that there should be something there to permit the exercise of reasonable and consistent judgment on the part of the officers who are handling the matter.

Hon. Mr. HAIG: Quite right. Suppose a young woman who had been a stenographer in a bank was offered a position in a law office, she might say, "That is not suitable employment. It does not give me the social standing of a stenographer in a bank. Therefore the position is not suitable, and I will not take it."

Hon. Mr. KINLEY: That is limited.

Hon. Mr. HAIG: No, the word is "suitable." A man who has been working on a farm and is offered a job in the bush will say,

"I am a farmer, and that is the only kind of job I will take."

Hon. Mr. HUGESSEN: Agricultural labourers do not come under this bill.

Hon. Mr. HAIG: But you are putting lumbermen under it. In my city we have a large number of people looking for jobs, and a large number of jobs looking for people. Under this bill they cannot be brought together. That is my objection.

Hon. Mr. DUPUIS: I would suggest substituting for the word "suitable" the words "according to his or her qualifications."

Hon. Mr. HAIG: That would be better, but I do not know why the word "suitable" should have been put in at all. I do not believe any government official would ask an inexperienced man of sixty years of age to accept a hard labouring job.

Hon. Mr. DUPUIS: I have personal knowledge of a stenographer who lost her job and was asked by the unemployment office to go to work as a washer-woman. Would that be a suitable job for the girl?

Hon. Mr. HAIG: No.

Hon. Mr. DUPUIS: Then there must be some qualification for the kind of employment offered.

Hon. Mr. HAIG: Suppose the girl was twenty years of age and had gone through high school, and there were no other stenographer jobs available; I imagine that if she were the right kind of girl she would accept a position as housemaid.

Hon. Mr. CRERAR: Hear, hear.

Hon. Mr. HAIG: But, let me tell you, under this bill she would not do so. I am speaking of things with which I am familiar. I know young men who started life with me and who were willing to take the first jobs that came along, and they got some place; but the fellows who waited and waited until the particular kind of jobs they wanted came along are still looking for those jobs.

Hon. Mr. HORNER: That is right.

Hon. Mr. HAIG: That word "suitable" gives a government official a chance to decide the wrong way. I am not a bit afraid of officials asking people to accept jobs that they cannot do. We are all human, and I am sure none of them would be so unreasonable. But, remember, if that word is struck out people will be more anxious to hold on to the jobs they have got. As I said yesterday, we in this house must face that fact, and we are the men and women who can face it.

Hon. A. L. BEAUBIEN: My honourable friend understands, of course, that as soon as an insured person has received certain unemployed benefits he must go back to work.

Hon. Mr. HAIG: I know. But if you look up the record you will find that a lot of unemployed persons can go the limit. I do not see how we could be enjoying more prosperous times in this country. Various countries of the world want everything we can produce; as long as we are willing to lend them money they will buy; and yet since the 1st of January there has been pressure on the Unemployment Insurance Fund.

Hon. Mr. MURDOCK: My honourable friend knows that an umpire decides whether the employee should have taken the job offered him. Would the word "reasonable" instead of "suitable" answer the purpose?

Hon. Mr. HAIG: Yes, I think it would be very much better.

Hon. Mr. MURDOCK: That would only put it up to the judge to decide.

Hon. Mr. HAIG: Yes. I do not propose to move that the bill be referred back to committee for amendment. I am just making the objection. I am persuaded that within a year, or two years at most, the officials of the commission will have to come back and ask that the word be deleted. We have got to face that issue, and we can only face it in a realistic way.

Hon. Mr. MURDOCK: You are right.

Hon. Mr. HAIG: The Senate is not ready to accept my suggestion. I have tried a little education, but apparently I have failed. However, I think the commission will be back asking that the word be struck out.

Hon. JOHN JAMES KINLEY: Honourable senators, I agree with my honourable friend who has just spoken (Hon. Mr. Haig) as to the importance of ascertaining what is suitable employment, and that if those out of work remain unemployed until they get suitable employment, the tax on the fund might be a heavy one. But I would direct my honourable friend's attention to section 40, subsection 3:

> Notwithstanding paragraph (c) of subsection two of this section after a lapse of such an interval from the date on which an insured person becomes unemployed as, in the circumstances of the case, is reasonable, employment shall not be deemed to be not suitable by reason only that it is employment of a kind other than employment in the usual occupation of the insured person, if it is employment at a rate of wages not lower and on conditions not less favourable than those observed by agreement between employees and employers or, failing any such agreement, than those recognized by good employers.

In other words, after a reasonable time the Unemployment Insurance Commission may require an unemployed person to take work of a kind other than that of his usual occupation.

The honourable gentleman stressed the argument that this is a taxation bill, and that many people who never expect to get any benefit from the fund will have to pay into it. But is not that the general practice in all kinds of insurance? We all take out fire insurance for the protection of our property, and hope that it will never be destroyed by fire. Similarly, we all have to pay unemployment insurance, because in this way we are pooling our resources for the purpose of protecting those who are unfortunate enough to be unemployed. We consider that it is in the interest of society generally, as well as in our own personal interest, that there should be a fund of this kind. In these circumstances it seems to me that the wider the coverage the better it is, both for the purpose of protection and of efficient administration. I do not see any real objection to the inclusion of protected employment, such as that in banks, where there is very little hazard of unemployment. I have seen a good many young bank employees who got tired of banking, its routine and slow promotion; they usually went into brokerage houses and financial institutions. I have known them to fail in these new jobs and become in need of unemployment insurance benefits. Is it not better for the banks, even if their employees as a class do not need assistance, to pay their share of the cost of this protection to society?

Contribution to unemployment insurance is no more taxation than is the payment of premiums for fire insurance. It is simply, as I have said, the pooling of funds for the general good of all. The unfortunate ones collect. I agree that our unemployment figures are higher by reason of unemployment insurance legislation. We are all human, and when benefits of this kind are available everyone who can get them will do so. I have no doubt that many of our farm friends who took employment in towns are now back on small farms earning less than a dollar a day in cash, and are taking temporary advantage of unemployment insurance.

I do not think our statistics on unemployment, which are greater by reason of this legislation, indicate grave danger. The unemployed had to pay towards the insurance fund when they were working, and they now expect and are entitled to receive some benefits, even if for a time they do some work with small returns. It is a wartime legacy.

This legislation is in keeping with the policies of nations who are in the forefront of industrial and social progress. While the law is not perfect and will have to be amended from time to time, it is legislation which we should be glad to see come before this house for amendment at the present time.

THIRD READING

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

Hon. Mr. MURDOCK: If there is no objection, now.

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

COMBINES INVESTIGATION BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 193 from the House of Commons, an Act to amend the Combines Investigation Act.

He said: The committee have examined this bill and now beg leave to report the same with the following amendments:

1. Page 2, lines 37 to 44. For sub-clause (2A), substitute the following:

"(2A) The Commissioner shall not exercise power to penalize any person pursuant to this Act, whether for contempt or otherwise, unless on the application of the Commissioner, a judge of the Exchequer Court of Canada or of a superior or county court has certified, as such judge may, that such power may be exercised in the matter disclosed in the application: Provided that the Commissioner has given to such person twenty-four hours' notice of the hearing of such application or such shorter notice as the judge deems reasonable."

2. Page 3, lines 17 to 29. For sub-clause (2) of clause 8, substitute the following:

"(2) Within thirty days following the transmission of such report to the Minister the Commissioner shall cause to be delivered into the custody from which they came if not already so delivered, all books, papers, records and other documents in his possession as evidence relating to the investigation, unless with respect to particular documents the Attorney General of Canada or the attorney general of any province within which an offence is reported to have been committed certifies that such documents shall be retained by the Commissioner for purposes of prosecution.

(2A) The Commissioner may have copies made (including copies by any process of photographic reproduction) of any books, papers, records or other documents referred to in the preceding subsection, which upon proof orally or by affidavit that they are true copies shall, in any proceedings under this Act or under sections four hundred and ninety-eight or four hundred and ninety-eight A of the Criminal Code, be admissible in evidence and have the same probative force as the originals in all cases in which and for all purposes for which such originals would have been received; where such evidence is offered by affidavit it shall not be

necessary to prove the signature or official character of the deponent if that information is set forth in the affidavit or to prove the signature or official character of the person before whom such affidavit was sworn."

3. Page 3, line 40. After "(b)" insert "unduly."

4. Page 4, lines 14 to 16. After "proper" leave out the words "or, if such grant and other remedies under this section would appear insufficient to prevent such use, revoking such patent."

5. Page 4, lines 19, 20 and 21. Leave out the word "and," and paragraph (i).

The Hon. the SPEAKER: When shall the report, with the amendments, be taken into consideration?

Hon. Mr. BEAUREGARD: Next sitting.

DONCASTER INDIAN RESERVE

INQUIRY

Hon. Mr. DAVID inquired of the government:

1. Is there an Indian reserve adjoining the parish of St. Lucie in the northern part of the county of Terrebonne, in the province of Quebec?

2. What is the area of land and lakes comprised in this reserve?

3. In the past thirty years how many Indians have lived on the reserve?

4. Actually, in July, 1946, how many Indians live on the reserve?

5. If any, who is he or who are they?

Hon. Mr. COPP: The answer to the honourable gentleman's inquiry is as follows:

1. Yes. Doncaster reserve, held by the Crown as a timber area for and on behalf of the Oka and Caughnawaga Indians.

2. 9,120 acres.

3. No permanent Indian residents, except game warden and timber custodian.

4. Two Indians.

5. Joseph Paul Dicker, Indian, and wife. Employed by the Indian Affairs Branch as game warden and timber custodian.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE moved the third reading of the following bills:

Bill T11, an Act for the relief of Fania Pustopedskaites Sobolevicius, otherwise known as Fanny Pustopedsky Sobolevicius.

Bill U11, an Act for the relief of Frances Mary Fisk Irwin.

Bill V11, an Act for the relief of Lilias Clark Watt James.

Bill W11, an Act for the relief of Michael Gibson.

Bill X11, an Act for the relief of Azaire Trottier.

Bill Y11, an Act for the relief of Elizabeth Sharp Hamelin.

Bill Z11, an Act for the relief of Lucille Aimée Cadieux Lacombe.

Bill A12, an Act for the relief of Mary Wetstein Szabo.

Bill B12, an Act for the relief of Brandla Lylberberg Guz, otherwise known as Bertha Silverberg Gass.

Bill C12, an Act for the relief of Natalie Kathleen Fearon Kirouac.

The motion was agreed to, and the bills were read the third time, and passed, on division.

SECOND READINGS

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill D12, an Act for the relief of Anita Spinner Starr.

Bill E12, an Act for the relief of Fay Podolne Litwin.

Bill F12, an Act for the relief of Gregoire (Hryhory) Hyss, otherwise known as Harry Hys.

Bill G12, an Act for the relief of James Lamb Runciman.

Bill H12, an Act for the relief of Joseph Wilfrid Lionel Anecie St. Denis.

Bill I12, an Act for the relief of Emily Kathleen Mennie Thissen.

Bill J12, an Act for the relief of Robert Frederick Ring.

Bill K12, an Act for the relief of Walter Vernon Lewis.

Bill L12, an Act for the relief of Leonard Ferdinan Raymond.

Hon. Mr. DAVID: Can the honourable gentleman say what is the total number of petitions heard by the Divorce Committee this session?

Hon. Mr. ASELTINE: About 290. Consideration of the committee's 289th report is the last item on the order paper today.

The motion was agreed to, and the bills were read the second time, on division.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. COPP: Honourable senators, before we adjourn I wish to remind all honourable members who may be interested that the Finance Committee will meet immediately the house rises.

The Senate adjourned until Tuesday, August 6, at 8 p.m.

THE SENATE

Ottawa, Tuesday, August 6, 1946.

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

Prayers and routine proceedings.

CANADIAN COMMERCIAL CORPORATION BILL

FIRST READING

A message was received from the House of Commons with Bill 251, an Act to establish the Canadian Commercial Corporation.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

TORONTO HARBOUR COMMISSIONERS BILL

FIRST READING

A message was received from the House of Commons with Bill 299, an Act respecting The Toronto Harbour Commissioners.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Next sitting.

CANADA-UNITED KINGDOM INCOME TAX AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 300, an Act respecting an Income Tax Agreement between Canada and the United Kingdom, signed at London, in England, on the fifth day of June, 1946.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Next sitting.

CANADA-UNITED KINGDOM SUCCESSION DUTY AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 301, an Act respecting a Succession Duty Agreement between Canada and the United Kingdom, signed at London, in England, on the fifth day of June, 1946.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Next sitting.

MERCHANT SEAMEN COMPENSATION BILL

FIRST READING

A message was received from the House of Commons with Bill 302, an Act respecting Compensation for Merchant Seamen.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Next sitting.

PENSION BILL

FIRST READING

A message was received from the House of Commons with Bill 329, an Act to amend the Pension Act.

The bill was read the first time.

SECOND READING POSTPONED

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

Hon. Mr. ROBERTSON: Honourable senators, I have arranged with the honourable gentleman from Summerside (Hon. Mr. Robinson) to explain this bill and bills 336 and 331, which are coming to us for the first time. If honourable members approve, I would move second reading now.

Hon. Mr. HAIG: Honourable members, I have no objection to the proposal that the honourable gentleman from Summerside be permitted to explain these three bills, but I suggest that they be placed at the foot of the order paper for consideration later this evening.

Hon. Mr. ROBERTSON: I think the suggestion is an excellent one, and at a later stage will move the second readings of these bills.

WAR VETERANS' ALLOWANCES BILL

FIRST READING

A message was received from the House of Commons with Bill 331, an Act respecting Allowances for War Veterans and Dependents.

The bill was read the first time.

SECOND READING POSTPONED

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

Hon. Mr. ROBERTSON: I would ask that this bill be set down for second reading later this evening.

VETERANS' LAND BILL

FIRST READING

A message was received from the House of Commons with Bill 336, an Act to amend The Veterans' Land Act, 1942.

The bill was read the first time.

SECOND READING POSTPONED

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

Hon. Mr. ROBERTSON: At a later stage of this sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Committee on Divorce, presented the following bills:

Bill M12, an Act for the relief of Mildred Cohen Share.

Bill N12, an Act for the relief of Muriel Elizabeth Clarke Gagnon.

Bill O12, an Act for the relief of Margaret Fern Hobbs Burns.

Bill P12, an Act for the relief of Joseph Euclide Beaudoin.

Bill Q12, an Act for the relief of Mary Rose Ellement Boulet.

Bill R12, an Act for the relief of Jean Stewart Lavery Martin.

Bill S12, an Act for the relief of Catherine Edith Thompson Williamson.

Bill T12, an Act for the relief of Joseph McCaffrey.

Bill U12, an Act for the relief of Marian Pearl Dunfield.

Bill V12, an Act for the relief of Dollard Charest.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: Next sitting.

THIRD READINGS

Hon. Mr. ASELTINE moved the third readings of the following bills:

Bill D12, an Act for the relief of Anita Spinner Starr.

Bill E12, an Act for the relief of Fay Podolne Litwin.

Bill F12, an Act fo rthe relief of Gregoire (Hryhory) Hyss, otherwise known as Harry Hys.

Bill G12, an Act for the relief of James Lamb Runciman.

Bill H12, an Act for the relief of Joseph Wilfrid Lionel Anecie St. Denis.

Bill I12, an Act for the relief of Emily Kathleen Mennie Thissen.

Bill J12, an Act for the relief of Robert Frederick Ring.

Bill K12, an Act for the relief of Walter Vernon Lewis.

Bill L12, an Act for the relief of Leonard Ferdinan Raymond.

The motion was agreed to, and the bills were read the third time, and passed, on division.

NATIONAL HOUSING BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, July 31, the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 306, an Act to amend the National Housing Act, 1944.

Hon. JOHN T. HAIG: Honourable senators, I will not delay the house at any length in discussing this measure tonight, for I took the liberty of speaking on some phases of it on Wednesday last. The honourable gentleman who explained the bill (Hon. Mr. Vaillancourt) dealt with it fully, but I am not sure that he dealt with it in what I might call popular or every-day language.

One of the great problems in Canada today is the shortage of housing accommodation. That shortage can be traced to a number of causes, and I am going to list some of them. The first is the period of depression that this country went through, in common with the rest of the world, from about 1930 to 1936 or 1937—in fact, right up to about the outbreak of war in 1939. During that period there was no inducement and no need for much building. Young men who had married and had set up homes of their own lost their jobs and came back to live with their parents, and frequently two or more families lived in what was ordinarily a one-family house. Then with the war came a challenge to housing in the form of rent control. I admit that we are putting up a great battle to maintain price control. Those of us who last week attended the sittings of the Industrial Relations Committee in another place heard price control discussed very fully and very ably by the Chairman of the Wartime Prices and Trade Board. We may not agree with him as to

many things he has done, in fact, we may not agree with price control at all, but at least we must admit that he presented a very frank statement of what he was trying to accomplish.

Rent control was put into effect, and as there are ten times as many renters as owners of houses, it was really a vicious tax on one form of investment. If I remember correctly, on October 9, 1941, rents were frozen at the rates then prevailing. At that time certain shrewd, grasping landlords—if I may so describe them—had already pushed their rents up, realizing that there would be a housing shortage; but the easy-going landlords who had allowed their rents to remain at the depression level were penalized by the rent control order.

The minute you attack any form of investment those affected will withdraw their capital and invest it elsewhere. That is what happened in regard to housing. People refused to build houses or apartments for rent. Coupled with this, in 1941 there were no buyers for houses; therefore there was no incentive for house building. That was the condition not only in this country but also in the United States. Honourable senators will pardon a personal reference. Some of my clients came to me and said, "Good gracious! We are renting our houses at such a low rate that we will be ruined by this order. We want to sell." I said, "What prices are you asking for your houses?" They replied, "We shall be glad to sell them at $5,000 apiece." I said, "Jump your price $1,500." They said, "Why, you are crazy. Rents are controlled, so we cannot get a higher return, and yet you tell us to jump the price $1,500." I replied, "I may be crazy, but in two years from now you will be able to sell those houses for $6,500 apiece, or I'm a Dutchman." They held them for $7,000 and $7,500, and to-day are turning them over at $8,500. That was sure to happen, because the minute you control rents you discourage building. But before long, with people earning high wages in munitions plants and receiving soldiers' allowances, there was a rapidly increasing demand for houses. Here is a case in point. A young man asked a lawyer to act for him in the purchase of a house for $8,500. The lawyer knew the property and said, "You are paying far too much, $6,500 is every dollar it is worth." "I know that," said the young fellow, "but I must have a house. I paid the extra $2,000 so I could move into the house." Then the Rentals Control Board went a step further: it issued orders to protect tenants and to-day it is very difficult for an owner to get possession of his property.

What was the government's first reaction to the housing shortage? It was told—wrongly I think—that cheap money, at four or four and a half per cent, would encourage a resumption of house building. Legislation was enacted under which the government provides part of the purchase price at four per cent and insurance companies lend the balance at five per cent, thus making the average rate to the borrower four and a half per cent. The government said, "This is the answer to the problem." It was not. The legislation is called the National Housing Act. It should be called the National Money Lending Act, for really that is all it is.

Let us see what this bill covers. First, it extends the term of the loan from twenty to twenty-five years. Then it provides for loans to home owners on certain conditions, and loans for the construction of houses on farms. Far be it from me to criticize our farmers; but what is the value of a house on a farm where the soil is nothing but sand? It may be all right if the farm is close to a large city, but I am talking of a farm twenty miles out. What is the good of a $5,000 house on that farm? I can tell you of farms in my own province that can be bought for $5,000, yet the buildings alone cost at least $15,000. You will find that condition all over the country.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: Politically the proposal may be all right, but from the business standpoint it is of no value at all. Since 1910 in western Canada—and also in eastern Canada—one of our largest insurance companies has written off millions of dollars of farm loans. In Manitoba farm loan boards were appointed by the government. If in 1921 we had written off all the farm loans in that province we would have been farther ahead, for during the years that followed the cost of collection exceeded the payments made on account of the mortgages.

Hon. Mr. SINCLAIR: Is my honourable friend referring to building loans?

Hon. Mr. HAIG: No, loans on farms. The principle is wrong. The bill provides for what it calls an "integrated housing plan". That was a new one to me. I guess I was ignorant. I never knew the meaning of that term until I went to the north end of Winnipeg a few weeks ago and saw a steam-shovel making excavations for the building of a row of houses, all exactly alike. They were being built on the assembly-line basis, in the same way that cars are constructed in factories.

Hon. Mr. BENCH: A terrace of houses.

Hon. Mr. HAIG: No, they are not joined together. They are separate houses.

Hon. Mr. CALDER: Mass production.

Hon. Mr. HAIG: That is what it is.

I have no objection to the making of loans to mining or lumbering companies, but I see no necessity for it. I am raising these points because the bill is entirely a money lending bill. I hope I may live long enough to see reports of its operations, such as were tabled under a similar enactment in the Manitoba legislature. I was in that house in 1920 when the loaning business started. I prophesied then that we would suffer bitter losses, and I say now that the minute we go beyond the bounds of the ordinary house loans business we are going to suffer bitter losses. In cities loans can be made on houses up to 85 or 90 per cent of their value; but in small villages, rural communities and on farms you cannot make such loans with safety.

When I read the bill I came to the conclusion that in case of loss the government would assume responsibility for the company's part of the loan. I do not like that feature, because I believe the companies will keep the good loans and dump the ones that go bad on the government.

Hon. A. L. BEAUBIEN: May I interrupt for a moment? Could a farmer obtain a loan for the building of a house on his farm if his land was not clear of mortgage?

Hon. Mr. HAIG: The bill does not say that he could not. We have the Canadian Farm Loan Board, which is very ably managed. The board, if satisfied, makes loans on farms and farm-houses. So loans can be made on farm-houses without this present bill.

Hon. A. L. BEAUBIEN: But under this bill the loan company would lend most of the money.

Hon. Mr. HAIG: The loan companies lend the money, but there is some provision—I have not got the details with me—about the losses being assumed by the government later on. I fear the government will take over the losses and the profitable loans will be retained by the insurance companies.

The question is: What do all the provisions of this bill accomplish? They do not build a single house. Not one house! This morning I read in one of the Ottawa papers that Mr. Henry, a government official here, said there were many applications for loans on houses out near Hogs Back. He said that the houses were complete except for certain equipment which could not be secured, and that therefore they would not be ready for occupancy for another two or three months. There has been no co-ordination in the supplying of equipment for the building of houses. We have been talking about the question for a year now. Go down to the stores and try to buy nails!

Hon. Mr. DUFFUS: What is my honourable friend's solution for this problem?

Hon. Mr. HAIG: I am coming to that, my dear friend.

When I raised this question a year ago the honourable member for Lunenburg (Hon. Mr. Duff)—whom I do not see in the house tonight—was very curt in his reply. He said that I was pessimistic and did not know what I was talking about. That was a year ago. The situation today is worse. I am just repeating the remarks I made in October last year.

Go down and try to buy nails. You cannot get them! The same situation exists with respect to cement. If you have been a big customer for years you may get a few carlots of cement, but not otherwise. Green lumber is available, but there is no seasoned lumber. You can buy second and third-class lumber by paying the price of first-class material. If you do not do that you will not get it at all. I know that is the situation, because I used to be in the business.

Hon. Mr. DUFFUS: If you cannot get lumbermen you cannot get lumber.

Hon. Mr. HAIG: If my learned friend will just keep his seat I will get to his questions a little later.

Plumbing supplies, doors, windows, metal finishings and so on are all scarce. There has been no co-ordination of effort to maintain the supply.

My honourable friend has asked what is the solution. I would remind the house that during wartime we were able within about six months to organize and produce along certain lines. Since May, 1945, we have known that there was going to be a severe housing shortage. Some fellows like myself have been preaching for two or three years, and prophesying that rent control would bring a housing shortage as soon as men and women were earning more money. In my city there was great demand for housing, and people were duplexing and triplexing their properties in order to get more accommodation. But what has been done to meet the demand? Nothing at all!

My first step in the solution of the problem would be to see that the things that go into the making of a house, were produced—and I would not stand for a strike in a government institution.

Hon. Mr. BENCH: May I interrupt the honourable gentleman? Will my friend be specific as to how he would control a strike in a government-owned institution? What would he do about it?

Hon. Mr. HAIG: How did you do it during the war?

Hon. Mr. ASELTINE: You took the plant over.

Hon. Mr. HAIG: You took it over and told the men what to do, and if they did not do it you chucked them out. That is what you have to do now, because this material must be produced.

In the city of Winnipeg there are 3,300 houses at various stages of construction, and nearly all of them are tied up for supplies. Yet the government comes forward and says it will build another 300 houses for veterans. That is just a political gesture. The Winnipeg city council wants to make it appear that it is getting the houses. Both it and the government are trying to take the credit. No organization has been set up, such as we had during the war, to see that the production of building materials is maintained. I can well remember the honourable senator from Alma (Hon. Mr. Ballantyne) asking in this house if we could not make tanks in this country. The answer was that we could not; that we did not have the equipment, the engineers or the standards. But, gentlemen, before we were through with the war we did make tanks and many other things as well. Housing is as serious a problem as any we faced during the war.

I may say that I am not entirely in favour of catering to the young men who served in the war. Honourable members will pardon the personal reference. I am reminded of what my boy said to me. He said, "Dad, it is my turn." He was then nineteen, and it was his turn. I do not believe boys and girls, because they went overseas and fought, should be pampered and spoiled when they come back here. I do not say that in a year or two the people who are now clamouring for houses will not be out of jobs and returning to the farms, leaving behind them empty houses in the cities. But at the present rate of construction we are not holding our own.

About six years ago we made an attempt at slum clearance in the city of Winnipeg. At that time it was observed that one area alone had as much sickness and hospitalization as all the rest of the city.

We will not get buildings unless we first amend the municipal tax laws. For instance, under the present system the landlord pays all the school taxes; the tenant pays no part of them. In Manitoba it is now possible to apply the increased tax against the tenant, but that is all.

May I now attempt to reply to the question by the honourable member from Peterborough West (Hon. Mr. Duffus)? The present legislation will not increase construction by one single house; it does not supply any material for building purposes, and that is the basic solution of the problem.

Hon. Mr. DUFFUS: Does my honourable friend say that the government should make men go to work and do what is required?

Hon. Mr. HAIG: The government of Canada has got to do just as it did in wartime. It has got to ask the people to produce certain things. The production of butter and milk had to be subsidized in order to maintain the price ceiling on these commodities. It may become necessary to subsidize the production of nails and cement, but the fundamental necessity is to organize their production.

Hon. Mr. CAMPBELL: May I ask the honourable gentleman if he can refer to any period in the history of this country when more houses were being constructed in his own city or anywhere else than at present?

Hon. Mr. HOWARD: That is a hard one.

Hon. Mr. HAIG: More houses were being erected in 1927, 1928 and 1929 than now, and they were being finished.

Hon. Mr. CAMPBELL: How many?

Hon. Mr. HAIG: More than at present. I am talking, not of houses merely commenced, but of the number finished. When a hole is dug in the ground now it is counted as a house under construction. In 1927, 1928 and 1929 more houses were completed in Winnipeg than are being completed there today.

Hon. Mr. CAMPBELL: Is he aware that during the past year more than 30,000 houses were constructed in Canada? That statement was made in another place.

Hon. Mr. HAIG: That may be, but we needed 60,000 to keep pace with ordinary demands, to say nothing of catching up with the shortage.

Hon. Mr. CAMPBELL: Does my honourable friend not realize that factories producing plumbing supplies and other materials are working at capacity today, except where there is a shortage of raw materials arising out of strikes, such as the steel strike?

Hon. Mr. HAIG: My honourable friend is simply saying that the factories would be producing at capacity if they could get the raw materials to enable them to do so. That is true.

We have known for more than a year that the present problem would be on our necks. Some of us—I admit we were only voices crying in the wilderness—warned that we were heading for trouble, but nobody believed us. It was felt that the lending of money at 4 per cent would solve the problem, but we tried to point out that it would not.

Hon. Mr. MacLENNAN: Did that help any?

Hon. Mr. HAIG: I think it helped a little.

Hon. Mr. MURDOCK: Will you not admit that up to a year ago today nothing mattered but winning the war? Japan quit one year ago today, and before that time the winning of the war was the only thing that mattered with all the people of Canada.

Hon. Mr. HAIG: I do not think so.

Hon. Mr. MURDOCK: Yet you are criticizing them now because they did not make nails and lumber and other things.

Hon. Mr. HAIG: The war was over on the 6th of May, 1945.

Hon. Mr. MURDOCK: Not with Japan.

Hon. Mr. HAIG: I am not arguing about Japan.

Hon. Mr. MURDOCK: We are talking about the war.

Hon. Mr. HAIG: In May, 1945, the war ended, so far as we were concerned. We were sending nothing but volunteers to Japan, and the number of these was a mere bagatelle. For some overseas squadrons not more than nine men volunteered. And we were not sending supplies, because the United States looked after them. Before the 6th of May, 1945, we knew that we were running into this housing shortage—that was plain to everybody—and the minute the Germans quit we should have started to organize this job that we have got to organize now. I say that the government is to be criticized for the year's delay in not realizing the problem that we faced. The situation is partly due to our mentality. People have always said that if money was cheap and there was lots of it, houses would be built; but there is lots of cheap money today, and houses are not being built. We have lost a year, and now the government is taking some action, probably under the stress of demand from the people of this country to have things organized.

I am quite willing that this bill should pass, but I have no hopes that it will do any good at all. If anybody thinks it is an answer to the demand for houses, I am sorry for them.

Hon. Mr. MURDOCK: May I ask my honourable friend a question? He spoke about houses being built at Hog's Back. Does he know that Hog's Back is four or five miles outside Ottawa, and that to lay down sewers out there would cost an enormous amount of money, if materials were available?

Hon. Mr. HAIG: Well, why did the government build houses out there? In my province 30 houses were built eight miles out from Winnipeg. They are finished, but there is no sewer down to the river, which is a mile and a half away. It was silly to build them out there, and I thought that Ottawa people had better judgment than to do the same kind of thing. I will not say anything tonight about the houses that were built in my city without foundations. I am terribly angry about them. They look better than the aluminum houses and I suppose provide a shelter over the heads of the people who live in them, but the day will come when the government will take a trimming on these $6,000 houses. We, the taxpayers, will take a trimming on them too, and will have to keep on paying heavy taxes.

I have spoken longer than I intended, but that is partly because of the questions directed at me. I hope that the government will apply itself to the housing problem as it did to wartime problems, and that it will direct its attention, not to creating cheap money, but to getting industry organized to produce the goods needed for building houses.

Hon. Mr. BENCH: I should like to say to the honourable gentleman that I have been waiting rather anxiously for him to state the remedy for the condition that he alleges to exist. He has told us about the shortage of certain critical materials, such as sewer pipe, lumber and nails. He has attributed that shortage in part to the labour situation in Canada, and he has said that the government is not following the right course. He rather indicated that he was going to tell us what course the government should follow and how it should cure existing defects, but if he has done so I have certainly failed to comprehend his suggestion. I am wondering if he would be good enough to just indicate what the government should do.

Hon. Mr. MURDOCK: The honourable gentleman said he was coming to that, but he did not get to it.

Hon. Mr. HAIG: Yes, I did. I said that the government should get after this housing shortage as it got after wartime problems. The honourable gentleman from Lincoln (Hon. Mr. Bench) was probably not in the chamber when I was dealing with that point. In the early

part of the war we were told that Canada could not make tanks, and this and that, but we did make them.

Hon. Mr. MacLENNAN: We could not make them at the time.

Hon. Mr. HAIG: It was said that we did not have the machinery and the set-up to build tanks, but I remember well that my honourable friend from Alma (Hon. Mr. Ballantyne) denied that at the time and contended we could build them. Organization solved that problem. Now we have got to organize the production of goods required for building. That is the only way the housing problem can be dealt with, and it must be the first item on the government's programme.

Hon. Mr. BENCH: Have not my friend and the party he supports been demanding for the last twelve or fourteen months that we should do away with all controls—with the so-called bureaucracy that has been running this country?

Hon. Mr. HAIG: I am not talking of controls. There was no control over the Angus shops in Montreal or the shops in Winnipeg or Calgary. The government told them to make a certain implement of war, they estimated the cost; and if subsequently the estimate was found to have been too high, the profits were cut down proportionately.

Hon. Mr. MURDOCK: That was under wartime conditions, when the sentiment of the average Canadian was different from what it is now.

Hon. Mr. HAIG: No. The sentiment is exactly the same today as it was in the war years. The people want housing, and they are prepared to support adequate measures to get it. The government has to put its back into the job and do it. Its present piecemeal effort is getting the country nowhere. There cannot be any other solution. That job has got to be done. We must have the goods, and the machinery must be set up to produce them.

Hon. Mr. BENCH: You want a sort of Department of Munitions and Supply to produce houses.

Hon. Mr. HAIG: Oh, no, I do not. You cannot put words in my mouth that way. I want the Department of Munitions and Supply, or some other department, to organize the production of nails, cement, metal lathing, roofing, lumber, and all the other things that go into house building. Let the government make the necessary supplies available to the builders, and they will build the houses more quickly and more economically than any government-controlled agency. That is the only way in which it can be done.

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

PENSION BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 329, an Act to amend the Pension Act.

He said: Honourable members, this bill has been distributed and is on your files. I have asked the honourable senator from Summerside (Hon. Mr. Robinson) to explain it.

Hon. BREWER ROBINSON: Honourable senators, this bill is the result of exhaustive deliberations by a large select committee of the other house, all of whose members are themselves veterans of World War I or World War II, and in some cases of both wars. It embodies all orders-in-council passed since the commencement of World War II relating to pensions to members of the armed forces and their dependents.

Its main features are, first, the restoration of the so-called insurance principle for members of the forces whose service was confined wholly to Canada, provision in this regard having already been made by order in council P.C. 2077, effective June 1, 1946. Under this principle ex-members of the forces, regardless of where they served, are pensioned not only for any disability attributable to service, but as well for any disability incurred on service. In other words, by adopting this principle, Canada insures her soldiers for all disabilities incurred by them during their service period. The only exception is improper conduct.

Hon. Mr. WHITE: Does that apply to veterans of World War I as well?

Hon. Mr. ROBINSON: Yes. The bill provides also for equality of benefits for all Canadians who served with the Allied forces in World War I.

Hon. Mr. WHITE: Does that take into account members of the forces who served in Britain in World War I?

Hon. Mr. ROBINSON: It places them on a parity with Canadians who so served during World War II.

Hon. Mr. WHITE: But does it cover Canadians who served in England in World War I?

Hon. Mr. ROBINSON: That is, Canadians who were domiciled in Canada. Provision is also made for the continuation of additional

pension for children born after the 1st of May, 1944, provided marriage was contracted before that date.

The other changes are mainly of an administrative nature and are explained in detail in the memorandum which I have before me. It deals with the bill clause by clause. As no doubt this and similar bills will be referred to one of our standing committees for consideration in detail, this memorandum will then be very helpful.

Hon. Mr. ASELTINE: Does the bill take in the veterans of the Riel rebellion?

Hon. Mr. ROBINSON: No, they are covered by Bill 331.

Hon. Mr. ROEBUCK: Are veterans' benefits extended to the fire fighters?

Hon. Mr. ROBINSON: They are covered by another bill.

Hon. Mr. WHITE: Do I understand that a veteran of World War I who served only in England and was disabled can now qualify for a pension?

Hon. Mr. ROBINSON: I have studied this and the related bills very briefly today, hence it is somewhat difficult for me to recall their various provisions. In one of the bills certain benefits are given to veterans not domiciled in Canada.

Hon. Mr. WHITE: I am referring only to veterans domiciled in Canada.

Hon. Mr. ROBINSON: Yes; but one of the bills relates to pensions for warrant officers and senior ranks, and I understand there is some arrangement between the Canadian and British governments as to payment of such pensions. That, however, is not covered by this bill.

Hon. JOHN T. HAIG: Honourable members, this bill and the other veterans' bills are the result of the deliberations of a large committee of the other house chosen from every group, and all its members saw service either in World War I or World War II. The only criticism I have to offer is that while every member of this house is one hundred per cent for doing the very best we can for all our war veterans, both men and women, we as senators have a duty to perform. We have to see to it that the proposals contained in these bills will, in the long run, be not only for the good of the veterans but commensurate with Canada's ability to carry them out. While I am quite willing to vote for second reading on principle, my suggestion is that this bill be sent to committee along with the other bills. Then when it comes back to the house we will have a full opportunity to consider the questions involved. My honourable friend from Pembroke (Hon. Mr. White) thoroughly understands these matters. Personally, I do not always appreciate what is involved, but when the bill goes to committee I can then judge what is best in the interests not only of the veteran—and I put him first—but also of the taxpayers of Canada.

Hon. WISHART McL. ROBERTSON: Honourable senators, I think the suggestion of the honourable leader opposite (Hon. Mr. Haig) is an excellent one. There is a great mass of detail in the bill, as it attempts to put into the statutes some of the orders in council which have been passed from time to time. It has undergone a very exhaustive examination by the special committee dealing with the many phases of the subject. Only three bills of this nature have passed the other place and come before us; and as no further progress has been made with the other nine, I see no reason for not having this particular bill, and perhaps the other two, considered by the committee. Questions may arise which only certain witnesses can answer. I suggest that we have all these related bills referred to the Committee on Banking and Commerce, to be considered more or less at the same time. In that way we may avail ourselves of the officials of the department who will be present.

Under the circumstances the other two bills may be explained tonight or left over until tomorrow.

Hon. Mr. HAIG: Whatever suits the convenience of the honourable gentleman is quite satisfactory to me.

Hon. Mr. ASELTINE: May I ask a question? Will any information be forthcoming as to what amount of money will be required to carry out the provisions of the twelve bills?

Hon. Mr. ROBERTSON: That question is a very pertinent one, but I am not in a position to give the information. I should think an estimate would have been made before the committee in another place.

Hon. Mr. ASELTINE: That is one fact we should have.

Hon. Mr. COPP: Was that information not on *Hansard*?

Hon. Mr. HAIG: Honourable senators, I am willing to have the three related bills go to committee without any further discussion.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in the motion for second reading of this bill?

Some Hon. SENATORS: Carried.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

WAR VETERANS' ALLOWANCE BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 331, an Act respecting Allowances for War Veterans and Dependents.

He said: Honourable senators, I would ask the honourable senator from Summerside (Hon. Mr. Robinson) to make a brief explanation of this bill.

Hon. BREWER ROBINSON: Honourable senators, this is a bill to amend the War Veterans' Allowance Act of 1930. That act was pioneer legislation and met with general approval at the time it was passed. It was amended in 1936 for the purpose of facilitating administration, and in 1938 veterans of the South African War were admitted to its benefits.

The purpose of the present bill is to provide for the maintenance of Canadian veterans and veterans of His Majesty's Forces or veterans of His Majesty's allies who were domiciled in Canada at the time of their enlistment.

Some honourable member has asked about the benefits under this bill. It provides an allowance for married or single veterans who have attained the age of sixty years, irrespective of their physical or mental condition, and for those under sixty years who are permanently unemployed or incapable of maintaining themselves. These allowances are payable only when the applicant is in necessitous circumstances.

Since 1939 various orders in council have been passed to meet changing conditions and to provide for new classes of veterans or dependents. Bill 331 incorporates these orders in council in the statutes and provides for an increase in the amount of allowances payable. The following classes of veterans are eligible:

(1) Veterans of the Canadian expeditionary forces in World War I.

(2) Veterans of His Majesty's forces or His Majesty's allies who were domiciled in Canada at the time of their enlistment.

(3) Veterans of the South African war.

The proposed bill incorporates into the statutes the orders in council covering the following classes of veterans or dependents:

(1) Veterans of the Northwest Field Force (Riel Rebellion).

(2) Veterans of World War II.

(3) Veterans who served in both World War I and World War II, irrespective of the theater of service.

(4) Widows of veterans who were in receipt of war veterans' allowance or who would otherwise have been eligible to the benefits of the act during their lifetime.

(5) Orphans of veterans as defined in the act, subject to conditions with regard to age.

The major change effected by the legislation now under study is the increase in the amount of allowances payable. At the present time a recipient is entitled to the following allowances: Single—$20 per month or $240 per annum; Married—$40 per month or $480 per annum. In addition, both married and single recipients are entitled to casual earnings of $125 per annum plus $25 per annum unearned income. Supplementary allowances, not exceeding the amount of $10 for a single recipient and $20 for a married veteran are provided in cases where the non-payment of this supplementary allowance would cause hardship or distress. Under the proposed legislation the supplementary allowance becomes part of the basic allowance, thus raising the latter from $20 to $30.41 per month, or $365 per annum in the case of single recipients, and from $40 to $60.83 per month, or $730 per annum for married recipients. This bill further permits other income in the amount of $125 per annum for a single recipient and $250 per annum for a married recipients or a recipient with dependents. Casual earnings of $125 and the $25 unearned income per annum, permitted to both married and single recipients under the act, are retained in the proposed legislation. Thus the maximum income permissible from all sources, including the allowance, will now be $640 per annum to single recipients instead of $390, and $1,130 to married recipients instead of $630, except in cases where supplementary allowances were paid in part or in full.

Provision is made in the bill for the enactment of regulations. It also provides for the continuing of the allowance at "married rates" to a widower or widow with an invalid child, over the age of 21 years, where such child is residing with his or her surviving parents.

In answer to the question concerning the expenditure required to meet the provisions of this new legislation, I understand the approximate amount to be $3,500,000.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

VETERANS' LAND BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 336, an Act to amend the Veterans' Land Act, 1942.

He said: Honourable senators, I have asked the honourable member from Summerside (Hon. Mr. Robinson) to make a brief explanation of this bill.

Hon. Mr. ROBINSON: Honourable senators, this bill, which proposes to amend the Veterans' Land Act of 1942, has been examined by the Veterans Affairs Committee. In order to give accurate information, with the permission of the house I will stick fairly close to my notes.

This bill contains four separate amendments to the Veterans' Land Act of 1942. The first is of an administrative nature and is self-explanatory.

The second amendment provides for an alternative method of establishing a veteran as a farmer. The present act makes provision for the establishment of a veteran on a purchased farm or small holding, or by way of a mortgage loan on land owned by the veteran, or by way of a grant up to a maximum of $2,320 to help a veteran to settle on land provided by one of the provincial governments. In some provinces a veteran can obtain Crown lands from the provincial government, which will if necessary advance him money up to a certain amount for the purchase of implements.

In view of the present difficulty confronting the administration in purchasing lands in certain districts where substantial increases in land values have occurred, it has been deemed wise to make provision for loans for the purchase of farming equipment to facilitate the establishment of qualified veterans on farm properties which they may rent or purchase on terms or at prices satisfactory to the administration. The subsidy feature which exists in connection with the purchase of land by the administration is carried forward into this new arrangement. This gives a veteran another opportunity of establishing himself as a farmer.

The third amendment confers on the minister discretionary power to authorize loans or advances under the Veterans' Land Act to persons who obtained loans or advances under the provisions of the Soldier Settlement Act and who are indebted to the Director of Soldier Settlement. It has come to the notice of the department that certain soldier settlers established under the Soldier Settlement Act following the First Great War found it necessary, for reasons beyond their control, to discontinue farming operations, and to surrender their properties to the board. Other soldier settlers disposed of their land to third parties under term agreements. In a number of these cases the third party has not yet completed payment, and technically the soldier settler concerned is still indebted to the Director of Soldier Settlement. To meet a limited number of cases in these categories, it is felt wise to make provision for discretionary power to deal with them under the provision of the Veterans' Land Act, because the veterans concerned also served during the last war.

The fourth amendment deals purely with administrative matters with respect to the formulating of regulations and the designating of persons to exercise or perform the duties conferred or imposed by the act on the director.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the standing committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, August 7, 1946.

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

Prayers and routine proceedings.

WAR CRIMES BILL

FIRST READING

A message was received from the House of Commons with Bill 309, an Act respecting War Crimes.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, at the next sitting.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

FIRST READING

A message was received from the House of Commons with Bill 346, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railway System during the calendar year 1946, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Next sitting.

INCOME AND EXCESS PROFITS TAXATION

FINAL REPORT OF COMMITTEE—PART TWO

Hon. W. D. EULER presented Part Two of the final report of the Special Committee appointed to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940.

He said: Honourable senators, I would suggest that this report, although not lengthy, be not read, but that it be printed as an appendix in Hansard, or in the Minutes, so that honourable members may read and comprehend what is in it and be prepared for discussion, if any, when I move adoption of the report, probably next week.

(See appendix at end of today's report.)

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill S11, an Act respecting Workers Benevolent Association of Canada.

He said: Honourable senators, the committee have, in obedience to the order of reference of July 29, 1946, examined this bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. HOWDEN: With leave, I would move third reading now.

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

CANADA DAY BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 8, an Act respecting Canada Day.

He said: Honourable senators, your Committee have examined this bill, and now beg leave to report it with the following amendments:

1. That clause one of the bill be amended by deleting the words "The Canada Day" in line four of the bill and substituting therefor the words "The National Holiday of Canada";

2. That clause two of the bill be amended by (a) inserting after the word "Sunday" in line six of the bill the words "shall be the National Holiday of Canada, and" (b) deleting the words "under the name of Canada Day" where they appear in lines seven and eight and (c) deleting the comma after the word "such" in line seven thereof and substituting therefor a period;

3. That clause three of the bill be amended by (a) deleting the words "throughout Canada" in line ten of the bill and substituting therefor the words "the National Holiday of Canada" (b) deleting the words "under the same name" where they appear in lines eleven and twelve, and (c) inserting a period after the word "such" in line eleven;

4. That the following be added as clause four of the bill and the following clause be renumbered accordingly "4. Wherever, in any statute or law of Canada or in any order or regulation made thereunder, the words "Dominion Day" appear there shall in each and every case be substituted therefor the words "the National Holiday of Canada."

In the Title

5. That the title of the bill be amended by striking out the words "Canada Day" and substituting therefor the words "The National Holiday of Canada."

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

Hon. Mr. BEAUREGARD: Now.

Hon. W. E. FOSTER: Honourable senators, the report of the committee—

Hon. Mr. HAIG: I presume there is unanimous consent for the honourable gentleman to proceed.

The Hon. the SPEAKER: There must be unanimous consent.

Some Hon. SENATORS: Go ahead.

Hon. Mr. FOSTER: Honourable members, the substance of this report is to amend the bill by changing "Canada Day" to "The National Holiday of Canada." The other amendments are merely consequential. Therefore, with leave of the Senate, I would move that the report be taken into consideration now. If it is adopted, and any honourable member wishes to move a further amendment, he will have an opportunity to do so on the motion for third reading of the bill.

Hon. C. C. BALLANTYNE: I crave the indulgence of honourable senators who listened to me in committee for a brief period this morning while I again go over part of the ground I then covered.

At the outset I desire to move, seconded by Hon. Mr. Murdock, the following amendment:

That the report of the committee be not now received, but that it be referred back to the Standing Committee on Banking and Commerce for further consideration.

I hope my reasons for doing this will appeal to honourable senators. This bill is one of the most important to be introduced in parliament in a very long time; as a matter of fact, I cannot recall another of greater importance. As honourable senators know full well, this is not a government bill, but a public bill introduced by a private member. This was made abundantly clear by the leader in the other house when the bill was introduced; but there was some confusion, and the members of that house did not expect the bill to make the progress it did. In an exceedingly short time several votes were taken, and eventually the bill was passed with I think I may say quite fairly—little consideration or none whatever. It was then referred to this house.

As we all know so well, for about seventy years Dominion Day has been celebrated in Canada on the 1st of July. During our early youth we were taught about the glorious and important work the Fathers of Confederation did in successfully bringing about the great and historic event whereby confederation was accomplished and this fine country of ours became the Dominion of Canada.

This bill now proposes to change the name of our national holiday. During the long and very intelligent debate on the subject many arguments pro and con were advanced. There were two principal arguments against the bill. Some of those who spoke urged, after consulting many dictionaries, that the word "dominion" meant domination; others thought it meant that we were still a colony. While listening to those arguments, I was unable to recognize the force of them, because I know full well that by the Statute of Westminster, passed in 1931, Canada became a free and self-governing nation in every respect.

Whether the name is changed or not will make no difference whatever insofar as Canada's nationhood is concerned. Like most honourable members of this house, I was born and brought up in Canada, and am proud of it. We are all Canadians and all for Canada. I cannot follow the argument that the passage of this bill will create in our breasts a greater enthusiasm for Canada, because there is already present such a love and enthusiasm. Also it must be remembered that we are British. It has been argued that the 1st of July has not been very enthusiastically celebrated as a national holiday; it has been pointed out that it has not been declared by statute to be a national holiday, although in bygone days such a request was made by honourable members of this house. Be that as it may, for nigh unto seventy years July 1 has been celebrated with greater or less enthusiasm from one end of this country to the other. It has also been celebrated in London. As I stated in committee this morning the 1st of July is regarded in London as a day commemorating a great attainment. Once or twice while there I have attended dinners held on the 1st of July, when leading men of the British Parliament, and on occasion some members of the Royal Family, were present as well as a large number of Canadians who live and make their livelihood in the United Kingdom. All are proud to celebrate Dominion Day in the great commercial metropolis of the world.

If a change is made and Dominion Day is called "The National Holiday of Canada," I fail to see that it will cause us to throw our caps higher in the air or shout more lustily than before. Furthermore, the bill has its complications, for wherever in the statutes passed over the last century there is reference to Dominion Day a change will have to be made.

May I again refer to the Statute of Westminster? Canada today has only two or three links with the United Kingdom. First, if we decide that we want to change the Canadian constitution, commonly known as the British North America Act, we secure the approval of the Imperial Parliament. When the Statute of Westminster was drawn up a great and very able statesman from my province, the Right Honourable Ernest Lapointe, insisted that any change in our constitution must receive the approval of the Imperial Parliament. In this he was stoutly supported by the Honourable Howard Ferguson, then Premier of the Province of Ontario. It was the wish of these men that that condition should stand, for the protection of the minority. Secondly, we have the right of appeal to the Judicial Committee of the Privy Council. Thirdly—and this link we honour most—we have His Majesty the King.

If Canada wishes to dispense with the approval of the British parliament or the right of appeal to the Judicial Committee of the Privy Council, as provided by her constitution, all she has to do is say that she no longer desires those perquisites and the United Kingdom will readily agree. Therefore, as a nation, we could

not be more free than we are now and have been for a long time, and will continue to be in the future.

We all desire to maintain unity in Canada. Honourable members will pardon a reference to the Right Honourable Sir Wilfrid Laurier. I know of no other Canadian who preached more and did more for the unity of Canada. Sir Robert Borden also took a similar stand. This bill is a highly controversial one. A number of people in Canada, probably for the most part from my province, are undoubtedly in favour of the change; on the other hand, there are also many people from the province of Quebec who are against it. Why then should we fan afresh national fires? Why create more disunity by forcing on the people of Canada a bill which received only a few hours consideration in the House of Commons and then was promptly sent over to this house?

To my mind the government should have asked the honourable member who introduced this bill in another place to withdraw it. Then if the government believed in the measure it should have brought it forward as a government bill and asked for its approval by parliament. I would go further and say that the bill ought to be submitted to the people of Canada. Honourable senators, we are being asked to approve of a bill which the people of this country have had very little time to consider. True, this chamber has had the bill before it for a considerable period, but public opinion is slow to grasp all that takes place here. Therefore I shall regret it if the bill is forced through.

I do not know that I need say anything more, except to again express my surprise at the suggestion that the Canadian people are not as truly Canadian as they should be, that they are not possessed of a sufficient degree of national enthusiasm, and that they lack an appreciation of the significance of the first of July, but that if this bill is passed ipso facto something surprising will happen—like the magician pulling a rabbit out of his hat—and thereafter on the first of July bands will be playing and flags flying and everyone of us will be a better Canadian than he is now. I do not hold to that view at all.

Honourable senators can tell from the tenor of my remarks that I am against the proposed change in the name of the holiday. I should like to see a recorded vote, so that every honourable member will show whether he is for or against the bill. I am not very confident that my motion will carry, but "hope springs eternal in the human breast", and I have not given up altogether.

I thank honourable members for their kind attention.

Hon. JAMES MURDOCK: Honourable senators, in a world beset with unrest and dissension, what is it that we need here in Canada more than any other one thing? In my judgment it is unity and reasonable co-operation. Many of us think we know why this bill originated.

Hon. Mr. FOSTER: You may think so.

Hon. Mr. MURDOCK: Yes; I am including myself in "we".

Hon. Mr. SINCLAIR: You may be taking in too much territory.

Hon. Mr. MURDOCK: We may be mistaken. However, we do know that for some weeks a good deal of time has been spent on this bill in the Senate. The bill proposes to say to us who have been regarding Dominion Day as a day commemorating the birth of Canada, "The day is no longer to be known as Dominion Day, but henceforth is to be called Canada Day." That does not seem to be altogether unreasonable, but in my judgment the bill does not use the proper language for recognizing the views of those sponsoring the bill as well as of those of us who find fault with it.

I was at the committee this morning and paid attention to all that was said, and I have given the bill about as much consideration as anybody else, yet a few moments ago I was surprised to learn that the title of the bill has been changed. I am told by my honourable friend to my left (Hon. Mr. Sinclair) that that was done by the committee this morning. In my humble judgment the bill should have been amended differently, and I am going to put on record for future reference the form I think it should take:

BILL 8

An Act respecting the Dominion of Canada Day

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short Title

1. This Act may be cited as The Dominion of Canada Day Act.

Canada Day a legal holiday

2. Throughout Canada, in each and every year, the first day of July, not being a Sunday, shall be a legal holiday, and shall be kept and observed as such, under the name of the Dominion of Canada Day.

When 1st of July is a Sunday

3. When the first day of July is a Sunday, the second day of July shall be, in lieu thereof, throughout Canada, a national legal holiday, and shall be kept and observed as such under the same name.

Repeal

4. The Dominion Day Act, chapter forty-nine of the Revised Statutes of Canada, 1927, is repealed.

If the bill had been amended to read in that way it surely could have satisfied the aims and claims, and the best hopes and wishes of those who favoured the original bill as well as of those who were opposed to it. It seems to me, though I may be mistaken, that the bill as amended by the committee is more complicated than it was before. I have seconded the motion that it be referred back to the committee for further consideration, and I hope a vote will be taken upon that motion.

Some Hon. SENATORS: Question.

Hon. Mr. SINCLAIR: Honourable members, I have not had a chance to see the motion, but there is a point that I wish to bring up. A motion to refer a bill back to a committee should contain instructions as to how the bill is to be amended. In the motion before us there are no specific instructions.

Hon. Mr. BALLANTYNE: There is no necessity whatever for giving instructions.

Hon. Mr. SINCLAIR: When a bill is being referred back to a committee, the motion should contain instructions as to what amendment the committee should make. I rise to a point of order on that, Mr. Speaker.

Hon. Mr. HAIG: The motion is to refer the bill back to the committee for further consideration.

Hon. Mr. SINCLAIR: There is no specific instruction in that.

Hon. Mr. HAIG: Yes, there is—a specific instruction to give the bill further consideration. The house can refer a bill back with instructions to strike out this or that clause, or to amend the bill in any other way, or it can simply refer a bill back for further consideration, as we have done times without number. I submit that the motion is quite proper and within our rules.

Hon. Mr. SINCLAIR: I rise to a point of order, Mr. Speaker.

The Hon. the SPEAKER: When a bill is referred back it is usual for an instruction to be given to the committee, but there is nothing in our rules requiring that this be done. A bill may be referred back simply for further consideration. I see no objection to the motion.

Hon. FELIX QUINN: Honourable members, when this bill reached us from the other House I was rather impressed by the attitude of the honourable gentleman from Saint John (Hon. Mr. Foster) who, regardless of whether it was a government or a private measure, undertook to sponsor it.

At the outset I felt inclined to support the bill. Believing that twenty years ago Canada became an autonomous nation, I felt that our country had grown from a colony to the status of a dominion, and finally to the full stature of nationhood. It will be recalled that prior to the arrival of the bill in the Senate a joint committee of both houses was appointed to consider a distinctive national flag for Canada. After many meetings that committee recommended a design for such a flag. Yet by recommending that we should have, not a distinctive Canadian flag, but a flag with the emblem of another nation in its superior quarter, the committee implies that this country is still a dominion, and consequently not an autonomous nation. If we adopt a flag which denotes that Canada is still subservient to another power, then I say we must be consistent and retain the old title of Dominion Day.

Some Hon. SENATORS: Question!

Hon. Mr. G. P. CAMPBELL: Honourable members, as I have not spoken on this bill before I now desire to address myself to the report of the committee. I have had a good deal of difficulty in deciding what is the best thing to do in the circumstances, but having listened to the arguments advanced on the motion for second reading and to those which were presented in committee, I am convinced we are a little premature in attempting to pass legislation of this kind.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. CAMPBELL: I was greatly impressed by some of the speeches which honourable senators from the province of Quebec delivered during the debate on the motion for second reading of the bill. If I felt that the adoption of the measure would bring about a better understanding and promote greater unity among the people of this country I would support it; but, as I have said, I am convinced that its introduction is somewhat premature. I do not think the amendments recommended by the committee are anything more than a compromise or an attempt to get rid of a piece of legislation which probably is embarrassing to some honourable members. I believe in dealing with the matter a little more directly, by considering the bill on its merits and voting for or against it.

I do not think the change from "Dominion Day" to "National Holiday of Canada" will persuade any person that the first of July will become a more distinctive national holiday than it has been in the past.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CAMPBELL: I do not think it will cause any Canadian to celebrate the day with any greater enthusiasm. To my mind Dominion Day is our national holiday—although it is not so declared by legal enactment. In my province the first of July is celebrated as "Dominion Day." I am sure that any Canadian when abroad is proud to say that he comes from the Dominion of Canada. Surely no one need feel for one moment that by linking the word "dominion" to the name of our country there is the slightest implication of subserviency to any other country.

In view of the very close vote in the committee this morning on the proposal to postpone consideration of the preamble to the bill, I feel that we should now consider the motion to concur in the report. I feel that postponement of the bill would be in the best interest of this country and would serve to promote national unity. I am of the opinion that we should adopt the motion and thereby refer the report back to the committee for further consideration. I shall support the motion of the honourable gentleman opposite (Hon. Mr. Ballantyne).

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in the amendment, moved by Honourable Senator Ballantyne and seconded by Honourable Senator Murdock, that the report of the commitee on this bill be not now received, but that it be referred back to the Standing Committee on Banking and Commerce.

Some Hon. SENATORS: No.

Some Hon. SENATORS: Yes.

The Hon. the SPEAKER: Those who are in favour of the motion will say "Content."

Some Hon. SENATORS: Content.

The Hon. the SPEAKER: Those who are opposed will say "Not content."

Some Hon. SENATORS: Not content.

The Hon. the SPEAKER: In my opinion the Non-contents have it.

Hon. Mr. MURDOCK: Let us have a vote.

The Hon. the SPEAKER: Call in the members.

. . .

The Hon. the SPEAKER: The question, honourable senators, is on the motion of Hon. Mr. Ballantyne, seconded by Hon. Mr. Murdock:

That the report of the committee be not now received, but that it be referred back to the Standing Committee on Banking and Commerce for further consideration.

Is it your pleasure, honourable senators, to concur in the motion?

The motion was negatived on the following division:

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The Hon. the SPEAKER: I declare the motion lost. The question now is for concurrence in the amendments to bill 8 as reported by the Standing Committee on Banking and Commerce. Is it your pleasure, honourable senators, to concur in the amendments?

The amendments were concurred in, on division.

THIRD READING

Hon. Mr. FOSTER, with leave of the Senate, moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed, on division.

DONCASTER INDIAN RESERVE

INQUIRY

Hon. Mr. DAVID inquired of the government:

1. Of the 9,120 acres comprised in the Doncaster Indian Reserve: (a) how many acres are land; (b) how many acres are lakes?

2. What kind of timber is to be found in this reserve?

3. In the past 30 years has any timber been cut? If so (a) where; (b) by whom; (c) whom for?

4. Is there any fish in the lakes? ? If so, what kind?

5. Is there any game in the reserve? If so, outside the dog and cat of the warden, what animals are there?

6. Is there any hunting done on the reserve? If so, by whom (a) Indians; (b) white men?

7. Is there any fishing done in the lakes of the reserve? If so, by whom (a) Indians; (b) white men?

8. In the past 30 years have any cases been made by the game warden of the Doncaster Reserve? If so, how many and when?

9. Has the Government of Canada at any time been requested by the Province of Quebec Government to cede this territory for colonization purposes? If so, when?

10. Actually, of the 9,120 acres of the reserve, how many acres of land are cultivated?

Hon. Mr. ROBERTSON: The answer to the honourable gentleman's inquiry is as follows:

1. The acreage of the Doncaster Indian Reserve is 18,500 acres and is comprised of approximately 17,700 acres of land and 800 acres of lakes. 9,120 acres of this said area has been surveyed.

2. Section north of Mercer road, about 40 per cent of reserve, was burned and is reproducing poplar 65 per cent and white birch 35 per cent; the remaining 60 per cent is comprised of undergrowth of conifers, spruce and balsam already apparent, and the balance of forest cover comprises tolerant hardwood types with yellow birch, maple and beech being the predominant species on the hilltops and white spruce and balsam in the valleys, the few small swamps containing tamarack and cedar.

3. (a) On Doncaster Indian Reserve, (b) 1916-1918, St. Maurice Paper Co., Ltd.; 1922-1923, Ciel Decaire; 1924-1930, Pepin Freres, of Lac Masson, Que.; 1931-1940, Arthur Forget, of Ste. Lucie, Que.; 1940, Frank Collin, of Ste. Lucie; 1941, Ste. Agathe Lumber Co., Ltd.; 1944, Paul Dicker; 1945, Eddie Oke, Angus Beauvais, Tom Simon, Joseph Laforce, John Angus, Paul Dicker; (c) wood supplied to indigent Oka Indians.

4. Yes, speckled trout.

5. Yes, deer and a few moose.

6. No legal hunting.

7. Limited fishing. A few Indians, possibly some white persons.

8. No.

9. No.

10. None.

Hon. Mr. DAVID.

NATIONAL HOUSING BILL

SECOND READING

The Senate resumed from Tuesday, August 6, the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 306, an Act to amend the National Housing Act, 1944.

Hon. CYRILLE VAILLANCOURT: Honourable senators, with the consent of the house I should like to give a brief resume of the discussion which has taken place. I will first speak in French, and then in English.

Hon. Mr. HAIG: Has not the honourable gentleman already spoken on the bill?

Hon. Mr. COPP: He spoke on the bill originally, but he is now closing the debate.

Hon. Mr. HAIG: Is he closing the debate? His Honour the Speaker has not said so.

Hon. Mr. COPP: Some things should be taken for granted.

Hon. THOMAS VIEN: Honourable senators, on the point of order raised by the honourable leader opposite there is an interesting question which I think might properly be explained to the Senate. When moving the second reading of a bill the leader of the government usually asks an honourable senator to explain the purpose of the bill. The mover of the second reading then has the right to conclude the debate on the motion.

Hon. Mr. HAIG: Honourable senators, speaking now on the point of order, I may say that I did not question the right of the honourable member to speak further to the bill. The facts are that the leader of the government moved the second reading, seconded by the honourable member from Westmorland (Hon. Mr. Copp), and said he would ask the honourable gentleman from Kennebec (Hon. Mr. Vaillancourt), to explain the bill. The honourable gentleman then made his explanation. I am not objecting to his speaking again, but I say he has no right to do so. The leader of the government may speak, but no one else. I think my interruption has been misunderstood. I wanted His Honour to say that if the honourable member from Kennebec spoke, that would conclude the debate.

Hon. Mr. VIEN: That is the point I am explaining. When the honourable leader opposite said that the honourable gentleman who proposed to speak had exhausted his right to do so, he was in effect raising a point of order. Under that point of order the house might consider the question of whether or not an honourable senator who is asked to explain

a bill should have leave to exercise the inherent right of the mover of the second reading to close the debate. If the leader of the government requests a senator to explain the purpose of a bill, that senator should have the right to close the debate.

Hon. Mr. ROBERTSON: Honourable senators, I am glad this point has come up. My practice with regard to the explaining of bills is to avail myself of the experience and knowledge of other honourable senators. It has been suggested to me that the honourable senator who explains a bill at my request will presumably have informed himself as to the different features of the bill and be in a better position than I would be to reply to any criticism or comments.

It seems to me that we have a choice between two courses. When the Clerk calls the order for the second reading of a bill standing in my name, and I have asked an honourable senator to explain the bill, the house might perhaps agree to permit him to make the motion, and from then on he would be technically in my position. That would be one course. The alternative course is that I move the second reading of every bill standing in my name, as I do now, but that there be a general understanding on the part of the house that if another honourable member explains the bill at my request he is to have the right, which otherwise would be mine, of closing the debate. The honourable leader opposite (Hon. Mr. Haig) is undoubtedly right in his contention that the honourable gentleman from Kennebec (Hon. Mr. Vaillancourt), having explained the bill, is entitled to speak on it again, but that when he does so he closes the debate. I think that at some time in the future we should consider which of the two courses suggested would be the better for us to adopt.

Hon. Mr. HAIG: If I may be permitted to speak again, I will suggest what I think is the proper procedure. When the honourable leader of the government asks another senator to explain a bill, that senator should move the second reading, and in doing so should say, "On behalf of the leader of the government I move the second reading of the bill." Then there would be no question as to what was being done. I do not like the amendment suggested by my honourable friend from De Lorimier (Hon. Mr. Vien). A couple of years ago we went over our rules very carefully. If you depart from the general principles of parliamentary practice you are liable to get on dangerous ground, for you no longer will have precedents to guide you. Furthermore, men and women appointed here after having served in the House of Commons or one of the legislatures would be liable to find our procedure confusing.

Hon. A. L. BEAUBIEN: Just to clear up a point, may I ask the honourable gentleman a question? Suppose a bill is on the order paper for second reading, in the name of the honourable the leader, but the motion is made by someone else, would the honourable senator who made the motion have the right to close the debate?

Hon. Mr. HAIG: Yes.

Hon. A. L. BEAUBIEN: The leader then would have no right to speak on the motion more than once.

Hon. Mr. HAIG: He would have the same rights as any other member.

Hon. Mr. VIEN: Honourable senators, I want to correct a misinterpretation of my remarks by the honourable leader opposite (Hon. Mr. Haig). I did not suggest an amendment to our rules. As to the two possible courses suggested by the honourable leader, I think it is preferable that the motion for second reading of a government bill be made by the leader himself, and that if any other honourable senator explans the bill he should state that he is doing so on behalf of the leader; and it seems to me that the one who explains the bill should, by unanimous consent of the Senate, have the right to close the debate.

The Hon. the SPEAKER: Honourable senators, it should be understood that when the honourable gentleman who explained this bill (Hon. Mr. Vaillancourt) speaks again he will, with the consent of the house, close the debate. Therefore, if any other honourable members desire to speak on the motion they should do so now.

Hon. R. B. HORNER: Honourable senators, in view of the ruling by His Honour the Speaker, I have a few remarks that I wish to make now. I do not entirely agree with the honourable leader on this side (Hon. Mr. Haig) that a house built on farm land has no value at all. But I am alarmed, as I have said before, about the building of houses by the government in cities, where there is no assurance that the men who occupy the houses will find work. If a man has a house in the country he at least has a chance of keeping a goat and some chickens, or of managing in some other way to make a living; but if he lives in a city and is unable to find a job he is up against it.

I am entirely opposed to the principle of the building of houses by the government. I

do not wish to be unkind, but I think that the government, by what it is doing, is helping to ruin the young men of this country.

Hon. Mr. QUINN: You are "agin the government."

Hon. Mr. HORNER: I am certainly against that part of its policy. Apparently the government, from leaning over backwards to Socialists, "Pinks" and Communists, has weakened its spine, until now it is just a push-over for anybody who comes along. As a result, the people who build their own homes are going to be taxed to build homes for other people all over the country.

We have heard a lot about the need for nails, and I think I should tell honourable senators that the best house I ever owned did not have a nail in it.

Hon. Mr. HAIG: That was built of sods.

Hon. Mr. HORNER: If I gave a short description of the place, perhaps some young fellow may hear of it and take heart. It was built of logs by people from a Dukhobor village, and there were two or three ply of sods. The windows were all made by hand; there were two in the east end of my living room and two in the south end; in my kitchen, which was divided off, there was one facing north. The logs were plastered, and it was the best house in the township, being cool in summer and warm in winter. The door was made of lumber sawed by hand, and there was a wooden pin for the hinges, to keep the door closed there was a wooden hasp which was lifted by a babiche—a rawhide thong. The total cost of the house was thirty-one dollars and some cents. As the place was all paid for I had no interest payments to meet, and I had capital left to buy machinery for breaking my land. I may say that in those days I was prouder of that house than I would be now if you gave me title to the Chateau Laurier here.

The government is asking our young people to start off with a $6,000 home, on which they will have to pay interest, and I doubt if they will be as comfortable as I was in the house that cost me just about thirty-one dollars. I am not being unkind to our young people when I say this. On the contrary, I think that the unkindest treatment they can get is paternalistic assistance from the government.

As I said before, the government has leaned over backwards so long that it has no resistance left. It took over a steel plant, where there is a strike, and one of the fellows who wished to work was hi-jacked, taken to the hills, beaten up and left unconscious. The wives of the men who wish to work go in fear of their lives, and still no action is being taken.

Hon. Mr. HORNER.

Hon. Mr. BENCH: Where is the Attorney General of Ontario?

Hon. Mr. HORNER: The best way to assist our young men is to let them get their own houses. The young fellow who is capable enough to be able to pay off any loan that he requires will have no difficulty in obtaining the necessary money and finding suitable land. The house that I have described suited me at the time. I had a certain plan in my mind, and I needed my money for something else than a dwelling.

I wish to record my opposition to this kind of legislation. The money that is lost on houses built by the government will have to be replaced, and eventually the workers of Canada will have to pay the shot.

Hon. J. J. BENCH: Honourable senators, I should like to say a few words, not so much with direct reference to the merits of the bill as by way of rebutting the charges levelled by honourable members opposite against the government in respect of the obligation which they allege is upon it in connection with strikes in critical industry. It was suggested by the honourable leader opposite (Hon. Mr. Haig) when he spoke on this bill the other day, and it has just now been suggested by the honourable gentleman from Saskatchewan North (Hon. Mr. Horner), that the Government of Canada is lax, is failing in its duty in not repressing incidents of lawlessness arising out of the strikes which unfortunately are gripping the economy of our country at the present time. The honourable gentleman from Saskatchewan North cited an instance where a worker in a plant said to be strike-bound was hi-jacked, as he put it, taken up into the hills and beaten, apparently because of his desire to go to work. The honourable senator rather suggests that the Government of Canada is somehow at fault for not taking some punitive steps to repress that sort of conduct.

Now, I should like to point out to the house, and especially to the honourable gentlemen who have made these charges, that the enforcement of the criminal law of this country is entrusted to the Attorneys-General of the provinces. If any man was taken into the hills and beaten up because of his desire to work, then it was for the Attorney General of the province in which that incident occurred to prosecute—first of all to find out the individuals who committed the offence and then to prosecute them in the courts, in order that they might be punished. There is a lot of loose talk as to what is the responsibility of the Government of Canada in matters of this kind.

Hon. Mr. HORNER: May I ask the honourable gentleman a question? Whose responsibility is it to decide what is a legal or an illegal strike, and what is legal picketing?

Hon. Mr. BENCH: The Parliament of Canada in the relevant section of the Criminal Code has declared what type of picketing may be allowed. As I recall it, the section states that "peaceful picketing" may be carried on, that it is an exception to what otherwise would be "watching and besetting"—I think those are the words used. The Parliament of Canada has declared what the offence is, but it is for the Attorneys-General of the provinces to enforce that law. I do not think any honourable senator here will dispute that statement.

My only purpose in rising was to clear up the inference which may have been left in the minds of some honourable members as regards the alleged responsibility of the Dominion Government in matters of this kind.

Hon. Mr. HAIG: Will the honourable gentleman permit a question? Is there any difference between the legal position of the Steel Company of Canada at Hamilton, say, and that of the Goodyear Tire and Rubber Company at New Toronto in regard to the operation of their plants?

Hon. Mr. BENCH: I assume that what is meant by the honourable gentleman is that in the steel industry the government has taken over control—

Hon. Mr. HAIG: Certainly.

Hon. Mr. BENCH: —and has appointed a controller. I understand that is not so in the case of the rubber industry.

Hon. Mr. HAIG: Is there any difference?

Hon. Mr. BENCH: It is still a matter for the Attorney General of Ontario to safeguard the situation in Hamilton, and to enforce the criminal law.

Hon. CYRILLE VAILLANCOURT: Honourable senators, I should like to summarize the discussion on this bill and to clarify certain facts. The main argument brought forward against this measure is that, though we are willing to lend money for building purposes, there is a lack of goods—nails, sheeting, piping, sewer-pipes, cement, and so forth. Therefore it is claimed that it would be advisable to co-ordinate financing and production. Those who have listened to the speech made in another place by the gentleman responsible for the administration of this act have realized how wise the government has been in bringing forward this bill and in co-ordinating financing and production.

If it is proposed to increase production of nails, sheeting, cement, in fact of everything needed for building, it becomes necessary that the producers of all these goods be assured that the amount of money they invest in the purchase of new machinery or the extension of their factories in order to increase production will not be too considerable and likely to be lost, in great part, in two years' time. To-day the government tells the producers of goods: "We are now submitting to you a five year plan. Through this plan you can increase production." At once the cement producers will work 24 hours a day and produce three times as much cement as they did before the war. It is a well-recognized fact that those concerns which produce goods needed for the building of houses must at the present time work 24 hours a day. As far as nails are concerned, it has been ascertained that the main obstacle to increased production has been the low price level. An increase in price has now been authorized, and twice as many nails are being manufactured now as in 1939. Should a shortage of labour occur, National Selective Service will take the steps necessary to remedy that condition.

I do not think that loans to farmers will function much better than in the past, since we already have the federal farm loans and, in certain provinces, local agricultural loans. Moreover, credit unions already make loans. However, even though no wonderful results may follow, such loans can do no harm. As far as the rate of interest is concerned, it has been set at 4½ per cent. It could have been set even lower, but it was not considered desirable to destroy private initiative in this field.

(Translation):

There is, however, another obstacle to full production—strikes. We are told that the federal government should put an end to them. It is said that during the war the government made this or that work compulsory, so why not carry this compulsion into peace time activities? During the war we had to carry on a struggle against dictatorships and use dictatorial methods to defeat them; but now the war is over, and the government does not wish to use the methods that Hitler or Mussolini, or even Stalin, would have resorted to. According to our democratic principles it is preferable to try to solve this strike problem by conciliation, persuasion and common sense. The government is pointing out to workers as well as to employers that if both have rights to preserve, both also have duties to fulfill—something that is too readily forgotten.

One desire predominates these days—to make money and to enjoy life. You would think you were back in the days when the Romans asked their Emperor to give them bread and games. The Roman Empire was then at the height of its glory, yet it was already declining. Certain circles are too apt to forget that above material values—money and pleasure—there are spiritual values. When these are subordinated to the material it is time to wonder whether our civilization is not already on the decline. In spite of all material progress, in spite of all the great discoveries that enable man to enjoy an easier physical existence, if spiritual values continue to be set aside—I go further—if God continues to be set aside, tomorrow no one will be able to prevent strikes and men will destroy one another like wild beasts in the jungle.

(Text):

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: Honourable senators, I move that this bill be referred to the Standing Committee on Finance. I understand it is the intention of officials from the Department of Reconstruction to appear before the committee to-morrow, and this will give us an opportunity to get whatever information we may desire.

The motion was agreed to.

COMBINES INVESTIGATION BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD moved that the report of the Standing Committee on Banking and Commerce on Bill 193, an Act to amend the Combines Investigation Act, be concurred in.

Hon. A. K. HUGESSEN: Honourable senators, I desire to move the following amendment, seconded by the honourable senator from Wellington (Hon. Mr. Howard):

That the report from the Standing Committee on Banking and Commerce on Bill 193, intituled an Act to amend the Combines Investigation Act, be not concurred in, but that it be amended by striking out the fourth and fifth amendments to the bill contained in the said report.

The two amendments now in question, made by the Banking and Commerce Committee by a vote of nine to seven, affect section 9 of the bill. Perhaps I should explain that this section adds a new section, No. 30, to the act. The general purport of section 30 is to give power to the Exchequer Court to deal with patents and trade marks when that court has been satisfied that such patents or trade marks have been misused to the detriment of the public by an unlawful combination in restraint of trade.

No doubt honourable senators are fully aware of the investigations made during the last few years, particularly in the United States, which have disclosed that combines, monopolies, and international cartels have been able to use the right to patent an article, or to register a trade mark with respect to an article, in illegal ways for the purpose of stifling competition. In that connection may I quote from the report made to the Minister of Justice by the commissioner under the Combines Investigation Act?

Hon. Mr. LEGER: I rise to a point of order. Is the honourable senator moving an amendment now?

Hon. Mr. HUGESSEN: I have moved an amendment.

Hon. Mr. LEGER: I do not think this is the proper place to do so. The bill should be referred to committee of the whole house, then the honourable gentleman could move his amendment and it could be discussed freely. Or he might move that the bill be referred to the Standing Committee on Banking and Commerce, so that we may consider the amendment there. Certainly the amendment cannot be moved in this way.

Hon. Mr. HUGESSEN: I must say that I disagree with the honourable gentleman. What have we got before us? The report of the Standing Committee on Banking and Commerce recommending, by a small majority, two specific amendments to the bill. I have moved that those two amendments be struck out.

Hon. Mr. LEGER: I rise again to a point of order. It is a well-recognized rule that no member should state what has transpired in a committee. I submit the honourable gentleman should not state the number of votes for or against any amendment.

Hon. Mr. HUGESSEN: Very well. Is my honourable friend willing to withdraw his objection and permit me to proceed?

Hon. Mr. LEGER: I have no right to permit or prevent the honourable gentleman from proceeding; that is for his Honour the Speaker to do. It seems to me the proper procedure would be to move the house into committee of the whole, so that we could have a free discussion on the report. At the present stage a member can speak only once to the question before the house. I have no objection to the honourable gentleman moving his amendment, but it seems to me he should follow the course I have suggested.

Hon. Mr. HUGESSEN: Honourable senators, there were several alternatives open to me in this matter. As the honourable gentleman has said, I could have moved to refer the bill back to the standing committee. But I took the precaution of submitting my amendment to the Law Clerk of the Senate to ascertain how I should proceed, and he placed in my hands the motion I am now moving to carry out the objects I have in mind. I wish to comment in this house on two amendments made by the Banking and Commerce Committee to the Combines Investigation Bill. I submit that is my right, but I will gladly bow to any ruling His Honour may make.

Hon. Mr. LEGER: May I ask the honourable senator if the House of Commons has ever permitted an amendment to be moved to a bill when the Speaker was in the Chair.

Hon. Mr. HAYDEN: The proposal is not to amend the bill but to amend a report.

Hon. Mr. LEGER: If the proposal were to amend a report, instead of the bill, it would be all right. The honourable gentleman is attempting to amend the bill by amending the report. That is quite different.

Hon. Mr. HUGESSEN: I think my honourable friend has entirely misconstrued the matter. The report which is before us for consideration recommends five amendments. I am suggesting that the house should reject two of these, and I know of no other procedure by which that can be accomplished than the one I now propose. However I shall be glad to submit to any ruling His Honour may make.

The Hon. the SPEAKER: The honourable gentleman appears to be in order. We have before us the report of a committee which the honourable senator says is not satisfactory, and he proposes to move an amendment to it. The honourable senator from L'Acadie (Hon. Mr. Leger) has suggested that it would facilitate matters and that honourable members would have a clearer understanding of the amendments if the house went into committee of the whole. This would allow an opportunity for discussion of the amendments and their implications. However, my honourable friend may proceed.

Hon. Mr. HUGESSEN: Honourable senators, if after my motion has been put any honourable member wishes to move that we go into committee of the whole to consider the amendments, I shall support him. I submit that my motion is perfectly legal and that I should be permitted to proceed with my explanation. I object to a part of the report which the Banking and Commerce Committee has submitted to us for approval. This seems the proper time and place to make my observations.

Some Hon. SENATORS: Go ahead.

Hon. Mr. HUGESSEN: During the past few years evidence has been brought out in the United States concerning abuses of patents and trade mark rights by international cartels and monopolies. In that connection may I read to the house a short extract from page 52 of the report which was made to the Minister of Justice by the Commissioner under the Combines Investigation Act on October 10 of last year? He said:

> The patent pool is a typical form of agreement between individual holders of different patents to eliminate competition between them or to keep their inventions away from outsiders. If the members of a patent pool have agreed to eliminate competition between themselves, as by restricting production or fixing prices, and have proceeded to carry it out by such ways as inserting restrictive conditions to that effect in the reciprocal permissions, or cross-licenses, to use one another's inventions or by seeing that the holding company to which each has transferred his patents inserts similar conditions in the licenses it gives back to each member, the agreement is in no basic way different from any other agreement to eliminate competition, and is punishable as such when against the public interest.

Further on the same page the report reads:

> The patent Act does indeed give to a patentee a "monopoly" in the sense that it gives him "the exclusive right, privilege and liberty of making, constructing, using and vending to others to be used the said invention," but it nowhere authorizes him to agree with other patentees to eliminate competition between them or to conspire to keep their inventions away from outsiders.

I should now like to discuss in detail two amendments made by the Banking and Commerce Committee to section 9 of the bill. The new section 30 of the act is as follows:

> In any case where use has been made of the exclusive rights and privileges conferred by one or more patents for invention or by one or more trade marks so as:
>
> (a) unduly to limit the facilities for transporting, producing, manufacturing, supplying, storing or dealing in any article or commodity which may be a subject of trade or commerce; or
>
> (b) to restrain or injure trade or commerce in relation to any such article or commodity; or
>
> (c) unduly to prevent, limit or lessen the manufacture or production of any such article or commodity, or unreasonably to enhance the price thereof; or
>
> (d) unduly to prevent or lessen competition in the production, manufacture, purchase, barter, sale, transportation or supply of any such article or commodity;

This section employs the language of section 498 of the Criminal Code, which makes these operations a crime. The new section goes on to say:

—the Exchequer Court of Canada, on an information exhibited by the Attorney General of Canada, may for the purpose of preventing any use in the manner defined above of the exclusive rights and privileges conferred by any patents or trade marks relating to or affecting the manufacture, use or sale of such article or commodity, make one or more of the following orders:

(e) declaring void, in whole or in part, any agreement, arrangement or licence relating to such use;

(f) restraining any person from carrying out or exercising any or all of the terms or provisions of such agreement, arrangement or licence;

(g) directing the grant of licences under any such patent to such persons and on such terms and conditions as the court may deem proper, or, if such grant and other remedies under this section would appear insufficient to prevent such use, revoking such patent;

(h) directing that the registration of a trade mark in the register of trade marks be expunged or amended; and

(i) directing that such other acts be done or omitted as the Court may deem necessary to prevent any such use.

May I now deal with the amendments made by the Banking and Commerce Committee, both of which are designed to restrict the right of the Exchequer Court to take action in these particular cases?

Hon. Mr. ROEBUCK: Read them.

Hon. Mr. HUGESSEN: The committee has taken out of paragraph (g) of the new section 30 the right of the Exchequer Court to revoke a patent if that court finds that any other remedy is not sufficient.

Hon. Mr. HAYDEN: I do not think my friend's statement is complete.

Hon. Mr. HUGESSEN: If my honourable friend will permit me to finish my explanation I am sure he will be satisfied with it. The committee has removed from paragraph (g) the right of the Exchequer Court to revoke a patent.

Hon. Mr. HAYDEN: Will the honourable gentleman pardon me? The power of the court to revoke a patent has been taken out of that paragraph as a result of an amendment, but the power of the Exchequer Court to revoke a patent under existing legislation is not taken away.

Hon. Mr. HUGESSEN: I was about to make that explanation, if my honourable friend had waited. I was going to say that under the Patent Act the Commissioner of Patents has the right under certain specific circumstances to revoke a patent in cases where he is satisfied it has been abused. The effect of the amendment by the Banking and Commerce Committee is simply to make the procedure for the revoking of patents more complicated. Instead of proceeding under this section, the Exchequer Court would have to proceed under the Patent Act. The only result of the amendment is that when the Exchequer Court finds that an abuse exists, and the only proper remedy is the cancellation of the patent, the procedure is more difficult and complicated.

The second amendment to which I wish to refer is the one eliminating paragraph (i) of section 30. It reads as follows:

(i) directing that such other acts be done or omitted as the Court may deem necessary to prevent any such use:

That paragraph, honourable senators, contains the broadest general language, and we do sometimes object to putting such broad language in the statutes. But may I point out to the house that here we are dealing with an illegal combination in restraint of trade? Human ingenuity is a wonderful thing, honourable senators, particularly when it is employed by enormous corporations exercising monopolistic privileges. Under those circumstances I think it is wise that this legislation should give general power to the Exchequer Court to make such order as it may deem to be fair and proper, in addition to those powers specified under paragraphs (e) and (h).

Hon. Mr. BENCH: Would the honourable senator care to suggest a type of order the court might make under paragraph (i) which it could not make under paragraphs (e) or (h)?

Hon. Mr. HUGESSEN: I have one or two cases, but I do not want to weary the house with them. It is sufficient to say that nobody can tell what may happen, and that the Exchequer Court should have a general power to exercise controls and apply remedies to meet any particular case which may come before it.

Hon. Mr. BENCH: That does not answer my question.

Hon. Mr. HUGESSEN: May I emphasize three points concerning the powers of the Exchequer Court? The power granted to the court by paragraph (i) is not a power which it is sought to confer upon a minister, a member of the civil service or a government board. I am as much opposed as any member of this house to legislation which gives broad and general powers in vague language to a min-

ister, a civil servant or a board. In this instance the power is granted to the Exchequer Court. Second, it is a power that can be exercised by that court only after a full and open trial at which all the interested parties are entitled to be heard. Third, it can be exercised by the Exchequer Court only if that court is satisfied that one of the offences listed in the first part of the section has been committed.

Hon. Mr. LAMBERT: May I ask my honourable friend a question? I appreciate the distinction he makes with reference to paragraph (i), but does the initiation of action, before it gets to the Exchequer Court, lie with the official in charge of the Combines Investigation Act?

Hon. Mr. HUGESSEN: It does.

Hon. Mr. LAMBERT: I think that is a very important point.

Hon. Mr. HUGESSEN: The initiation of action in the criminal court gives the parties the fullest opportunity to explain their position.

Hon. Mr. LAMBERT: May I link up that question with an observation the honourable senator made a moment ago? In the event of a corporation being found guilty of restraint of trade, would the Exchequer Court exercise its powers on the basis of evidence heard by the court or on information from the commissioner in charge of the Combines Investigation Act?

Hon. Mr. HUGESSEN: I do not think there is any doubt about the answer to my honourable friend's question. The Exchequer Court would obviously not take any action under section 30 unless a decision of a criminal court showed that one of these crimes had been committed. It would not act on information supplied by the Commissioner under the Combines Investigation Act, because at that stage there would be no proof that a crime had been committed.

Hon. Mr. LAMBERT: Is it correct that corporations against which action has been taken, and which have been prosecuted and adjudged guilty of restraint of trade under the Combines Investigation Act, have had no right of recourse? I think it is a question of establishing the evidence in the case before the Exchequer Court. It may be that I am not well informed in this field, but in years gone by I had some experience of cases where corporations were charged with restraint of trade and had absolutely no chance of proving that the charge was not justified.

Hon. Mr. HUGESSEN: Action could be taken in the criminal courts under section 498 of the Criminal Code.

Hon. Mr. LAMBERT: The matter did not even get to the criminal courts. A charge was brought by the official administering the Combines Investigation Act and the corporation was summoned to appear and give evidence, without having a chance to know what the charge was.

Hon. Mr. HUGESSEN: This section deals with a much more remote part of the proceedings. It only goes into operation after the charge has been proved, after the Exchequer Court has found to its satisfaction that one of the things referred to in this section has been done. Until this condition is fulfilled the Exchequer Court has no power whatsoever in the matter.

Hon. Mr. HAYDEN: Can my honourable friend indicate where in this section or elsewhere in the bill it is stated that these proceedings can only be commenced and carried along after criminal proceedings have been taken and guilt established?

Hon. Mr. HUGESSEN: If my honourable friend is as apt in construing statutes as I think he is, he will realize, when he reads section 9, that the Exchequer Court is not going to take upon itself any powers under a section which begins by saying:

> In any case where use has been made of the exclusive rights and privileges conferred by one or more patents for invention or by one or more trade marks so as—

—to do any of the things stated in paragraphs (a), (b), (c) and (d).

Hon. Mr. McGEER: The court must make the finding first.

Hon. Mr. BENCH: But that can be done independently of any criminal proceedings under section 498.

Hon. Mr. McGEER: Yes.

Hon. Mr. HUGESSEN: Perhaps I misled my honourable friend. I did not mean proceedings under section 498 of the Criminal Code were a necessary preliminary to action under section 9.

Hon. Mr. McGEER: The court, having made the findings, would have the power to make an order.

Hon. Mr. HUGESSEN: Exactly. That is what I said.

Hon. Mr. LAMBERT: Let me put a suppositious case. If an official of the department, under instructions by the commissioner, investigated the character of a corporation's

business and reported back that in his opinion the corporation was guilty of restraint of trade, could a case then be brought before the Exchequer Court on the basis of the investigation made by the junior official?

Hon. Mr. LEGER: Honourable senators, we are having a free discussion all over the chamber, and it seems to me we could proceed more intelligently by having the bill committed to a committee of the whole house. In support of my contention may I quote May's Parliamentary Practice, 13th edition, page 396:

If it should be desired that a bill which stands committed to a standing committee should be considered in committee of the whole house—

This bill still stands committed to the Standing Committee on Banking and Commerce.

Hon. Mr. HUGESSEN: The committee reported back.

Hon. Mr. LEGER: It reported, but its report has not been accepted, so the bill is still standing committed to that committee.

—or by a select committee a motion is made for discharging the former committal of the bill and for committing the bill to a committee of the whole house or a select committee, as the case may be.

I suggest that the proper procedure would be a motion to discharge the committal of the bill to the Standing Committee on Banking and Commerce, to which the bill still stands committed, and that then there should be another motion to commit the bill to a committee of the whole house for consideration forthwith. If we did that we would be proceeding more intelligently than we are at present. It is true that the report of a committee may be amended, but here we have more than an amendment to the committee's report; in other words, we have an amendment to the bill.

Hon. Mr. HUGESSEN: No.

Hon. Mr. LEGER: Well, there is a question whether a certain thing should be in the bill or not. I do not want to emphasize the point too much, but I think the honourable gentleman would be well advised to move that the committal be discharged and the bill committed to a committee of the whole house. I do not think we are proceeding very intelligently at present.

May goes on to say:

Motions for the committal of a bill to a committee other than that first ordered by the house would not be subject to the conditions placed by standing order No. 46 upon the original motion, but debate thereon would be restricted to the effect or expediency of the reference of the bill to the proposed committee, and general debate upon the merits or clauses of the bill would not be permitted.

According to that authority, general debate as to the merits of this bill should not be permitted at the present stage, but if the bill were referred to a committee of the whole house we could proceed to make any desired amendments.

Hon. Mr. HUGESSEN: In answer to my honourable friend, I can only say that I rely upon His Honour's ruling that I am in order.

Hon. Mr. LEGER: I am not discussing that.

Hon. Mr. HUGESSEN: Further, I am rather surprised at my honourable friend's suggestion that this honourable body is not proceeding intelligently, for I thought we were having an intelligent discussion.

I was about to reply to my honourable friend from Ottawa (Hon. Mr. Lambert), who asked whether a case could be brought before the Exchequer Court upon the finding of a junior official of the department.

Hon. Mr. LEGER: May I explain what I meant by the word "intelligently"?

Hon. Mr. HUGESSEN: Mr. Speaker, may I demand your protection against these continual interruptions?

Hon. Mr. LEGER: May I be permitted to explain what I meant by the word "intelligently"?

Hon. Mr. HUGESSEN: Will my honourable friend please postpone his explanation until I have finished?

In answer to my honourable friend from Ottawa (Hon. Mr. Lambert), I would say that under section 9 the Exchequer Court acts only on an information exhibited by the Attorney General of Canada, who is the Minister of Justice. The preliminary information may be obtained by a junior official, but the Minister of Justice is the man who takes the responsibility of placing the matter before the Exchequer Court for the purpose of finding out whether a patent or trade mark should be cancelled or dealt with in one of the ways provided for in this section.

I have nothing further to say in support of my motion. I think honourable members will see that there is a good deal of substance in my complaint against the Banking and Commerce Committee's proposed amendments for limiting the Exchequer Court's power to deal in any just way that it sees fit with violations of the Combines Investigation Act or section 498 of the Criminal Code.

Hon. J. J. BENCH: Honourable senators, because I concur in the view expressed by the committe to which this bill was referred, I am compelled to oppose the motion now pre-

sented by the honourable gentleman from Inkerman (Hon. Mr. Hugessen). I am sure that every honourable member is in favour of the basic scheme enunciated in the Combines Investigation Act, which is to put down combines in restraint of trade and to hunt out nefarious transactions of this kind wherever they may be found. On the other hand, I conceive it to be the duty of this chamber to see that there is some regularity, shall I say, in the legislation adopted by parliament; that there is no confusion as to the purpose, intent or meaning of the law. I conceive that it is also the duty of this branch of parliament, no less than that of the other branch, to see that the rights of individuals under the civil and criminal law are reasonably protected, so that people who come to Canada to do business, or people already here who desire to do business in this country, may proceed with some reasonable measure of certainty that what they propose to do is within the law.

I had the privilege of attending the sittings of the Banking and Commerce Committee when this bill was under consideration by that very learned and able body, and, though not a member of the committee, was permitted to take some part in the discussions. Without in any way impinging upon the rule that committee discussions should not be adverted to directly in this chamber, I should like to say that the bill was given very careful consideration there over a period of some three days. The Commissioner of the Combines Investigation Act was in attendance and had with him independent counsel, a member of the legal profession of Ottawa, for the purpose of advising him and assisting the committee in understanding the commissioner's point of view.

I think it is fair to say that the reason why the committee recommended the deletion of the last two and a half lines of paragraph (g) of the proposed new section 30 was that the committee felt that in the Patent Act there is already a remedy which is available to the Attorney General of Canada or to any other person who may be interested in having a patent revoked. I do not think the honourable gentleman from Inkerman (Hon. Mr. Hugessen) will contradict me when I say that in any case where a combine is found to exist or is alleged to exist, and a patent is employed as a basic feature of the unlawful agreement, the Attorney General of Canada or any other person who is interested may apply to the Commissioner of Patents to have the patent revoked.

Hon. Mr. McGEER: If the facts are found to warrant revocation of the patent, why should it not be revoked?

Hon. Mr. BENCH: My honourable friend from Vancouver-Burrard (Hon. Mr. McGeer) is leaping to a conclusion. If he will allow me to explain why I suggest that the only remedy that should be available is the one under the Patent Act, and that the situation should not be complicated by an additional remedy under the Combines Investigation Act, he perhaps will agree with me.

Hon. Mr. ROEBUCK: Go ahead.

Hon. Mr. BENCH: I say that under the Patent Act there is already a remedy available to the Attorney General of Canada, or to any individual who may be affected by a combined, to have the patent revoked, or licensed, or treated in some other way. True enough, if a patent is in fact found to be the basis of an unlawful combination, then it ought to be revoked or restricted in some way, but, as I have said, that remedy is already at hand under the Patent Act.

Hon. Mr. McGEER: Why should not the Exchequer Court have it?

Hon. Mr. BENCH: The first reason why the Exchequer Court should not have it is that in the Statutes of Canada there should not be a multiplicity of remedies to meet the same situation. The second reason is that in order that the Commissioner under the Combines Investigation Act may proceed against a patent he must first of all find the existence of an unlawful agreement or combination in restraint of trade. Having found such agreement, he can, under this section, as amended, apply to the Exchequer Court to have the agreement declared void in whole or in part, or to restrain any person from carrying it out or exercising all or any of its terms or provisions. This bill is aimed, not at the patent itself, but at the existence of the unlawful agreement or combination of persons to restrain trade, and I thoroughly agree that the Attorney General of Canada should have the right to go to some jurisdiction and attack that agreement—which, after all, is the fundamental harm.

As this section of the bill originally came before the committee, the Attorney General could apply to the Exchequer Court to have the patent revoked if, upon investigation, it should be reported that there existed an agreement in restraint of trade founded upon that patent. I suggest to honourable senators that to have such a provision written into our statutes would be alarming to persons who have discovered a new process or a new mechanical device and want to bring it into this country as the subject of a patent. We do not want to frighten away persons with

good ideas; we want them to develop their inventions here.

Hon. Mr. HOWARD: Hear, hear.

Hon. Mr. BENCH: We want to give them the protection of their patents so that they may be made available for the use of our people.

Hon. Mr. McGEER: Why should they not be disciplined?

Hon. Mr. BENCH: As the honourable senator from Vancouver-Burrard knows, there is a provision in our Patent Act which can be used to revoke a patent right which is being abused.

Hon. Mr. McGEER: What about finding the facts?

Hon. Mr. BENCH: You have two jurisdictions—the Commissioner of Patents under the Patent Act and—

Hon. Mr. McGEER: But surely the honourable gentleman—

Hon. Mr. BENCH: I cannot answer the honourable gentleman from Vancouver-Burrard unless he permits me to do so. I repeat, you would have two jurisdictions—the Commissioner under the Patent Act and the Exchequer Court under this act. I suggest to him that that is a very undesirable situation.

Hon. Mr. McGEER: Having given the court this power, why would you deny it the right to discipline offenders?

Hon. Mr. BENCH: Under this section I do not want to give the Exchequer Court power to revoke patents, and I suggest that the committee's report in that respect is perfectly sound. I do not want to give it to the Exchequer Court for this further reason: The Combines Investigation Act is criminal in nature and purpose. I am not sure about this, but I think the statute was attacked in a case that went to the Privy Council, and one of the grounds upon which it was held to be intra vires was that it is legislation of a quasi-criminal nature.

If under the Combines Investigation Act the commissioner finds there is in existence an unlawful agreement in restraint of trade, and the basis of such agreement is a patent, I suggest it is his bounden obligation to prosecute under Sections 498 and 498A of the Criminal Code. As the section stands in this bill, even as the committee has left it, the Commissioner of Patents could go to the Exchequer Court and apply for a disciplinary order, notwithstanding that there is no prosecution in progress, and notwithstanding what may be the result of a prosecution if subsequently undertaken.

Hon. Mr. ROEBUCK: Is there any reason to place greater confidence in a criminal court composed of County Court or High Court judges than in the Exchequer court?

Hon. Mr. BENCH: I cannot follow the relevancy of my honourable friend's question. Of course, I do not think there is any reason to repose more confidence in the criminal courts than in the Exchequer court. I should be very happy if the honourable gentleman would indicate how his question is relevant to the issue I am discussing.

Hon. Mr. ROEBUCK: The honourable gentleman has said that the Attorney General may apply to the Exchequer Court for cancellation of a patent on criminal grounds, even though there be no criminal prosecution in progress. I am trying to find out why he thinks it is wrong to apply to the Exchequer Court rather than to the criminal courts. Is there any reason to suppose that greater confidence can be placed in the criminal courts than in the Exchequer Court? Or to put it another way: Is there any reason for applying to the Exchequer Court rather than to the criminal courts?

Hon. Mr. BENCH: My answer is this. The Combines Investigation Act—

The Hon. the SPEAKER: I must remind the honourable gentlemen that the conversation they are now carrying on is not in order. If they desire to continue the discussion by way of question and answer there should be a motion to resolve the house into a committee of the whole.

Hon. Mr. BENCH: Your Honour, I most certainly do not desire to transgress the rules of the Senate. I believe I am perfectly in order in speaking on the motion which has been presented by the honourable gentleman from Inkerman (Hon. Mr. Hugessen). If I have given offence it has been due to my desire to meet the barrage of questions which has assailed me from the other side of the house.

Perhaps I may be permitted to explain my position, having regard to the question which has been put to me by the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck). This legislation, I submit, is of a criminal or quasi-criminal character. I think it is indisputable that it contemplates a criminal prosecution under the relevant sections of the Criminal Code, sections 498 and 498A, if the commissioner upon investigation finds the existence of a combine. If, therefore, any case of unlawful combination is found to exist, the Commissioner under the Combines Investigation Act must prosecute the persons

whom under the Criminal Code, he thinks are guilty of that combination. Section 9 of the bill would permit him, quite independently of the criminal character of the investigation and of the prosecution which should follow, to apply to the Exchequer Court in what is really a civil proceeding and ask the court to revoke the patent. I am submitting to honourable senators that this would be a very undesirable state of affairs, because, first of all, it would provide a very nice little short-cut for the Commissioner under the Combines Investigation Act to go to the Exchequer Court and to ignore entirely the criminal character of the unlawful combination. Secondly, he could go to the Exchequer Court in advance of a criminal prosecution, get a declaration that in fact an unlawful combination existed, and have the patent revoked. In the later criminal trial against the persons allegedly guilty of the unlawful combination, you might very well have a jury acquitting the accused on the ground that there was no unlawful agreement or combination in restraint of trade. I submit that in a matter of this kind that is a very undesirable condition in which to leave the statute law of this country.

Hon. Mr. McGEER: Would there be any difference between the procedure in the criminal courts and in the Exchequer Court? Would not all the rules of evidence and procedure apply in the one as well as in the other? And why has not the Exchequer Court, which is the investigating body created by statute, the power?

Hon. Mr. BENCH: Again, I quite agree that the Exchequer Court is perfectly competent to pass upon a matter properly before it. I also agree that the criminal courts of the country are perfectly competent to pass upon matters put before them and within their jurisdiction. I am simply urging that there should be no split jurisdiction in a matter of this kind which, fundamentally, is criminal in character. The reason I am suggesting it—I am sorry to have to repeat—is that you could conceivably have two different results in the two courts. I cannot be convinced that that is a desirable state of affairs, and I urge upon honourable senators that it is a major duty of this chamber to look at legislation in order to be sure that it will be orderly on our statute books and readily understandable, and so that it will not lead to conflicts in jurisdiction or to confusion in practice.

There is just one other feature that I wish to touch upon before I take my seat. I am visualizing the case of an inventor from, say, the United States of America, who has developed a very useful process or a mechanical device but does not wish to manufacture under that invention. His intention is to license other individuals to use it in return for a royalty. Honourable senators know that this procedure is sanctioned by our law. He is confronted with this proposed section of the Combines Investigation Act which makes it clear to him that if he licenses five or six people in the Dominion of Canada to use that patent, and they, not he, engage in an unlawful combination to restrain trade, the patent may be revoked by the Exchequer Court.

I suggest to honourable senators that that provision might very well frighten people who would otherwise come to this country with their inventions. A young and progressive nation like Canada needs new inventions. On the other hand, under the provisions of the Patent Act that inventor would be entitled to have notice of the charges concerning his patent, and he would be entitled to appear and make the defence that he was not a party to an unlawful combination. At the same time, under the provisions of the Patent Act the Attorney General of Canada has every remedy he needs to deal with the unlawful use of patents in restraint of trade. For these reasons I am opposed to leaving those words in the bill, and I agree with the recommendations made by the Banking and Commerce Committee.

May I make the further point that if there is any merit in the argument I have put forward as to the fear which the wording of paragraph (g) might create in the minds of inventors coming to Canada, one can imagine what an inventor would think when he looked at paragraph (i) which gives the Exchequer Court power to do any other act or thing which it thinks ought in the circumstances to be done. I submit, honourable gentlemen, that his last-mentioned paragraph employs much too broad language, and under the circumstances the Banking and Commerce Committee took proper action in striking it out.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I did not have the advantage of listening to the discussion of this bill in committee, but I have found the debate in this chamber very informative. After reading with some care the particular section under consideration, and notwithstanding my great respect for the committee, I believe that a good case has not been made out in favour of its amendments.

My honourable friend from Lincoln (Hon. Mr. Bench) pictures a hypothetical case of an inventor from the United States licensing his invention to several parties in Canada who enter into a combination in restraint of trade.

The penalty for such practice would be the cancellation of the patent, as my friend intimates, without notice to the inventor. My answer to that proposition is that a patentee from the United States must decide whom he is going to license to use his patent in Canada. If he grants a licence to Canadians who abuse the patent, then he had better look out for his rights. The government has given him monopolistic rights, and he should be very careful to see that his patent is not abused. He would be wise to insert in his agreement a prohibition against a combination of that nature, and then see to it that the provision is carried out.

Hon. Mr. HAYDEN: How would a prohibiting clause in an agreement protect him against a licensee joining in an illegal combination?

Hon. Mr. ROEBUCK: It might be that an illegal combination could exist notwithstanding the opposition of the licensee.

My next point is that our courts have a natural sense of justice. Our judges do not lightly destroy the property of an innocent individual. My experience has been that they are very tender toward vested rights, particularly those of innocent parties. It should not be presumed for one moment that the Exchequer Court would select the remedy of cancellation of a patent in the case of an innocent patentee who had licensed his invention to criminal licensees. The remedy would be suited to the crime, and the penalty would be applied to the licensee and not to the patentee. No American patentee need be afraid of our courts doing him an injustice.

Hon. Mr. BENCH: Will the honourable member permit one question? If his statement that the courts afford protection to the rights of the patentee is correct, does not the minister have all the remedies he needs under paragraphs (e) and (g)?

Hon. Mr. ROEBUCK: Yes, but there are other types of cases than the one instanced by my friend. In some cases the court would act under paragraph (e) which provides for:

—declaring void, in whole or in part, any agreement, arrangement or licence relating to such use;

That of course would be the first remedy that the court would make use of.

Paragraph (g) now provides for:

—directing the grant of licences under any such patent to such persons and on such terms and conditions as the court may deem proper.

That paragraph permits the taking away of the licence from the criminal licensee and allows the patentee to grant it to someone with more scruples. Section 30 says:

In any case where use has been made of the exclusive rights and privileges conferred by one or more patents for invention or by one or more trade marks so as:

(a) unduly to limit the facilities for transporting, producing, manufacturing,—

And so on. My friend's argument was that we should leave the rights with the Patent Commissioner and not extend them to the Exchequer Court. The Attorney General of Canada may find that some licensees or patentees have unduly limited facilities for transportation and so on, and it is to obtain the remedy of declaring void, in whole or in part, some agreements that it is proposed that he be permitted to apply to the Exchequer Court. Usually at the end of a trial the parties know a good deal more of what happened than they do at the commencement. Therefore at the end of the hearing the court might conclude that the remedy sought in the first instance was not appropriate, and that the patent should be cancelled. My friend would then say to the court, "You cannot cancel the patent."

Let us face this problem. The Attorney General of Canada may go before the Exchequer Court to obtain some remedy which is not available from the Commissioner of Patents, and at the conclusion of the case it may be apparent to all disinterested parties that the remedy that should be applied is cancellation of the patent. My friend says in effect that in such case the proceedings should fall flat; that by a proposed amendment the court should be restrained or prevented from rendering the appropriate remedy, and the Attorney General should start all over again in the criminal court or should go to the Commissioner of Patents under an entirely new proceeding.

I can see no objection to the Exchequer Court being allowed the power to cancel patents. It is one of the highest courts in Canada and it has been a competent court for a long time. Its jurisdiction has grown; its business has multiplied; and additional judges are being appointed. If we cannot rely on that court, what court can we rely on? Why should we have to leave the court and apply to a Commissioner of Patents in an office downtown to do a judicial act? My friend behind me suggests that we go to the police court. The suggestion of my friend who spoke previously was that the powers should be sidetracked to a Commissioner of Patents and the facts should not be presented to the court for adjudication. These things should be done in open court. I can appreciate how utterly ridiculous it would be for the Commissioner

under the Combines Investigation Act to go to the Commissioner of Patents for a judicial remedy. A situation would prevail in which one civil servant would have to apply to another civil servant of co-ordinate jurisdiction to have something done which neither of them should have the power to do.

My friend also says that by applying to the Exchequer Court to have the facts determined before a prosecution is launched we are multiplying procedure. My answer is that one may apply to the Supreme Court of Ontario for an injunction to restrain any of the acts mentioned in section 30 of the bill. Upon the determination of the facts a restraining order may be given by the civil court. You may then proceed to prosecute. If the principle of applying to the Exchequer Court is wrong, would my friend suggest that we provide that there shall be no remedy against the patentee until criminal proceedings have been instituted and carried through to completion?

Hon. Mr. BENCH: I would suggest that, under this act.

Hon. Mr. ROEBUCK: I think that by making such provisions my friend would recast the judicial system in Canada.

Hon. Mr. BENCH: I mean only in connection with the combines, because they are a criminal matter.

Hon. Mr. ROEBUCK: The words used in the first part of section 30 of the bill are the same as those used in a section of the Criminal Code which has been in force for many years; they do not add one iota to the substance of the law as it now stands. It has been possible to apply first to the civil courts, and having exhausted the remedies there to turn to the criminal courts; or, vice versa. I see no difficulty or damage as a result of extending these powers to the Exchequer Court.

My friend has also said that it is unreasonable to give to the Exchequer Court the right provided by paragraph (i) which reads:

—directing that such other acts be done or omitted as the court may deem necessary to prevent any such use:

The words "such use" apply to the criminal abuse of patents.

Hon. Mr. McGEER: Misuse.

Hon. Mr. ROEBUCK: Misuse in the hands of the patentee. Will any honourable senator tell me why a patentee should be fearful of the remedy that may be applied by a Canadian court when somebody is convicted of a criminal act? After all, that is what my honourable friends are nervous about. The broad wording in the section suggests what you will find in every properly drawn statement of claim, which, after making certain specific claims, asks for "such further relief as to the court may seem just." That wording constitutes about as broad a claim as one can imagine, and it is adjudicated upon in almost every civil case. Section 9 of this bill says that the Exchequer Court may, under certain conditions, declare the agreement void; it may restrain any person from carrying out or exercising any or all of the terms or provisions of such agreement; it may direct the grant of licences under any such patent, and so on, and it may direct anything else which to the court seems just. If Americans who take out patents in Canada are afraid of legislation of that kind, interpreted by our responsible courts, they had better not come to Canada. We would lose little by their staying away, for then any of us could use the rights which otherwise they would monopolize, and manufacture would be free instead of restrained.

In my judgment the proponents of the amendments suggested by the Banking and Commerce committee have not made out a sufficient case.

Hon. SALTER A. HAYDEN: Honourable senators, may I for a moment direct the attention of the house to the realities of the committee's report? For some time now we have been discussing situations that are not at all affected by the committee's report either in its original form or as it would be if the amendments proposed in this chamber today were adopted. First of all, may I say that proceedings under section 9 of the bill, whereby at the instance of the Attorney General of Canada an information may issue out of the Exchequer Court, are not predicated or conditional upon the taking of any criminal proceedings whatsoever. For an alternative or independent remedy, in the event of any of the things enumerated in section 9 being done by owners of patents, an application may be made to the Exchequer Court, which is given the power to make certain orders.

Hon. Mr. ROEBUCK: Pardon me, but have the criminal courts power to cancel patents?

Hon. Mr. HAYDEN: No. I am just trying to deal with the matter one step at a time, so as to get back to the realities. Section 9 gives authority to the Exchequer Court, which functions independently of any criminal proceedings. I think it is contemplated that there may be cases where the combinations do not partake seriously of the character of a criminal offence, and in which the official in charge of administering this act would not

want to take criminal proceedings; yet what we have proposed here is an almost quasi-criminal procedure.

The section gives the Exchequer Court certain authority, but what the committee thought the court should not have is the power to revoke a patent. That is one of the matters now before the Senate for consideration, because my honourable friend from Inkerman (Hon. Mr. Hugessen) has moved that the power to revoke a patent be restored under this particular section.

Hon. Mr. McGEER: Why not?

Hon. Mr. HAYDEN: That question has been asked before, but apparently was not satisfactorily answered. I will deal with it now, perhaps not in an entirely satisfactory manner, but I will do my best. Under the Patent Act there is set up a procedure for granting exclusive rights to persons who invent processes which are sufficiently novel and ingenious to satisfy the requirements of the law. The statute authorizes the issuing of patents to such persons. In the same statute, in sections 65 to 71, there are provisions for dealing with abuse of rights under patents. For instance, section 65, subsection (2), paragraph (b), provides that the exclusive rights under a patent shall be deemed to have been abused "if the demand for the patented article in Canada is not being met to an adequate extent and on reasonable terms." That language is about as broad as one could find anywhere. The Commissioner of Patents, if satisfied that the abuse of rights has been such that the remedies provided in the statute are not sufficient to cope with it, may set in motion a procedure for revoking the patent. That is one reason why I say we have not been discussing the real situation. In certain circumstances the commissioner may refuse an application to revoke a patent; or if the application is contested and it appears that a great deal of evidence will be offered in the case, or if the interested parties so request, he may refer the whole matter to the Exchequer Court.

Hon. Mr. ROEBUCK: May I ask the honourable gentleman a question? Is it possible to get to the Exchequer Court under the Patent Act except by action of the Commissioner of Patents?

Hon. Mr. HUGESSEN: No.

Hon. Mr. HAYDEN: Under the Patent Act the commissioner is the official empowered to deal with abuse of patent rights. As I stated before my honourable friend asked his question, the commissioner may in certain circumstances refuse an application. If there is likely to be a good deal of evidence, perhaps lengthy cross-examination of witnesses, and the interested parties desire to go before the Exchequer Court, the commissioner may refer the matter to that court.

Hon. Mr. ROEBUCK: That is, you cannot get to the Exchequer Court except with the consent of the commissioner.

Hon. Mr. HAYDEN: That is so.

Hon. Mr. ROEBUCK: Then the Commissioner of Patents may be a fence.

Hon. Mr. HAYDEN: The commissioner is a court of first instance. Section 71 of the Patent Act says:

> All orders and decisions of the commissioner under sections sixty-five to seventy, inclusive, shall be subject to appeal to the Exchequer Court.

So in the first instance the trial of the issue may be by either the commissioner or, in certain circumstances, by the Exchequer Court, which would report its judgment or opinion back to the commissioner. And in matters which come before the commissioner in the first instance there is a right of appeal to the Exchequer Court.

That is the procedure provided under the Patent Act. My consideration of it leads me to the conclusion that when dealing with patent rights we are dealing with fundamental rights. Further, they are international in character, because with respect to patents there are reciprocal arrangements between Canada and other countries of the world.

Hon. Mr. McGEER: Will the honourable senator permit a question before he goes on to his next point? Does section 9 of this bill confer any powers that are not already given elsewhere? Is the section not merely a codification?

Hon. Mr. HAYDEN: No. In my opinion certain powers given by section 9, particularly those in paragraphs (e) and (f), authorizing the Exchequer Court to set aside and declare void price agreements, etc., are not given in that form in the Patent Act.

Hon. Mr. McGEER: But in a form very close to it.

Hon. Mr. HAYDEN: Pretty close to it, yes. That only lends strength to the point I am trying to make, that in the Patent Act we have a structure for dealing with patents. As I was saying, patent rights are fundamental rights, and also they are international in character. In the Patent Act we have set out conditions under which these rights may be interfered with or revoked.

That is the background which we have for our consideration of this bill. The question is not whether the Exchequer Court is competent to deal with an application for the revocation of a patent. Of course it is competent to deal with that, and no person would suggest otherwise. The point made by the committee is that there is already a recognized procedure, set up by the Patent Act, for dealing with such matters.

Hon Mr. HUGESSEN: My honourable friend is simply insisting on a more complicated process—two procedures instead of one.

Hon. Mr. HAYDEN: What I am trying to point out is that, under the Patent Act, the Exchequer Court already has power to deal with applications for the revoking of patents. If to section 9 of this bill we restore the part which the committee struck out, we will simply be giving the Exchequer Court, under this statute, what it already has under another statute—the power to revoke patents in certain circumstances. I say, first of all, that from the point of view of legislative enactment that is bad. In my opinion, and I think in the interest of the public whose rights are concerned, it is better that the procedure for revoking patent rights should be put in motion by an independent authority, such as the Commissioner of Patents, at the instance of any person concerned, rather than at the instance of a body authorized to investigate alleged combines.

If we wish to pile up similar provisions in one statute after another, regardless of the resulting confusion, we should support the amendment moved by my honourable friend from Inkerman. By putting the same provision in a multiplicity of statutes, we could make the remedy available wherever one might turn, if that is what is required. Apparently, it is not sufficient to have it in one place; we must cover every corner in order to be sure it is the law of the land. That is not my conception of the draftsmanship of statutes. Once we accept the principle that the matter is sufficiently covered in the Patent Act, then, I submit, it is entirely unnecessary, inadvisable and improper to attempt to cover it anywhere else. As to paragraph (i), which the committee also recommended should be struck out, my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) has asked, what is the use of withdrawing it when statements of claim usually ask "for such further or other relief as to this court may seem advisable"? But here, if this general, broad and vague section—to borrow the language of my honourable friend from Inkerman—is adopted, we are giving to a court power to take away rights.

Hon. Mr. ROEBUCK: After investigation.

Hon. Mr. HAYDEN: First of all, we are giving the power to take away rights that have been granted, that power to be exercised in the event of abuse being found by the court to exist under the provisions of section 9. It is all very well to give that power as completely and definitely as possible, but to go on and provide for such a broad and vague authority as the mind of man in any circumstances whatsoever may conceive is, I again submit, improper legislation. The right should be clearly defined; the abuse or the offence or the violation of this right should be clearly defined; and the power of the court to deal with it should be just as clearly defined. When you add such an ambiguous power as this, I submit you are violating a very sound principle in the draftsmanship of statutes if your purpose is to get a proper enforcement of law.

The committee considered this matter very carefully and made its report. It is for the Senate to say whether in the circumstances, having all the facts before it, the amendments have been properly made or not.

Some Hon. MEMBERS: Question!

The Hon. the SPEAKER: The question, honourable senators, is for concurrence in the report of the Standing Committee on Banking and Commerce on Bill 193, an Act to amend the Combines Investigation Act, with amendments. In amendment it is moved by Hon. Mr. Hugessen, seconded by Hon. Mr. Howard:

That the report from the Standing Committee on Banking and Commerce on Bill 193, an act to amend the Combines Investigation Act, be not concurred in, but that it be amended by striking out the fourth and fifth amendments to the bill contained in the said report.

Is it your pleasure to adopt the amendment?

Some Hon. SENATORS: No!

Some Hon. SENATORS: Carried!

The Hon. the SPEAKER: Those in favour of the amendment will please say "Content".

Some Hon. SENATORS: Content.

The Hon. the SPEAKER: Those not in favour of the amendment will please say "Not content".

Some Hon. SENATORS: Not content.

The Hon. the SPEAKER: The Non-contents have it.

Hon. Mr. HUGESSEN: I ask for a recorded vote, Mr. Speaker.

The Hon. the SPEAKER: Call in the Senators.

The amendment of Hon. Mr. Hugessen was agreed to on the following division:

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McGuire,	

The Hon. the SPEAKER: The motion is now for concurrence in the report of the committee, as amended. Is it your pleasure to concur in the report?

Some Hon. SENATORS: Carried!

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, it being six o'clock, I move that the balance of the orders, Nos. 3 to 23 inclusive, be discharged and be placed on the order paper for to-morrow.

The motion was agreed to.

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

APPENDIX

Final Report of the Senate Committee on Taxation

PART TWO

Wednesday, 31 July, 1946.

On October 31, 1945, a Special Committee of the Senate was constituted with the purpose, as expressed in the terms of reference, of examining into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940, and formulating recommendations for improvement, clarification and simplification of the methods of assessment and collection of taxes thereunder.

On November 15, 1945, the terms of reference were amended by the addition of the following words after the word "thereunder":

"and the provisions of the said Acts by redrafting them if necessary."

Part one of the Final Report of your committee was presented to the Senate by the Chairman, the Honourable W. D. Euler, on May 28, 1946. Senator Euler then indicated that Part Two would deal with the necessary changes to the Act recommended by the committee and Part Three would relate to the administration of the taxing statutes.

Since the adoption by this chamber of Part One of the report, the Minister of Finance has introduced certain resolutions indicating the propositions upon which the government proposes to found its amending legislation in respect of the Income War Tax Act and the Excess Profits Tax Act, 1940. In the speech introducing the Budget Resolutions the Minister of Finance stated that "instructions are being given to the inter-departmental drafting committee to explore carefully the possibility of reducing the number of discretions now vested in the minister or at least of providing for their exercise under regulations approved by the governor in council." It has also been indicated that such an inter-departmental drafting committee has been requested to consider the possibility of generally clarifying the Income War Tax Act.

Since the government proposes to take certain measures, as described above, which will, it is hoped, to some extent achieve the objects for which your committee has been constituted, it is thought desirable to direct the second part of the Final Report to assisting

the government in carrying out its intention in this direction. In doing so, however, your committee wishes to go on record that although it here confines itself to a number of limited suggestions regarding the treatment of certain sections of the Income War Tax Act and the Excess Profits Tax Act, 1940, it requests the opportunity of reviewing whatever proposals may be made by the inter-departmental committee in order to determine whether in its opinion the proposals might benefit from further study or from additional recommendations by a committee of this chamber.

As stated in Part One of the Final Report, your committee heard briefs from twenty-three organizations and individuals. Your committee has considered the representations made in these briefs insofar as they relate to certain aspects of the appeal provisions in the two statutes, and in a more limited manner insofar as they refer to the desirability of specific changes in the legislation and improvements in the administrative techniques employed by the Taxation Division of the Department of National Revenue.

It is proposed, therefore, that Part Two of this report be confined to a statement of those sections which in the opinion of your committee, after giving study to the briefs and representations made to it, require amendment, clarification or repeal.

Insofar as the details of administration within the department are concerned, which, it has already been stated, will be dealt with in Part Three of this report, your committee feels that it requires further opportunity to hear witnesses and to study their representations with a view to making an analysis of the methods of operation and administration of the department before making recommendations in this connection.

After hearing the statements of a number of witnesses on the question of the remuneration now being paid to various classifications of the staff of the Taxation Division, however, your committee is impressed with the fact that current salaries appear in the main to be inadequate in view of the national importance and the high degree of responsibility inherent in the nature of the functions performed by officers of that division.

In view of the impossibility of completing its task in this connection before the end of the present session of Parliament, your committee recommends that, if it is the wish of this chamber that Part Three of this report be made, your committee be reconstituted for that purpose.

Insofar as the desirable changes in the legislation are concerned, the representations made may be divided into three broad categories:

(1) Those recommending that certain sections of the taxing statutes be amended in certain directions.

(2) Those recommending that certain sections be clarified and more particularly with regard to the exercise of ministerial discretion thereunder; and

(3) Those recommending that certain sections be repealed.

Accordingly, your committee recommends

(i) That a complete review of the taxing statutes be effected, to the end that not only may clarity and coherence be achieved but that their provisions may be brought into conformity with modern business practice. In this connection it is recommended that the following sections of the Income War Tax Act be amended to reflect the above principle:

Section	Subject Matter	Reference to page of evidence before Committee
2(1) (j)	Definition of self contained, domestic establishment.	1946, p. 123, Canadian Bar Association.
6(1) (a)	Expenses not laid out to earn income.	1946, p. 119, Canadian Bar Association; p. 248, Toronto Board of Trade; 286, Senator Haig.
6(d)	Reserves, Contingent Accounts or Sinking Funds.	1946, p. 113, 114 Canadian Bar Association.
6(n)	Allowance for depreciation.	1946, p. 81, Dominion Chartered Accountants Association, p. 248, Toronto Board of Trade.
16	Capital Stock changes by Company with undistributed income.	1946, p. 249, Toronto Board of Trade.
55(b)	Continuation of Liability for Tax.	1946, p. 306, Income Taxpayers' Association.

In connection with section 55(b), it is recommended that the six-year limitation be amended to provide that an assessment may not be re-opened after three years from the day upon which it was mailed to the taxpayer in cases other than those in which the taxpayer has made a misrepresentation of fact or has committed fraud in making his return or supplying information under the act.

(ii) That the following sections of the Income War Tax Act be clarified in such a manner that their interpretation is not subject to doubt and that they do not come into conflict with other sections of the said act:

Section	Subject Matter	Reference to page of evidence before Committee
9B	Withholding tax on non-residents.	1946; p. 122, Canadian Bar Association; 249, Toronto Board of Trade.
16	Capital stock changes by company with undistributed income.	1946; p. 249, Toronto Board of Trade.
88(8)	Deductions from gift tax.	1946; p. 126, Canadian Bar Association.

(iii) That the following sections of the Income War Tax Act be repealed:

Section	Subject Matter	Reference to page of evidence before Committee
10	Distinction between income from chief occupation and secondary activity.	1946; p. 118, Canadian Bar Association.
32A	Transactions to avoid taxation.	1946; p. 82, Dominion Association of Chartered Accountants; p. 249, Toronto Board of Trade; p. 285, Canadian Electrical Association.

(iv) That the following sections of the Excess Profits Tax Act, 1940, be repealed:

Section	Subject Matter	Reference to page of evidence before Committee
15	Transactions to avoid taxation.	1946; p. 82, Dominion Association of Chartered Accountants; p. 249, Toronto Board of Trade; p. 285, Canadian Electrical Association.

It is pointed out that the foregoing sections should not be regarded as necessarily comprising all the sections which require amendment, clarification or repeal. The list above set forth is composed of those sections which, in the opinion of your committee, and of the witnesses who came before it, are most urgently in need of attention by the governmental draftsmen in order to facilitate a uniform, clear and reasonable administration of the taxing statutes as they presently exist.

Your committee wishes to go on record in connection with any revision which may be proposed or effected by the government in respect of the two taxing statutes above mentioned as being in complete accord with the statement of the Minister of Finance with respect to his instructions to the interdepartmental drafting committee regarding the reduction in the number of discretions now vested in the Minister of National Revenue, and wishes further to endorse his desire to explore the possibility of providing for their exercise under regulations approved by the governor in council. Such a limitation of ministerial discretion becomes all the more necessary, since, much to the regret of your committee, the Minister of Finance has not seen fit to adopt the recommendations made by your committee in Part One of this Report relating to the establishment of a Board of Tax Appeals with authority to review administrative discretions.

All which is respectfully submitted.

W. D. Euler,
Chairman.

THE SENATE

Thursday, August 8, 1946.

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

Prayers and routine proceedings.

NATIONAL HOUSING BILL

REPORT OF COMMITTEE

Hon. Mr. SINCLAIR presented the report of the Standing Committee on Finance on Bill 306, an Act to amend the National Housing Act, 1944.

He said: Honourable senators, the committee have in obedience to the order of reference of August 7, 1946, examined the said bill, and now beg leave to report the same without any amendment.

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

Hon. Mr. ROBERTSON: Next sitting.

VOTE ON COMBINES INVESTIGATION BILL

EXPLANATION

On the Orders of the Day:

Hon. C. C. BALLANTYNE: Honourable senators, before the Orders of the Day are called I desire to bring a rather important matter to your attention.

I believe that my hearing is good; but it would seem that yesterday it must have been defective. When His Honour called the division on the Canada Day Bill the bell was sounded in the usual manner, so as to be perfectly audible to everyone; but when the division was called on the Combines Investigation Bill, although I was in my office with the door wide open, I did not hear the bell. Had I heard it I should have been in my place to record my vote.

Hon. Mr. COPP: I missed the division in the same way.

The Hon. the SPEAKER: I am advised that the bell was rung. Then the Whips returned to the chamber and the vote was proceeded with in the usual manner.

Hon. Mr. MURDOCK: I do not think the bell was sounded. Was it?

An Hon. SENATOR: Yes.

Hon. Mr. BALLANTYNE: It must have been a very faint tinkle. My office door was wide open and I did not hear the bell.

Hon. Mr. SINCLAIR: Honourable senators, the bell was rung at about six o'clock and continued ringing for a considerable interval. It may be that some members who were in their rooms at the time took it to be the adjournment bell.

Hon. Mr. BALLANTYNE: Exactly. I did hear a bell at six o'clock and assumed it was for the adjournment of the afternoon sitting, so I did not come down to the chamber.

DIVORCE BILLS

On the Orders of the Day:

Hon. JOHN T. HAIG: Honourable senators, may I suggest to the honourable leader of the government that the house pass over the first six items on the order paper and deal first with divorce bills and reports. With the kind permission of the house I would ask that all divorce bills be given third reading today. The reason for my request is that unless these bills reach the House of Commons shortly they will be lost, and the evidence will have to be heard again next session.

Hon. Mr. ROBERTSON: I am quite agreeable to the honourable gentleman's suggestion.

SECOND READINGS

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill M12, an Act for the relief of Mildred Cohen Share.

Bill N12, an Act for the relief of Muriel Elizabeth Clarke Gagnon.

Bill O12, an Act for the relief of Margaret Fern Hobbs Burns.

Bill P12, an Act for the relief of Joseph Euclide Beaudoin.

Bill Q12, an Act for the relief of Mary Rose Ellement Boulet.

Bill R12, an Act for the relief of Jean Stewart Lavery Martin.

Bill S12, an Act for the relief of Catherine Edith Thompson Williamson.

Bill T12, an Act for the relief of Joseph McCaffrey.

Bill U12, an Act for the relief of Marian Pearl Dunfield.

Bill V12, an Act for the relief of Dollard Charest.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

Hon. Mr. ASELTINE moved the third reading of the bills.

The motion was agreed to, and the bills were read the third time, and passed, on division.

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Committee on Divorce, presented the following bills:

Bill W12, an Act for the relief of Kerttu Helvi Helen Fascio.

Bill X12, an Act for the relief of Anne Shacket Payne.

Bill Y12, an Act for the relief of Gaston Marcel Chapdelaine.

Bill Z12, an Act for the relief of Ross David Chartier.

Bill A13, an Act for the relief of John Boosamra.

Bill B13, an Act for the relief of Dawz Sims.

The bills were read the first time.

SECOND READINGS

Hon. Mr. ASELTINE: The business of the Standing Committee on Divorce is now completed for this session. With the consent of the house I would move the second and third readings of these bills today. Early next week I shall be prepared to make my final report and give to the house the statistics on divorce.

Some Hon. SENATORS: Carried.

Hon. Mr. ASELTINE moved the second reading of the bills.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

Hon. Mr. ASELTINE moved the third reading of the bills.

The motion was agreed to and the bills were read the third time, and passed, on division.

COMBINES INVESTIGATION BILL

THIRD READING

Hon. Mr. ROBERTSON moved third reading of Bill 193, an Act to amend the Combines Investigation Act.

The motion was agreed to, and the bill was read the third time, and passed, as amended.

CANADA-UNITED KINGDOM SUCCESSION DUTY AGREEMENT BILL

SECOND READING

On the Order:

Second Reading of Bill 301, an Act respecting a Succession Duty Agreement between Canada and the United Kingdom, signed at London, in England, on the fifth day of June, 1946.

Hon. Mr. ROBERTSON: Honourable senators, I have asked the honourable senator from Inkerman (Hon. Mr. Hugessen) to handle this bill.

Hon. A. K. HUGESSEN moved the second reading of the bill.

He said: The general purpose of this bill is one with which I think all honourable senators will be in sympathy—to avoid the levying by both the countries concerned of succession duties on the same property when estates of people dying in one country include property in the other.

The bill in itself is very simple. All that it does is to ratify the agreement which appears as a schedule to the bill. It provides that in the event of any inconsistency between the terms of the bill or of the agreement and any other legislation, the bill and the agreement shall prevail; and it authorizes the Minister of National Revenue to make the necessary regulations.

The meat of the matter is to be found in the schedule which, as I say, consists of the agreement, and if honourable senators will bear with me for a few moments I will direct their attention to the principal articles of the agreement. It affects the following taxes: in Great Britain, the estate duty; and in this country, the federal succession duty. It will be realized that in the nature of things a bill of this kind cannot apply to the succession duties levied by any province of Canada. That is a matter which has to be left to the different provinces and the government of Great Britain. Honourable senators will be interested to know that already three of the provinces—Quebec, Nova Scotia and British Columbia—have made agreements with the British government, substantially for the same purpose as the agreement in the schedule to this bill.

One of the most important sections of the agreement is Article III, which defines the situs of property for purposes of succession duty. Any honourable senator who is in the legal business and has had anything to do with estates will know that in cases of succession one of the most difficult problems to solve is that of the situs of any particular piece of property for purposes of succession duties. Let me take an example. Suppose a man dies in the province of Alberta holding in that province a share certificate of a company whose head office is in Toronto but whose shares are transferable on a share register in Montreal. Now where, for purposes of succession duties, are those shares located? Are they located in Alberta, where the man died, or in Toronto, where the head office of the company is, or in Montreal, where they can be transferred? As a further example, take the case of a promissory note.

Hon. Mr. HAIG: Will the honourable gentleman tell the non-legal members of the house where the tax should be paid in such a case as he mentions?

Hon. Mr. HUGESSEN: I am coming to that. I hope to explain to the house how these particular questions have been solved in this agreement.

I was just about to take as a further example the case of a man who dies in British Columbia holding a promissory note given by a person resident in Halifax and payable at a bank in Toronto. Now where, for succession duty purposes, can that debt be said to reside? Is it in British Columbia, where the creditor was, or in Halifax, where the debtor lives, or in Toronto where the debt is payable? There have been almost interminable discussions and decisions by our courts on these problems. Article III of this agrement aims to set at rest, as between Great Britain and Canada, all such questions with respect to the situs of property in connection with succession duties.

I will now deal specifically with the results of this agreement as they affect particular

classes of property, all of which are set out in article III. Real estate of course has its situs in the place where it happens to be. Moveable property including currency or coins, is considered to be in the place where it was actually located at the time of death of the person who owned it. Debts are to be located at the place where the debtor resides. Bank accounts are deemed to be situated at the bank where the account was kept. Government securities—victory bonds and so on—if in bearer form, are deemed to be where they happen to be at the time of death; and if in registered form, at the place where they are registered. Shares and bonds of commercial corporations are deemed to be situated at the place where the company was incorporated, and insurance moneys at the place where the policy says they shall be payable. For the most part these decisions as to the situs of different classes of property follow the provisions of the common law, I am informed; but with respect to some types of property a special understanding as to the exact situs has been arrived at between the two governments.

Article IV is of some importance. It says that where a resident of one of the countries dies owning property in the other country, that other country will only collect duty upon the value of the property situated therein, without regard to the value of the whole estate. Let me give an example. Suppose a resident of Great Britain dies owning an estate of $1,000,000 of which $100,000 is situated in Canada. Under the present rule Canada would charge succession duty upon the $100,000, but at the rate of duty applicable to an estate of $1,000,000. Under this agreement Canada will still collect succession duty on the value of the property situated in Canada, but only at the rate applicable to an estate of that amount, which in the example given would be one of $100,000.

Article V is perhaps the most important one in the agreement. By it one country allows credit for duties paid by an estate in the other country on property in that other country. Take the last example that I gave. Suppose a resident of England dies leaving an estate of $1,000,000, of which $100,000 is situated in Canada. Let us assume that the English duty on that Canadian property is $25,000 and the Canadian duty on it is $10,000. When the executors of the estate come to pay the $10,000 duty in Canada they are given credit for the $25,000 already paid in England.

Article VII provides for the exchange of information between the taxing authorities, in order to enable proper administration of the agreement and to prevent fraud.

Article VIII permits extension of the agreement in certain circumstances to British colonies or dependencies.

Article IX extends the agreement to Northern Ireland.

Article X provides that the agreement shall come into force on the date when the necessary legislation has been adopted by both countries, and that it shall affect the estate of any person dying on or after that date, and the estate of any person dying before that date and after the 31st of December, 1944, whose personal representative elects to have the agreement made applicable to such estate.

Article XI contains provisions for the termination of the agreement, with respect to which it is unnecessary for me to go into details.

I have pleasure in moving the second reading of the bill.

Hon. Mr. LEGER: By Article XI the agreement is to remain in force for at least three years, and may be renewed for another three years. In section 5 of the bill—

Hon. Mr. HUGESSEN: Of the agreement?

Hon. Mr. LEGER: No, of the bill. Section 5 says that it shall come into force by proclamation and may be terminated at any time by proclamation. That seems to be unnecessary.

Hon. Mr. HUGESSEN: If my honourable friend will read a little further he will find that the act terminates on proclamation following the termination of the agreement.

Hon. Mr. LEGER: I know. But I thought that had reference to the first three years. When the agreement is terminated surely there is no need of a proclamation to terminate the act.

Hon. Mr. HUGESSEN: The agreement would come to an end; but I expect that technically the act would still be on the statute books, and it would be necessary to terminate it by proclamation.

Hon. Mr. HAYDEN: The proclamation on termination of the agreement is not intended to operate as notice.

Hon. Mr. LEGER: I do not see the necessity of an order-in-council if the agreement is terminated.

Hon. Mr. LACASSE: My question may not be absolutely relevant to the subject matter of the bill, but as I live on the border, I should

like to know if my honourable friend is aware of any such legislation between Canada and the United States?

Hon. Mr. HUGESSEN: It slipped my mind that this agreement follows the lines of a similar agreement between Canada and the United States with respect to succession duties. It was approved by this parliament two years ago.

Hon. JOHN T. HAIG: Honourable senators, when that agreement was made with the United States we raised the question: Why could not a similar agreement be made with Great Britain? This prompts me to ask: Why cannot an agreement such as this be made between the dominion and the various provinces? I am all for the bill, but it will not affect nearly as many people as would dominion-provincial agreements along this line. For instance, generally stock is registered either in Toronto or Montreal. I have always thought that registry offices should be maintained in the capitals of the other provinces. For the life of me I have never been able to understand why a person who bought stock in Vancouver, Toronto, Halifax, or Winnipeg, should have to pay succession duties in the province of Quebec because that is where the company happened to be registered. Let us suppose that a man or woman in Manitoba leaves an estate of $100,000—we have no millionaires in the province—of which $10,000 represents stock registered in Quebec or in Ontario. At the present time either of the two last mentioned provinces would levy succession duties on the basis of the whole estate. Manitoba would do exactly the same were conditions reversed. Now that the dominion is in the succession duty field, apparently to stay, I think it is time that an agreement was worked out between the federal government and the various provincial governments so that there may be no duplication of taxation. As honourable members are aware, there has recently been in the courts an important case involving payment of succession duties on an insurance policy. The policy was issued in the province of Quebec, and the insured lived in the province of Manitoba. On his death the governments of both provinces claimed succession duty, and eventually the executors had to pay.

This duplication of succession duties has become a very serious matter, especially during the last twenty-five years. Prior to that time, in my province, property consisted mainly of real estate; but since World War I many people in Manitoba have acquired considerable capital and have invested it in other parts of Canada. In my province I have seen cases in which as many as five sets of provincial succession duties have had to be paid on estates of $100,000 and under, to say nothing of the dominion levy. I would suggest that the Department of National Revenue, which is charged with the collection of succession duties, try to arrange some agreement with the various provinces in order to avoid this duplication.

In what I am about to say I probably speak more as a lawyer than a senator. In winding up estates you frequently meet with the difficulty that two sets of persons are valuing the estate—and they do not always agree on the valuation.

Some Hon. SENATORS: That is right.

Hon. Mr. HAIG: Then there is trouble. I think a standard basis could be arrived at for making valuations for succession duty purposes. This duplication of taxation is extremely important in the case of small estates, especially where there are no direct heirs, such as husband or wife or children. The present system is expensive to our people without bringing commensurate revenue to the provinces or the dominion.

Hon. Mr. MURDOCK: Is it not a fact that within the last two or three years Ontario and Quebec have ironed that matter out?

Hon. Mr. HUGESSEN: Yes.

Hon. Mr. MURDOCK: There is no duplication of succession duties between those two provinces.

Hon. Mr. HAIG: But we need to go further. I think that Manitoba has made an agreement with one or two of the other provinces, but the arrangement should apply to the whole dominion. The federal authorities should handle the matter, because they have dominion-wide jurisdiction in taxation. I am quite candid to say that as far as Manitoba is concerned the dominion has been very fair in its assessments.

Hon. Mr. ASELTINE: It usually accepts the provincial valuation.

Hon. VINCENT DUPUIS: Honourable senators, as a member from Quebec I am interested in this question. There may be other features of the bill which will greatly affect the estates of deceased persons. I am not familiar with the common law of England as it affects estates, but across the border the law of some of the states provides that when a deceased person is survived by a father and

mother, or a father or mother, or when he is survived by a father—or a mother—and brothers and sisters, the father and mother or either of them shall take the whole of the estate. In the province of Quebec the assets are divided amongst the father, mother, brothers and sisters.

Hon. Mr. MURDOCK: Irrespective of whether there is a will or not?

Hon. Mr. DUPUIS: No, only when there is no will.

I have in mind the case of a person who died in one of the United States where the law is to the effect that the father and mother, or either of them, shall inherit the whole estate irrespective of brothers and sisters. The estate totalled several thousand dollars, of which $1,000 were on deposit in a bank in the province of Quebec. Now, should there be heirs in Quebec, for instance, what arrangement could be made? I understand that the province is going to charge duties for the entire estate, notwithstanding the fact that the greater part of it is in the United States.

Hon. Mr. HUGESSEN: At the rate which would be chargeable for the whole estate?

Hon. Mr. DUPUIS: The rate will be the same as if the whole estate was in that province. If there are brothers and sisters, and a mother and father, the collateral line will pay at a much higher rate than the direct line. I should like to hear from the honourable member from Inkerman (Hon. Mr. Hugessen) whether the same problem will occur under the present agreement with England.

I agree with everything the honourable leader opposite (Hon. Mr. Haig) has said, but would add that the United States agreement should go further, and should cover not only the provinces of the dominion but each and every state, notwithstanding the agreement with the Government of the United States. I think Michigan is the state in which the father and mother inherit to the exclusion of brothers and sisters, whereas in Quebec they share proportionately. Some agreement should be made to remedy the situation I refer to; otherwise small estates are going to be depleted before the heirs get anything.

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

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

Hon. Mr. ROBERTSON: Next sitting.

CANADA-UNITED KINGDOM INCOME TAX AGREEMENT BILL

SECOND READING

On the Order:

Second reading of Bill 300, an Act respecting an Income Tax Agreement between Canada and the United Kingdom, signed at London, in England, on the fifth day of June, 1946.

Hon. Mr. ROBERTSON: I have asked the honourable senator from Inkerman (Hon. Mr. Hugessen) to take charge of this bill.

Hon. A. K. HUGESSEN moved the second reading of the bill.

He said: Honourable senators, this bill is in very much the same form as the one just considered by the house. Attached to it as a schedule is the agreement arrived at between the two countries. The bill itself merely ratifies the agrement and provides that any inconsistencies between the agreement and any other legislation shall be resolved in favour of the agreement; and it gives the Minister of National Revenue power to make regulations necessary to carry the terms of the agreement into effect.

I am sure the bill and the agreement will have the sympathy of every member of this house. The purpose is to prevent double taxation on the income of a person who is resident in one country and derives an income in another country.

Referring to the remarks of my honourable friend from Essex (Hon. Mr. Lacasse) in connection with the other bill, I may say that this agreement is very similar to one made two years ago between Canada and the United States, and which was confirmed by parliament in the session of 1944. I think all will agree that arrangements of this kind are exceedingly desirable, particularly at this time, when we are trying to clear the channel for international trade, and I should like to emphasize the effect of agreements of this nature upon international trade. Business enterprises are being encouraged to extend their operations into other countries, and if they do so they should not find themselves liable to double taxation on profits by reason of the income tax laws of the country in which they are doing business.

I hope that this agreement, which deals with business profits as between Canada and the United Kingdom, will be a pattern for future agreements of the same kind with other countries. In view of Canada's position as a great trading country, and since a considerable portion of our revenue and national prosperity derives from international trade, it is most important that such agreements be made.

May I turn to the agreement itself, which as I have said, is a schedule to the bill? Article I sets out what taxes are affected by the agreement. In Canada it is the income tax, including surtaxes and excess profits tax; in the United Kingdom it is the income tax, including surtax, the excess profits tax and a national defence contribution.

Article III is important in view of what has just been said about international trade. It provides that the industrial or commercial profits of an English concern shall not be subject to tax in Canada unless the enterprise is engaged in trade or business in Canada through a permanent establishment situated here. If the company has such permanent establishment, then it pays taxes only on the profits earned by that establishment; and of course there is a similar provision the other way.

It may interest honourable senators to see what the term "permanent establishment" includes—or perhaps it would be more interesting to see what it does not include. According to the definition in paragraph (1), on page 3, for the purposes of this bill a Canadian company which carries on business in England will not be liable for any income tax if its business is carried on merely through a bona fide broker or commission agent, or if it has simply an agency in England, or even if it has an office in England, so long as that is maintained exclusively for the purchase of goods. In other words, under this agreement, in order to be liable to taxation in England a Canadian company would really have to be carrying on permanent business in that country, and in such event it would be subject to income tax only on the profits earned within England.

Article V deals with ships and aircraft. It states that the country of residence of an owner of ships or aircraft shall have the sole right to collect income tax, even though the profits from the ships or aircraft are partly derived from the other country.

Under article VI Canada agrees not to levy an income tax of more than 15 per cent on the investment income of a resident of the United Kingdom derived from sources within Canada.

Hon. Mr. HAIG: That is the same as a provision in the United States agreement?

Hon. Mr. HUGESSEN: Yes. And in return the United Kingdom agrees not to levy its normal surtax on investment income derived by a resident of Canada from sources within the United Kingdom.

Under article VII each country agrees that it will not levy a tax on income derived by a resident of the other country from royalties on books, plays and artistic work, provided the income is subject to tax in the country of domicile.

Article VIII provides that government employees of one country residing in the other country in the course of their duties will not be subject to income tax in that other country. There is, of course, an exception to that. If, for instance, the Canadian High Commissioner employs an English stenographer in his London office, that stenographer continues to be liable to the English income tax. But a person who goes over to England in the course of his duties as an employee of the Canadian government is not liable to that tax.

Article IX is a rather interesting one. It stipulates that remuneration for personal and professional services performed in Canada by a resident of the United Kingdom shall not be liable for income tax in Canada, provided three conditions are fulfilled: (1) that he does not live in Canada more than half of the taxation year, that is for longer than 183 days; (2) that the services are performed for or on behalf of a person resident in the United Kingdom, and (3) that the profits or remuneration are subject to tax in the United Kingdom. Then, of course, there is a corresponding clause exempting a resident of Canada from United Kingdom tax. This article does not apply to profits or remuneration from public entertainments, such as those given by stage, motion picture or radio artists, musicians and athletes.

Under article X an annuity derived from sources within Canada by a resident of the United Kingdom will not be taxed in Canada, provided it is taxed in the United Kingdom. There is a similar provision for the exemption of an annuity derived from sources within the United Kingdom by a resident of Canada, and subject to Canadian tax.

Articles XI and XII are designed to assist what one might call educational exchanges between the two countries. Under article XI a professor or teacher living in one country who goes to teach in the other country for a period of not more than two years is not liable to tax in the country where he is temporarily resident.

Hon. Mr. LACASSE: It works either way?

Hon. Mr. HUGESSEN: Oh, yes; all these provisions work either way. Under article XII a student of one country going to study in a university of the other country is not liable for income tax in that other country on amounts sent to him from his home country to maintain him while he is away studying.

Under article XIII there is an allowance as a credit by one country for tax in respect of

the income derived from sources within the other country. Let me give you an example to show how that works out. Suppose a resident of the United Kingdom holds Canadian securities from which he derives an income. As I said a few minutes ago, article VI provides that Canada will not levy tax of more than 15 per cent on that income. Whatever tax Canada does levy within that 15 per cent limitation will, once it is paid, be credited against the United Kingdom tax under this article XIII. And of course there is the same operation, vice versa, in the case of a Canadian deriving income from investments in England.

Article XIV contains a provision similar to one in the succession duty agreement bill, which we considered previously, for the exchange of information between the governments of the two countries in order to prevent tax evasion and to enable the carrying out of the provisions of the agreement.

In article XV also there is a provision similar to one in the other bill, for extending the operation of the agreement to British colonies and protectorates.

Under article XVI the agreement comes into effect when the necessary legislation has been adopted in both countries, and it shall thereupon have effect as from the year 1946 and following years.

Article XVIII contains the usual provision for terminating the agreement.

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

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

Hon. Mr. ROBERTSON: Next sitting.

MERCHANT SEAMEN COMPENSATION BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 302, an Act respecting Compensation for Merchant Seamen.

He said: Honourable senators, the object of this bill is to make statutory provision for the payment of workmen's compensation to merchant seamen, including those employed on ships engaged in foreign trade as well as those on ships plying home waters, and more particularly seamen not now covered by provincial legislation. The principle of workmen's compensation was recognized in the Government Employees' Compensation Act, 1925, and during the war years that principle was extended to cover war workers and other groups. On August 1, 1945 an order in council was passed extending it to merchant seamen. The purpose of this bill is to give statutory authority to the regulations made under that order in council, and now in force.

The bill provides for a workmen's compensation board of three members, and covers seamen working on ships registered in Canada. It does not cover pilots, apprenticed pilots or fishermen, or seamen protected by the Government Employees Compensation Act or any provincial act, or seamen entitled to claim compensation for injuries resulting from enemy action.

Compensation is payable where there is personal injury by accident in the course of employment, except where the disability lasts less than seven days or where the accident is attributable solely to misconduct and does not result in death or serious disability. The question of negligence does not enter into the matter. The widow of a seaman killed in the course of his employment would receive a lump sum of $100, a payment of $45 a month during widowhood, and $10 a month for each child under eighteen, the total amount of monthly compensation being subject to certain limitations. Burial expenses up to $125 are to be paid by the employer. The expense of transporting the body from the place of death to place of interment is also payable, the amount not to exceed $125, A seaman who suffers non-fatal injuries receives two-thirds of his average earnings, with a minimum of $12.50 per week. Cost of the scheme will be borne by employers in the form of fixed monthly insurance premiums.

Hon. Mr. ASELTINE: What does that mean?

Hon. Mr. ROEBUCK: Is all that not copied from the Ontario Act? It is about the same, is it not?

Hon. Mr. ROBERTSON: I have no doubt that it is, but I have no definite knowledge on that point. I am advised that the bill covers, first of all, seamen engaged on ships registered in Canada, or on ships on foreign or home-trade voyages when chartered to persons resident in Canada. Secondly, if ordered by the Governor in Council, coverage may be extended to seamen engaged in Canada and employed on ships registered outside Canada and operated by persons resident in Canada or having their principal place of business in Canada.

I take it that the general purpose of the measure is to look after all seamen who, prior to the passing of the order in council of August 1, 1945, were not covered by provincial workmen's compensation acts or the Government Employees Compensation Act

of 1925, which I understand is a federal enactment.

Hon. Mr. ASELTINE: The honourable leader has stated that certain levies would be made on the employers to cover the cost of the compensation. Do I understand him to mean that the employers will pay in certain sums annually to the board set up under the act, and that the board will make payments to the injured seamen or their widows?

Hon. Mr. ROBERTSON: I understand so.

Hon. Mr. ASELTINE: The bill does not seem to say so.

Hon. Mr. ROBERTSON: I have not studied the details of the bill, but I think that is the common practice.

Hon. Mr. ASELTINE: It is, under the ordinary workmen's compensation legislation. If I am in the building business and have thirty or forty men working for me, I pay to the Workmen's Compensation Board a certain sum of money for each employee. Then if any employee is injured the board pays out compensation, based on a medical examination and that sort of thing. Throughout this bill it is stated that the employer shall pay.

Hon. Mr. GOUIN: I would refer the honourable gentleman to Section 7.

Hon. Mr. ASELTINE: The section says that the employer shall pay. Under the usual workmen's compensation acts the payments are made by the board. If—as this bill provides—the employer pays, he must carry insurance to cover all of this liability. An employee injured to such an extent that he is unable to do any further work would for the rest of his life get compensation equivalent to two-thirds of his wages. How would it be practicable for the employer to carry insurance to cover such a liability?

Hon. Mr. ROBERTSON: I presume insurance companies would be in a position to assume that risk along with others. If in some respects this bill departs from the customary principles underlying workmen's compensation legislation, I assume there must be some good reason for it. At the moment I am not in a position to answer the honourable gentleman's question; but it is most pertinent and can, I hope, be dealt with satisfactorily when the bill is before one of our standing committees.

Hon. Mr. ASELTINE: Another point arises on section 49, which reads:

All costs incurred relative to the administration of this act, including salaries, expenses, fees and commissions, are chargeable against the various employers, apportioned on a basis to be determined by the board.

I infer that the administration will not cost the Dominion Government anything.

Hon. Mr. FOSTER: The employers pay those costs through their assessments.

Hon. Mr. ASELTINE: There will be an assessment for that purpose no doubt. But in addition to paying compensation to the widow and children, or two-thirds of his wages to the man himself if he is totally disabled, the assessment will be made against all employers to cover administration expenses.

Hon. Mr. FOSTER: Right.

Hon. Mr. ASELTINE: This will be a terrific burden on an employer.

Hon. Mr. ROBERTSON: The primary function of the compensation board would be to see that the seaman is covered. There are two ways in which it could be done. The board would set up the necessary machinery to assess the employer. If it followed the practice of the provincial organizations it would assess the employer for the cost not only of administration but of various other details that precede the actual payment of claims. If my honourable friend is right in his interpretation, this is a departure from the practice of the provincial organizations, in that the responsibility of the board is to make sure that the seaman is recompensed by the operator, apparently through insurance which the operator himself takes out.

Hon. Mr. ASELTINE: He must cover the seaman by insurance satisfactory to the board.

Hon. Mr. ROBERTSON: It would not necessarily mean that the cost to the operator would be heavier than it would be if the board undertook the whole thing.

Hon. Mr. LEGER: Section 7 says the costs are chargeable against the employers. There might be a conflict between provincial and federal laws, and in this event the employer would be liable to taxation by both authorities. I think those who drafted the bill apprehended this, because Section 4 reads:

No compensation is payable under this Act,

(a) where a seaman or his dependents are entitled to claim compensation under the Government Employees Compensation Act or under any provincial workmen's compensation law.

The bill, I submit, should provide that an employer be not obliged to pay taxation both under this act and under the provincial act. We should not countenance the principle of double taxation. There should be a clear-cut division between one authority and the other. I do not think this is provided for by the bill.

Hon. Mr. MURDOCK: If honourable senators will refer to page 15, they will find this language in subsection 4 of section 44:

The fees or charges for such medical aid shall not be more than would be properly and reasonably charged to the seaman if himself paying the bill, but shall not, in any case where the seaman is furnished with medical aid in Canada, exceed the fees or charges which would be paid in similar circumstances by the workmen's compensation board of the province in which such medical aid was furnished.

Hon. Mr. HAIG: The honourable member from L'Acadie (Hon. Mr. Leger) was not referring to medical aid at all.

In Manitoba—I cannot speak with authority respecting the other provinces—there is a workmen's compensation board composed of three members. The persons covered are classified; that is, the railroads pay into one fund, and certain other classes of employers pay into other separate funds. Each year for example, the board assesses the railroads for the compensation of their employees.

Hon. Mr. COPP: It is an annual budget.

Hon. Mr. HAIG: Yes. If at the end of the year the board finds the budget was not sufficient to cover the claims, it increases the budget to take care of the deficit. As a result, the Canadian National Railway and the Canadian Pacific Railway, both being anxious that as little as possible shall be paid out of the fund, take every possible precaution against accident. But if a serious accident does happen and a man loses an arm, the railroad which employs that man will put him in a job where he can still earn his living without any compensation from the board.

In Winnipeg we have a board composed of three members, one representing the employees, another the employers, and the third, the chairman, representing the government. That board has been in operation for thirty-two years and has worked very satisfactorily. The only change in its membership was the appointment of a new chairman, the first chairman having died. I should like to see a provision in this bill for a board in each province. The Workmen's Compensation Board in Saskatchewan has a fine record for efficient and economical administration. It covers the whole field and devotes a great deal of time to consulting medical men on all sorts of problems in an effort to cut down costs and promote safety. There is a constant agitation by all who pay into the compensation fund to have safety devices installed in all places where men and women work. The bill is lacking in these features. I hope that when it reaches the committee the officials who administer the Workmen's Compensation Act will attend and state whether amendments along these lines might not in a year or two be embodied in this legislation, so that it may be more in line with the general workmen's compensation acts of the provinces.

Hon. Mr. MURDOCK: Honourable senators will recall that the other day we passed a revised workmen's compensation bill, in which it was provided that merchant seamen would be included.

Hon. Mr. HAIG: You mean the Unemployment Insurance Bill.

Hon. Mr. MURDOCK. Yes. Let us read the explanatory note opposite the first page of the bill. It says:

The purpose of this bill is to make statutory provision for payment of workmen's compensation to merchant seamen employed on ships engaged in trading on foreign or home-trade voyages where provincial workmen's compensation acts do not apply.

In my judgment this works in with what we have already done to a partial extent.

Hon. ARTHUR W. ROEBUCK: Honourable senators, the workmen's compensation system has become thoroughly established and, as the honourable senator from Winnipeg (Hon. Mr. Haig) has said, it has done a great deal of good. It serves in two ways. First, it provides compensation for men who are disabled through their employment and thereby prevented from earning their living. In that respect it performs a very humanitarian function. Secondly, it has brought about a more effective treatment of injured persons than was obtainable by the workman from his own physician. Also it has done much to help injured persons to become re-established in industry. Lives have been rebuilt through the efforts of compensation boards.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROEBUCK: If this bill makes merchant seamen eligible for wokmen's compensation benefits, it is a good bill. But I am wondering whether it is adequate. The Workmen's Compensation Board in the province of Ontario was under the department over which I presided for a period of three years; therefore, I have some familiarity with this type of legislation. In Ontario both the employer and the employee contribute to the fund. Under this bill the expense, apparently, is to be borne entirely by the employer. I do not complain very bitterly about that feature.

Hon. Mr. CAMPBELL: Is it not true that in the province of Ontario transportation companies, including lake shipping companies, make no contribution, but simply pay any award the Workmen's Compensation Board may make?

Hon. Mr. ROEBUCK: That is true.

Hon. Mr. CAMPBELL: Is it not the intention here that the company shall pay awards, but shall make no contributions?

Hon. Mr. ROEBUCK: Schedule 1 of the Ontario act contains an insurance provision whereby employee and employer pay into a fund which spreads the risk over a period of years and over the various individuals concerned. Schedule 2 covers the railways, and probably some other organizations which pay awards directly. They do not seek insurance benefits, but pay the charges, whatever they may be. As I remember, under Schedule 1 employees contribute just as do the employers, but here, as far as I can see, the employees make no contribution, and the expense is borne by the employers.

My objection to the bill is that the employee enjoys the benefits if he happens to be injured, but has no responsibility. As a result, there will be a lack of proper employee-records, and there certainly will be a lack of responsibility in carrying out the purposes of the act in the way that the provincial legislation is carried out by reason of the fact that contributions come from both employer and employee.

There is no provision in this bill for appeal; the decision of the board is final. That is in accordance with the practice in the province of Ontario. There are no objections to the decisions of the board being final, because under this legislation the employee who draws compensation does not do so altogether as of right. Largesse is extended to him by the state; he has no claim against his employer as of right. A public institution is set up for the purpose of compensating unfortunate persons who, through no fault of their own, are injured in the course of their employment. Therefore the amount of money which is awarded to them has no prescribed basis of calculation, in that it does not represent the amount of damage done or the exact financial value of the disability. A schedule of compensation is worked out on some general and reasonable basis governed largely by experience and some general rules that are very difficult to set down on paper. Certain customs and conventions are arrived at for settling compensation claims, and an appeal board which had to review the decisions of the Workmen's Compensation Board would be handicapped because it would not have the great knowledge and experience possessed by those who administer the act. So there is no provision for appeal.

After a cursory reading of the bill I am not satisfied with its provisions, and I should like to see it referred to committee for thorough study. I am not sure that its administration could not be carried on by a provincial board at much less expense to the dominion than would be incurred by the setting up of a new board and the machinery that must go with it—all to handle relatively few cases. I am wondering if that feature has been canvassed. The province of Ontario maintains a very expensive organization for the administration of its act. It comprises the members of the board, doctors, accountants, advisers, stenographers and others who go to make up the department. They are all highly skilled and efficient, and it would take the federal authorities a long time to build up such an organization. Therefore I believe it would be possible to have this act administered by one of the provincial organizations, under the direction of the dominion authorities.

I am in favour of the bill receiving second reading, but should like to see it thoroughly studied in all its detail.

Hon. F. W. GERSHAW: Honourable senators, in Alberta the employer only contributes to the Workmen's Compensation Board; the employee pays nothing. There are two acts; one for compensation and one for medical aid. The employer pays for both.

Hon. Mr. ROEBUCK: Does he not collect from the employee?

Hon. Mr. GERSHAW: No, he does not.

The Workmen's Compensation Board does a great deal to determine the cause of accidents and to provide means of prevention. On every form which an employee fills out when making a claim, he is asked for suggestions as to how such an injury as he has sustained could have been avoided. The board then sends men to inspect the various plants and to check the equipment of the employer in an effort to prevent accidents. The statistics which have been published show that the accident rate has been greatly reduced as a result of these inspections.

The board has medical specialists who consult with the doctor in charge of a case. Very often these specialists can offer valuable suggestions and help to restore a man who has been injured to his previous health.

Hon. GEORGE P. BURCHILL: Honourable senators, may I say a few words with respect to what has been done by the Workmen's Compensation Board in the province of New Brunswick? It operates under an arrangement similar to that mentioned by the last speaker, and the employer pays the entire cost. The New Brunswick measure was put through when the honourable senator

from Saint John (Hon. Mr. Foster) was premier of that province, and he will confirm what I say.

I agree with the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). I think that all avenues should be explored to see whether this legislation could not be administered by one of the provincial boards, which, in my opinion, have gone a long way towards perfecting their administrative machinery.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. BURCHILL: Prior to the establishment of the Workmen's Compensation Board in the province of New Brunswick the employers were obliged to carry liability insurance to protect their employees in the event of injury. That situation, I believe, was general across Canada. In some cases there were complaints that the insurance companies did not treat the employees justly, and that criticism was responsible in large measure, I think, for the movement which brought about the Workmen's Compensation Board.

I notice that under this bill employers are not assessed, as they are in the provinces, but are obliged to carry insurance satisfactory to the board in order to pay any losses which may occur. I presume therefore that to secure coverage an employer would have to go to some liability insurance company, as he was obliged to do before the Workmens' Compensation Board was established. As has been pointed out by the honourable senator from L'Acadie (Hon. Mr. Leger), the employer also has to pay all costs and charges of the board. I am wondering, therefore, if this is not going to be an expensive business for the employer. I agree with the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) that the committee to which the bill is referred should examine it closely and see if it is not possible to devise some more practical method of carrying out its purpose.

Hon. G. LACASSE: Honourable senators, I do not challenge the authority with which my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) speaks when he says that in Ontario the employee makes a contribution to the Workmen's Compensation Board. I must humbly confess, however, that I was not aware of that situation. The honourable gentleman should know, having been in charge of the administration of the Ontario Workmen's Compensation Act.

Hon. Mr. ROEBUCK: I am subject to a mistake, as anyone is.

Hon. Mr. LACASSE: I would ask my friend how the contributions are collected?

Hon. Mr. ROEBUCK: They are collected from the employer, but I understand he collects from the employee.

Hon. Mr. LACASSE: What concerns me is that when one looks at a cheque of the Ford Motor Company, for instance, one will notice that there are various automatic deductions for unemployment insurance and income tax. After all, those employees enjoy an advantage in having their income tax returns prepared for them by the company accountants. I envy them that advantage, because it enables them to escape one expenditure that we have to meet. I have never known, however, of any deduction being made from employees' cheques specifically for any contribution to the provincial Workmen's Compensation Fund. That is why I took the liberty of putting a question to the honourable senator. I do not doubt his word, for he must know what is being done under the Ontario act.

Hon. Mr. ROEBUCK: No.

Hon. Mr. CAMPBELL: I think the honourable gentleman from Toronto-Trinity is mistaken, and that no deduction is made from an employee's salary for workmen's compensation.

Hon. Mr. HAIG: I know that none is made in Manitoba.

Hon. Mr. ASELTINE: And there is none in Saskatchewan. The employer makes the contribution to the board, and the board pays out the compensation.

Hon. Mr. ROEBUCK: In the province of Ontario the employer pays the compensation, based on the number of his employees. I was under the impression that in my own and other offices part of this expense was passed on to the employee, but I may be wrong.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. MURDOCK: Honourable senators, this measure is captioned "An Act to amend the Unemployment Insurance Act." On the first day of August the Standing Committee on Immigration and Labour presented a report on the Unemployment Insurance Act, which was extended to cover merchant seamen. If the house now thinks the Banking and Commerce Committee should handle another phase of the same matter, that is all right with me.

Hon. Mr. ASELTINE: This is an entirely different thing.

Hon. Mr. HAIG: The bill to which the honourable gentleman from Parkdale refers was the Unemployment Insurance Bill. This is the Merchant Seamen Compensation Bill. The two bills are altogether different.

Hon. Mr. MURDOCK: This is entitled "An Act to amend the Unemployment Insurance Act."

Hon. Mr. HAIG: No; it is "An Act respecting Compensation for Merchant Seamen."

While I am on my feet, may I suggest that the attention of officials who are to be present at the committee meeting should be called to the discussion we have had here on this bill? The object of our discussion was, not criticism, but a desire to get information, and if they read the debate they will know what we require.

Hon. Mr. COPP: They always read the Senate debates.

Hon. Mr. HAIG: They do not; that is the trouble. They are unaware of how much wisdom we have here.

The motion was agreed to.

TORONTO HARBOUR COMMISSIONERS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 299, an Act respecting the Toronto Harbour Commissioners.

He said: Honourable senators, the object of this bill is to authorize the harbour commissioners of Toronto to purchase a tract of land having an area of 3·4 acres lying north of their present holdings on the north side of Fleet Street and east of Fort York Armouries in the city of Toronto. The bill also gives to the commissioners authority to issue debentures in order to raise money with which to pay the purchase price. The powers contained in the bill are in addition to and supplemental of the powers already contained in the Toronto Harbour Commissioners Act, 1911. As indicated in the text of the bill, the city corporation has approved the purchase.

The lands already owned by the Toronto Harbour Commissioners comprise about six acres, a portion of which at the eastern extremity has been leased to an important local firm. A request has been received from a United States industry interested in locating in Toronto for lands north of those already owned by the commission on the north side of Fleet Street. The lands owned by the commission have a frontage of 1,321 feet along Fleet Street. There is a parcel to the north having an area of 3·4 acres, owned by the Canadian Pacific Railway Company, with whom the commissioners have negotiated for the purchase of the land.

The commissioners are of the opinion that in the interests of the city as well as of themselves it is wise to secure this parcel, but the solicitors for the city and commission feel that the commissioners' present powers are not sufficient to enable them to make the purchase. The object of the bill is to give them the necessary supplemental powers.

The bill is a simple one. It has but two clauses: one authorizing the purchase, the other authorizing the issue and raising of debentures for the purpose of purchasing these lands.

I am advised that the contemplated purchase of 3.4 acres from the Canadian Pacific Railway will enable the commissioners to lease an additional portion to the important local firm referred to and to sell a certain area to the United States concern. The price to be paid to the Canadian Pacific Railway Company is said to be $112,000.

Hon. Mr. ROEBUCK: I find it difficult to visualize the location of this land. I suppose that by the Fort York armouries is meant the Old Fort.

Hon. Mr. HAYDEN: No; it is the new armouries, west of Bathurst street. I think the area in question must be west of the Rogers Majestic development, north of Fleet Street.

Hon. Mr. LEGER: We are told that the amount to be paid for the property is some $100,000, but there is nothing in this bill to prevent the commissioners from borrowing and issuing debentures for a million dollars or more.

Hon. Mr. HAYDEN: That matter can be dealt with in committee.

Hon. Mr. HAIG: I would suggest that as this bill has to do with Toronto, all members of the committee should be in attendance at the meeting.

Hon. Mr. HAYDEN: We all would have to be present if it was a Winnipeg bill.

Hon. Mr. HAIG: Even the honourable member from Toronto-Trinity (Hon. Mr. Roebuck) seems to be a little bit worried, to say nothing of those of us from the rest of Canada.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADIAN COMMERCIAL CORPORATION BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 251, an Act to establish the Canadian Commercial Corporation.

He said: Honourable senators, the Canadian Commercial Corporation was set up under order in council P.C. 1218, dated March 29, 1946. Under present disturbed conditions of world trade there are many transactions which cannot be handled entirely by private business. In order to deal effectively with the numerous urgent transactions on hand it was necessary to bring the corporation into being as rapidly as possible. The order in council became effective the first day of May, and on that date the property, obligations, and rights of the Canadian Export Board were assumed by the Canadian Commercial Corporation.

The object of this bill is to enable the corporation to continue to serve the needs of Canadian business so long as may be required in the interests of international trade. The corporation is empowered to assist in the development of trade between Canada and other nations, to assist persons in Canada to obtain goods and commodities from abroad, and to dispose of goods and commodities available for export from this country.

One of the principal duties of the Canadian Commercial Corporation will be to carry on the work formerly done by the Canadian Export Board, which made purchases in Canada for foreign governments and for the United Nations Relief and Rehabilitation Administration. Since this board was established, in January 1944, to buy essential non-military supplies in Canada for other governments, its work has developed steadily in scope and importance. It has made purchases in Canada for the United Kingdom and the Crown colonies, Australia, India, Southern Rhodesia, France, Russia, Norway, South Africa, New Zealand, Belgium, the Netherlands, the Netherlands East Indies, Czechoslovakia, Denmark, China, and also, as I have said, for UNNRA. The actual value of the contracts placed by the board as of April 30, 1946, totalled $404,274,550. The value of goods on requisitions raised by the board and transferred to the Canadian Commercial Corporation for future action is estimated to be $41,142,310. In order to handle the shipment of large quantities of goods purchased by the board on behalf of UNNRA, several packaging and storage warehouses were established.

It is beyond question that the services rendered during difficult war years by the Canadian Export Board, in obtaining essential civilian goods for members of the British commonwealth and foreign governments, were of great importance to the export trade of Canada. Wartime restrictions made normal trade activities impossible in most instances, and consequently the establishment of this government agency was invaluable both to buyers and sellers. In many cases the purchases made by the board for the governmental agencies of other countries provided the only means whereby Canadians were able, at least in part, to supply traditional markets. The purchases assisted in introducing Canadian goods into new export markets.

The work of the Canadian Commercial Corporation will embrace both the export and import fields. All contracts placed by the Canadian Export Board and not completed as of May 1 were automatically transferred to the corporation without specific amendment. It should be emphasized that, while the corporation is government owned and controlled, the contractual relationship between buyer and seller is greatly improved by the establishment of the corporation.

In general, the corporation acts only as an agent and does not of itself initiate purchases in Canada. Nevertheless, at the request of Canadian suppliers, it will bring attention to commodities available in Canada. Should inquiries result in orders, contracts would then be let by the corporation.

The corporation will not encroach upon the activities of private business. In fact one of the primary objectives would be to assist it directly in many important ways. For example, in the import field it will aid Canadian traders in obtaining essential supplies from ex-enemy territory under military occupation. It is impossible now, and may be for many years, to permit private business to be transacted in a normal fashion between the nationals of ex-enemy countries—particularly Germany and Japan—and private concerns in Canada. During this period the occupation administrations will control all industry in these countries, and foreign commerce will be conducted by government agencies. The measuring-rod for the entrance into Canada of supplies from these areas will be the needs of Canadian

business, it being borne in mind that exports from such countries must be permitted in order to pay for necessary imports.

With regard to possible imports of goods from ex-enemy countries, the corporation is at present endeavouring to arrange for representatives abroad through whom specific information will be obtainable in response to inquiries from Canadian business men.

As far as these ex-enemy areas are concerned, the corporation would act as an intermediary assisting the Canadian importer in obtaining the necessary export licence and foreign exchange from the foreign or occupation government.

The corporation will award contracts on the basis of competitive sealed tenders in all cases where it is practicable to do so, having regard of course for the utilization of surplus stocks held by the crown. Except where goods are in free supply, clearance must first be obtained from the export permit branch of the Department of Trade and Commerce before purchases are made, in order to protect the supply of goods for the domestic market. The services of the corporation will be offered for a small fee for the purpose of covering its administrative expenses.

The minister stated in another place that the proposed corporation was not looked upon as being a permanent organization by any means, but to cover the extraordinary circumstances incident to the transition period.

I have endeavoured to outline broadly the general desirability of such an organization, for the time being at least. As to the many details which undoubtedly interest honourable senators, I may say that should the bill be given second reading it is my intention to have it referred to the Standing Committee on Banking and Commerce, in order that honourable members may have the proper officials before them to answer specific questions.

Honourable senators will recall that in egard to Bill 302, respecting compensation to nerchant seamen, some question arose as to he appropriate committee to which the bill should be referred. Strictly speaking, it should have gone to the Standing Committee on Immigration and Labour. This bill should really be considered by the Standing Committee on Canadian Trade Relations, but, unless honourable members disagree, I think the general convenience would be served if for the remainder of the session we referred our legislation mainly to the Standing Committee on Banking and Commerce. I am open to any suggestions in this regard.

Hon. Mr. ROBERTSON.

Hon. SALTER A. HAYDEN: The honourable leader of the house has explained some of the purposes for which this proposed corporation is to be created. While on the second reading of the bill we are concerned only with its principle, yet there are some features to which I should like to direct the attention of honourable senators.

The functions of the Export Board and the contracts it made are to be turned over to this corporation. To some extent there appears to be a field within which such a corporation could function in the best interests of Canada at this time, having regard to the disturbed state of world trade and world currency. But between those good and useful things for which power is sought, and to which we would all give our approval, we find a broader power requested—a power which would enable the corporation to enter into any kind of import or export business as it may see fit. In these circumstances we have to look beyond this year or next when creating a corporation of this kind by act of parliament, for such act remains a statute of Canada until repealed by both houses of parliament.

Under section 5 of the bill the authority given is not couched in the specific terms of the explanation we have heard of the functions which the corporation is now performing, and which were formerly carried on by the Export Board. On the contrary, the section reads:

The corporation may do such things as it deems expedient for, or conducive to, the attainment of the purposes set forth in section four of this act; and, for greater certainty, but not so as to restrict the generality of the foregoing, the corporation may carry on the business of:

(a) importing goods or commodities into Canada,

(b) exporting goods or commodities from Canada, and

(c) storing and processing goods or commodities, either as principal or as agent, in such manner and to such extent as it deems advisable to achieve the said purposes.

I do not think you could conceive of a broader power being given any corporation. In fact, the corporation is given the broadest power to engage in any kind of importing or exporting business, including the processing of goods, and leading therefore to manufacture.

There is some kind of limitation suggested by reference to section 4. You will notice that subsection 2 of section 5 is in this form:

The generality of subsection one of this section is not restricted by any provision of this act other than section four thereof.

Let me quote section 4:

The corporation is established for the following purposes:

(a) to assist in the development of trade between Canada and other nations,—

There again you have the broadest sort of power conferred—"to assist in the development of trade." That is, for the purpose of international trade the government itself, through this corporation, may for all time, if the bill becomes law, set itself up in business. As a matter of fact, under a socialistic state it would conceivably set itself up as the corporation which would be the sole exporting and importing agency between Canadian trade and any international trade connections we might have.

There is no limitation of the time the bill is to run, and once a measure of this kind is enacted it remains on the statute books until some future day when you can get both houses of parliament to agree to its repeal. If you insert a time limitation, the bill expires when the time is up, unless both houses of parliament agree that it shall be renewed. So if you want to have some check or safety device on broad legislation of this kind a definite term should be specified.

I submit that a very important principle is involved in a measure of this kind, which gives broad authority to the government "to assist in the development of trade between Canada and other nations." I am not reflecting on those sponsoring the bill. Their purposes no doubt are of the soundest kind and intended to promote the best interests of Canada. But we are creating a kind of machinery that may seriously embarass us in the future, unless we surround its operation with all the safeguards that will retain some measure of control in parliament. Only by such means can we hope to prevent the exercise of power being carried to extremes which, I submit, are not and should not be contemplated by the representatives of the people in parliament at this time.

Hon. T. A. CRERAR: Honourable members, the honourable gentleman who has just taken his seat has stated the main criticisms I had intended to offer with regard to this measure. Consequently I shall not repeat them. But I should like to draw attention to the principle embodied in the bill, for I think it is important that we should clearly understand what we are being asked to approve.

The corporation to be set up has the power, unquestionably, as stated by my honourable friend who has just preceded me, to go into the export and import business of this country in a very large way.

Hon. Mr. ROEBUCK: And the manufacturing business.

Hon. Mr. CRERAR: And the processing or manufacturing business as well. Let us consider for a moment just what that means. For years the C.C.F. party has advocated this very thing, and its leaders have declared that if it secures a majority in the other house it will bring down legislation to ensure that the international trade of Canada shall be carried on through import and export boards. Now, is not this bill the first step in that direction? I may not be strictly in order, but I would remind honourable members that another measure will presently be before us, and the powers asked for in the two bills, if combined, could put the business of this country in a complete strait-jacket if any government so wishes. I do not for a moment think that was in the minds of the sponsors of this bill—

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. CRERAR: —but in considering measures of this kind we must look ahead and see what the consequences may be. We are asked to accept here the principle of state trading. I can see it in no other light. The explanation given by the honourable leader of the government indicated that this legislation was intended to meet specific purposes. During the war we had a Canadian Export Board. It was felt, and I think wisely so, that in the tremendously disturbed conditions of wartime, when shipping and exchange were under control everywhere, the purposes of war could be better served by having this sort of control. But it was purely for war purposes.

There is a possible argument, I admit, in the fact that we will have dealings for some years with occupied enemy countries such as Japan, Germany and Austria, where ordinary means of trading are not available. There might be an obscure argument in favour of a corporation of the kind envisaged here being set up temporarily for the purpose of carrying on trade with these occupied countries. But when the bill goes further, and gives such powers as were outlined by the senator from Toronto (Hon. Mr. Hayden), I think the committee to whom it is referred should require a very full explanation of the purposes behind it. I agree with the suggestion made by the honourable senator that the corporation should have a limited period of operation.

An Hon. SENATOR: Hear, hear.

Hon. Mr. CRERAR: In my opinion this bill could be amended in two ways. First, an effort should be made to circumscribe the operations of the corporation—for instance, to trading with occupied countries; and secondly, to put a limit on its period of operation, so that if its continuance was deemed necessary the measure could again be brought before parliament for review. If the measure is passed in its present form it may remain on

our statute books for all time to come. In a few years we might have, for instance, a Progressive-Conservative government in this country.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: That government might be tempted by the opportunity offered by this legislation to embark on a large scale on the state control of our international trade. Personally, honourable senators, I do not wish to provide any government with permanent facilities for such a purpose. If the life of this measure is limited, and later it is thought that it should be extended, I say that whatever government is in power should come back to parliament and ask for the legislation necessary to continue it. It could then be reviewed, and its value to the business and industry of this country could be assessed.

I say without equivocation that I do not like the tendency to increase the powers of the state, which seems so generally in vogue today. Every step in that direction is a lurking danger to the freedom and liberty of the citizen. This measure appears to me to be a substantial step towards centralizing power in the state and giving it a greater control over the people. I think I could make a strong argument that the principle underlying this measure has been repudiated by the Canadian people, but I do not intend to take the time of the house now to do so. I know that when the bill goes to committee it will receive careful consideration.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I wish to be associated with the views expressed by the honourable member from Churchill (Hon. Mr. Crerar) and the senator from Toronto (Hon. Mr. Hayden). This legislation appears to me to be of a highly dangerous character. I am not particularly concerned about power being placed in the hands of the government to enter into manufacturing or processing, provided I know what it is permitted to make and am sure that it is in the public interest. But to hand to a department of government the power to enter into trade and commerce, to import, export and process without any supervision as to what it will import or export, or the extent to which it will manufacture, is like giving it a blank cheque, and to me appears very dangerous.

Let us get down to cases. Suppose some person in Canada wanted to obtain boots and shoes. Under the provisions of section 4 (1) (b) of the bill that person could be assisted in his importing and processing; the Department of Trade and Commerce would have power to buy hides abroad and bring them here to be processed by the government into boots and shoes. That would be all right if it were in the public interest. If such a situation were to arise we should examine into it, and if the action proposed appeared to be in the public interest, we could then give the specific power required. But to give power cloaked in general terms of this kind, which could apply to anything, would almost abrogate parliamentary control, and place in the hands of the executive the power to establish a completely new system of trade and commerce. This is dangerous legislation.

I would prefer sending the bill back to the House of Commons for redrafting to sending it to a committee of this house. If the bill is intended to accomplish what the honourable senator who explained it said, then it has been improperly drawn. There is great divergence between the explanation and the measure itself. They do not coincide at all. I think we ought to defeat the bill and send it back to be re-drawn. Let us have a new bill!

It is said that power of this kind is necessary in order that the state may assist in the development of trade and commerce. Canada already has a Department of Trade and Commerce engaged in that work, and we have agents in occupied countries. As far as credit is concerned, our chartered banks will guarantee the accounts of their customers. In the past we have had no difficulty arranging credit abroad. Through our banking system those with sufficient credit at home have always been able to change it into foreign credit. It is not necessary, in order to carry on foreign trade, that there should be government interference between the purchaser and the vendor abroad. Before this bill is given second reading I should like to be satisfied as to what is intended.

Hon. JOHN T. HAIG: Honourable senators, it was my intention to have said some of the things the honourable senator from Toronto (Hon. Mr. Hayden), the honourable gentleman from Churchill (Hon. Mr. Crerar) and the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) have said, and then to move that the debate be adjourned. I am in favour of the bill going to committee for the reason that I agree with its principle, but should it come back in its present form I would certainly vote against it.

The honourable leader said that as we are going through a transitory period this is a transitory bill. I think we as a body should consider the measure, and make sure that it does not go beyond what is required. We are here to do that kind of thing.

I have a stronger reason for disliking the bill than any urged by the honourable gentlemen

who have spoken. I feel that we are tending towards a hierarchy here in Ottawa. The allegation has been denied by the government, and only yesterday it was denied by one of its leading members in another place. He may have been sincere in what he said, but it is true that since the war, on the ground that we are passing through a transitory period, bills have been coming along in a steady stream to continue a system which was established solely for war purposes. Of course that is a perfectly human tendency. During one's parliamentary life, for instance, one may see a new department formed. One is told that it will not be very large; it will have only a minister and a couple of secretaries. But the next year the department has ten secretaries, the year after it has fifty, and in less than five years it is one of the biggest departments in the government service. That is what this kind of legislation tends to bring about.

I know I am out of order, Mr. Speaker, as was the honourable gentleman from Churchill (Hon. Mr. Crerar)—and he knew it too—but there are other bills coming forward which embrace this same principle. I am not saying these things against the government. The honourable leader has explained the situation correctly: there is a hiatus today and he wants to establish the proper trade connections so that we may take full advantage of opportunity that is now open to us. But if this bill is to go through, I want its authority limited so that it will not continue for an indefinite period.

A similar problem arose last year when the reconstruction bill was passed. The minister was perfectly satisfied with the bill when this house was through with it, although it did not go nearly as far as the original bill. I think the same thing is happening again. The government has instructed someone to draft a bill to do so and so. It is like a lawyer drawing up a charter for a corporation. The client says he is going to engage in the shipping business, but three or four additional clauses are slipped in just for weight, and he finds he has power without end.

I am not going to ask that the debate be adjourned, because the matter has been fully dealt with. I think the bill ought to go to committee, where the operations to be carried on under it can be limited to say two years, or perhaps five years. I want the officials to tell me why a five year period is not sufficient. If in five years conditions are the same as now, there is no reason why the parliament of Canada cannot again consider the measure at that time. My honourable friend from Churchill mentioned a certain party that might be in power, but I am a little afraid—

Hon. Mr. CAMPBELL: That it will not be in power?

Hon. Mr. HAIG: I am a little afraid that the honourable gentleman had another party in mind, and just mentioned the wrong name. If the Progressive-Conservative party do get into office I would not want them to have the kind of power provided for by this bill. I think that power of that kind is dangerous. If the government wants it, let it come back to the representatives of the people and ask for it.

Personally I do not think a government is ever beaten by the opposition; it is beaten from within. If we go back in the history of parliaments in Canada we will find that that is true. If Canada has a Labour-Progressive government in power—and the Labour-Progressives are ambitious enough to be in power—our experiences of the last year and a half would indicate that we would soon become one of the Soviet republics instead of a part of the British Empire.

As I have said, the officials will have to put up a very strong argument to show me why the provisions of this bill should not be limited to, say, five years.

An Hon. SENATOR: That is too long.

Hon. Mr. ROEBUCK: One year.

Hon. Mr. HAIG: Maybe three years would be sufficient. One might think that the succession duty agreement with the United Kingdom was a kind of thing which could safely be allowed to run on indefinitely; yet both sides wanted it limited to three years. I think that a limitation should be specified here.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

WAR CRIMES BILL

SECOND READING

On the Order:

Second reading of Bill 309, an Act respecting War Crimes.

Hon. Mr. ROBERTSON: Honourable senators, I would ask the honourable gentleman from Toronto (Hon. Mr. Campbell) to move the second reading of this bill.

Hon. G. P. CAMPBELL moved the second reading of the bill.

He said: Honourable senators, this is a very short bill, consisting of only three sections. Its purpose is to validate, if necessary, the War Crimes Regulations passed on August 30, 1945. Prior to the passage of those regulations it was stated by the President of the United States and also, I think, by the Prime Minister of Great Britain that the United Nations intended to prosecute war criminals, persons alleged to be guilty of offences against war usages and customs. Many people questioned whether or not under the provisions of international law any particular country had power to prosecute an enemy accused of being a war criminal. The question was considered in this country, and the opinion was that His Excellency the Governor General, as the chief of the army and upon the advice of the cabinet, had full power to delegate anyone to try war criminals. A similar question was raised in Great Britain, and the procedure followed there was to issue a royal warrant constituting an authority for trying war criminals. As that was not in conformity with our practice, an order in council was passed. Although the order was not specifically passed under the provisions of the War Measures Act, it did make reference to that act. Later on attention was called to the fact that the maximum penalty that could be imposed under the War Measures Act was five years or a fine of $2,000. The Department of Justice was then asked for an opinion as to whether or not a sentence of more than five years on a convicted war criminal would be valid; and the opinion given was that by virtue of the order in council, irrespective of the provisions of the War Measures Act, the regulations were sufficient to validate such a sentence. However, the question having been raised, and the authority set up under the provisions of the order in council having held trials and sentenced convicted war criminals to terms of imprisonment longer than five years, it was considered advisable to re-enact the regulations in statutory form retroactive to the 30th of August, 1945, so that no technical question could be raised by anyone serving a sentence imposed under the regulations.

Section 1 of the bill simply provides that the War Crimes Regulations, recited as a schedule to the bill, are re-enacted. Section 2 makes the re-enactment retroactive to the 30th of August, 1945.

The third and last section of the bill reads:

> This act shall continue in force until a day fixed by proclamation of the Governor in Council and from and after that date shall be deemed to be repealed.

In other words, anything done within the scope of the regulations prior to the repeal of the act would be valid.

Briefly stated, the whole purpose of the bill is to put into statutory form the regulations passed by order in council.

Hon. Mr. LEGER: May I point out to the honourable gentlemen that section 3 seems to be a departure from the language previously used in statutes. When it is desired to fix a date for the coming into force of a statute, we usually say that the act shall come into force upon proclamation; and when a statute is no longer useful we repeal it by legislation. But here power is sought for the repeal of the statute by order in council. That is certainly a departure, and I cannot understand why it is necessary.

Hon. Mr. CAMPBELL: I think the explanation is this. It is contemplated that at some future date the act may no longer be required, but just now it is impossible to fix that date.

Hon. Mr. LEGER: What harm would be done if the act remained in force for two months longer than was necessary?

Hon. Mr. CAMPBELL: I do not suppose that would make any difference at all.

Hon. Mr. LEGER: Then why depart from the usual method of repealing a statute?

Hon. Mr. CAMPBELL: The original measure was the order in council, which was considered to be sufficient at the time.

Hon. Mr. ROEBUCK: That was passed under the War Measures Act.

Hon. Mr. CAMPBELL: No.

Hon. Mr. ROEBUCK: But the authority to pass it was obtained under that act.

Hon. Mr. CAMPBELL: Reference was made in the order to the War Measures Act, but the order was intended to be a general provision in substitution for a royal warrant such as was issued in England, not under any statute, but by His Majesty. It was considered that His Excellency the Governor in Council, upon the advice of his ministers, could by order in council constitute the authority to try war criminals. That authority, having been constituted by order in council, could be repealed by order in council. The object of the bill is simply to confirm the regulations which were passed by order in council and will remain in effect until repealed by order in council.

Hon. Mr. ROEBUCK: If the order in council was not passed under the authority of the War Measures Act, under what authority was it passed?

Hon. Mr. CAMPBELL: I understand the Department of Justice gave an opinion that there was general authority vested in His Excellency the Governor General to deal with the matter upon the advice of his ministers.

Hon. Mr. ROEBUCK: Under the Army Act?

Hon. Mr. CAMPBELL: Yes, as chief of the army.

Hon. Mr. ROEBUCK: Then it would be under the Army Act?

Hon. Mr. CAMPBELL: Under the Army Act, I suppose. In England, as I say, His Majesty issued a royal warrant for setting up a similar authority.

Hon. Mr. LEGER: Perhaps I misapprehend the wording of section 3. This is how it reads:

This act shall continue in force until a day fixed by proclamation of the Governor in Council . . .

That means, if I read it rightly, that the Governor in Council has to proclaim the act in force until a certain date?

Hon. Mr. CAMPBELL: No. The act comes into force immediately and continues in force until a day fixed by proclamation.

Hon. Mr. LEGER: It is not stated that the act comes into force immediately.

Hon. Mr. CAMPBELL: With all respect, I submit that is the only interpretation that can be placed upon the words.

Hon. Mr. LEGER: When you limit one way you should limit both ways. I think the committee to which this bill is referred would be well advised to amend this section to provide that the act shall come into force when it is assented to.

Hon. Mr. ROEBUCK: Section 2 states when the act comes into force.

Hon. Mr. LEGER: Oh, yes, that is right.

Hon. Mr. CAMPBELL: It is retroactive.

Hon. Mr. ROEBUCK: The honourable gentleman who moved second reading (Hon. Mr. Campbell) said the bill was a very short one, containing only three paragraphs. But the purpose of the bill is to put into force a long series of regulations, running to no less than five closely printed pages, with regard to war crimes. Every section in these regulations deals with the liberty of the subject, a very important matter. The gentleman has given us very little explanation with regard to where these five pages come from, though their wording would indicate that they are part of some order-in-council. I would hesitate to enact five pages of criminal law without the most careful scrutiny unless I knew there was some experience behind them.

Hon. Mr. CAMPBELL: I had assumed that these regulations were pretty well known. All they do, in effect, is to constitute an authority similar to a military court, with the full procedure set out for the trial of war criminals. As I said before, they are an exact copy of the provisions of the order-in-council which was passed in August, 1945. That order has been tabled and its provisions have been acted upon in the form in which they now appear, and have been treated as valid in every respect. The sole purpose of this legislation is to put those provisions in statutory form, so that there can be no question of validity of the actions which already have been taken by the authority set up under them

Hon. Mr. ROEBUCK: We can go into that in committee.

The motion was agreed to, and the bill was read the second time

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until Monday, August 12, at 8 p.m.

THE SENATE

Monday, August 12, 1946.

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

Prayers and routine proceedings.

CIVILIAN WAR PENSIONS AND ALLOWANCES BILL

FIRST READING

A message was received from the House of Commons with Bill 335 an Act respecting Civilian War Pensions and Allowances.

The bill was read the first time.

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

Hon. WISHART McL. ROBERTSON: Honourable senators with leave of the Senate, I should like to ask that this bill, and the following eight bills, which deal with war veterans legislation, be given second reading

later this evening. This is to permit these bills to be considered with three others already referred to the Banking and Commerce Committee, which is to meet tomorrow morning at 10.30, when officials will be present to answer specific questions. I may say, honourable senators, that I am prepared to explain each of these bills briefly, and to give honourable senators an approximate idea of the cost of the whole program they represent.

Hon. Mr. HAIG: Honourable senators I can see no objection to the suggestion of the honourable leader of the government.

The Hon. the SPEAKER: Second reading of this bill and the eight following bills will be delayed until later in the sitting.

SUPERVISORS' WAR SERVICE BENEFITS BILL

FIRST READING

A message was received from the House of Commons with Bill 325, an Act respecting benefits to certain supervisors in the Auxiliary Services.

The bill was read the first time.

FIRE FIGHTERS' WAR SERVICE BENEFITS BILL

FIRST READING

A message was received from the House of Commons with Bill 326, an Act respecting benefits to fire fighters who served in the United Kingdom.

The bill was read the first time.

VETERANS REHABILITATION (UNIVERSITY GRANT) BILL

FIRST READING

A message was received from the House of Commons with Bill 327, an Act to amend The Veterans Rehabilitation Act (University Grant).

The bill was read the first time.

ALLIED VETERANS BENEFITS BILL

FIRST READING

A message was received from the House of Commons with Bill 328, an Act respecting Veterans of Forces Allied with Canada.

The bill was read the first time.

SPECIAL OPERATORS WAR SERVICE BENEFITS BILL

FIRST READING

A message was received from the House of Commons with Bill 330, an Act respecting benefits to certain persons who were recruited in Canada by United Kingdom authorities for special duties in war areas.

The bill was read the first time.

VETERANS' BUSINESS AND PROFESSIONAL LOANS BILL

FIRST READING

A message was received from the House of Commons with Bill 332, an Act respecting Loans to Veterans to assist in their establishment in business or professionally.

The bill was read the first time.

VETERANS REHABILITATION BILL

FIRST READING

A message was received from the House of Commons with Bill 333, an Act to amend the Veterans Rehabilitation Act.

The bill was read the first time.

WAR SERVICE GRANTS BILL

FIRST READING

A message was received from the House of Commons with Bill 334, an Act to amend the War Service Grants Act, 1944.

The bill was read the first time.

FAMILY ALLOWANCES BILL

FIRST READING

A message was received from the House of Commons with Bill 308, an Act to amend the Family Allowances Act, 1944.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

FOREIGN EXCHANGE CONTROL BILL

FIRST READING

A message was received from the House of Commons with Bill 195, an Act respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With the leave of the Senate, next sitting.

REINSTATEMENT IN CIVIL EMPLOYMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 307, an Act to provide for the reinstatement in civil employment of discharged members of His Majesty's Forces and other designated classes of persons.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

IMMIGRATION BILL

FIRST READING

A message was received from the House of Commons with Bill 367, an Act to amend the Immigration Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

FEDERAL DISTRICT COMMISSION BILL

FIRST READING

A message was received from the House of Commons with Bill 357, an Act to amend the Federal District Commission Act, 1927.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

CANADA-UNITED KINGDOM SUCCESSION DUTY AGREEMENT BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 301, an Act respecting a Succession Duty Agreement between Canada and the United Kingdom, signed at London, in England, on the fifth day of June, 1946.

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

CANADA-UNITED KINGDOM INCOME TAX AGREEMENT BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 300, an Act respecting an Income Tax Agreement between Canada and the United Kingdom, signed at London, in England, on the fifth day of June, 1946.

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

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 346, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1946, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: The purpose of this bill is to provide authority for the financing of capital expenditures of the railway system and the retirement of miscellaneous maturing obligations, either by way of loan from the dominion or the issue to the public of securities of the company guaranteed by the Dominion Government. The total amount to be provided for this purpose is limited to $22,550,000, made up as follows:

Additions and betterments (less retirements)	$14,000,000
New equipment	8,863,000
Acquisition of Manitoba railway	7,000,000
Acquisition of securities	410,000
Retirement of maturing capital obligations including sinking fund and equipment principal payments	9,777,000
	$40,050,000
Less: Available from reserves for depreciation and debt discount amortization	17,550,000
Total	$22,550,000

This capital budget was approved by the Standing Committee on Railways of the other house. Honourable members will observe that this total of $22,550,000 includes $9,770,000 for the retirement of obligations now outstanding, so that the actual net increase in the railway company's debt will be only $12,773,000.

I may point out that from 1941 to 1945 inclusive the railway earnings showed a surplus of $112,000,000, and this was used in reduction of government loans.

Repairs and renewals are provided for out of current earnings and, of course, do not need the approval of parliament; but, as honourable members will recall, capital expenditures must be authorized. This measure covers capital expenditures for the present year.

Hon. JOHN T. HAIG: I am not objecting to the bill, but when it is being dealt with in committee I should like to have a statement showing the bonded indebtedness of the railway system to the public, with details of the proposed expenditures on additions, betterments and new equipment. As to the $7,000,000 for the acquisition of the Manitoba railway, it is probable that I know more about this railway than any other of my colleagues here, for I was a member of the Manitoba legislature when the ninety-nine year lease was under discussion. I fully approve of the purchase of this railway, but—while I do not want to be a pessimist—I fear that the falling off in freight earnings as indicated by current reports, which will be aggravated by the present strike situation, will not enable the system in the next five years to show another net surplus of $112,000,000.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: I move that this bill be referred to the Standing Committee on Banking and Commerce. I might repeat what I said last week, that although some bills should properly go to other committees, I feel that for the remainder of the session the time and convenience of honourable members will be better served if we refer bills to one of our larger committees.

The motion was agreed to.

CIVILIAN WAR PENSIONS AND ALLOWANCES BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved second reading of Bill 335, an Act respecting Civilian War Pensions and Allowances.

He said: Honourable senators, as already indicated, with your indulgence I will give a brief explanation of what is involved in the several bills dealing with veterans affairs. I would suggest that any questions, apart from the financial aspect of the bills, be deferred until the meeting of the committee, when experts will be present to give details concerning any particular measure. My understanding is that what honourable members desire is an indication of the additional expense to which the country will be put by reason of these measures.

Honourable senators, may I revert for a moment to the three bills already referred to the committee? The first is Bill 329, an Act to amend the Pension Act. The estimated additional cost under this particular measure is $250,000 annually.

I should say that it was my intention to have had prepared for honourable senators a typewritten list of the bills to which I have referred. Unfortunately I did not have time to do so, but I am having typewritten copies prepared for the members of the Banking and Commerce Committee when they assemble tomorrow morning.

The second bill referred to the committee is Bill 331, an Act respecting Allowances for War Veterans and Dependents. The estimated annual cost under this bill is $3,650,000.

The third bill to which I wish to refer is Bill 336, an Act to amend the Veterans Land Act, 1942. The estimated cost of this legislation is $3,000,000. I would point out that this is not an annual cost, as in the case of the two previous bills, but a non-recurring expenditure.

These veterans bills vary considerably as to the increased demands they impose upon the national revenue. They may be divided into the following classifications: (1) Those which show a specific annual increase in expenditure; (2) those which involve non-recurring increases; (3) those which merely provide statutory authority for existing orders in council and result in no increase in expenditure; and (4) those which it is expected will affect relatively small numbers, and as to which there has been little experience and the department must make the wildest guess. I believe that pretty well covers the classifications.

May I now refer to Bill 335, an Act respecting civilian War Pensions and Allowances? This measure is designed to confer pension rights upon certain groups of persons who served in various capacities during the war but were not members of His Majesty's forces. These groups are as follows. (1) Merchant seamen; (2) commercial fishermen; (3) auxiliary services personnel; (4) Canadian overseas fire fighters; (5) Royal Canadian Mounted Police; (6) air raid precautions workers; (7) members of the Voluntary Aid Detachment serving with the R.C.A.M.C. in Canada; (8) certain overseas welfare workers, such as Red Cross and Saint John Ambulance Brigade personnel; (9) orthopaedic nurses sent by the Red Cross Society for service overseas with the Scottish Ministry of Health; (10) Canadian civilian air crew of the Royal Air Force Transport Command.

The estimated annual cost of the new legislation contained in this bill is $50,000.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

SUPERVISORS WAR SERVICE BENEFITS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 325, an Act respecting benefits to certain supervisors in the auxiliary services.

He said: Honourable senators, this bill deals with auxiliary services supervisors and gives statutory effect to order in council P.C. 3228 of the 3rd of May, 1944, whereby these persons were given certain rehabilitation benefits, namely, a gratuity of $15 per month of service, the right to insurance under the Veterans Insurance Act, the right to reinstatement in employment under the Reinstatement in Civil Employment Act, 1942, and, if a pensioner, the right to benefits under the Veterans' Land Act, 1942, and to vocational training.

The present bill extends to supervisors all the benefits available to persons who served in the naval, military or air forces of Canada, except income tax exemptions. The estimated non-recurring cost of additional benefits available to supervisors is $500,000.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

FIRE FIGHTERS WAR SERVICE BENEFITS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 326, an Act respecting benefits to fire fighters who served in the United Kingdom.

He said: Honourable senators, it will be noted that for one reason or another, which I shall state as I go along, there is no specific estimate as to the increased cost involved in this and the following six bills, but after I finish explaining them I shall present for your consideration some fairly accurate figures of the total financial implications of the whole programme.

Bill 326 gives statutory effect to the provisions of order in council P.C. 3229 of the 3rd of May, 1944, whereby members of the Corps of Canadian Fire Fighters became entitled to certain benefits on the termination of their service. The benefits then granted were a gratuity of $15 per month for overseas service, the right to insurance under the Veterans Insurance Act, a rehabilitation grant as if the fire fighter had been a member of the military forces of Canada, and, in the case of a pensioner, the benefits of the Veterans' Land Act, 1942. Additional benefits given by this bill consist of vocational training benefits and the benefits of the Unemployment Insurance Act.

The estimated annual cost of these additional benefits is quite small, because the number of men affected is not more than about 400. The only new financial commitments involved are for vocational training or unemployment insurance, and but a small fraction of the 400 eligible fire fighters are expected to take advantage of these benefits.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

VETERANS REHABILITATION (UNIVERSITY GRANT) BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 327, an Act to amend the Veterans Rehabilitation Act (University Grant).

He said: Honourable senators, this bill will enable the minister, with the approval of the Governor in Council, to make money grants to universities to help defray extraordinary expenses on their facilities under the rehabilitation programme. These grants have been provided in the past under authority of order in council P.C. 215/4940 of the 13th of July, 1945, and the effect of the bill is simply to provide statutory authority for them. There is no change in the conditions under which funds may be granted to the universities, and the expenditure per unit is not to exceed that which is already being made under the order in council. So there is no estimate of new cost in this case at all.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

ALLIED VETERANS BENEFITS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 328, an Act respecting veterans of forces allied with Canada.

He said: Honourable senators, this bill deals with persons domiciled in Canada who joined and served with the forces allied with Canada in the war. It gives statutory effect to the provisions of order in council P.C. 7516 of the 22nd of January, 1946, but has certain new features which will be noted hereunder. The order in council gave such veterans all benefits under the Veterans Rehabilitation Act and the Veterans' Land Act, the right to medical services, hospital treatment and other benefits available under the Department of Veterans Affairs Act, as well as the right to gratuity and re-establishment credit under the War Service Grants Act on resumption of their domicile in Canada.

The bill provides that where an allied veteran dies after discharge leaving a widow who was married to him at the time he joined the forces and who was domiciled in Canada within two years from the date of his death, she shall be entitled to the benefits under the War Service Grants Act which the veteran would have received if he had lived. It goes further to provide that where the deceased veteran leaves no widow, but leaves a mother resident in Canada who was dependent on him immediately prior to his death, the benefits heretofore mentioned under the War Service Grants Act become available to her.

Another new feature is that the administration facilities of the Department of Veterans Affairs are made available to allied governments in carrying out plans for the rehabilitation of allied veterans. The minister is authorized to make adjustments to ensure that an allied veteran does not receive a duplication of benefits.

The estimated annual cost of the new features in this bill is expected to be relatively small. The number of eligible allied veterans is only 1,167, and the only financial commitment in the bill not previously covered by order in council is for certain benefits to the widow, or to the dependent mother of an eligible veteran who dies. The number of such widows or dependent mothers is likely to be very small.

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

Hon. Mr. ROBERTSON.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

SPECIAL OPERATORS WAR SERVICE BENEFITS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 330, an Act respecting benefits to certain persons who were recruited in Canada by United Kingdom authorities for special duty in war areas.

He said: Honourable senators, this bill is designed to give statutory effect to the provisions of order in council P.C. 988 of the 19th of March, 1946. By this order certain persons domiciled in Canada and enrolled by the United Kingdom authorities for special duty in war areas were given all rehabilitation rights available to Canadians who served in the regular armed forces. These persons, after undergoing rigid training in England, were dropped by parachute into enemy-occupied territory.

No additional expenditure is involved. The number of persons eligible for these benefits is only 52, and the total cost is not great.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

VETERANS' BUSINESS AND PROFESSIONAL LOANS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 332, an Act respecting Loans to Veterans to assist in their establishment in business or professionally.

He said: Honourable senators, this legislation is designed to encourage banks to provide additional funds for appropriate periods and at a comparatively low rate of interest to veterans seeking to establish themselves in a business or profession. It is considered to be supplementary to the War Service Grants Act, 1944, which makes available to veterans re-establishment credit for certain purposes, including the purchase and repair of tools, instruments and equipment, and for the purchase of a business or the commencement of a professional practice.

The bill provides that a veteran may apply to a bank for a business or professional loan up to two-thirds of his proposed total expenditure, but not exceeding $3,000. The loan is to be paid back within ten years. The terms and conditions of repayment are to be covered by regulations. The security, if any, will be on the property acquired with the proceeds of the loan. The government will pay any losses suffered by a bank up to 25 per cent of the first $1,000,000 of loans, plus 15 per cent of any additional loans. This limited guarantee is available in respect of $25,000,000 of loans made by all banks within a five-year period from the date of commencement of the act.

The total cost of this business loan plan is somewhat uncertain, but it should not be very large. The only cost involved is that of reimbursing the banks for any loans which are not repaid up to the extent of the limited guarantee which I have mentioned. If we may judge from experience with the Farm Loans Improvement Act, there will be few defaulters.

Hon. Mr. NICOL: Have the banks been consulted on this bill?

Hon. Mr. ROBERTSON: I cannot say definitely that they have been, but I think it probable that the department has consulted them on the details of the measure.

Hon. Mr. ASELTINE: The banks would have no objection.

Hon. Mr. NICOL: I think, before a measure of this kind is enacted, the trust and loan companies and the banks should be consulted. They in the end will have to lend the money.

Hon. Mr. HAIG: I am afraid I cannot agree with the honourable gentleman. The banks will not be compelled to make loans. For the banks the Home Improvement Act was a "lead-pipe cinch"—if I may use the term. Under that legislation they could pick and choose to whom they would make loans.

Hon. Mr. ROBERTSON: The banks are protected up to twenty-five per cent of the first $1,000,000 loaned.

Hon. Mr. HAIG: The banks are well protected. They do not have to make loans; they may refuse to lend on any proposed security.

But this bill is different from the other veterans bills. Those bills are for the purpose of assisting soldiers by way of pensions and so forth. This particular legislation is to enable veterans to secure loans up to $3,000 on the purchase of a business or practice. The value of a business or practice having been built up by the personality of the owner, I am afraid that if we run into a slowing-off period the purchaser may find it difficult to carry on, and that any losses on loans will have to be shouldered by the taxpayers, not the banks.

Hon. Mr. NICOL: I quite understand that this bill does not force the banks to make loans. But there is something more than the law. Banks and trust and loan companies, want to do what is fair to the community which they serve, and naturally they must do one of two things: either refuse to make any loans at all or go into the business.

Hon. Mr. HAIG: The banks are protected to the extent of 25 per cent of the first $1,000,000, plus 15 per cent of any additional loans. You are not likely to have any trouble inducing the banks to make loans. On the contrary, they are likely to be clamoring for the business. The banks are always trying to make their money earn interest, and the happiest man in the world is the bank manager who is asked for a loan of $10,000, $20,000 or $25,000 on good security. He just beams at the prospect of being able to get interest on the money in his hands. We have no inflation of goods; but, whether we care to admit it or not, we certainly have a terrific inflation of money. It is a question whether the dollar today is worth seventy cents in actual goods. I am not at all uneasy as to the banks, but I am about this type of loan. A loan on a farm has good security, but trouble begins the minute you lend money on chattels. My honourable friend from Blaine Lake, Saskatchewan (Hon. Mr. Horner)—that should be his designation anyway—is a farmer, and he will admit that within the last fifteen years it did not pay him to ship cattle from his farm to the Winnipeg stock markets because he was not sure they would bring him enough money to pay the freight charges. Today, on the contrary, an animal is worth anywhere from $100 to $150. When you make loans on a practice or a business you are on dangerous ground. In committee proper safeguards must be provided to reduce to a minimum the losses which may result from such loans.

Hon. Mr. NICOL: I do not want to discuss the merits of the bill, but I should like the minister to ascertain whether or not the banks were consulted before the bill was drafted. The difficulties that were disclosed when the Home Improvement Act was put into operation could have been avoided had the loan and trust companies and the banks been consulted beforehand. I think that before this measure is enacted the banks should be consulted as to how the proposals will work out in practice.

Hon. Mr. KINLEY: The honourable leader opposite (Hon. Mr. Haig) spoke about safe-

guarding the working out of this proposed legislation. I think we shall have an ample safeguard against losses in the fact that the loans will be made by men qualified by long experience in this class of business. In the event of a loan becoming a total loss the bank will get its money back, because the fifteen per cent guarantee is figured on the aggregate loans. There is nothing new about this type of legislation. I recall that in other sessions bills were enacted to provide loans to fishermen and others who wanted to engage in various industries.

The danger is that easy money at this time might bring uneconomic or other unhealthy forces into industry. We are making the loans to returned men, whom we especially want to help re-establish. Under the circumstances we must accept the risk and proceed along unorthodox lines. I believe the provisions of the bill will make for progress and stability. The banks will do as they have done before. They have an abundance of money and will welcome the loans, for, as the honourable leader has said, they carry the guarantee of the Dominion of Canada.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

VETERANS REHABILITATION BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 333, an Act to amend the Veterans Rehabilitation Act.

He said: Honourable senators, this bill provides that the government may advance money to universities for the making of loans to student veterans, under regulations to be established for that purpose. The loans shall not exceed $500 per year or a total of $2,000 during the whole course.

Veterans approved for vocational training but who through lack of facilities or the necessity of conforming to entrance dates are delayed in entering upon that training may receive out-of-work benefits while waiting, and the period during which they receive such benefits shall not count against the time for which other benefits are available under the act. The minister is given power under certain circumstances to make regulations providing for the extension of university training beyond the period equivalent to the veteran's period of service. Veterans who are receiving educational and vocational benefits shall not be eligible for benefits under the Veterans' Land Act, with certain exceptions in the case of agricultural training.

Disabled pensioners who require re-training on account of their disabilities may obtain it without adjustment of their re-establishment credit. Cut-off dates for accumulation of benefits respecting veterans who serve in the interim or permanent forces are made the same as those under the War Service Grants Act. Compensation is made available to veterans who are injured while in receipt of vocational training.

The estimated annual cost of this new legislation is uncertain, but it will be relatively small. Past experience of universities indicates that the number of students who are likely to default on loans is not large, and the number of veterans who are awaiting the commencement of vocational training courses and cannot get work is small.

These are the main financial commitments embodied in the bill.

Hon. Mr. QUINN: Do I correctly understand that the loans are to be $500 per year?

Hon. Mr. ROBERTSON: They may be $500 a year or $2,000 during the whole course.

Hon. Mr. QUINN: And the students are to repay them?

Hon. Mr. ROBERTSON: Yes.

Hon. Mr. SINCLAIR: That is for each student?

Hon. Mr. ROBERTSON: Yes, within those figures.

Hon. Mr. HORNER: Honourable senators, I am wondering whether with a bill of this kind there should not be some special provision to ensure that the students seeking loans are advised for what course they are best fitted.

Hon. Mr. ROBERTSON: Honourable senators, the officials who appear before the committee will no doubt be able to answer such questions much more fully than I can. My information is that the department has gone into the matter very fully and has endeavoured to advise prospective students as to the courses which they should choose. As honourable senators know, this is a matter that requires

the greatest tact and judgment. From personal experience in that connection—not entirely with members of my family, but with others —I know a great deal is being done to advise students as to the field in which they are most likely to succeed.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

WAR SERVICE GRANTS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 334, an Act to amend the War Service Grants Act, 1944.

He said: Honourable senators, this bill provides that the supplementary gratuity of a veteran who reverts to a lower rank on joining the permanent force shall be calculated on the basis of the higher rank formerly held by him. Cut-off dates are fixed for the accumulating of gratuity and credits under the act. By this bill the widow or the dependent mother of a veteran who died without having received all of his re-establishment credit, may receive the balance to which the veteran was entitled at the time he died. The bill extends the purposes for which credit may be used, so as to enable the veteran more readily to take advantage of benefits under the National Housing Act.

The number of persons eligible for the benefits provided by the bill are few. It is expected, therefore, that the annual cost of this legislation will not be large.

Hon. Mr. HAIG: Honourable senators, I should like at this time, on behalf of the house to convey our thanks to the honourable leader of the government for the very careful statement he has given us concerning each of these bills dealing with veterans. I took the liberty the other day of asking him to prepare such a statement. In the other house there was talk of an expenditure of $1,500,000,000 resulting from these bills, but no clear details of the cost. To me the cost is very important.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

He said: Honourable senators, before this motion is carried I should like, for the information of the house, to give a summary of the total expenditure involved by these bills and the acts they amend. My remarks will of course appear in Hansard, but I shall supply typewritten copies of the information to the members of the Committee on Banking and Commerce.

Much confusion has existed concerning the over-all cost of veterans rehabilitation. The various classes of legislation which are concerned with rehabilitation of veterans and related problems are as follows: (1) The rehabilitation programme proper; (2) The Veterans' Land Act; (3) The War Veterans' Allowance Act; (4) The Pension Act.

Honourable senators will understand that reference to the first classification does not necessarily refer to the other three. An attempt has been made by the Department of Veterans Affairs to estimate the present and future costs of all legislation relating to veterans. In most cases the estimated costs cover the next six years; in other instances the period is longer or shorter, depending on the nature of the legislation. It is interesting to note that the main estimates for the Department of Veterans Affairs for the year 1946-47 amount to $693,600,000, and the supplementary estimates to approximately $176,000,000—a total for the fiscal year 1946-47 of $869,600,000. These estimates include additional costs resulting from bills now being considered by parliament. The total amount covers all phases of rehabilitation and allied legislation.

The total estimated cost for the rehabilitation programme of World War II, over a six-year period covering 1944-45 to 1949-50 inclusive, but exclusive of veterans' land expenditures and veterans' allowance, is approximately $1,500,000,000. I have here a schedule, which I shall not read, showing the breakdown of the figures generally referred to as a billion and a half dollars.

Hon. Mr. HAIG: Will the honourable gentleman put that schedule on Hansard?

Hon. Mr. ROBERTSON: I shall be pleased to do so.

Department of Veterans Affairs

Summary of Estimated Cost of New Legislation

Bill No.	Non-recurring	Annual
329—Pension Act (amendments)	.....	$250,000
331—War Veterans' allowance Act, 1946	.....	3,650,000
335—The Civilian War Pensions and Allowances Act	.....	50,000
325—The Supervisors War Service Benefits	$500,000	.....
336—The Veterans' Land Act, 1942 (amendments)	3,000,000	.....
326—The Fire Fighters' War Service Benefits Act	.....	.....
327—The Veterans' Rehabilition Act amendment re Supplementary Grant	.....	.....
The Allied Veterans Benefits Act	.....	.....
330—The Special Operators War Service Benefits Acts	.....	.....
332—The Veterans' Business and Professional Loans Act	.....	.....
333—The Veterans' Rehabilitation Act (amendments)	.....	.....
334—The War Service Grants Act, 1944 (amendments)	.....	.....
	$3,500,000	$3,950,000

Department of Veterans Affairs

Estimated Cost of Rehabilitation Programme

Department administration		$ 6,000,000
District administration		16,000,000
Rehabilitation services		23,000,000
Treatment services		85,300,000
Prosthetic services		3,600,000
Veterans bureau		1,600,000
Veterans insurance		600,000
Grant to Canadian Legion		54,000
*Treatment and Pension Examinations World War II		186,400,000
*Rehabilitation benefits:—		
Out of work	$24,501,000	
Vocational training	76,734,000	
Awaiting returns	31,321,000	
Temporarily incapacitated	526,000	
University training	164,237,000	
Unemployment Insurance contributions	24,541,000	
		321,860,000
Gratuities Canadian fire fighters		175,000
Gratuities auxiliary services		140,000
*War service gratuities		521,444,000
*Re-establishment credits		307,086,000
Gallantry awards		264,000
*Hospital accommodation and facilities		60,000,000
		$1,533,523,000

Notes:—

(1) Above estimates cover fiscal years 1944-45 to 1949-50 inclusive (6 years) except in cases of items marked (*) where expenditure since inception of war appropriations are included.

(2) Estimated cost of vocational training does not include Department of Labour costs relevant to operating training establishments.

Of course expenditures under the rehabilitation programme are in an entirely different category from expenditures such as war pensions, which may be increasing.

The second item in the various classes of veterans' legislation is the Veterans' Land Act, and the expenditures under it will be additional to the one billion 500 million dollars. The director of the act estimates that there will be 100,000 settlements during the next ten years, representing a total net cost to the federal government of $200,000,000. Honourable senators will note that the estimate in this case is for ten years, and not six years as for the rest of the rehabilitation programme. It is estimated further that the administration cost of the Veterans' Land Act during the next ten years will amount to $50,000,000, so that the total estimated cost during this period is $250,000,000. Departmental officials pointed out to me the great difficulty in trying to estimate these costs so far into the future. A great many variables enter into the picture, but the officials have given me the closest estimate they can make, in the light of their experience. I felt honourable senators would wish to have some idea of the financial implications of veterans' benefits.

The third class of legislation is veterans' allowances. These are allowances payable to veterans of sixty years or more and to veterans' widows who are at least fifty-five years of age. In other words, it is the older veterans who are eligible, perhaps principally veterans of World War I. The expenditures during the next five or six years are expected to average approximately $17,000,000 per year. It is particularly difficult to make what may be considered an accurate forecast for this item, because the majority of recipients under the War Veterans' Allowance Act will be approaching an age at which they will become eligible for old age pensions, and the death rate in this group may be expected to increase. Estimated total expenditure over the next five years at the rate of $17,000,000 per year is $85,000,000. I have got an estimate for five years in order to have it in line with that for the rehabilitation programme.

The fourth class of legislation has to do with pensions. The estimated cost for World War I pensions during the current year is $37,750,000. Pensions for World War I reached a peak in 1932, when the bill amounted to $41,800,000. There has been a regular yearly decrease every year since 1932, with the exception of 1945, and it is expected that the decrease will continue at an accelerated rate for the next four or five years.

The estimated expenditure for World War II pensions during the current year is $37,000,000.

Hon. Mr. HARMER: That is for World War I.

Hon. Mr. ROBERTSON: No. The estimate for World War I pensions during the current year is $37,750,000; and for World War II pensions it is $37,000,000. The amount this year is practically the same for veterans of World War II as for those of World War I.

More than one million Canadians enlisted in World War II, as compared with 628,000 in World War I. Unless there is some change in the present legislation the pensions bill for World War II should reach a peak in the next five or six years, and because of the larger number of enlistments in the last war it is expected to be somewhere around $60,000,000 per year. According to experience the peak would probably remain static for some time and then there would be a gradual decrease.

If honourable senators wish to have more detailed information, I am sure it will be obtainable from departmental officials at the committee meeting tomorrow morning. I shall have copies of these figures that are being placed on Hansard available for honourable members at that meeting.

Hon. Mr. WHITE: The honourable leader stated that the estimated expenditure for veterans' allowances this year is $17,000,000. Can he tell us what the cost has been during the past year?

Hon. Mr. ROBERTSON: I am sorry that I have no figures on that.

Hon. Mr. WHITE: I understand there has been an increase up to $10 a month in the allowances.

Hon. Mr. ROBERTSON: The only information I have is the estimated annual cost for the next five or six years, $17,000,000.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, August 13, 1946.

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

Prayers and routine proceedings.

CUSTOMS TARIFF BILL

FIRST READING

A message was received from the House of Commons with Bill 369, an Act to amend the Customs Tariff.

The bill was read the first time.

EXCESS PROFITS TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 370, an Act to amend the Excess Profits Tax Act, 1940.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

EXCISE BILL

FIRST READING

A message was received from the House of Commons with Bill 371, an Act to amend the Excise Act, 1934.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time.

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

SPECIAL WAR REVENUE BILL

FIRST READING

A message was received from the House of Commons with Bill 372, an Act to amend the Special War Revenue Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

DOMINION SUCCESSION DUTY BILL

FIRST READING

A message was received from the House of Commons with Bill 373, an Act to amend the Dominion Succession Duty Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

PENSION BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 329, an Act to amend the Pension Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of the 6th of August, 1946, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

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

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

VETERANS' LAND BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 336, an Act to amend the Veterans' Land Act, 1942.

He said: Honourable senators, the committee have, in obedience to the order of reference of the 6th of August, 1946, examined the said bill, and now beg leave to report same without any amendment.

THIRD READING

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

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

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

CANADA-MEXICO TRADE AGREEMENT
CANADA-COLOMBIA TRADE AGREEMENT

RESOLUTIONS OF APPROVAL

Hon. WISHART McL. ROBERTSON moved:

Resolved that it is expedient that the Houses of Parliament do approve the Trade Agreement between Canada and Mexico signed at the City of Mexico on February 8, 1946, and that this house do approve the same.

He said: Honourable members, I have asked the honourable senator from Churchill (Hon. Mr. Crerar) to explain the subject matter of this resolution and the one immedately following. For the most part they are similar in character.

Hon. THOMAS A. CRERAR: Honourable senators, these two resolutions were considered together in another place, and I would suggest that we also take them together.

The resolutions are for the approval of trade agreements between Canada and Mexico, and between Canada and Colombia. Broadly speaking, the agreements provide that Canada on the one side and Mexico—or Colombia—on the other, will each accord the other most favoured nation treatment in the matter of their mutual trade. During the past seven or eight years similar agreements have been entered into with other Central and South American countries, namely, with Uruguay in 1937; with Guatamala and Haiti in 1938; with the Dominican Republic in 1940, and with Chile, Brazil and the Argentine in 1942.

The two agreements now before us are to remain in effect for two years. They are then to continue from year to year, subject to termination on six months notice by either of the parties to them.

The agreement with Mexico was signed on February 8, 1946, and came into effect provisionally as of that date, pending of course formal approval and ratification. The agreement with Colombia was signed on February 20, 1946, and comes into effect thirty days after the exchange of ratifications.

Mexico agrees to impose no discrimination against Canadian products; and of course there is a reciprocal undertaking on our part. It touches taxation, sale and distribution or use of imports in either country. Any tariff reductions made by either Mexico or Canada are automatically extended to the other country. It will be observed that Canada, under these agreements, gives the two countries concerned the benefit of its intermediate tariff. As honourable senators know we have a general tariff, an intermediate tariff, and what are known as British preferential rates. Britain, and countries subject to the British crown to which the preferential rates apply, are not affected in any way by these agreements, and Canada still has complete liberty to increase, extend or limit preferential rates.

Provision is made that nothing in the way of quantitative restriction shall be done by Canada or either of the other parties to the agreements without prior consultation with the

country affected. In other words, we agree not to apply any quota system to imports from Mexico or Colombia until the matter has been discussed, and as to imports from Canada those countries agree to a like condition.

The trade between Canada and Mexico though not great in value is substantial. Our total exports to that country in 1945 amounted to $8,165,058. The principal items of export were newsprint, wood pulp, copper wire, asbestos, bars of iron or steel, electrical apparatus, wheat, machinery and parts, materials for ship repairs and several other items. In that year Canada's imports from Mexico amounted to $13,508,165, represented by the following items: sisal, istle and Tampico fibre, raw cotton, tomatoes, peanuts, bananas, rubber, glucose or grape sugar, boots and shoes, wax, both vegetable and mineral, and fluorspar. The total annual trade between Canada and Mexico is therefore approximately $21,000,000.

Colombia, being a tropical country, has about the same exchange of products with Canada as has Mexico. In 1945 we exported to Colombia goods to the value of $5,010,701, the principal items being wheat, wrapping paper, newsprint, copper and brass manufactures, flour, asbestos and its manufactures, machinery and parts, oatmeal and other smaller items. In the same year our imports from Colombia amounted to $11,678,076 and consisted mainly of crude petroleum, coffee, butter and casinghead gasoline.

Honourable senators will observe that Canada's volume of trade with these two countries is not large; nevertheless it is important. The character of the trade is roughly the exchange of products of a temperate zone for those of a tropical zone, which is in accord with the sound principle that trade naturally tends to move north and south. I need scarcely remind the house that these trade agreements are in keeping with the Liberal policy of expanding and increasing international trade wherever possible. Looking to the present and to the future, nothing is more essential for Canadian prosperity than profitable markets for our products. These agreements touch only a small segment of our total trade, but they are a move in the right direction. I am sure it is the wish of all honourable members that the future trade between Canada and these countries may increase and grow to the benefit of all concerned.

The motion was agreed to.

Hon. Mr. ROBERTSON moved:

Resolved that it is expedient that the Houses of Parliament do approve the Trade Agreement between Canada and Colombia signed at Bogota on February 20, 1946, and that this House do approve the same.

The motion was agreed to.

SUSPENSION OF RULES

MOTION

Hon. Mr. ROBERTSON moved:

That for the balance of the session rules 23, 24 and 63 be suspended in so far as they relate to public bills.

He said: I might advise the Senate that rule 23 provides in certain cases for two days' notice, rule 24 for one day's notice; and rule 63 imposes restrictions on dealing with bills. It is customary to make this motion at this stage of the session.

The motion was agreed to.

FOREIGN EXCHANGE CONTROL BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

On the Order:

Second reading of Bill 195, an Act respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents.

Hon. Mr. ROBERTSON: Honourable senators, I have asked the honourable senator from Toronto (Hon. Mr. Hayden) to handle this bill.

Hon. SALTER A. HAYDEN moved the second reading of the bill.

He said: Honourable senators this bill incorporates some of the main features of the Foreign Exchange Control Order, which came into force in September, 1939, by virtue of an order in council made under the War Measures Act; it also incorporates most of the provisions contained in the War Exchange Fund Act, passed by parliament in 1935, and provides for the repeal of that act. The War Exchange Fund Act provided for the establishment by the Minister of Finance of an account which came to be known as the Exchange Fund Account. Authority was given to the minister to make use of the moneys in that account from time to time, as and when he deemed necessary for the purpose of controlling fluctuations in our monetary unit and to control the external value of our monetary unit, and the power was exercised by him.

In dealing with this measure I propose to refer in a general way to the powers that it confers, to call attention to some of the variations between the bill and the present law as enacted by order in council, and then to point out some of what I may describe as the unusual or extraordinary features of the bill. Following this I will express my own opinion with respect to one or two matters, since that is still a right that we have in this chamber—

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. HAYDEN: —and make brief reference to what has been accomplished during the war by the Foreign Exchange Control Board. I may say here that during the war it became necessary for me to have professional relations with the board in a number of instances, and it is my opinion, which I think agrees with the general experience, that the board functions efficiently, capably and expeditiously in dealing with the commercial and business problems presented to it for consideration. I am not saying that it has always produced the result or answer that you sought, but at least you got expeditious consideration and disposition of the matter, something which is very important to business people.

Hon. Mr. ROEBUCK: And courteous consideration.

Hon. Mr. HAYDEN: Yes, the board was always the essence of courtesy.

Hon. Mr. McGEER: That is always true of bankers.

Hon. Mr. HAYDEN: I do not think it is confined to bankers; I find it even in this chamber.

The scope of the bill is outlined in the preamble. The bill purports to be based on the desirability of providing means for achieving orderly exchange arrangements and discharging the obligations of Canada as a member of the International Monetary Fund, for maintaining a fund to aid in the control and protection of the value of the Canadian monetary unit in relation to foreign countries, and for supervising and controlling transactions between residents of Canada and non-residents. The reason put forward in support of the control of transactions in Canada between residents and non-residents is that Canada must know at all times what her external liabilities and obligations are.

We are told that the main purpose of the bill is to guard against what is ordinarily called a flight of capital. I freely admit, and it will be seen in a few moments, that the provisions of the bill are much broader than necessary for that purpose, and that if the legislation were permitted to remain in effect for ever it might conceivably be used for purposes other than the control of the flight of capital. However, that is what has been designed and avowed as the main purpose of the bill. For instance, in relation to exports, it is intended to make assurance doubly sure that when goods are exported from Canada an adequate consideration is received by Canada, so that the transaction is not made use of as a medium for the export of capital.

Coming to the bill itself, one might ask: What is exchange control? So far as Canada is concerned, exchange control is simply a method by which the government takes power to fix the rate of exchange. It agrees to buy and sell foreign exchange, and the bill gives it exclusive rights in that field.

As to the necessity for the bill we are told, as I think we can appreciate in these times, that there are few if any stable currencies in the world today, and that in these circumstances Canada must safeguard the external value of its monetary unit. The bill is put forward as part of the government policy for the purpose of assuring a stability in these uncertain days of international currency and trade relations, so that at all times Canada will be able to know approximately what her international liabilities are.

Hon. Mr. McGEER: Would the honourable senator permit a question?

Hon. Mr. HAYDEN: Yes.

Hon. Mr. McGEER: Would he explain why this bill is necessary, in view of the fact that we have put up $300,000,000 as our share under the Bretton Woods proposals for the International Monetary Fund? I thought that fund was the stabilizing force for Canadian and all other currencies.

Hon. Mr. HAYDEN: I do not pose as an economist, but I will try to answer the question as I see it. The International Monetary Fund was designed as part of the Bretton Woods agreement to bring about a stabilization of international currency. The agreement provided that each member of the fund was to make a contribution in gold and in the currency of the country at a certain valuation, to assure that the fund would have the moneys to provide the necessary clearances as between Canada, for instance, and some other country. In the event that the other country made default and was not able to meet all its requirements to Canada, the fund would stand

there. But as I have digested the matter there seems to be this difference. The nations who subscribed to the agreement to establish the International Monetary Fund undertook not to impose restrictions in respect of current obligations. There is a provision in the agreement that without the approval of the other member-nations, and on satisfying certain conditions therein set out, a member-nation may vary its exchange up or down without being limited to ten per cent—

Hon. Mr. McGEER: That is the point.

Hon. Mr. HAYDEN: —but if it desires to do more than that the consent of the other member-nations must be obtained. That, as I have said, is for the purpose of meeting current obligations. If my honourable friend will be patient I shall endeavour to point out as I proceed that this bill is designed to deal mainly with the export of capital, and is not intended to interfere with the orderly payment of the obligations of Canada arising as the result of its international transactions.

Hon. Mr. ROEBUCK: What does the honourable gentleman mean by "capital"?

Hon. Mr. HAYDEN: If, for instance, some person in Canada wants to get his assets out of the country, we have to concede as a matter of policy that, first of all, the government should be in a position to say whether or not he may remove them; and, secondly, the extent to which this may be permitted.

Hon. Mr. ROEBUCK: Do you mean his securities?

Hon. Mr. HAYDEN: His securities—any property or assets he may have that may be capable of being moved out of the country. To me there is a difference between meeting our current obligation and the export of private capital.

Rightly or wrongly, during the period of the war the government's policy was, so far as private capital is concerned—and it is proposed to continue it under this bill—to control such capital and, if necessary, prohibit its export.

As I pointed out a few minutes ago, a person might engage in the export of a certain product, and under some arrangement receive therefor a grossly inadequate consideration, or no payment at all, as a result of which an asset would be lost to Canada with no compensating element coming back here.

Hon. Mr. McGEER: But the bill is by no means confined to that proposition.

Hon. Mr. HAYDEN: If my honourable friend had been listening to me a few minutes ago he would be aware that I made a similar submission in slightly different language. I said that while this is the avowed purpose of the bill, its provisions are much broader—as I am going to point out. It will be for the Senate to say whether we are prepared to accept the broader terms of the bill, and under what conditions. But my duty and function is discharged if I give what I hope may be an adequate explanation of the provisions of the measure.

The Foreign Exchange Control Board consists of six persons. They are not named; they are persons who from time to time hold certain offices. For instance, you have the Minister of Finance, the Under Secretary of State for External Affairs, the Deputy Minister of Trade and Commerce, the Director of Operations of the Post Office Department, and the Deputy Minister of National Revenue for Customs and Excise. Originally the bill provided that the Deputy Postmaster General should be a member of the board, but by amendment the Director of Operations of the Post Office Department was substituted. Since all six persons are incumbents of various public offices, they are to serve without remuneration. There is provision for the appointment of alternate members, with the approval of the Minister of Finance. Then there is a flexible provision for meetings of the board.

Hon. Mr. McGEER: Is there no provision for anybody but public officials to serve on the board—no representatives of industry or trade or commerce?

Hon. Mr. HAYDEN: No. The membership of the Foreign Exchange Control Board is to consist of persons who from time to time are incumbents of the various offices mentioned.

Hon. Mr. McGEER: All of whom are officials of the government.

Hon. Mr. HAYDEN: That is right. Then it is provided that the Bank of Canada shall act without charge as technical adviser and agent of the board, shall deal in foreign exchange on behalf of the board, and shall provide "such officers, clerks and employees, premises and office supplies and equipment as may be required" at the cost of the bank.

Further, by section 13, the costs of administration are to be provided by parliament—that is, out of unappropriated moneys in the Consolidated Revenue Fund. This is where some control seems to be given to parliament.

Hon. Mr. BENCH: I notice that the Auditor General has to report to the House of Commons.

Hon. Mr. HAYDEN: I will deal with that in a moment, if my friend will permit me to proceed in definite order.

Under Section 17 remuneration for the functions of the board that are performed by authorized dealers—that is, banks—is to be paid out of the Exchange Fund Account. That is the only money to be so paid. The costs of administration, other than for the services and premises provided by the Bank of Canada, are to be voted by parliament. This means that the estimates for this expenditure will have to come before parliament and will afford members full opportunity to obtain information on the operations of the board.

Hon. Mr. McGEER: What are the payments to the authorized dealers?

Hon. Mr. HAYDEN: The authorized dealers are agents of the Foreign Exchange Control Board in the buying and selling of foreign exchange.

Hon. Mr. HAIG: Really the banks.

Hon. Mr. HAYDEN: Yes. Invoices and clearance papers for imports are furnished to the bank, which provides them for the Foreign Exchange Control Board, and then if payment has to be made ahead of the actual import of the goods it is the function of the bank, as the authorized dealer of the board, to see that the goods paid for actually come in.

Hon. Mr. EULER: Does this bill make any change in the present practice in that regard?

Hon. Mr. HAYDEN: No.

Section 10 deals with the constitution and administration of the Foreign Exchange Control Board. Under that section the board has two functions. The section reads:

> There is hereby established a board to be known as the Foreign Exchange Control Board which shall, subject to the provisions of this Act and the regulations and under the control and direction of the minister,

—do two things. The first is:

> —to manage and operate the Exchange Fund Account for and on behalf of the minister and use or deal with all moneys therein and all gold, currencies, deposits, securities and other investments held therefor, for the purposes of this Act.

The other is:

> —to have, exercise and perform the rights, powers, duties and functions conferred on it by this act.

Adverting to an explanation I gave a moment ago, I may say that the second power brings in the function heretofore exercised by virtue of the Foreign Exchange Control Order.

The first function of the board, which is to manage and operate the Exchange Fund Account, is incorporated in this bill. By section 5 of the bill the Exchange Fund Account, which was originally set up in 1935, shall be continued, and the minister is given powers to operate that account for the purpose of stabilizing exchange and the external value of our exchange. Limitations are prescribed within which he may from time to time, with the money in that fund, buy or invest in foreign and domestic securities. The limitations are all set out in section 5.

Section 10 of the bill provides for two of the powers of the board. I propose to deal in the main with powers formerly exercised by the board under the Foreign Exchange Control Board order, and I have no hesitation in saying that those powers are very, very broad. They relate to any export or import of goods or property, to any dealings in Canadian currency as between a resident and non-resident, to any dealings in securities as between a resident and a non-resident, and to any dealings with regard to the provision of services on a remunerative basis as between a resident and a non-resident. The bill requires that no person shall do such things or perform such services, except in accordance with a permit from the board. Broadly speaking, that is the effect of a number of the sections of the bill, and I do not propose going into them in detail. Were it not for some limitations in other sections, even with the record of administration of the present board one might find difficulty in accepting such broad provisions.

Honourable senators will observe that sections 25 and 26 deal with exports and imports. Section 25 reads:

> No person shall, except in accordance with a permit, (a) export any property from Canada;

Section 26 similarly reads:

> No person shall, except in accordance with a permit (a) import any property into Canada;

Paragraphs (b) of sections 25 and 26 place limitations upon a resident in the importing or exporting of goods. Section 26 (1) reads:

> No person shall, except in accordance with a permit,
>
> (b) being a resident, either in Canada or elsewhere purchase or agree to purchase from a non-resident any goods which are to be imported into Canada on terms providing for payment to a non-resident of a price greater than the fair value thereof or otherwise than in a currency designated by the board as payable in connection with such a transaction.

Let us consider paragraph (b) for a moment. The limitations are in respect of fair value, which is to be determined by the board, and the currency designated by the board. Subsections (2) of sections 25 and 26 provide that if the importer or exporter meets those two

requirements, the issue of a permit is automatic. The board may not in those circumstances refuse a permit.

Hon. Mr. CRERAR: But the board has the right to determine what is fair value?

Hon. Mr. HAYDEN: I had so stated, and I will come to that matter in a moment and enlarge upon it.

The present practice of the board is to designate two sets of currencies. For the non-sterling area the U.S. dollar, or any currency convertible into U.S. dollars, is designated; for the sterling area we have sterling or Canadian funds. So if an exporter or importer indicates that the currency to be used at the other end of the transaction is one approved by the board, he has satisfied that requirement, and if he is able to satisfy the requirement as to fair value, the board has no authority for refusing a permit.

The power of determining the fair value seems to me to be a very broad power to give to a board, especially when it relates not only to imports and exports, but to services. Under that power the board in fact becomes a taxing officer in respect of professional services which may have been rendered a non-resident client, by a resident lawyer, or by a resident doctor or engineer.

Frankly, I was shocked when I first read that provision. One shudders to think that in rendering an account to a non-resident client without first having consulted the Foreign Exchange Control Board as to what the fee should be, one may be committing a violation of the law should some member of the board think the bill was not as big as it should have been. If honourable members will permit a touch of humour, I would say that if the lawyers could be assured that the board would look with a generous eye on bills, and scale them upwards, there might be no opposition from the professional point of view.

There is a right of appeal to the Exchequer Court from any determination of fair value by the board. That procedure may not be as expeditious as one would wish in the carrying on of commercial transactions; but there is that salutory check upon the possible arbitrary exercise of powers by the board.

Hon. Mr. McGEER: Before the honourable senator leaves that point, may I ask him if in the Customs Department we have not got a board of appraisers and valuators who are thoroughly competent to estimate the value of goods to be imported?

Hon. Mr. HAYDEN: I was about to refer to that situation. I find that, by statute at least, the Customs Department has had authority over a long period of time, to determine the fair market value of goods for the purpose of applying the customs duty, and also the power to disregard the value put upon goods as expressed in the currency of a particular country and to fix a value in terms of Canadian currency on certain imports which seek entry into Canada. We have in the Customs Department the machinery for appraising and determining those things.

Hon. Mr. BENCH: Is there any appeal from that determination?

Hon. Mr. HAYDEN: Under this bill there is an appeal to the Exchequer Court.

Hon. Mr. BENCH: What about an appeal under the Customs Act?

Hon. Mr. HAYDEN: The procedure would be an appeal to the minister, which I should think would be final.

Hon. Mr. McGEER: Why duplicate it in this act?

Hon. Mr. HAYDEN: First of all, I assume that if fair value is to be the one determining factor, there has to be provision to make it a determining factor. I am informed that during the period of the war the power of determining fair value under the Foreign Exchange Control Board operation was largely in the hands of the Customs Department, as agents. The Customs officials are agents of the board and their determination is accepted. Only in rare instances, when some warning or intimation had been received that an effort was being made to evade or defeat the provisions of the order, would the attention of the board be specifically directed to a case. May I answer my friend's question by saying that when we dealt with the Combines Investigation Bill recently I raised the same question as to why there should be a duplication in the Combines Investigation Act of the power contained in the Patent Act. My honourable friend saw no difficulty in it, and as a matter of fact voted against the position that I was taking.

Hon. Mr. McGEER: The position is very, very different here. That was not a precedent.

Hon. Mr. HAYDEN: If I may quote my honourable friend against himself, I would cite that as a precedent, for whatever value it may have in this argument.

Hon. Mr. EULER: Perhaps I am anticipating what my honourable friend is going to say, but may I ask him if he can clear up a point that has occurred to me? I understood him to say a few moments ago that the bill of a Canadian lawyer for services rendered to a United States resident would be subject to approval or disapproval of the board.

Hon. Mr. HAYDEN: Yes.

Hon. Mr. EULER: What would happen if the situation were reversed and a United States lawyer submitted a bill for services rendered to a Canadian citizen? Would that also be subject to approval or disapproval?

Hon. Mr. HAYDEN: Yes. As an example, I put this to the board. Suppose I got a travel permit and went to the United States, and while there required treatment by an American doctor, who insisted on being paid promptly. I said to the board: "If I paid him, I would possibly be infringing the principles of this bill, because his charge might be higher than the board would consider fair. The provisions of the bill in relation to services are so broad that in such circumstances I would—in theory, at least—be guilty of a violation of the law."

Hon. Mr. McGEER: Under this bill you would be guilty. There is no theory about it.

Hon. Mr. HAYDEN: On a strict interpretation of the provisions of that section relating to services I should be guilty of an offence if it were afterwards determined that the amount of the bill that I paid was greater than the fair value of the services as ultimately determined by the Exchequer Court of Canada.

Hon. Mr. EULER: Would you have to ask permission of the board to pay the bill before you paid it?

Hon. Mr. HAYDEN: No. In such circumstances I would pay the bill.

Hon. Mr. McGEER: You must have a permit before you can pay.

Hon. Mr. HAYDEN: In the ordinary case, having got a permit for travel, I do not suppose an unexpected illness would be regarded as one of the incidental purposes covered by my application for foreign exchange; but I think a very good argument could be made out. It may be that in such circumstances a person would commit a violation of the law. Well, I am presenting and exposing the provisions of the bill for the consideration of the Senate. I am not attempting to argue with my honourable friend that the section needs to be as broad as it is.

Hon. Mr. BENCH: In the example given, my honourable friend would be committing an offence against section 25 (1) (a) by exporting, without a permit from the board, the suit that he wore to the United States.

Hon. Mr. McGEER: Of course he would.

Hon. Mr. HAYDEN: I do not mind answering questions, but I want to get through without taking up too much time.

Hon. Mr. McGEER: This is going to bind the people of Canada for ever; make no mistake about that.

Hon. Mr. HAYDEN: I would prefer not to have my explanation interrupted by statements. Honourable members who wish to make statements may do so after I have finished. I have dealt with the permit requirements, and the fair value of property, services and so on.

There is a provision for appeal from the board's decision in other matters. The explanation offered is that in exercising their functions in connection with those other matters the authorized dealer and the board are attempting to interpret government policy within the limits of the bill, and that in so doing they exercise discretionary powers, for which the minister should be finally responsible. We have already had some discussions here on the question of discretionary powers, and my views on that question are too well known to make it necessary for me to say anything about them at this time.

Hon. Mr. EULER: Would the board have power to make regulations modifying to some extent the provisions of the act itself?

Hon. Mr. HAYDEN: No. The board has power to make regulations for carrying into effect the provisions of the act. In making regulations it could not go beyond the authority which is given to it under the act.

Hon. Mr. McGEER: Under section 35 the board could go all the way.

Hon. Mr. HAYDEN: I am simply expressing my own opinion. If my honourable friend had paid attention to my statement he would know that I said the board's power to make regulations is limited by the authority which it receives from the statute. Section 35 sets out the powers of the board to make regulations; and certainly these are blanket powers, as broad as they possibly could be. For instance, the board can say with respect to any person or class of persons, or any transaction or class of transactions, whether or not the provisions of the statute shall apply. You could not ask for anything broader than that.

May I be allowed to make an observation right here? Frankly I would prefer to have a statute of this kind flexible rather than inflexible, even though in enacting a flexible statute we confer a lot of discretionary powers upon a board that is, as in the present case, a board that the elected chamber and the Senate cannot get at directly and easily. I think that when a statute in its operation enters into the daily business life of the people so much

as this one does, a flexible statute which permits some give and take is better than a rigid one. However, that is just my own opinion, for what it may be worth.

I have already pointed out that the regulations cannot become effective until approved by the Governor in Council and published in the Canada Gazette.

I should like to call particular attention to section 34, which I will deal with later as one of the sections conferring extraordinary powers upon the board. Under that section, if a resident has an interest in a company, partnership or busines outside of Canada, the board can ask him to do everything within his power to see to it that that foreign entity makes payment of any dividends, income, revenue or earnings of the company to which he may be entitled. That looks like a pretty broad power. At the outset it struck me that that section, to the extent to which it empowers the board to say to a resident who is a director of a foreign company, "You must see that the company takes steps to pay dividends." is an interference with the discretion of a board of directors to decide when dividends shall be paid and when they shall be permitted to accumulate in the earned surplus of the company. But in actual fact, if the company had a number of directors the Canadian resident could not by himself do much to carry out any order issued by the board. So in practice the section is perhaps much less ominous than it may seem to be.

Section 36, administration section, empowers the board to determine not only the fair value of property, services and so on, but whether for the purpose of the statute any person is a resident or non-resident, and the time at which the change of status became effective. That is, it can determine for the purposes of the statute whether or not—and if so, when—a person who was formerly a resident has become a non-resident. There is no provision whereby any person who is out of the country, and is granted a change of status from a resident to a non-resident, may receive as of right any part of the assets he has in Canada. As a matter of practice, where the board has granted such a change of status, it has been very generous in permitting the non-resident to draw out his Canadian bank account and also to take out any securities that he may have had in this country; but that has been done by permission in each case and not as a matter of right.

Hon. Mr. DUPUIS: In my honourable friend's example of a Canadian who goes on a trip to the United States and while there becomes liable for medical fees, would the board have the power to decide that for the purposes of that transaction the Canadian was a resident of the United States?

Hon. Mr. HAYDEN: No. The persons subject to the provisions of this law are those who for the purposes of the statute are regarded as residents of Canada. A person may be an American citizen and yet a resident of Canada. A man who was ordinarily living in Canada and carrying on his business operations here on the 15th of September, 1939, and had been classified as a resident, would remain in that classification until such time as the board granted a change of status. If in the meantime he left Canada and took the necessary steps to become a citizen of the United States, for instance, it would be incumbent upon him to obtain from the Foreign Exchange Control Board a determination of change of status. Otherwise, even though for citizenship purposes, and possibly even for income tax purposes, he was an American citizen, he would still be regarded under this statute as a resident of Canada.

In dealing with the enforcement sections, commencing with section 40, I can speak with something akin to glee. Honourable members who were at some of our committee meetings last session will remember how I raised my voice against certain bills which contained sections depriving citizens of Canada of all their ordinary rights. For instance, in one bill it was provided that a person could be apprehended at any time, detained, refused counsel and examined, and that the evidence he would give later on could be used against him in criminal proceedings. I thought that was not right; that the power to treat a Canadian citizen in that way should not be continued into peacetime. I find that the principle for which I contended has been observed in the enforcement sections of this bill. I am not saying that any heed was paid to what I said. The point is that the principle has been recognized, and I think that may be a sign that we have made a start along the road back to the ordinary way of looking at the rights of citizens in our country.

Under this bill, while any person may be required to appear before the board or an inspector authorized to conduct an inquiry, and be compelled to answer questions, he will be given the protection of the Canada Evidence Act with respect to any answers he may make, and which otherwise might have tended to incriminate him. When the bill was up for second reading in another place a change was made in the provision respecting counsel for a person required to attend at an inquiry. The bill as it originally stood entitled a man to have counsel with him at

the inquiry if a charge had already been laid against him, but except at the discretion of the examining officer he was not allowed counsel on any examination that preceded the laying of a charge. That was changed, and now the bill provides that anyone who is hailed before a board or person conducting an inquiry is entitled to be represented by counsel. So, I submit, you have a broad recognition of the proper principle in the relationship of the subject to any of these inquiry provisions of the statute.

On the third reading of this bill in another place, section 41 was amended by the addition of subsection 8, which provides that no person may be arrested for any violation of the provisions of the section without a warrant.

I come now to another section to which I must draw your attention. I think it is one of the extraordinary sections of the bill. Under section 43 the Minister of National Revenue or any officer of the department duly authorized by him may communicate to the board any information obtained under the provisions of the Income War Tax Act and, in proceedings taken by the board for any offence under this act, production of returns or other written documents may be compelled. I shall have something to say about this section later on.

Section 44, powers of officers, sets out a provision with respect to search. I think you will find this is usual in our criminal law.

Section 48 contains provision with respect to declarations that must be made by those intending to travel. By subsection 2 of this section it is provided that a customs officer who has reason to believe that a person about to leave the country is violating any of the provisions of the act may search such person. A similar section caused some trouble this session when we were dealing with the Yukon Placer Mining Bill, and we wrote in an amendment incorporating the procedure under the Customs Act. Under that act a man when told he is going to be searched may consent; if he refuses he is taken by the customs officer to a magistrate who, after hearing the evidence, may or may not make a search order. In the case of women the search is made by a woman inspector.

Sections 49 to 53 cover prohibition of dealings. May I refer particularly to the type of transaction dealt with in section 52. If a person is found to be violating the provisions of this bill the board may prohibit him from carrying on any transaction, and when notice of the prohibition has been published in the Canada Gazette anyone who has dealings with the offender is presumed to have notice of the prohibition. If, in order to avoid testifying in any inquiry or investigation, the person who is the subject of the prohibition gets out of the country, or a charge is laid against him and he leaves the country before the warrant is served, proceedings may be taken to impound his property by virtue of the provisions of the Bankruptcy Act, his conduct in the circumstances being regarded as an act of bankruptcy. Thereupon the trustee may administer the estate, pay any debts, and retain the balance of the proceeds until such time as the person in question comes back to Canada and submits to whatever the process of law may be. It is an extraordinary provision, but it may be necessary to enable the officers to administer the act.

Section 54 deals with the protection of officers and others.

Sections 56 to 60 cover offences, prosecutions and penalties. Prosecution may be instituted under summary conviction procedure or by indictment. If the value of the goods in issue is more than $1,000, on the direction of the Attorney General of Canada the proceedings may be by indictment; but under section 57 no prosecution can take place without the consent of the Attorney General or of counsel representing him.

Seizures and forfeitures are covered by sections 61 to 64. The provisions in those sections are adequate, I think, because where goods are liable to seizure and forfeiture for violation of the act there is, as in the case of the Customs Act, an elaborate procedure under which there may be condemnation. If the condemnation is disputed, the matter goes to the court—in this instance composed of two justices of the peace, or any magistrate having the authority of two justices of the peace—and the court determines whether or not the goods shall be condemned.

You will find in section 70 a protective feature in relation to the Bills of Exchange Act. Documents such as securities or negotiable instruments which are to be exported bear certain words or markings, and this section contains a saving provision that such additional words or markings shall not destroy the effectiveness of any document as a bill of exchange.

In Section 71 you have an extraordinary provision. By virtue of this section we purport to amend, in one particular at least, the Bank of Canada Act. Subsection 2 of section 71 reads:

> Notwithstanding anything contained in section twenty-six of the Bank of Canada Act, the Bank of Canada shall not, unless the Governor in Council otherwise provides, be required to maintain a minimum or fixed reserve ratio of gold or foreign exchange to its liabilities.

That power, I understand, could be obtained by order in council under the provisions of

the Bank of Canada Act itself. The effect is that our gold reserve is not back of our domestic currency, but remains in the Exchange Fund Account as security behind our international obligations. In other words, we have our gold as security behind our international obligations in the Exchange Fund Account, but no gold in the Bank of Canada as security behind our domestic currency.

Hon. Mr. McGEER: Did we not have that clause in the Gold Clauses Act of 1937?

Hon. Mr. HAYDEN: I do not think we have had it since 1935.

Hon. Mr. McGEER: I think it was 1937.

Hon. Mr. HAYDEN: Possibly that is so. You would know more about it than I do.

Section 72 continues the Foreign Exchange Control Board, so there shall be no gap between the functions of the board under the order in council and its functions under this bill. Similarly, the regulations are also continued.

Finally, you have provision for the repeal of the Exchange Fund Act.

Broadly speaking, I have touched on most of the features of the bill except those having to do with reports. These are really three in number. Section 7 empowers the minister to make advances to the Exchange Fund Account out of unappropriated moneys in the Consolidated Revenue Fund on such terms and conditions as the Governor in Council may prescribe. Subsection 2 of this section requires the minister to report to parliament within thirty days after the thirty-first day of March each year, or, if parliament is not then sitting, within thirty days after the commencement of the next ensuing session, the amount of advances to the Exchange Fund Account outstanding on the last day of the preceding calendar year. In the other place an amendment was added providing that if parliament is not sitting at the time the minister is required to make this report it shall be published in the Canada Gazette. Of course, in the next ensuing session the report must be made to parliament.

Under section 9 you find that the provisions of the Consolidated Revenue and Audit Act, 1931, shall not apply to this Exchange Fund Account; but it is provided that the Auditor General shall make an annual audit "in such manner as he thinks proper with a view to ascertaining whether the transactions in connection with the account have been in accordance with the provisions of the act and he shall certify to the House of Commons" whether or not the records of the account truly show the transactions. I have not been able to appreciate why the Auditor General should certify to the House of Commons. Surely, he should certify to parliament. Yet I find a similar provision is contained in Section 9 of the War Exchange Fund Act, which was passed by parliament in 1935. But I am still curious and interested to know why in respect of the operations of this Exchange Fund Account, which is just as important to this house as it is to the other, the certificate of the Auditor General should be directed to the House of Commons only.

The other report is under section 39. The bill as originally drawn provided that the annual report of the operations of the Exchange Fund Account should be submitted to the minister within six months after the thirty-first day of December each year. By amendment in the other house that was changed to five months. A further amendment was added to subsection 2, providing that in any event the report must be published in the Canada Gazette.

I might point out that any accretions to the fund—that is earnings or interest credited to the account in 1946 and succeeding years—shall at the end of each year be paid into the Consolidated Revenue Fund.

That takes me in a general way, and perhaps in a very inadequate fashion, over the provisions of the bill. If I may still have your attention and not be regarded as trespassing too much upon your time—

Hon. Mr. ROEBUCK: Go ahead.

Hon. Mr. HAYDEN: —I should like to direct your attention by way of recapitulation to what I regard as some of the extraordinary features in the bill.

Section 43, which makes available any information obtained under the Income War Tax Act, is a serious departure from the principle that such information shall be regarded as secret. I find a similar departure was made during the war years by virtue of an order in council.

It is for this house to say whether information concerning private business dealings, as disclosed in returns made to the Income Tax Department, should remain secret or should be made available to this board. It may be thought that it should be made available. I do not know. I have my own views on it.

Then I think the fair value section is extraordinary. It is for this body to determine whether in the circumstances, by providing the safeguard of an appeal to the Exchequer Court, any arbitrary exercise of the power of determining fair value will be effectively controlled. In that connection I think we should keep in mind the fact that fair values are

determined all the time by our customs officials for the purpose of entry of goods into Canada. So in the provision itself there is nothing unusual. Everything in relation to these foreign transactions is, I submit, unusual, but it may be that the bill takes care of any possible misuse of power.

I think the provisions of section 52, whereby a person who leaves Canada to avoid answering questions which some inspector of the Foreign Exchange Control Board might want to ask has his property impounded while he is put through bankruptcy, so that he does not get possession of it until he complies with the statutory requirements, is at least an extraordinary and unusual power. Whether it is necessary or not is for us to say.

Section 71 of the bill, which amends the Bank of Canada Act by suspending one of its provisions, is an unusual way of attacking property. We may decide in the circumstances that it is quite proper to do this, but I must direct the attention of honourable senators to this unusual provision.

Section 34, by which the board can reach out through the medium of a resident who is a director or an official of a foreign corporation and attempt to force the payment of dividends or other income to Canadian residents who are partners or shareholders in the corporation, is a bit novel and unusual, and it is for us to decide whether the ramifications of the Foreign Exchange Control Order go that far.

I had intended to tell honourable members about the ways in which the bill cuts down some of the broader powers exercised by the board under the order in council; however, I do not think it is necessary for the understanding of this bill that I do so.

Some question has been raised about the dollar parity as it relates to the operations of the Foreign Exchange Control Board, and the loss which it is suggested the board incurred by the recent governmental action of restoring our currency to a parity with the U.S. dollar. If honourable senators are interested in that question, I can supply some information which shows that there was a substantial loss by the reason of the revaluation of the gold and currency in the Exchange Fund Account. The total loss, having regard to the position of the Exchange Fund Account at December 31, 1945, would amount to about $140,000,000. As against that I must point out that in 1935, when the Exchange Fund Account was established, the gold held by the Bank of Canada was revalued upwards from $20.67 per ounce to $35, and there was a profit on the transaction of 83 or 85 million dollars, which started this account.

Hon. Mr. McGEER: The honourable gentleman surely does not blame the board for that?

Hon. Mr. HAYDEN: It was not in existence at that time.

Hon. Mr. McGEER: I do not see why the point should be brought up.

Hon. Mr. HORNER: Did that not happen before 1935, when the central bank was first established?

Hon. Mr. HAYDEN: It happened in 1935.

Hon. Mr. McGEER: And has nothing to do with the board.

Hon. Mr. HAYDEN: The original Exchange Fund Account, in which the loss recently occurred by reason of the revaluation, came into being and got its first financial resources as a result of the rating up of gold in 1935 from $20.67 to $35. That increase in the value of gold gave the account some 83 or 85 million dollars with which to commence operations.

Hon. Mr. McGEER: While the honourable senator is on that point, would he please explain why this billion dollars in American currency was not invested in sound securities on the other side, instead of being held idle here?

Hon. Mr. HAYDEN: I cannot answer my honourable friend's question. After all, I am just a senator, as he is, and have no control over the investment policy of the Foreign Exchange Control Board.

Hon. Mr. McGEER: You are speaking for the board.

Hon. Mr. HAYDEN: The other item which I suggest should be considered is that the Foreign Exchange Control Board had a reserve representing the surplus of revenue over expenditures since December 1939, when it started operations. That reserve amounted to 49·3 million dollars. If we add the profit on the revaluation of gold in 1935 to the reserve representing the surplus in revenue over operating costs for the period during which the board has been in operation, we will get a total of about 133 million dollars. In one fell swoop, on a certain Friday not so long ago when the dollar parity was restored as between Canada and the United States, thus necessitating the revaluation of gold and foreign currency in the Exchange Fund Account, that reserve was wiped out by a loss of 140 million dollars.

Hon. Mr. HAIG: Before my honourable friend leaves that point, may I ask him a question? Why will the board not tell us how much American currency, gold and other

exchange it had on hand on that particular July day? Why should it hide that information? My second question is this: What about the exchange held by the Canadian banks as agents for the board on that date? My third question is: What has been done about the money held by the merchants and dealers in this country who were required by law to hold it? The order came through, if I remember correctly, at about 7 o'clock at night. They could have deposited their money up to 3 o'clock that day, but after the order they could do nothing with it—they had to turn it over. Has that loss to the banks, the merchants and the dealers in this country been taken care of?

Hon. Mr. HAYDEN: I shall try to answer my friend's questions in the order in which he has asked them. First, as to why we have not got the information concerning the position of the board on that July day, I should say that the board has followed the usual practice of producing a statement of operations up to December 31, and when it produced a statement up to December 31, 1945, it would not expect to produce another until this year's operations are concluded. My friend asks why we did not get the information in the meantime. I am not in a position to answer his question. I do not know that we could get the information, and I will not know until the bill goes to committee and the officials of the board appear to answer questions. If the answer is refused, we will then have to determine our course of action; but at least we will know the reason for our not getting the information at this time.

With respect to the position of the banks, my understanding is that they were acting as agents for the board in handling drafts and business of that kind, and that the board assumes the loss. I have no knowledge as to the extent of currency transactions on which the banks take the loss.

Hon. Mr. HAIG: May I clarify my question? If I took in some American currency in my business, and on that day in July deposited it in, say the Bank of Commerce, would that bank lose the exchange?

Hon. Mr. HAYDEN: That is right.

Hon. Mr. HAIG: But it had to accept the deposit and could do nothing with it except by permission of the board.

Hon. Mr. McGEER: Yes, but it had been dealing in that currency.

Hon. Mr. HAIG: It only dealt with it on behalf of the board.

Hon. Mr. HAYDEN: But it carried on transactions over the whole period of control.

Hon. Mr. McGEER: The bank was actually dealing in that currency.

Hon. Mr. HAYDEN: That is true.

I had intended to refer to the position and operation of the board during the period of the war. As I said at the opening of my remarks, by and large the board performed a very useful task during the war. I must say something about that feature. I have expressed general criticism of certain powers which the board exercised, but that criticism was not intended to reflect upon the work of the board during the war. It did a marvellous job in the interests of our Canadian economy. It performed a task that had to be done, and while some people may have had different ideas as to the proper way of doing it, at least we got the results we wanted. From 1939 to 1942—and certainly from the beginning of 1940 when the war ceased to be a series of shadow-boxing bouts and became a real war—we were steadily depleting our foreign currency possessions by reason of increased demands on our manufacturing facilities and our currency in order to secure raw materials from countries who were not then at war. During that period the board did a marvellous job in managing our currency operations in relation to foreign exchange, and enabled us to keep our heads above water. At times I am sure they must have been dangerously close to the bottom of the barrel. Fortunately, our gold production was increased, and this considerably helped the board to do a good job. Then came the Hyde Park agreement and the interchange of manufacturing operations, as a result of which the United States poured contract after contract into Canada, thus relieving our foreign exchange position. Our supply of wheat also was abundant and demand for it was such as to bring into the treasury of Canada a considerable volume of United States dollars.

All these things culminated last year to permit us to repeal some of the legislation that had been in force during the war. Honourable senators will recall that towards the end of 1940 we were obliged to prohibit the importation from the United States of a great variety of non-essential goods—even some foodstuffs—in order to conserve our U.S. dollars. Those regulations were all removed in 1945, and restrictions on travel between the two countries became less severe. So the foreign exchange position has changed considerably.

In view of these circumstances and our progress in the right direction, the question may be asked: Why do we need such a stringent bill as the one before us for the continuation

of foreign exchange control? It would seem that the prevailing custom in legislation is to attempt to take as broad powers as possible, no matter what the purpose in mind. The bill therefore asks that the board be empowered to do the things it is now doing, and much more. It would permit of a situation, if one can envisage it, in which there might be some misuse or misapplication of the powers at some future date. If we were disposed legislatively to carry on business and trade relations on a different economic basis, the machine we are creating and setting up is more than ample to meet the needs. Yet, as I see it, there is positive difficulty in trying to confer the actual powers that are necessary to do the job at this time.

My position is that inherently I am opposed to the giving of broad powers. I believe that the paramount consideration is to have a flexible statute, so that transactions can be dealt with on a day-to-day basis. Our currency changes from day to day; our policy of today may not be our policy of tomorrow. In the interests of securing a good and flexible statute I do not quarrel with the broad powers that are sought; but I do point out that there is a real danger of writing into the statutes something which will perpetuate for all time a form of machinery which may be put to a use never contemplated by those who approve of the bill. Its purpose is to tide us over a period when international relations are unstable. It is not intended to be, and should not be, a permanent part of our economy. I do not wish to cut off the exercise of these powers at any definite date, but I believe there should be some limit to the period of operation. I want to be sure that parliament—the other house and the Senate—will have an opportunity of reviewing the whole situation at some time in the future in the light of the information then available, and of saying to the board: "We think you need these powers for a longer time and we are prepared to give them to you," or "It is our opinion that you do not need these powers; they are interfering with the orderly conduct of international relations and domestic business and should not be continued." If we enact the broad powers in this bill and place no time limit upon them, we shall have parted indefinitely with our right to review them, a right which parliament could get back only by majority action of both houses. Regardless of how strongly we in the Senate might then feel about the powers exercised by the board, we could do nothing by ourselves.

We are going into a future whose economic aspects are more or less uncharted. The international field in particular has all sorts of possibilities. Therefore, I think we should have an unfettered right to review the whole matter at a definite time in the future.

Hon. Mr. HAIG: Does the honourable gentleman suggest that this bill should be sent to committee, in order that we may be able to question departmental officials?

Hon. Mr. HAYDEN: If the bill is given second reading, I will move that it be referred to the Committee on Banking and Commerce.

Hon. Mr. McINTYRE: May I ask the honourable gentleman a question? Suppose a resident of Canada desires to move with his assets to one of the states in the American Union, and sells his house and property here for $8,000. He goes to his bank and is told that the regulations of the Foreign Exchange Control Board are still in effect, so he cannot get more than $250 in American funds. If he wishes to buy a property in the United States he may get permission from the board to transfer his Canadian funds to the state where he intends to live. If that happens to be a state where the discount on the Canadian dollar is 4 per cent, he will lose $320 on his $8,000; and if it happens to be one where the discount is 10 per cent, his loss will be $800. Is there anything in the bill which would authorize the Foreign Exchange Control Board in a case like that to sell American funds at a premium of one-half of one per cent?

Hon. Mr. HAYDEN: The Foreign Exchange Control Board has power to grant a permit for the export of Canadian currency and securities, and for the conversion of Canadian funds into United States dollars. But in each particular case the board has to decide whether or not it should (*a*) grant a right to export Canadian dollars and (*b*) convert Canadian currency into United States dollars and grant an export permit for them. The consideration which it gives to the case must be, first, in the light of the over-all position of Canada, because the main purpose is to prevent the flight of capital from Canada, so as to maintain the external value of Canada's monetary unit.

I can tell my honourable friend that where a resident of Canada has changed his status and has been recognized by the board as a non-resident, the board has followed a generous policy in permitting the person concerned to remove his Canadian bank balance by a draft through a United States bank. But, as I see it, in the case mentioned by my honourable friend there is no reason why the Foreign Exchange Control Board, which represents the people of Canada, should give the man more than he has. What he has in his bank account is Canadian dollars, and I cannot

understand why these should be converted into United States dollars at a loss to Canada. If the board will sell him all the United States dollars that his Canadian funds will buy, the question that then has to be determined is the over-all need of Canada for United States dollars, and whether the national account should be depleted in the interests of an individual. The board has to bear in mind that his application will not be the only one of the kind, that there will be many of them. I cannot interpret the policy of the board; I can only attempt to state what has been done. In the past, when a resident has had his status changed to that of a non-resident, the board has been generous in permitting the removal of the funds from his Canadian bank account to the United States, and also the export of any securities that he may own.

Hon. Mr. LAMBERT: Is the honourable senator in a position to say to what extent similar powers have been granted in other countries, particularly the United States which, like Canada now, is a creditor country? Is there any information which would enable us to appreciate the position of the Foreign Exchange Control Board as compared with any such boards in other countries?

Hon. Mr. HAYDEN: The discussion is getting into a broad field, and one that I had not contemplated. So far as the United Kingdom is concerned, my honourable friend knows as well as I do that the foreign exchange restrictions there are much more stringent than they have ever been in Canada, even at the peak of our necessities.

Hon. Mr. McGEER: Do you suggest that in the United Kingdom the Foreign Exchange Control Board controls property?

Hon. Mr. HAYDEN: It controls the export of securities, also the sale of goods.

Hon. Mr. McGEER: Not the Foreign Exchange Control Board. That is the Board of Trade.

Hon. Mr. HAYDEN: If my honourable friend knows the answer to the question, perhaps he will give it or pay no attention to what I am saying. I am not in a position to discuss the exchange requirements of the United States, but certainly they would be comparatively very limited, since that country still buys and sells gold. I am unable to make any further reply than that.

Hon. Mr. LAMBERT: I did not want to embarrass the honourable senator by asking the question, which I do think is a very pertinent one. I know that nothing approaching this bill is in effect in the United States. In relation to the rest of the world our position is comparable to that of the United States, as Canada too is now a creditor country, and our ambitions—our professed ambitions, at any rate—are to export capital and as far as possible stimulate world trade. In view of that fact and what was said by the honourable senator as to the United Kingdom and the countries that are tied to her on a sterling basis, I think analysis will show that the powers of this board are intended to apply to relations between Canada and the United States, and they may possibly be applied in such a way as not to work out for the enlightened development of Canada.

Hon. G. G. McGEER: Honourable senators, at the outset I want to congratulate the honourable senator who has explained this bill (Hon. Mr. Hayden) for the very easy and comfortable way in which he has carried through so far. I was almost overwhelmed by his delightful expression "unusual or extraordinary." Of all the kindly expressions ever used in the Senate to describe something otherwise than as it should be described, this should probably be regarded as marking the high-water mark of generosity. We live alongside the United States, and I think the honourable senator who last took his seat (Hon. Mr. Lambert) raised before us a sign of warning that we should carefully consider when dealing with this bill. What would be the effect of the bill on the relations between Canada and the United States? That I believe is the most important item for our consideration.

Honourable members whose memory goes back to the pre-war days of world-wide depression which culminated in the great war will no doubt recall the battle of depreciated currencies, the embargoes on the movement of goods, the blocked currencies, the control and regulation of authorities possessing the arbitrary powers designed by Schacht, the most evil of all the advisers in the Hitler regime. Let me say this bill confers the kind of authority given to individuals over other individuals that Schacht enjoyed in pre-war Nazi Berlin. Make no mistake about this arbitrary authority and the danger towards which this nation of ours in its new-found power is drifting. This nation grew mighty in freedom when parliament ruled. Do you think it will continue to advance if parliament abdicates and bureaucracy takes charge? Think of the powers you are transferring from parliament to a group of men that are not responsible to the electors of the land! I have no hesitation in saying that I am a firm believer in the just and proper regulation of foreign exchange and

foreign trade, but I have never come to the conclusion that in order to reach that end parliament must abdicate, that we must divest the people of their freedom and vest in a group of men the extensive powers that this bill contemplates.

I hesitate to believe that the Prime Minister has ever seen or approved this measure, or that it has the sanction and approval of the majority of the cabinet. You know, I had something to do with creating public ownership of the Bank of Canada. I believed that once we owned the bank it would operate as a public utility. I am afraid that now the Bank of Canada is almost the sarcophagus of Canadian democracy.

Let us take a look at Section 11 of this bill. Who are to be the members of this Foreign Exchange Control Board with all these powers? They are:

The Governor of the Bank of Canada,—

Whoever he may be.

the Deputy Minister of Finance,—

Whoever he may be.

the Under Secretary of State for External Affairs, the Deputy Minister of Trade and Commerce, the Director of Operations of the Post Office Department, and the Deputy Minister of National Revenue for Customs and Excise.

Among the men composing this group is there anyone representing the industry of this country? In the Bank of Canada we had at least a group of directors supposedly representative of all types of trade and industry and commerce. But here you have not a single man with anything but the experience or the interest of a civil servant. Take the men filling these positions to-day, not one of them has any experience other than that gained from a college education or as a banker or a public servant.

When you come to transfer the powers contained in this bill to the group of men who drafted it, one of the startling features—I can hardly confine myself to "unusual" and "extraordinary"—I say one of the startling features we find in Section 71 is that the Bank of Canada will not need to maintain the minimum gold reserve required by the Bank of Canada Act unless the Governor in Council so provides. That is exactly the position to-day. You see, when we suspended the reserves of the Bank of Canada and transferred them to the Exchange Fund Account, as we did during the war, we did so by order in council, as provided under the Bank of Canada Act. That practice can be continued by order in council. In short, the section does not mean anything. And retaining the gold reserves in the Bank of Canada does not mean anything either, because in 1937 parliament passed an act, called the Gold Clauses Act, which made it illegal and against public policy to settle any obligation of Canada, past, present or future, in gold. The only contracts which the people of Canada are interested in with regard to the gold reserves of the Bank of Canada are the promises to pay in Bank of Canada notes; that is, the promise to pay $5. Well, if that $5 ever meant $5 in gold—which it did not—the Gold Clauses Act cancelled it. So this provision is one of the strange and startling things that you find only in the mumbo-jumbo nonsense of that mumbo-jumbo world that has taken us through depression without war and through war with such an abandon of spending that, although one of the winning powers, we are loaded with so colossal a debt that it is a crushing burden today and will be for many years to come. It was not the Department of Finance that won the war; it was the industrial capacity and the building and fighting power of the people—

Hon. Mr. ROEBUCK: Hear, hear.

Hon. Mr. McGEER: —the power to go out into the world and use the weapons that were produced in abundance. What nonsense is it to say that this group of men, who could find no money for the unemployed during the depression, but who found an abundance during the war, and are given credit for winning the war, should be granted the powers they are asking for in this Bill!

I want for a moment to refer to the easy way in which the honourable senator who explained the bill went through it. He said, "Now, of course, they have got power to fix the fair value." Who? The board. What experience have the members of that board got in fair values? "Oh," he says, "If you are not satisfied with them you can go to the Exchequer Court." What experience has the Exchequer Court in fair values? The Exchequer Court is a court of law.

Hon. Mr. DUPUIS: The court could bring experts before it.

Hon. Mr. McGEER: I quite appreciate that, and I think every honourable senator knows it too. But let me point this out. In dealing with the movement of property into Canada we have a long experience of the customs administration. Is there an appeal from the customs valuation? The honourable senator in explaining the bill says, "I don't know." But there is an appeal, and it is first to the minister and then to the Tariff Board. The Tariff Board is appointed by parliament, is independent of the Customs Department, and is engaged unceasingly in the study of trade problems. It is a court specially qualified to deal with matters of that kind, and with all its

experience as a court for the purpose of fixing fair values it is infinitely superior to this board which is to be set up, and to the Exchequer Court, which is already overloaded. Why is it necessary now to burden the country further with a court, double-decking in an inferior way the courts already in existence and functioning constantly? If this kind of thing must go on, may I suggest to the Senate that the proper course to follow would be to have these particular functions of fair valuations carried on by the customs authorities, who are trained and competent and experienced. Let the power be where it is today, and where it should remain—in the officials of the Customs Department; and let the appeal be where it should be—to the Tariff Board.

Now, I come to the powers contained in the bill. I think that "unusual" and "extraordinary" are hardly applicable, because this group of civil servants will be able to say to you—and, mark you, this language is rather extraordinary that I read from Section 25:

No person shall, except in accordance with a permit,

(a) export any property from Canada;

What does this mean? Neither "person" nor "export" is defined, so both take their common meaning. You cannot move your own valise out of this country without a permit.

Hon. Mr. BENCH: Or a suit on your back.

Hon. Mr. McGEER: This board has taken power to prevent you from going out of this country unless you go out naked.

Hon. Mr. DESSUREAULT: You would be arrested.

Some Hon. SENATORS: Oh! Oh!

Hon. Mr. McGEER: Read the section yourself. The honourable gentleman who explained the bill said that was only "unusual", only "extraordinary". Why, I think the only country in the world where powers of that kind would be handed over to civil servants would be pre-war Nazi Germany, or Moscow today under Stalin. Just imagine, we have to get a permit to cross the boundary in our own clothes!

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: What is this country coming to if that is only "unusual"? Unusual is a lovely expression.

Some Hon. SENATORS: Oh! Oh!

Hon. Mr. McGEER: The explaining was done so smoothly that it almost convinced me that I was unduly agitated about the whole thing.

Section 26(1)(a) of the bill reads:

No person shall, except in accordance with a permit,

(a) import any property into Canada;

The word "property" is defined, so perhaps they have left a shirt or two on our backs. Let us see. At page 3, paragraph (s) "property" is defined as follows:

"property" means every kind of real or personal, movable or immovable property;

No, they do not leave us an undershirt. No person can import even his neck-tie without the authority of this board. And the Governor of the Bank of Canada is going to be its chairman; he is moving right along. "Upon what meat doth this our Caesar feed?" We made him Governor of the Bank of Canada, and gave him certain powers. He marches along, and now he says that he wants control over the people of Canada forever.

Has any serious mistake been made in this bill? An honourable member has asked a question about our relations with the United States. If we cannot even get out of the country without a permit, what about anyone coming in? When we examine the extraordinary provisions of section 26, we must ask, "What does that mean to our tourist trade?" Is every tourist who comes across the 4,000 miles of boundary line to be called upon to write in advance for a permit to come in with his clothes on? He cannot do it unless he has a permit from this new ivory tower. Let me ask the honourable senator who explained the bill about that feature?

Hon. Mr. HAYDEN: It is unusual.

Hon. Mr. McGEER: I say it is more than extraordinary, unusual, startling; it is a violent mistake. When men so far lose themselves as to draft legislation to give them power by which they would destroy the tourist trade of the Dominion of Canada, and when the other house passes that legislation, surely the Senate has an opportunity to demonstrate its place in the political life of Canada, and a duty to fulfill in protecting the security and freedom of the people of our nation. The provision that "no person shall, except in accordance with a permit, import any property into Canada," demonstrates how carelessly this bill has been drafted, and how appallingly easily it must have gone through committee in the other place and passed through the other chamber.

May I come to another unusual provision? Section 27 (1) (a) reads:

No resident shall, except in accordance with a permit,

(a) either in Canada or elsewhere sell, assign, transfer or deliver any securities—

One cannot buy a thing. Surely we have hopes that busines between this country and the United States will grow! Let us suppose that a man goes on a business trip to the United States, taking with him less money than the regulations permit, and that while in that country he collects some money. What then? Under our international arrangement of reciprocity he can buy $100 worth of goods and bring them into this country without declaring them. That is permitted for the promotion of international tourist trade and for the convenience of the vast number of Canadians who live along the boundary line. Under this bill that man could not spend a dime without a permit from this new ivory tower; if he lost his watch in the States and wanted to buy another, he would have to send up to Canada to get a permit from the new board of control. If this represents freedom and security, and that kind of freedom is to be the price of Canadian security, I prefer to live as we did before a foreign exchange control board was considered.

Hon. Mr. ROEBUCK: Hear, hear.

Hon. Mr. McGEER: I do not wish to be unfair, but I ask the honourable senator who explained the bill: What protection is there for our tourist trade?

I am going to move that this bill be not read now a second time, but that it be read this day six months. I do so not so much because I disagree with the bill as because I believe a bill of this kind can well remain under consideration for a substantial period of time before its provisions become law. I can stand up in my place and show honourable senators that it means that every tourist coming into Canada would commit an offence unless he had a permit to come in; then you will agree with me that there are probably some great fundamental errors in the bill. There is a further reason. Legislation of this kind should not be hurriedly passed. The one glaring blunder which I have pointed out is enough to confirm the conclusion that such measures should not be introduced in the dying days of the session and come to us when we are on the eve of prorogation.

Hon. Mr. BENCH: No.

Hon. Mr. QUINN: Hear, hear.

Hon. Mr. McGEER: I have given this explanation after having taken a little time to study the bill.

Hon. Mr. HAIG: Will the honourable gentleman permit a question? Assuming that I agree largely with what he has said, would it not be better to allow the bill to go to committee, where we could hear from the officials who want the legislation a statement as to why we should not amend it as we think necessary to protect the public? Then if the honourable gentleman still does not approve, on third reading he could move that the bill be not now concurred in?

Hon. Mr. McGEER: I quite understand my honourable friend's position, but I say that I object to being called upon to deal with legislation of this kind in the dying days of the session, when there are a great number of other things to be dealt with and wound up. This bill should have been one of the first to come in.

An Hon. SENATOR: Hear, hear.

Hon. Mr. McGEER: And if we stand the bill over for six months, it will be one of the first to be considered at the next session. I venture to suggest that if we spend six months studying this legislation we will not have given too much time to it in view of its importance and the intricacies, complexities, and principles of law that are involved.

Do honourable senators realize that this bill, brought here in the name of control of exchange, means that a group of men are to take charge of the entire conduct of our international trade? I telephoned one of the men on the board today and said to him, "What about the tourist trade?" He replied, "I had not looked into it." I said, "You know a good deal about our tourist trade; but as I read this bill the powers given to the board are such, if it chooses to exercise them, that it could close down every movement of people between the two countries—except for people without clothes." The only people who could travel would be the Dukhobors. Everybody else would be violating the act.

Gentlemen, why go to a committee with this bill? Surely the Senate is not prepared to hand over control of the whole trade and commerce of this country to a group of public officials! I find it hard at times to believe that I am living in a world that can go calmly on to the disastrous destruction of freedom; but when I see a measure coming in concrete form from a place where power alone is desired and where there is such a lust for it that even our tourist trade is put under the permit system, I think that probably I am not the one who is unbalanced. I am opposed to this kind of legislation, and if the Senate tries to put it through I shall exert all the powers I have to prevent it. I do not know what means are available to me but I shall resist to the last ditch. That is not a threat, but it indicates the way I feel about the matter. We who are Liberals must fight this sort of thing. This bill casts aside every sacrifice that was offered in

the recent war. We fought that war for freedom, but what does it do for our international relations?

I remember well hearing the beloved and late lamented President of the United States, when speaking on his good neighbour policy and freer trade, proclaiming that when the barriers were down there would be freer access for all of us to the good things of one another. Yet before the guns have cooled we are asked to fashion the most arbitrary piece of legislation that ever was presented to any parliament or congress on the North American continent. Even in South America they do not do that sort of thing.

Where was this boasted dream, this grand hope of freer interchange of trade? It was in the mind of everybody. But it is now proposed to throw all that away and to set up a piece of legislation directed straight at the trade of the United States. Is that the kind of relations we want upon this North American continent? Think carefully about what this means to the United States of America. The arbitrary act which resulted in a loss of $140,000,000 to the Foreign Exchange Control Board cost the people of this country many hundreds of millions of dollars. And let me say that the bringing of a billion dollars of American currency here and holding it idle in the coffers of the Foreign Exchange Control Board was neither sound international finance nor sound economics. However, I do not want to go into that.

In moving that this bill be not read the second time now but six months hence, I urge each honourable senator to ask himself: Can I vote to place in the hands of a group of public officials the power to administer a statute which says that "no person shall, except in accordance with a permit, export any property from Canada," and that "no person shall, except in accordance with a permit, import any property into Canada"? Are you ready to put that trade policy into the hands of a group of officials? Why, if that becomes law and you happen to be told by experts that you need an operation down at the Mayo Clinic, you will have to ask that the operation be postponed until you get a permit from the Foreign Exchange Control Board in Canada. You could not get a permit if you were unable to notify the board what the operation was going to cost; so you would have to go down to Mayo's for examination, come back here to get your permit, then return to the clinic for the operation—and it might be necessary to make all the trips by ambulance. What nonsense! That is cartooning the board's powers a little, but not misrepresenting their effect.

I believe the bill should stand over and the group of men responsible for it made to understand that these powers are not the kind we give to civil servants, but are such as could be entrusted only to the highest type of independent citizen, selected because he knows something, not about finance, but about Canadian trade and the rights and liberties of the Canadian people.

Hon. Mr. BENCH: I have been troubled by one phase of the problem arising out of the honourable gentleman's motion, and I would like to get his views upon it. Considering that already under order in council there is a control more drastic perhaps than that proposed in this bill, and conceding the possibility of reasons for continuing it for a limited time —I may say in parenthesis that I personally would be opposed to extending it indefinitely —might it not be as well to pass the bill but limit its operation to say one year? After all, the order is in effect now. Why not allow the power to remain in force for a year and, if parliament is not in session at the expiration of that term, for a further period of sixty or ninety days after the opening of the next ensuing session of parliament?

Hon. Mr. McGEER: I want to thank my honourable friend for the opportunity to explain that situation, which I perhaps should have done in moving that the bill stand over for six months. As honourable members know, under the Emergency Powers Act all the powers that this board and others enjoy today are continued until sixty days after the opening of the next parliament of Canada. So this is certainly a case where nothing would be lost by our taking time. There is no urgent necessity for these extraordinary powers, which should never be granted under any circumstances. This bill should not go upon the Statute Book. Don't let it get there, for once a measure of this kind is enacted it becomes almost impossible to have it repealed.

Why should we hurry about this thing now? We have the security of the Bretton Woods agreement, and the world is not yet in a settled state of peace. Let us take our time. Six months from now we shall be back in session, and nothing will have been lost by standing the bill over. We may have a very different outlook then. I am hopeful that the great forces now at work are going to come together, and I believe we are going to see the negotiations for peace bringing about a much freer and more generous outlook than there is now. If that happens we will never dream of passing legislation of this kind. There is no hurry to have the bill passed, so let us stand it over.

Hon. WISHART McL. ROBERTSON: Honourable senators, I would regret it very much if any members of the Senate, under the spell of the eloquence of the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer), became alarmed by the dangers that he suggests are inherent in the powers of the Foreign Exchange Control Board and voted for the six months hoist of this important measure. I listened very carefully to his remarks. One could not but be impressed with what he said were the risks of interference with the tourist traffic and with the personal convenience of travellers from Canada to the United States. But I would point out to him that we have been living for some months under these regulations, which were enacted by order in council, and up to the moment I have not observed any great harm to the tourist traffic in my province or in the province in which we now are. I cannot believe for one moment that the motive behind this bill is the striking of a death blow at the tourist traffic.

Hon. Mr. McGEER: The board has got the power.

Hon. Mr. ROBERTSON: My honourable friend says the board has got the power. I should think it would be well to find out if that is the hidden intention of the bill. If it is, we could take some reasonable precautions in committee to see that a death blow is not struck at the tourist industry. As was said by the honourable leader opposite (Hon. Mr. Haig) and by the honourable gentleman from Vancouver-Burrard himself—and I think every honourable senator will agree—there must be some control of foreign exchange.

Hon. Mr. McGEER: There is no such control as this in the United States.

Hon. Mr. ROBERTSON: I am not talking about degree of control. My honourable friend said there should be some control. Then it becomes a question of the degree or method. I can assure my honourable friend that this measure is not advanced with the idea of destroying tourist travel between Canada and the United States.

Hon. Mr. McGEER: I did not say it was.

Hon. Mr. ROBERTSON: My honourable friend spent a lot of time on the alleged danger of the bill in that respect, and he knows as well as I do that there is no such danger at all.

Hon. Mr. McGEER: You have given them the power.

Hon. Mr. ROBERTSON: Just a minute. I listened to my honourable friend without interrupting him. If perchance the bill does contain some clause or provision whereby some evil-intentioned person might attempt to destroy the tourist business, let us exercise our rights and powers to see that the clause or provision is amended. My honourable friend knows just as well as any other senator that there is nothing whatever to his contention.

The control of foreign exchange is undoubtedly a very serious question. I am no expert on the matter. I do not know one half as much about it as my honourable friend who explained the bill (Hon. Mr. Hayden) in a way that I am sure greatly pleased and enlightened the house. To disregard our responsibilities and throw the bill out before even hearing all that can be said by its sponsors would not be a dignified procedure. If, after hearing the explanations of departmental officials in committee, honourable members desire to make some amendment, that of course is within their rights. But to say at this stage that we are not to hear anything more of the bill is, I think, very unreasonable, because after all these provisions with regard to export and import, which my honourable friend condemned with all his eloquence and skill as a pleader, seem to me—and I am only a layman —to have their genesis in an effort to frustrate those who desire to escape taxation. So far as I am concerned, I will never lend my hand to make it any easier for people who have made their money in this country to evade taxation that rightly they should pay here. I should be very careful indeed before I would, consciously or unconsciously, do anything to aid them.

I would ask honourable senators not to accept my honourable friend's suggestion to give the bill the six months' hoist at this juncture. Rather, I would ask them to vote for second reading, so that the bill may be referred to one of our standing committees. There is no such motive behind the bill as my honourable friend suggests, and I think every honourable senator must realize that.

Hon. Mr. LESAGE: If the bill is given second reading, is it proposed to send it to committee?

Hon. Mr. ROBERTSON: The honourable gentleman who is handling the bill so stated.

Hon. Mr. CAMPBELL: Is it not true that under the present Emergency Powers Act the Foreign Exchange Control Board could be granted by order in council, for the period of a year, powers which would enable it to exercise all the necessary controls until parliament is again in session and for sixty days thereafter?

Hon. Mr. ROBERTSON: Probably that is so. I know nothing to the contrary. We have heard a very full explanation of the bill, and the honourable gentleman from Vancouver-Burrard (Hon. Mr. McGeer) has clearly and eloquently argued against the measure; so what is the necessity of further debate?

Hon. Mr. ASELTINE: Some of us do not like to vote on the principle.

Hon. Mr. CRERAR: Honourable senators, I may say at once that I think this measure should be thoroughly discussed. After all, when we vote for the second reading of a bill it is tantamount to approval of its principle.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LESAGE: Exactly.

Hon. Mr. CRERAR: I have some observations to make on the principle underlying this bill before it goes to committee, and since it is within a few minutes of six o'clock, I move that the debate be adjourned.

The Hon. the SPEAKER: It has been moved by Senator Hayden, seconded by Senator Copp, that Bill 195, an Act respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents, be read the second time. It is now moved by Senator Crerar that the debate be adjourned. Is it your pleasure, honourable senators, to concur in the motion that the debate be adjourned?

Some Hon. SENATORS: Carried.

The motion was agreed to, and the debate was adjourned.

IMMIGRATION AND LABOUR COMMITTEE

Hon. Mr. ROEBUCK: Before we adjourn, on behalf of the Chairman of the Standing Committee on Immigration and Labour, may I ask that the members of the committee make a special effort to attend its meeting to-night to consider the most important feature of the committee's work—its report.

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

THE SENATE

Wednesday, August 14, 1946.

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

Prayers and routine proceedings.

IMMIGRATION

REPORT OF COMMITTEE

Hon. JAMES MURDOCK presented the report of the Standing Committee on Immigration and Labour, which was authorized to examine into the Immigration Act. (*See Appendix A at end of today's report.*)

He said: Honourable senators, this report of the committee covers ten hearings, each of which lasted more than two hours. The report, which would require nearly an hour to read, will be printed, and it is hoped that honourable senators will take the opportunity of reading it.

Last evening we were fortunate in having twenty members of the committee present for consideration and adoption of this report. Some five or six other senators also were at the meeting.

May I suggest that in order to ascertain something of the conditions in the displaced persons camps in Germany, honourable senators read No. 7 of the printed proceedings of the committee, commencing at page 191. There they will find the brief presented by Lieutenant-Colonel Hicks, of Three Rivers, Quebec, who recently returned from Germany, where he was one of those in charge of displaced persons and refugees found in that country after the war.

The adoption of this report will be moved at a later sitting.

VETERANS REHABILITATION (UNIVERSITY GRANT) BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 327, an Act to amend the Veterans Rehabiltation Act (University Grant).

He said: Honourable senators, the committee have, in obedience to the order of reference of the 12th of August, 1946, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

VETERANS REHABILITATION BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking

and Commerce on Bill 333, an Act to amend the Veterans Rehabilitation Act.

He said: The committee have, in obedience to the order of reference of the 12th of August, 1946, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

CIVILIAN WAR PENSIONS AND ALLOWANCES BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 335, an Act respecting Civilian War Pensions and Allowances.

He said: Honourable senators, we have in obedience to the order of reference of the 12th of August, 1946, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

DIVORCE STATISTICS, 1946

Before the Orders of the Day:

Hon. W. M. ASELTINE: Honourable senators, a few days ago I informed the house that the work of the Divorce Committee was finished for this session, and stated that I would shortly present certain statistics which I thought would be of interest. With leave I will do so now.

For the present session 328 petitions for bills of divorce were presented to the Senate and dealt with by the Committee on Divorce, as follows:

Petitions heard and recommended ...	290
Petitions heard and rejected	1
Petitions partly heard	2
Petitions withdrawn	8
Petitions not ready to proceed at the present session	27
Total	328

The two petitions partly heard were in cases where certain witnesses had disappeared and their evidence could not be obtained. The hearings will be proceeded with *de novo* next session.

Hon. Mr. BEAUREGARD.

Of the petitions recommended during the present session 88 were by husbands and 202 by wives. All petitioners are domiciled in the province of Quebec.

The committee held 32 meetings. On 22 days the committee functioned in two sections, so there were 54 hearings.

In 86 cases the committee recommended that part of the parliamentary fees be remitted.

Assuming that all bills of divorce recommended by the committee now in various stages before parliament receive Royal Assent, the comparison of dissolutions of marriage granted by parliament in the last ten years is as follows:

1937	46
1938	85
1939	50
1940	62
1941	49
1942	73
1943	92
1944	111
1945	179
1946	290

Since 1867 up to and including the 1945 session of parliament, the following dissolutions of marriage, by provinces, have been granted by parliament:

Ontario	1,813
Quebec	1,172
Manitoba	30
Saskatchewan	14
Alberta	21
British Columbia	4
Northwest Territories	7
Prince Edward Island	18
Total	3,079

Lately there has been some discussion in the newspapers as to when the first divorce was granted by the Senate. I noticed in the Ottawa *Journal* of May 24, 1946, an item reprinted from the *Journal* of May 24, 1921, stating:

> The first divorce to be granted to a resident of Quebec province was approved by the Senate divorce committee.

That is not correct. The first divorce granted by parliament to a resident of the province of Quebec was in 1868. That was the only divorce by parliament that year. In each of the years 1869, 1873 and 1875 there was again only one divorce, all being granted to Ontario petitioners; and in 1877 three couples were divorced, all from Ontario. The next divorce granted to a resident of Quebec was in 1878, in which year two Ontario applications were granted.

In my hand I have a summary of all the divorces by parliament from Confederation up to and including 1900. The numbers for the various provinces are as follows:

Ontario	47
Quebec	16
Manitoba	3
British Columbia	2
Northwest Territories	3
Total	71

Since 1930 applications for divorce in the province of Ontario have been dealt with by the Supreme Court of that province. Since 1919 divorce applications by persons domiciled in the provinces of Manitoba, Saskatchewan and Alberta have been dealt with by the courts in those provinces. Applications by persons domiciled in Prince Edward Island are now dealt with by the court in that province.

Inasmuch as eight of the provinces now have divorce courts, the Divorce Committee limits itself to the hearing of divorce petitions from persons domiciled in the province of Quebec.

It may be interesting to honourable senators to know the amount of fees collected on divorce and other private bills for the session of 1946. The receipts amounted to $57,149.16, mostly in connection with divorce bills. Certain fees, to the amount of $2,255.45, were ordered by the Senate to be refunded, so that the net receipts from private bills during the session have been $54,893.71.

Before I take my seat there is another matter that I should like to deal with, if honourable senators will permit me. 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 for 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.

However, I am informed by lawyers from the province of Quebec that, in their opinion, the suggestion would not work out because of Article 188 of the Civil Code of Lower Canada, which is still in force in the province of Quebec. In order that this Article may appear in its proper setting I will first of all read the preceding Article:

187. A husband may demand the separation on the ground of his wife's adultery.

The wife, however, is not given similar relief, as will be seen by the following Article:

188. A wife may demand the separation on the ground of her husband's adultery, if he keep his concubine in their common habitation.

In other words, a husband could obtain a certificate from the court if his wife committed adultery anywhere, but the wife could not obtain any such certificate unless the husband committed adultery in the house where he was living with his wife. This, in effect, would in nearly every case bar a wife from obtaining a divorce. The proposition of law found in Article 188 is certainly contrary to the principles of common law governing the subject matter. I am advised that even the old law of France, from which Article 188 is derived, has been modernized to remove this impediment and disability from a wife.

The courts of Quebec, under Articles 189, 190 and 191, have power to order separation on many grounds less serious than adultery; for instance, outrage, ill usage, grievous insult; but even in such cases they are required to take into consideration the rank, condition and other circumstances of the parties.

There is also this further objection, that in the province of Quebec actions for separation as to bed and board are non-summary proceedings, which, if contested, usually take a year or more to be brought to trial; and even after judgment is rendered an appeal may be lodged, and very lengthy delay may be incurred before final judgment. Honourable senators will gather from what I have stated that the suggestion of the Minister of Justice is not a solution of the problem facing us.

Hon. Mr. BENCH: Would the honourable gentleman agree that there is another possible objection to following the course suggested in another place? Assuming a certificate were granted by the Superior Court of Quebec for a judicial separation on the ground of adultery, and that certificate were then presented to a committee of this parliament, would not that committee have to inquire into the question of subsequent condonation? And if such condonation were established, would it not wholly wipe out the ground upon which a bill of divorce could be founded here?

Hon. Mr. ASELTINE: There might have been connivance also.

Hon. Mr. BENCH: I suggest that condonation is one feature that would have to be

inquired into by some body of this parliament to determine whether or not the ground for divorce still subsisted.

Hon. Mr. ASELTINE: I do not pretend that my statement on the matter is final. I have just mentioned these points to show honourable members that we are still confronted with grave difficulties in so far as this question is concerned. I hope that between now and next session honourable members will consider the matter carefully with a view to arriving at some solution of the problem.

Hon. Mr. ROBERTSON: Apart altogether from the various points involved in the very excellent report which the Chairman of the Divorce Committee has just presented to the Senate, I should like in my official capacity and on behalf of honourable members generally to express our appreciation of the work of himself and the members of his committee —work which they have cheerfully and uncomplainingly taken upon their shoulders at great personal inconvenience, in order to discharge a responsibility which is ours collectively.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DAVID: Honourable senators, I should like to point out to the honourable Chairman of the Divorce Committee that under Article 188 of the Civil Code of Quebec it is true that unless the husband commits adultery in his own home his offence is not a ground upon which his wife can base a demand for separation. But adultery in itself is an insult to the wife, and insult is sufficient ground upon which to base such a demand. Therefore, in an action for separation before the Superior Court of Quebec, if a wife could establish that adultery had been committed outside the common habitation, since this would constitute an insult to her, the court would grant a separation from bed and board.

Hon. Mr. ASELTINE: But in the case the honourable gentleman mentions the wife could not get a certificate from the trial judge that the separation was granted on the ground of adultery.

Hon. Mr. DAVID: No. But the separation would be granted to the wife on the ground of the insult constituted by the adultery.

REDISTRIBUTION

BRITISH NORTH AMERICA ACT, 1946

Hon. WISHART McL. ROBERTSON: I beg to lay on the table a copy of the statute enacted by the Parliament of the United Kingdom on July 26, 1946, entitled, "An act to provide for the readjustment of representation in the House of Commons of Canada on the basis of the population of Canada."

In order to complete the record for future reference I think, honourable senators, it might be well if this statute were incorporated in the Debates of the Senate.

Some Hon. SENATORS: Carried.

(*See Appendix B at end of today's report.*)

WORLD HEALTH ORGANIZATION

APPROVAL OF CONSTITUTION

Hon. WISHART McL. ROBERTSON moved:

Resolved, that it is expedient that the Houses of Parliament do approve the constitution of the World Health Organization signed at New York, on July 22, 1946, and that this House do approve the same.

He said: I have asked the honourable senator from Gloucester (Hon. Mr. Veniot) to speak to this resolution.

Hon. C. J. VENIOT: In speaking to this resolution, honourable senators, I should like to summarize the constitution of the World Health Organization and yet give sufficient information for a clear understanding of this important world-wide undertaking. Honourable senators who desire more details concerning this resolution and the constitution of the whole organization can find them in the addendum to the Votes and Proceedings of the House of Commons under date of July 24, 1946, at page 9.

The first step which led to the eventual signing of the constitution of the World Health Organization was taken at the United Nations Conference in San Francisco last year. A resolution was adopted at that time calling for an international conference for the purpose of setting up a world-wide organization.

On February 15, 1946, the Economic and Social Council of the United Nations Organization established what they called a technical preparatory committee to draft an agenda and proposals for consideration by the conference. The International Health Conference met in New York on June 19 last, and Major General G. B. Chisholm, then Deputy Minister of Health for Canada, as secretary of the Technical Preparatory Committee, presented the report of the Technical Preparatory Committee, which included proposals for the constitution of the World Health Organization. His report summarized the deliberations of the committee at its meeting in Paris in March 1946. The constitution was adopted and signed in New York on July 22 and, as I have already stated, printed in the Votes and Proceedings of the House of Commons on July 24 of this year.

For the information of the general public as well as of the members of this house, it might be well to enumerate the basic principles as given in the preamble to the constitution. They are as follows:

Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.

The enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being without distinction of race, religion, political belief, economic or social condition.

The health of all peoples is fundamental to the attainment of peace and security and is dependent upon the fullest co-operation of individuals and states.

The achievement of any state in the promotion and protection of health is of value to all.

Unequal development in different countries in the promotion of health and control of disease, especially communicable disease, is a common danger.

Health development of the child is of basic importance; the ability to live harmoniously in a changing total environment is essential to such development.

The extension to all peoples of the benefits of medical psychological and related knowledge is essential to the fullest attainment of health.

Informed opinion and active co-operation on the part of the public are of the utmost importance in the improvement of the health of the people.

Governments have a responsibility for the health of their peoples which can be fulfilled only by the provision of adequate health and social measures.

Chapter I of the constitution provides that the objective of the organization shall be "the attainment by all peoples of the highest possible level of health."

Chapter II indicates the functions of the organization, and I should like to put them on record to show the high standards the United Nations Organization had in mind. They are as follows:

In order to achieve its objective, the functions of the organization shall be:

(a) to act as the directing and co-ordinating authority on international health work;

(b) to establish and maintain effective collaboration with the United Nations, specialized agencies, governmental health and administrations, professional groups and such other organizations as may be deemed appropriate;

(c) to assist governments, upon request in strengthening health services;

(d) to furnish appropriate technical assistance and, in emergencies, necessary aid upon the request or acceptance of governments;

(e) to provide or assist in providing, upon the request of the United Nations, health services and facilities to special groups, such as the peoples of trust territories;

(f) to establish and maintain such administrative and technical services as may be required, including epidemiological and statistical services;

(g) to stimulate and advance work to eradicate epidemic, endemic and other diseases;

(h) to promote, in co-operation with other specialized agencies where necesary, the prevention of accidental injuries;

(i) to promote, in co-operation with other specialized agencies where necessary, the improvement of nutrition, housing, sanitation, recreation, economic or working conditions and other aspects of environmental hygiene;

(j) to promote co-operation among scientific and professional groups which contribute to the advancement of health;

(k) to propose conventions, agreements and regulations, and make recommendations with respect to international health matters and to perform such duties as may be assigned thereby to the organization and are consistent with its objective;

(l) to promote maternal and child health and welfare and to foster the ability to live harmoniously in a changing total environment;

(m) to foster activities in the field of mental health, especially those affecting the harmony of human relations;

(n) to promote and conduct research in the field of health;

(o) to promote improved standards of teaching and training in health, medical and related professions;

(p) to study and report on, in co-operation with other specialized agencies where necessary, administrative and social techniques affecting public health and medical care from preventive and curative points of view, including hospital services and social security;

(q) to provide information, counsel and assistance in the field of health;

(r) to assist in developing an informed public opinion among all peoples on matters of health;

(s) to establish and revise as necessary international nomenclatures of diseases, of causes of death and of public health practices;

(t) to standardize diagnostic procedures as necessary;

(u) to develop, establish and promote international standards with respect to food, biological, pharmaceutical and similar products;

(v) generally to take all necessary action to attain the objective of the organization.

It will be noted that by Article 3 of Chapter III the membership is open to all states. The conditions of admission to membership are set out in Articles 4, 5 and 6 of the same chapter. Article 19 deals with the powers of the Health Assembly to adopt conventions, or agreements with respect to any matter within the competence of the organization. Article 20 imposes an obligation upon the membership to accept or reject proposed conventions or agreements within eighteen months after their adoption by the organization. A member is not bound to accept any convention or agreement, but if he does not do so within the time limit he is required to furnish to the Director-General a statement of his reasons for non-acceptance.

Article 21 gives the Health Assembly authority to adopt regulations concerning the following five subjects:

(a) sanitary and quarantine requirements and other procedures designed to prevent the international spread of disease;

(b) nomenclatures with respect to diseases, causes of death and public health practices;

(c) standards with respect to diagnostic procedures for international use;

(d) standards with respect to the safety, purity and potency of biological, pharmaceutical and similar products moving in international commerce;

(e) advertising and labelling of biological, pharmaceutical and similar products moving in international commerce.

Such are the highlights of the resolution before us. It has received the unanimous approval of every nation and of every government body to which it has been submitted. It is the most comprehensive and progressive health programme of modern times, by which all nations of the world eventually may share on equal terms all the present and future advances of medicine and scientific research for the preservation of health and the prevention and cure of disease.

Sickness and disease—particularly contagious diseases and epidemics—have no respect for international boundaries. As a corollary to this truism, there should be no barriers to the exchange between nations of the newest and best methods of combatting sickness and ill-health.

There is no field of endeavour in which nations can labour together more amicably than the field of health. It is a common ground where human beings of all colours, all creeds and all parts of the world can come to understanding and work together for the good of all mankind.

The last two wars threatened humanity with destruction. It is time that all nations directed their efforts to works of construction, not destruction—to the restoration of human happiness by peaceful methods and harmonious exchanges of thought such as those suggested by the World Health Organization, and I feel confident the Senate of Canada will consider it a duty to subscribe to this resolution.

The motion was agreed to.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

APPROVAL OF CONSTITUTION

Hon. Mr. ROBERTSON moved:

Resolved that it is expedient that the Houses of Parliament do approve the Constitution of the United Nations Educational, Scientific and Cultural Organization signed at London on November 16, 1945, and that this house do approve the same.

He said: Honourable senators I would ask the honourable gentleman from Sorel (Hon. Mr. David) to speak to this resolution.

Hon. Mr. VENIOT.

Hon. ATHANASE DAVID: Honourable senators at all times there have been men of good will who have thought that permanent peace could be established in the world. Is this a Utopian dream or an objective capable of being realized? Whatever our own idea may be, there can be no doubt that everything which can possibly be done to make the present generation, the youth of today, peace-minded, must at least be tried. Whether the men and women of tomorrow are peace-minded or war-minded depends upon the kind of education that is given to the young people in our schools today. In the past education has played a tremendous part in stimulating international hatred, and as a result the world has been scourged by wars.

Though it may be Utopian to believe in permanent peace, it is our duty to try by every possible educational means to lead humanity towards the achievement of that great goal. I believe the first person who publicly proposed that we should endeavour to bring about world peace through the schools was the former great president of the United States, Mr. Roosevelt. In so doing he was, if I may say so, adopting the attitude of a French statesman, Jules Ferry, who declared, after the war of 1870:

Give me the supervision of the schools of France for ten years, and I will change the mentality of the French people.

The men and women of tomorrow will reflect the education which now, as boys and girls, they are receiving at school. If children are taught the great truth that in addition to being citizens of their own countries they are citizens of the world they are more likely when they grow up to be supporters of international amity and peace.

We do not need to search into the distant past to see the dreadful results of wrong education. Is there anyone who can believe that Germany would have given to Hitler and the Nazis complete control over its mind, heart and soul, had it not been for the teaching of Arian and super-men theories in the schools of the country for many years? Could Mussolini have become the dictator of Italy had it not been for his control over the Italian schools, where the children were taught the famous slogan, "Let us become again the Roman Empire of the past."

If education can be such a powerful source of evil, surely it can be converted into an equally powerful force for the welfare of mankind. I do not need to remind honourable members how greatly the dictators of Europe feared the schools and other institutions for the spread of education, science and culture. Wherever the invading armies went, their first

task was to destroy schools, universities, libraries and museums, to steal every work of art they could find, and to send teachers and professors to concentration camps. Why was this done? Because the dictators knew that they could not truly conquer a country until they had gained control over its educational system.

There is no doubt that the education now being given to our youth will determine whether the world of the future is to be peaceful or warlike. It is not surprising to find that article I of the Charter of the United Nations, signed at San Francisco on June 26, 1945, states it is one of the purposes of the United Nations:

To achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion.

On the 16th of November, 1945, the constitution of the United Nations Educational, Scientific and Cultural Organization was signed at London by the representatives of forty-four nations. A conference for the establishment of an educational, scientific and cultural organization of the United Nations was convened by the government of the United Kingdom in association with the government of France. Invitations were sent out in accordance with the recommendation of the San Francisco conference and upon the request of the conference of the allied Ministers of Education, in order to promote the aims set out in the charter of the United Nations. The representatives of forty-four countries were in attendance.

At this stage I wish to draw your attention to something that is of great importance in a country like Canada. In 1920 or 1921 the government of Ontario invited the ministers of education of the various provinces to attend a meeting in Toronto to discuss plans for the establishment of a national council of education. At the opening session the Provincial Secretary of Quebec—he has charge of education in my province—presented an important resolution. I cannot recall the exact text, but it was to this effect:

It has always been acknowledged that the provinces enjoy absolute control in matters of education, and on no account will any province be prepared to surrender its autonomy, either wholly or in part, to any incorporated body, whether federal or provincial.

The resolution was seconded by the Minister of Education for the province of New Brunswick, and adopted unanimously. I cite this resolution lest any honourable senator may deem it necessary to warn the members of this house and the people of Canada, particularly the people of his province, that the proposed organization will interfere with provincial autonomy. To guard against any such interference Section 3 of Article I of the constitution stipulates:

With a view to preserving the independence, integrity and fruitful diversity of the cultures and educational systems of the states members of this organization, the organization is prohibited from intervening in matters which are essentially within their domestic jurisdiction.

It seems to me that we ought to ask ourselves whether there are any serious difficulties which may doom the organization to complete failure so far as Canada is concerned. In this connection let me quote Section 1 of Article VII of the constitution, dealing with national co-operating bodies. It reads:

Each member-state shall make such arrangements as suit its particular conditions for the purpose of associating its principal bodies interested in educational, scientific and cultural matters with the work of the organization, preferably by the formation of a national commission broadly representative of the government and such bodies.

Evidently I need not draw the attention of the government to the difficulties that may confront the organization. In the matter of education it may be pretty difficult to form a national body in Canada. I would suggest that before taking any steps to this end the government might well consider the advisability of asking the Royal Society of Canada to appear before the conference as this country's representative body interested in educational, scientific and cultural matters. I think such a choice would meet with more general approval than the formation of a new educational body.

I need not attempt to describe in detail the composition of the organization. Suffice to say that there is to be a general conference composed of five delegates from each of the forty-four member-states. This general conference is to elect an executive board and, on the recommendation of the board appoint a director-general. I need not remind you that the director-general of such an organization is the principal or pivotal officer. The director-general and such staff as he may require will form the secretariat.

The elected members of the executive board are to serve for a term of three years, and are to be immediately eligible for a second term, but are not to serve consecutively for more than two terms. At the first election eighteen members will be elected, of whom one-third will retire at the end of the first year and one-third at the end of the second year, the order of retirement being determined

immediately after the election by the drawing of lots. Thereafter six members will be elected each year.

In order to become effective, the organization must have received the approval and signature of at least twenty of the state-members. In fact seventeen—or eighteen if Canada approves—have already accepted the constitution. It may be of interest to honourable senators to know that these are the United Kingdom, the United States, Australia, New Zealand, Brazil, China, Denmark, the Dominican Republic, France, Iran, Mexico, Norway, Saudi Arabia, Syria, Turkey, South Africa, India. Canada is the only member of the British Commonwealth of Nations that has not yet ratified and accepted the constitution.

The first meeting of the general conference is to take place in November, 1946, at Paris, which is to be the permanent home of the organization. To lend point to what I intend to say a little later I may state that French and English are to be the official languages and that the text of the constitution will be regarded as equally authoritative in either language.

The preparatory or interim commission which was appointed to make the preliminary arrangements has done a tremendous work since its inception last November. It has inspected whatever remained of the schools, universities, libraries and museums in the countries that were overrun by the Germans. It has tried to establish some system of schools for the children by furnishing the pupils not only with text books but even with clothes and boots to enable them to attend school.

Documents which reach the members of the Senate must have certain characteristics of authenticity. May I draw the attention of the honourable leader of the government to the fact that section 4 of Article XV is omitted from the French version of No. 18 of the Treaty Series. It reads as follows:

> The government of the United Kingdom will inform all members of the United Nations of the receipt of all instruments of acceptance and of the date on which the constitution comes into force in accordance with the preceding paragraph.

I do not make this observation in a reproachful manner, but I think it is proper that the attention of the government be called to an error in an official document which is circulated throughout Canada at the rate of 25 cents a copy.

The motion was agreed to.

Hon. Mr. DAVID.

FOREIGN EXCHANGE CONTROL BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill 195, an Act respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents.

Hon. T. A. CRERAR: Honourable senators, my first words this afternoon are by way of compliment—not to the measure we are considering, which I believe to be open to very grave criticism, but to the honourable senator from Toronto (Hon. Mr. Hayden) who yesterday afternoon in a very lucid manner explained the measure to us. I observed that while my honourable friend gave a very clear explanation, he maintained a rather neutral attitude so far as the principle of the bill was concerned. Knowing my honourable friend as I do, and as a good Liberal—

Hon. Mr. HAIG: Is there any other kind of Liberal?

Hon. Mr. COPP: Some have slipped.

Hon. Mr. CRERAR: I have great regard for the honourable leader of the opposition but there are occasions when his interruptions are scarcely to the point. He objects to the word "good", so I shall say I have always regarded my honourable friend from Toronto as a sound Liberal who understands what Liberalism is about, and what is the meaning of freedom and liberty. A Liberal is always opposed to any unnecessary exercise by the state of arbitrary powers against the individual.

I believe the strong convictions of my honourable friend are what made it possible for him to take a somewhat neutral attitude with regard to the principle of the bill. He described the bill as having some "extraordinary" provisions. That is putting it mildly, to say the least. Indeed, for peacetime legislation this is one of the most extraordinary bills that has ever come before the Houses of Parliament. In principle it proposes to confer upon a board of civil servants absolute power over the import and export trade of the country and over the movement of funds across our borders, a power unlimited as to time, and unrestricted as to the scope and sweep of its operations.

I would ask honourable senators to scrutinize the preamble to the bill very carefully, because it contains the principle upon which the succeeding sections are based. If there is any power over international trade, or over the right of an individual to travel to another country to seek medical aid or

even to buy a newspaper, this board will have it; it will have the authority and power to say that one cannot do any of these things without a permit. For many years I have been a subscriber to the National Geographic magazine. When my subscription expires and I desire to renew it, I must go to some representative of this board constituted under this bill and get a permit to bring the magazine into the country, and authorizing me to secure the funds necessary to pay the subscription price.

I quite understand that the board does not contemplate, nor does the government anticipate for a moment, that these restrictions will be put on the individual. But that is not the point. By this legislation we are giving a board power to do these things, and as the representatives of the people we are not justified in doing it on the pretext that we can trust the board to administer the law fairly and justly. That is a dangerous step to take.

Hon. Mr. McGEER: Hear, hear.

Hon. Mr. CRERAR: This board will have power to prohibit imports and exports. Should a man wish to buy a watch while on a visit to the United States, or should his wife desire to purchase a gown, he or she could not do so until a permit was secured. I say that such a proposal as a peacetime measure is an unnecessary and unwarranted interference with the basic rights of Canadian citizens.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: I should like to draw the attention of honourable members to one or two specific powers in the bill. Section 35 authorizes the board to make regulations. It reveals to me, in the limited time I have had to study the measure, a very extraordinary position. Section 35(1)(d) provides that the board may make regulations:

—prescribing that persons who would otherwise be residents shall be deemed to be non-residents or that persons who would otherwise be non-residents shall be deemed to be residents for any of the purposes of this act.

I do not know the purpose behind that provision, but obviously it confers an extraordinary power.

I should like also to direct the attention of the house to paragraph (e) of this same section 35, which authorizes the board to make regulations,

—notwithstanding anything to the contrary contained elsewhere in this act, exempting any person or any class of persons or any transaction or class of transactions from any provision of this act.

Let us admit that the board intends, as I am sure it does, to function honestly and in the interests of the public of Canada. Nevertheless, the power is there and the board can discriminate. If it is critical of some person, under this section it can penalize him. That power should not be given by this Parliament.

These powers are subject to the usual formula that they shall not be effective until approved by the Governor in Council and published in the Canada Gazette. But may I bring before this honourable house one or two considerations that should be taken into account when we consider the protection that may reside in approval by the Governor in Council. I have had several years experience as a member of the government, and know the problems that face the members of the present administration. I sympathize with them in their heavy task, as every honest Canadian must, irrespective of what his political convictions or views may be.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. CRERAR: I first became a member of parliament thirty years ago, and the functions of the government of that day as contrasted with those of the administration today represent a complete transformation. The government of Canada today is in the wheat business, up past its ears. It is the only buyer and seller of wheat from the primary producers in this country. Regulations have been passed governing the sale and the handling of other grains. The government is in the housing business to a most extensive degree. Some people think it is not doing a very good job, but I say that is an unfair criticism. It is in the transportation business, by land, sea and air. It is operating a transcontinental air service, ships on the sea and the national railways. The government is in the broadcasting business on a very large scale. Many Canadians today think that parliament has given too much power to the broadcasting corporation.

Hon. Mr. McGEER: Hear, hear.

Hon. Mr. CRERAR: The government is in the motion picture business, and is producing films. It is also in the business of operating crown companies such as Polymer Corporation. It is in the business of dispensing public information, for we have a public information board, the vote for which is passed by parliament.

The point that I am making is that all these activities have completely or at any rate very largely changed the functions of government in this country.

Let me make it clear that in these remarks I am not implying any criticism of the government. I put it to honourable members of

this house that these things have been more or less pushed upon governments of this country, who often have not had sufficient backbone to stand up against certain proposals and frankly discuss their implications with the Canadian people. But I will say from experience that the ultimate decisions in regard to wheat, transportation, the film board, broadcasting, the Polymer Corporation and all such government activities have to be made around the cabinet council table. Now let me remind honourable members that for five full months the cabinet has been under the strain of heavy parliamentary work, answering questions in another place, endeavouring to guide the country wisely in all the intricate and difficult international situations, confronted with labour problems all over the country, and having to deal with many other important matters. That is the kind of pressure that is on a cabinet today, and the inevitable result is that the government has to depend more and more upon its civil service advisers. The advisers in the present instance will be the members of the Foreign Exchange Control Board provided for in the Bill. Imagine a government weary with the multitudinous problems that it has to deal with, and someone coming along and saying, "We think it is necessary in the public interest of Canada that such and such a step should be taken." There is nothing new about that, honourable members; that has often happened, and all over the world; but, inevitably, even when intentions are the best, it is the precursor to the steady rise of authoritarianism in the state and the whittling away of the freedoms and liberties that we have enjoyed in the past and which, if we think rightly upon them, are the richest treasures and heritage that we have got.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: So without any criticism of the government, without any criticism of those who will administer this measure, if it becomes law, I say that the measure is inherently unsound—

Hon. Mr. ROEBUCK: Hear, hear.

Hon. Mr. CRERAR: —and opposed to the very principles and philosophy of liberalism—and I spell that with a small "l"—in which almost everyone in Canada believes. It is a comparatively easy matter to let our freedoms and our liberties slip away from us. I do not know whether honourable members may have seen a report published by the Gallup Poll a few days ago. I am not a great believer in the Gallup Poll. I think that when investigators go around and ask people for their opinion as to when, let us say, the Chinese war will end, they cannot get any worth-while opinion. But it is possible by asking direct questions to test whether people do or do not know certain things. The question posed in the recent poll to which I have referred was, "Do you know what Magna Carta means?" That is a very simple question, but the answers revealed that 80 per cent of the people of this country do not know what Magna Carta means, and that only 20 per cent were able to make a reasonably correct statement of its important provisions. Yet the Great Charter, wrested from King John by the barons at Runnymede—

Hon. Mr. EULER: Don't poll the Senate on that.

Hon. Mr. CRERAR: I fail to get the implication.

Hon. Mr. HAIG: Don't ask us the question. We might not be able to answer.

Hon. Mr. CRERAR: I would not say that.

Hon. Mr. QUINN: There is a danger there.

Hon. Mr. CRERAR: It is to me rather significant and a cause for concern, that 80 per cent of the people of this country do not know the source of their many freedoms and liberties.

Hon. Mr. LAMBERT: Why is that so?

Hon. Mr. CRERAR: I am not going into the reasons why that is so now. I referred to the poll in support of my remark that it is a comparatively easy thing to forget the value and importance of these freedoms and liberties which we have long enjoyed and to allow them to slip away from us.

Why are these extraordinary powers being asked for in this bill? In the preamble we are told they are required to protect the external value of the Canadian dollar. I would like to make a comment or two upon that. I put it to this honourable house: What would endanger the external value of the Canadian dollar? What would cause—if I may employ the words that were used, and used rightly, by the honourable gentleman who introduced the bill (Hon. Mr. Hayden)—what would cause a flight of capital from Canada? Why would the Canadian dollar fly away? The only possible reason could be that the people had lost confidence in their country.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. CRERAR: For instance, our large expenditures and the possibility of unbalanced budgets might be contributing factors in inducing a Canadian to transfer his funds or property and securities to another country. But where could he send them today to be safer?

In what country would they be safer than they are in Canada, so long as we govern ourselves with reasonable common sense?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: That is what is needed. I have faith in Canada, and I know that the overwhelming majority of Canadians have faith in this country. Why it should be stated as a reason for this bill that we have to protect the external value of our dollar by setting up a board with power to pass all sorts of regulations to prohibit Canadians—except under permit—from sending money or goods out of the country for any laudable purpose as they have been accustomed to doing in the past, is beyond my comprehension. In saying that, may I take occasion here to pay a tribute to the government's advisers in financial matters during the war? I shall not name them, but if I may say so, most if not all of them are friends of mine, and I think they rendered a great service to Canada. But I will offer this criticism, that they do not understand the Canadian people. You can probably blue-print an economic theory, but you cannot blue-print in advance the reaction of the individual citizens to it. And, after all, if we are going to retain and maintain our democracy in this country, we cannot ignore the thoughts in the minds of the people, from the very highest to the very lowest. I think that those responsible for this legislation show a lack of knowledge of the mentality of the Canadian people and ignore the lessons of history. What happened elsewhere? I do not wish to take up too much time—

Some Hon. SENATORS: Go on.

Hon. Mr. CRERAR: When the German parliament voluntarily and by its own free will committed suicide by giving absolute governing power to Hitler, what was one of the first things he did? He brought into effect the very principle of this bill. He said "You cannot transfer your funds from Germany." He prohibited imports, and he controlled exports. He got complete control of the economic life of the community. And that was the story in other countries. Look at Russia today. The individual Russian citizen cannot do many of the things that we have been accustomed to do in the past. His freedoms are circumscribed. We do not want that sort of thing here.

My point is that the Canadian people will make a very grave and great mistake if, for the sake of what they think will be a temporary advantage, they squander away their freedoms and liberties. Once these things go it is almost impossible, without revolution itself, to have them restored.

Speaking for myself I can say that I was never clearer in my mind as to what is the right thing to do—and I may modestly say I try to do the right thing—than I am as regards this measure. This measure should be thrown out.

Hon. Mr. ASELTINE: Hear, hear.

Hon. Mr. CRERAR: If it is necessary for the government to exercise some control in these monetary matters, it still has the temporary power to do so, and it should not have any power beyond that. I would say that, irrespective of what government happened to be in power. This proposed legislation, combined with the bill which we discussed last week setting up the Canadian Commercial Corporation, would in the event of their being a government sympathetic to the development of the authoritarian idea put it within the power of such a government and its civil servants at Ottawa, to completely shackle the commerce of this country and to interfere absolutely with the fundamental rights of the individual citizen.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. CRERAR: Now, honourable senators, let me say at once that I was not brought up in that school. It does not square with my conception of what liberalism means. Liberalism down through the ages has been the great liberating force responsible for every worth-while achievement in our civilization. When I speak of liberalism it is not in the sense of something that distinguishes the Liberal party from the Conservative party, for to-day those party labels have little, if any, significance when you probe deep down into the very fundamentals upon which our civilization is based and has developed. It is because I am opposed to anything that undermines the spirit of liberalism, the love of freedom and liberty which is the divine heritage of the individual citizen, that I am opposed to this measure.

In dealing with the bill we have a serious responsibility to discharge. We are the representatives and the servants of the Canadian people. Let us never overlook that fact. In certain places there is a tendency on the part of those who may be elected to public office to think that immediately upon election they are endowed with some peculiar virtue which qualifies them to guide the people. That is a false and wrong conception of our form of government. We are here not to exercise our will arbitrarily, but as the representatives and servants of the people and responsible to the people, and we have no right either in this House or the other by insidious means to

fritter away the freedoms and the liberties that have been our priceless heritage for generations.

Hon. Mr. HOWARD: Honourable senators, I move adjournment of the debate.

Hon. Mr. ROEBUCK: I object. Why move adjournment of the debate at this time?

Hon. Mr. HAIG: I am quite willing that the debate should be adjourned, but if any honourable member wants to speak I am prepared to let him do so.

Hon. Mr. ROBERTSON: I may say, honourable senators, that in moving to adjourn the debate the whip on this side (Hon. Mr. Howard) was acting on my suggestion. There are a few bills still on the order paper, and since debate on this measure will probably continue for a considerable time, I should like to see some progress made with the other bills. Hence my suggestion.

Hon. Mr. HAIG: Very well.

The motion was agreed to, and the debate was adjourned.

REINSTATEMENT IN CIVIL EMPLOYMENT BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 307, an Act to provide for the reinstatement in civil employment of discharged members of His Majesty's Forces and other designated classes of persons.

He said: Honourable senators, this bill is for the purpose of consolidating the provisions of the Reinstatement in Civil Employment Act of 1942 and subsequent orders in council. This consolidation makes no fundamental change in existing regulations regarding the reinstatement rights of veterans.

This bill, together with the other veterans bills, was before the Veterans Committee of the other house and received very careful consideration. On the whole these regulations have apparently worked very smoothly. Out of a total placement of some 175,000 veterans under this scheme it has been found necessary to prosecute only two for violation of the act.

If further information is desired, and the house sees fit to give the bill second reading, I shall be glad to move that it be referred to the Banking and Commerce Committee.

Hon. Mr. HAYDEN: I do not think that is necessary.

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

Hon. Mr. CRERAR.

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

REFERRED TO COMMITTEE

Hon. Mr. ASELTINE: This is a rather comprehensive bill, and I presume some information will be required with respect to its provisions.

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

FAMILY ALLOWANCES BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 308, an Act to amend the Family Allowances Act, 1944.

He said: Honourable senators, it is intended by this bill to make two minor changes in the act of 1944. The first amendment provides that no allowance is payable unless the child is attending school in accordance with the various provincial laws. Previously the allowance was not payable if the child did not regularly attend school between the ages of six and sixteen. Since, however, provincial laws vary as to the age when a child must attend school, the wording has been changed so that the allowance may be paid wherever the provincial authority certifies that the child is attending school in accordance with its particular laws. The other amendment merely clarifies the power of the authorities to make alternative regulations when the allowance is payable to mentally deficient parents, Indians or Eskimos.

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

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

FEDERAL DISTRICT COMMISSION BILL

SECOND READING

On the Order:

Second reading of Bill 357, an Act to amend the Federal District Commission Act, 1927.

Hon. Mr. ROBERTSON: Honourable senators, I have asked the honourable senator from Ottawa (Hon. Mr. Lambert) to handle this bill.

Hon. NORMAN P. LAMBERT moved the second reading of the bill.

He said: This bill, honourable senators, implements the remaining part of the report of the joint committee of the Senate and the House of Commons presented to parliament two years ago. The first part of the report, it will be remembered, dealt with the relations between the Government of Canada and the City of Ottawa, and recommended an increase in the annual grant to the city for a period of five years. That part of the report was incorporated in the City of Ottawa Bill passed last session. The second part of the report is dealt with in this bill and provides for enlarging the personnel and increasing the powers of the Federal District Commission.

By section 1 the area to be administered by the commission is to be known as the "National Capital District".

By section 2 the personnel of the commission is to be increased from ten to nineteen members, to permit of one representative from each province, thus making it really a national rather than a local body. As drafted, the bill provided for an increase of the personnel from ten to fifteen members, but the minister accepted a suggestion made in another place that each province be given a representative on the commission. Undoubtedly the section as amended will be acceptable to honourable members.

The commission, subject to the over-riding authority of the Governor in Council, is given plenary control of all plans for the erection, alteration or extension of buildings, the selection of sites, and the beautification and development of all properties included in the National Capital District. These powers are set forth in sections 4 and 5, and authorize the commission to acquire properties for the purpose of carrying out the planned arrangement of this area. For almost twenty years parliament has voted at each session the sum of $200,000 for the maintenance of the Federal District Commission. For a short time prior to that period the annual appropriation was $250,000. This amount was reduced in 1927 when a capital expenditure was made to develop the so-called Plaza, which faces Victory Square and the Chateau Laurier Hotel. It is now proposed to increase the annual maintenance grant to $300,000. This is to take care of the added responsibility and an enlarged commission.

I should like to make complimentary reference to the services rendered over the years by the present chairman of the board, Mr. Bronson. His careful and economical administration of the work of the commission, and his foresight in acquiring properties to fill out the federal district area as the centre of a great national park outside this city, constitute a valuable contribution which should be recognized at this time.

Section 7 of the bill provides that $3,000,000 may be appropriated by the minister out of the Consolidated Revenue Fund, or may be raised by the flotation of debentures, for the purpose of meeting capital expenditures in connection with the plan for the development of the National Capital District. Detailed plans are now being worked out under the supervision of Mr. Greber, the eminent Parisian consultant who has been advising upon our Federal District Commission for many years. The plans include the acquisition and arrangement of properties adjoining the watercourses, highways and railway entrances to the capital; also the enlargement and development of the park district outside the city.

It should be noted that no large-scale financial commitments on behalf of the commission are made in this bill, which simply adopts one of the main recommendations of the report approved by parliament two years ago and reaffirms the principle of establishing a national capital district for Canada. The national character of this project is emphasized by its association with the Prime Minister. He is really the sponsor of this bill. Previously the administration of the Federal District Commission came under the jurisdiction of the Department of Finance, but with the adoption of this measure the Federal District Commission Act will be administered under the direction of the Prime Minister's office.

Parliament, during the present session, has considered several pieces of legislation which have sought to express in some measure the pride and the aspirations of the people of this dominion. This bill, I suggest, promotes that idea in a tangible way. I believe the purpose of the bill is well understood throughout the country and should meet with the approval of all.

In concluding my remarks I should like to quote the historical words of Joseph Howe, one of the founders of the dominion. I think they might well be adopted as a guide to influence the builders of our capital district in the days to come. Mr. Howe said:

> A wise nation preserves its records, gathers up its muniments, decorates the tombs of its illustrious dead, repairs its great public structures, and fosters national pride and love of country by perpetual reference to the sacrifices and glories of the past.

Hon. Mr. BUCHANAN: The honourable gentleman referred in his explanation to the park area outside the limits of Ottawa. The Committee on Tourist Traffic had before it

a deputation from an organization which had to do with the development of Gatineau Park. I wonder whether the provisions of this bill cover the development of that area outside the city of Ottawa.

Hon. Mr. LAMBERT: Honourable senators, perhaps I was not specific in my remarks in that connection. Gatineau Park is included in the federal district scheme and is provided for in this bill. I may add that the park at present extends over an area of 16,000 acres. By wise anticipation of future requirements, and careful administration by the head of the commission, the area has been considerably increased during the past year. The final objective is the acquisition of something over 25,000 acres. I may tell honourable members that this year some 1,311 acres have been acquired at an average cost to the country of slightly more than $5 per acre, and that the average cost of the 16,000 acres is considerably less than $10 per acre. With that illustration before them honourable members will appreciate the careful manner in which this whole scheme has been undertaken and conducted.

Hon. Mr. BUCHANAN: Honourable senators, may I be allowed to make a further observation without asking a question? I think all members of the Tourist Traffic Committee were greatly impressed with the presentation of the local organziation. Mr. Sparks, the president, I believe, of the organization, expressed the fear that if the land to be brought into the park area were not acquired immediately it might fall into the hands of private parties, and future development be hindered in that way. From the remarks of the honourable senator from Ottawa I gather that land still to be acquired will be added to the park.

Hon. Mr. LAMBERT: I am very pleased that my friend has raised the point, because it gives me an opportunity to say that the work done by Mr. Sparks has received the full approval and support of the Federal District Commission. He has been a most unselfish and devoted enthusiast in the development of the whole park area. He is one of those rare persons who, having independent means, has made the development of the area his life-work, in the hope that the park may become a happy vacationing ground for the people of Ottawa and the tourists who come here to enjoy the beauties and benefits of this part of the country. I have seen the coloured films of the Gatineau Park produced by Mr. Sparks' son-in-law, an expert in that line of work. As a result of the persistent and devoted efforts of Mr. Sparks to develop the Gatineau Hills country, I believe a sub-committee of the enlarged Federal Commission will probably be appointed to undertake the supervision of the whole park area.

Hon. THOMAS VIEN: Honourable senators, I will not delay the adoption of this measure except to say that in my opinion it is very timely. Throughout the world it is recognized that a civilized nation should take pride in its capital. If one visits London, Paris, Berlin, Rome and other capitals in Europe, or goes to see the development carried out at Washington, Rio, Mexico City, Buenos Aires and other large capitals in the American republics, one will see everywhere a demonstration of the pride that is taken in the development and embellishment of these national capitals. I think the time has come when Canada should take a similar pride in the city of Ottawa, and should contribute to its aggrandizement and beautification as generously as her finances will permit.

I should like to suggest that in the general scheme referred to by the honourable senator from Ottawa (Hon. Mr. Lambert) there should be included a project for a national library.

Hon. Mr. DAVID: Hear, hear.

Hon. Mr. VIEN: One of the sources of pride of almost every civilized nation is its national library. The Parliamentary Library in Ottawa is entirely too small.

Hon. Mr. DAVID: And it is a fire-trap.

Hon. Mr. VIEN: One of the various rooms connected with the Parliamentary Library contains books still packed in boxes, because of lack of space to exhibit them. Underneath this very chamber there is an accumulation of invaluable books, some of them written by hand and published as far back as 1400. These volumes, in their original leather bindings, are stored in a dark room where they are exposed to dust and humidity. It is a crime that such valuable books should be so poorly housed.

Another room in connection with the Library of Parliament contains some 12,000 volumes of bound copies of the newspapers published in Canada since confederation—and some prior to that time. Proper storage of these newspapers would immediately make available sufficient accommodation for 360,000 books. It is necessary to keep these newspapers for reference purposes, but they are seldom referred to.

The libraries in the various national capitals are equipped to furnish research services. We have nothing of that nature. If the University of Toronto, or any other university, wished to secure information on some subject from the Library of Parliament, there is no

one available to assist them. The Librarian is very anxious to create such a service, but he has no room to house additional employees.

I believe that in the best interest of the people of Canada the project covered by this bill should include the establishment of a national library. The Library of Parliament could remain a separate institution for the service of legislators and others immediately connected with the administration of the country.

I take much pleasure in commending this bill to honourable members. It is a step in the right direction towards the beautification and development of our national capital.

Hon. Mr. GERSHAW: May I ask the sponsor of the bill if he can state when it is expected the work will be done? I may say that in the West there is a crying need for the expenditure of public moneys on such things as irrigation works and highways.

Hon. Mr. HORNER: Hear, hear.

Hon. Mr. GERSHAW: In the natural course of events there will be periods of unemployment. Has that thought been considered in relation to the time in which this work is to be done?

Hon. Mr. LAMBERT: I can only try to answer the honourable senator's question by saying that if the $3,000,000 of capital expenditure is to be raised by debentures, the last of them must expire within twenty years. That does not mean that the expenditure will be spread over twenty years. I think the $3,000,000 is to be used largely to develop certain properties adjoining the Rideau River, for instance, and highway entrances into the city, and also to improve the very bad railway-line entries into the city. The complete plan of development for the federal district will take many years to accomplish, and other grants of money will be necessary in the future. Now that this matter comes under the Prime Minister's office I have no doubt that a good deal of attention will be given to the point my honourable friend raises, so as to have development work proceed when labour is most readily available. Just now, as everybody knows, it is very difficult to get not only workmen but materials for a project of this kind. The purpose of this bill is largely to reaffirm the principle of the development of the national capital area.

Hon. R. B. HORNER: Honourable senators, once again I voice my protest against voting further moneys for this beautification scheme. While I am heartily in favour of purchasing as large an area of land as can be obtained in the Gatineau district and leaving it in its natural state, I am opposed to spending of millions for tearing down the railway station and other property on the canal just now. Canada is a large country, and many of us live a couple of thousand miles or so away from Ottawa. The honuorable gentleman from Medicine Hat (Hon. Mr. Gershaw) referred to the need for expenditures on irrigation and other works. Some forms of wild-life—pheasants, chickens, ducks and so on—are dying by the thousands for lack of water in areas which otherwise would be ideally suited for their propagation. If only part of the money asked for in this bill were spent on creating oases here and there in the West, we would have a great increase in our wild life.

The honourable gentleman also mentioned the need for expenditures on highways in the West. I can tell honourable members that a hard-surface road from the American border to Prince Albert National Park would bring in more money through tourist traffic than this beautification scheme at Ottawa will. Do not misunderstand me. We are all proud of these parliament buildings and their site, and we all admit that Ottawa is a beautiful city for a capital. My point is that this money could be spent to better advantage just now than in making Ottawa more beautiful. A great deal of care has to be used when you are making plans for improving a city. For example, if the present railway station at Ottawa is torn down it might be replaced by some such atrocity as the Canadian National central station at Montreal, on which some $20,000,000 was spent. It is an awful looking thing.

I am opposed to any increase in the expenditure on Ottawa until we build better roads in various parts of the country and irrigate some of the western areas that are now badly in need of water.

Hon. Mr. LAMBERT: I would like to point out to my honourable friend that no commitments are being made under this bill for changing the present terminal facilities at Ottawa. In its report the committee said that one of the things needed was the formation of a terminal company to combine the Canadian National, the Canadian Pacific and the New York Central interests in this city in a more logical and orderly way than at present, but no money has been voted for that and no commitment along that line has been made. I think that when the time comes to put that recommendation into effect the railways will have to bear their share of the cost.

I agree with the honourable gentleman that an improved highway into the Prince Albert National Park in Saskatchewan would be a

very laudable project. The same thing could be said with respect to the Riding Mountain Park in Manitoba. I should hope that nothing done under this bill would in any way interfere with the expenditures on national parks.

Hon. Mr. DAVIES: May I ask the honourable senator a question? Is Connaught square under the Federal District Commission or the City of Ottawa?

Hon. Mr. LAMBERT: It is under the Federal District Commission.

Hon. Mr. DAVIES: I think something should be done to make it safer for motor traffic. If you are driving down by the station on your way to the Chateau Laurier, you swing to the left on the green light and find yourself faced with a red light, and are forced to stop there while street cars and a string of automobiles try to get past you. It is a positive menace, and I think some of this $3,000,000 should be spent upon improving conditions there.

Hon. Mr. LAMBERT: I agree with my honourable friend. The square, which has been the subject of a great deal of criticism, is really a temporary phase in the development plans.

Hon. Mr. McGEER: How long is it going to be temporary?

Hon. Mr. HAYDEN: Till it becomes permanent.

Hon. G. G. McGEER: Honourable senators, I should like to make one or two observations, because I was a member of the other place when the development of the national capital area as a national war memorial was first proposed. That occurred in the course of one of the annual discussions on the grant to the city of Ottawa. The Prime Minister said he believed the time had come when we should create a national capital that would be a great memorial to the sacrifices made in this war, a capital worthy of Canada and its new strength and power, and one which should be a model for the other cities throughout the Dominion. No one recognizes more than I do the need for good highways all over this country, but we should not forget that more than fifty per cent of the total population of Canada is in our cities. The cities of our nation are the very foundations of our democracy.

Hon. Mr. KINLEY: Oh!

Hon. Mr. McGEER: Yes. I say that our city life is where our trouble is coming from. When the huge wartime expenditures are exhausted—as they will be—and when the huge immediate demobilization expenses are exhausted—as they will be—employment will have to be created throughout the country, and especially in the cities. Honourable senators who are conversant with conditions in Canada to-day know that every one of our cities needs development and improvement. During fifteen years of depression and war our cities have been undergoing a steady deterioration which is not beneficial to Canadian life.

Here in Ottawa we have one of the most beautiful cities in the world for a national capital.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. McGEER: The Ottawa, the Rideau and the Gatineau rivers combine with the Chaudiere Falls to make this a magnificent city. Let me try to picture to you what it would mean if we made it one of the most attractive and beautiful capitals in the world. What effect would it have upon our tourist traffic, for instance? Every morning as I walk to and from my hotel I notice a stream of American cars. Now, between Ottawa and New York, an area inhabited by some fifty millions of people, there is the great city of Montreal. Tourists moving from the eastern states to Ottawa would come through Montreal. At the other end of the triangle there are the great cities of Detroit and Chicago and the thickly populated Middle West. In between our capital and that middle western area we have, among other cities, Toronto.

Where is there another nation having at its door a tourist trade that is sure to yield a good return on any moneys invested in developing it? I have read in the newspapers that Manchester, Birmingham and cities upon the European continent are rebuilding. The people of Birmingham are planning to spend some $500,000,000 on rebuilding their city. The time has come when we Canadians, who are capable of lending billions abroad, must see to it that means are placed at the disposal of our own citizens to enable them to live in cities worthy of this nation. We need not be afraid to look into the future if we will take advantage of the jobs that are crying to be done. We need have no fear of what lies ahead if we are prepared to make as good use of our opportunities for building up this country as those who lived here before us made of theirs. Let us get something in the way of optimism and faith in our Canadian future, let us give the youth of this nation valid reason to believe that they are going into a future just as good as the future their fathers faced. Then we shall

have no hesitation in building a national capital and great cities that will be happy and healthy places for Canadians to live in.

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

THIRD READING

Hon. Mr. COPP moved the third reading of the bill.

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

IMMIGRATION BILL

SECOND READING

On the Order:

Second reading of Bill 367, an Act to amend the Immigration Act.

Hon. Mr. COPP: The honourable leader (Hon. Mr. Robertson), before he left the chamber to keep an appointment, informed me that the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) would handle this bill for him.

Hon. ARTHUR W. ROEBUCK moved the second reading of the bill.

He said: This measure, honourable senators, is neither controversial nor of great importance. The proposed amendments are for the purpose of co-ordinating the Immigration Act with the new Canadian Citizenship Act. This involves practically no substantial change in the present law.

Section 1 provides that paragraph (b) of section 2 of the Immigration Act be repealed and the following substituted therefor:

(b) "Canadian citizen" means a person who is a Canadian citizen under the Canadian Citizenship Act.

That act was passed quite recently, and sets forth what constitutes a Canadian citizen.

Section 2 provides that:

"Canadian domicile" means Canadian domicile acquired and held in accordance with the provisions of section 2A of this Act.

The sections in the Immigration Act with regard to domicile have been redrafted and they now appear in section 4 of the bill as section 2A of the act. In my judgment it is a simpler and better statement of Canadian domicile without making any notable change.

Paragraph (a) of section 2A reads:

Canadian domicile is acquired by a person only by having his domicile for at least five years in Canada after having been landed therein;

(b) Canadian domicile is lost by a person voluntarily residing out of Canada with the present intention of making his permanent home out of Canada and not for a mere special or temporary purpose.

That is a simple factual statement of the law as it has been and, I suppose, always must be. There are exceptions of course and they are provided for in these paragraphs:

(c) A person who resides out of Canada as a representative or employee of a firm, business, company or organization, religious or otherwise, established in Canada, or who resides out of Canada while in the public service of Canada or of a province, and the spouse or child under eighteen years of age of any such person residing out of Canada with him, shall be deemed not to have lost Canadian domicile by reason of such residence;

(d) No period during which a person is confined in or an inmate of any penitentiary, jail, reformatory, prison or asylum for the insane in Canada shall be counted as a period of domicile in Canada for the purposes of rule (a) of this section.

Section 5 merely extends the power to the Director of Immigration and the Commissioner of Immigration for Canada in London to do certain acts which before were done by the deputy minister. It is a matter of convenience and removes the restriction against the entry of immigrants who have had their fares paid by charitable organizations.

Section 6 repeals subsection 2 of section 19 of the act and substitutes the following therefor:

(2) In the case of the appeal being dismissed by the minister, the appellant shall be deported and the order for deportation shall not become invalid on the ground of any lapse of time between its issuance and execution.

Honourable members will realize that during the last five years or more it has been almost impossible to deport anybody to any country in Europe, and some doubts arose as to how long a deportation order would remain valid. The amendment removes those doubts.

That is all the bill contains, honourable members. I think I have justified my remark that it is unimportant and non-controversial, and, while necessary, makes very little change in the law.

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

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

INCOME AND EXCESS PROFITS TAXATION

FINAL REPORT OF COMMITTEE—PART II

The Senate proceeded to consideration of Part Two of the final report of the Special Committee of the Senate appointed to examine into the provisions and workings of the Income War Tax Act and The Excess Profits Tax Act, 1940, and to formulate recommendations for the improvement, clarification and simplification of the methods of assessment, collection of taxes thereunder and the provisions of the said acts by redrafting them, if necessary, and to report thereon.

Hon. W. D. EULER: I move the adoption of this report. Because I understand that a bill amending the Income War Tax Act will be before the house in a day or two, I do not propose to discuss the report at any length. In presenting Part One of the final report some weeks ago I stated there would be two further parts. This second part deals with suggested amendments to the act. In Part Three it was intended to deal with the administration of the act itself by the department.

We submitted Part One as soon as possible in the hope that it would reach the Minister of Finance in time for him to give it serious consideration and take cognizance of it in his budget. I want to make just one reference to a lack of action on his part, which, I think, all members of the committee regretted. In his budget speech Mr. Ilsley stated that it was his intention to appoint two boards, in one of which we have particular interest so far as the committee is concerned. We had recommended the establishing of an appeal board to deal with the discretionary powers, upwards of one hundred in number, now held by the minister—which really means the deputy minister. The decision of the deputy minister is final in these matters. We had before us representations from important bodies, such as the Taxpayers Association, the Canadian Bar Association, the Chartered Accountants Association, the Certified Public Accountants Association, Boards of Trade, and so on. They impressed upon the committee very strongly their desire that these matters of discretion should be referred to an appeal board, and that once the appeal board gave a decision it should be conclusive and no longer subject to any action on the part of the minister or his deputy. The minister has stated that he will appoint an appeal board, but it will be merely an advisory board. In spite of the unanimous opinion of the members of the committee, the minister has accepted the opinion of the deputy minister—

an opinion which he expressed very frankly and very freely at the meetings of the committee.

I must express surprise that, despite the fact that neither the recommendation of the various organizations which I have mentioned nor our own recommendation has been accepted completely, I for my part have not heard a single protest from any of them. I am also surprised that, with a few notable exceptions, the press, which has not taken a great deal of interest in the committee's work, has also made very little comment or protest.

It will be obvious to the Senate that Part Three of the report cannot be presented at this session. It will deal with administration. If a new committee is appointed next session it will be necessary to call witnesses and give very careful consideration to any report that may be made later. The house will also note that these committees die a natural death at the conclusion of the session. Our committee recommends that next session a new committee be appointed, or the present committee be reconstituted, to deal with the final matters which have been under discussion.

Before sitting down I want again to express my appreciation of the work of the committee. Its members were painstaking, diligent and very careful, and I think the thanks of the house are due to them for discharging an onerous task with efficiency and satisfaction.

Some Hon. SENATORS: Hear, hear.

Hon. JOHN J. KINLEY: Honourable senators, I agree with the honourable senator that the thanks of this house are due those who have given so much time to the work of the committee which considered taxation. It seems to me that the report from so important a committee should not go through without at least a few remarks by those interested in it. When the first part of the report of this committee was before us, I complained that we were not given sufficient time to properly read and digest its contents. I am glad the chairman of the committee accepted the suggestion I made and that, accordingly, Part Two of the report appeared in *Hansard* several days ago. As the hour is now late I shall take only a few minutes to make some observations.

The honourable senator said it was his intention to divide the report into three parts. Part Two is now before us. It recommends, first, that certain sections of the taxing statutes be amended; secondly, that other sections be clarified, and I presume amended; and, finally, that certain sections be repealed. The report contains a list of the items which it is said

should be changed. These are: the definition of self contained domestic establishment; expenses not laid out to earn income; reserves; contingent accounts or sinking funds; allowance for depreciation; capital stock changes by a company with undistributed income; and continuation of liability for tax.

Honourable senators, I believe that a committee making such recommendations as these should give reasons and remedies. The report, to be constructive, ought to say in what way the acts should be amended in order to produce the desired results. That has not been done. The report cites opinions of such bodies as the Canadian Bar Association, the Dominion Association of Chartered Accountants and certain boards of trade, but it seems to me that we should have the opinion of this committee in a very definite manner.

I have heard a great deal about income tax law in relation to allowances for depreciation, and I may say that I have never yet known of a company that was not dealt with liberally in this respect. People who are interested in saving money for their companies, which now are making more than they ever made before, desire above all else to increase the amount of depreciation. It is a vulnerable spot and often gives good results. The same can be said of many of the other items mentioned in the report.

May I remind honourable senators that the other night this house without a dissenting voice passed bills said to represent expenditures of billions of dollars—all to come from the taxpayers. On the other hand, we hear people say that we must reduce taxation. That is always desirable, but how can it be accomplished? There must be an in-take before there can be an out-flow; the one is dependent upon the other. It would be very refreshing if the committee would present some constructive suggestions as to how to improve the income tax laws of this country, instead of giving the old and rather threadbare arguments that we so often hear. The report says further that the sections dealing with the taxation of non-residents, capital stock changes by companies with undistributed income, and deductions from gift tax, should be clarified, but it does not say how they should be clarified. It suggests the repeal of certain sections, for instance, the one dealing with transactions to avoid taxation—something which corporations might attempt. Every day efforts are made to avoid taxation by transactions that can be manœuvred through the statute. We are told that it is difficult to make an all-inclusive statute. This would appear to me to be the suggestion of those who deal with the income tax law and those who pay taxes and want to pay less. It is their privilege to come before parliament and make representations, but the report of a committee should embody the decisions and findings of its members.

The honourable gentleman who presented the report stressed the feature dealing with ministerial discretions. The government has brought down its budget, and we will be asked to approve that budget before parliament prorogues. To be consistent we should not concur in this report. The discretion of the minister is part of government policy; but the Senate is now asked to subscribe to this particular recommendation by the tax committee. The report reads:

> Such a limitation of ministerial discretion becomes all the more necessary since, much to the regret of your committee, the Minister of Finance has not seen fit to adopt the recommendations made by your committee in Part One of this report relating to the establishment of a Board of Tax Appeals with authority to review administrative discretions.

I spoke in opposition to this point of view on the presentation of the first part of the report, and was subsequently justified in my opinion. For that reason, principally, I must vote against concurrence in the report.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in this report?

Hon. Mr. KINLEY: On division.

The motion was agreed to, on division.

CUSTOMS TARIFF BILL

SECOND READING

On the Order:

Second reading of Bill 369, an Act to amend the Customs Tariff.

Hon. Mr. ROBERTSON: Honourable senators, I have asked the honourable senator from Toronto (Hon. Mr. Campbell) to handle this bill.

Hon. G. P. CAMPBELL moved the second reading of the bill.

He said: Honourable senators, this is a bill to amend the Customs Tariff Act and is in the usual form. The bill is a simple one. It contains a schedule embodying changes with respect to thirty-five items. Twelve of these changes have been in force under order in council. It is now sought to put them into force by statute. Fourteen items were introduced in the budget resolutions last year but were not proceeded with, and the remaining nine are new this year.

The proposed amendments to the Customs Tariff are more for administrative than trade

purposes. The item with respect to tea and coffee should, I think, be mentioned specifically. The duties on these commodities were reduced by order in council under the provisions of the War Measures Act, the purpose being to reduce the subsidy paid on them. Assuming that the War Measures Act will cease to exist, it is now sought to reduce the duty on these items and to confirm by statute what was done by order in council under the provisions of the War Measures Act.

Hon. Mr. HAIG: Honourable senators, I do not appear to have copies of Bills 369 and 370 on my file, but I am quite agreeable to Bill 369 being given second reading.

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

THIRD READING

Hon. Mr. ROBERTSON: Honourable senators, is it your wish that the bill be sent to a committee?

Some Hon. SENATORS: No.

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

EXCESS PROFITS TAX BILL

SECOND READING

On the Order:

Second reading of Bill 370, an Act to amend The Excess Profits Tax Act, 1940.

Hon. Mr. ROBERTSON: Honourable senators, I have asked the honourable senator from Toronto (Hon. Mr. Campbell) to handle this bill.

Hon. G. P. CAMPBELL moved the second reading of the bill.

He said: Honourable senators, this bill, which purports to amend the provisions of the Excess Profits Tax Act, should be considered in committee along with the amendments to the Income War Tax Act. It is almost impossible to consider them separately.

Hon. Mr. HAIG: I agree entirely with that.

Hon. Mr. CAMPBELL: For the information of honourable senators, however, I may say that the purpose of the bill is, first, to eliminate the flat-rate excess profits tax of 22 per cent. Under the provisions of the Income War Tax Act part of that tax will be incorporated in the general corporation tax, which will thereby be increased from 18 to 30 per cent.

Under another amendment in the bill partnerships and sole proprietorships will not be subject to excess profits tax from and after January 1, 1947, and the only tax levyable against them thereafter will be the 30 per cent corporation tax.

There is also provision for reducing the excess profits tax to 15 per cent on profits earned over and above 116⅔ per cent of the standard profit as determined under the provisions of the act.

I do not think any purpose would be served by dealing with the bill section by section without having the other bill before us at the same time. A more detailed explanation can be given in committee.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

DOMINION SUCCESSION DUTY BILL

SECOND READING

On the Order:

Second reading of Bill 373, an Act to amend the Dominion Succession Duty Act.—Hon. Mr. Robertson.

Hon. Mr. ROBERTSON: I would ask the honourable senator from Toronto (Hon. Mr. Campbell) to handle this bill also.

Hon. G. P. CAMPBELL moved the second reading of the bill.

He said: Honourable senators, the amendments proposed in this bill are clearly set forth. Their purpose is to double the present rate of dominion duties leviable upon estates of persons dying on and after January 1, 1947. The new schedule of rates is attached to the bill.

The bill also provides that every successor may deduct from the duties otherwise payable by him the amount of provincial succession duty for which he is liable, or fifty per cent of the dominion succession duty under the new schedule, whichever may be the lesser. That amendment was made because of the doubling of the dominion rates. If any province discontinues the levying of succession duties, then of course there will be no deduction from the dominion duties payable in respect of any succession in that province.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

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

APPENDIX A

REPORT

The Standing Committee on Immigration and Labour beg leave to report as follows:

By order of reference made on Wednesday, the 8th day of May, 1946, your Committee was directed to—

Inquire into the Immigration Act (R.S.C. Chapter 93 and Amendments), its operation and administration and the circumstances and conditions relating thereto, including (a) the desirability of admitting immigrants to Canada; (b) the type of immigrant which should be preferred, including origin, training and other characteristics; (c) the availability of such immigrants for admission; (d) the facilities, resources and capacity of Canada to absorb, employ and maintain such immigrants, and (e) the appropriate terms and conditions of such admission.

In obedience to this order of reference, the committee has made a study of the broad field of immigration and in the course of its inquiries has heard evidence submitted on the following dates by the organizations and persons mentioned:

1. Tuesday, 21st May, 1946—Department of Mines and Resources, by Mr. A. L. Jolliffe, Director of Immigration.

2. Wednesday, 29th May, 1946—Ukrainian Association of Canada, by A. Hlynka, M.P., Ukrainian Canadian Committee, by J. R. Soloman, M.L.A., Winnipeg, Manitoba; Rev. Father Dr. W. Kushner, President, Winnipeg, Manitoba; Rev. S. W. Sawchuk, Vice-President, Winnipeg, Manitoba; and Flight Lieutenant B. Panchuk, M.B.E.; Ukrainian Labour Temple Association, by John Boychuk, National Secretary, Toronto, Ontario; Association of Ukrainian Canadians, the Ukrainian Labour Farmer Temple Association, the Workers Benevolent Association and the Ukrainian Life Newspaper by Mr. Stephen Macievich, Toronto, Ontario.

3. Tuesday, 25th June, 1946—Canadian Polish Congress, by Mr. J. S. W. Grocholski, President, Toronto, Ontario; Democratic Committee to Aid Poland, by W. Walter Dutkiewicz, General Secretary, Toronto, Ontario; Associated Poles of Canada, by Mr. John Gorowski, Committee of Polish Professional and Trade Associations, by Honourable Victor Podoski, Ottawa, Ontario.

4. Wednesday, 26th June, 1946—Canadian National Railways by Mr. S. W. Fairweather, Vice-President of Research and Development; Mr. J. S. McGowan, Director, Department of Colonization and Agriculture, and Mr. W. Maxwell, Chief of Development.

5. Tuesday, 2nd July, 1946—Canadian Pacific Railway, by Mr. H. C. P. Cresswell, Chief Commissioner, Department of Immigration and Colonization; Mr. G. M. Hutt, Development Commissioner, and Frank W. Collins, Industrial Manager.

6. Wednesday, 3rd July, 1946—Canadian Jewish Congress, by Mr. Saul Hayes, National Executive Director, Montreal, Quebec, and Mr. L. Rosenberg, Research Director, Montreal, Quebec.

7. Wednesday, 24th July, 1946—Finnish Advancement Association of Toronto, by Mr. Sven Stadius; Finnish Organization of Canada, by Mr. Gustef Sundquist, Secretary, Toronto, Ontario; Czechoslovak National Alliance in Canada, by Mr. Karl Buzek, Secretary, Toronto, Ontario, Mr. Rudolph Koren, President, Toronto, Ontario; and Lt.-Col. Arthur J. Hicks, Three Rivers, P.Q.

8. Thursday, 25th July, 1946—The Canadian Congress of Labour, by Mr. A. R. Mosher, C.B.E., President; Eugene Forsey, M.A., Ph.D., Director of Research; The Trades and Labour Congress of Canada, by Mr. Percy R. Bengough, C.B.E., President; Mr. J. Arthur D'Aoust, Vice-President.

9. Tuesday, 30th July, 1946—Canadian National Committee on Refugees, by Mr. B. K. Sandwell, LLD., D.C.L., F.R.S.C., Honorary Chairman, Toronto, Ontario; Miss Constance Hayward, Executive Secretary, Toronto, Ontario; Dominion Bureau of Statistics, by Dr. Herbert Marshall, Dominion Statistician.

10. Wednesday, 31st July, 1946—Cunard White Star Ltd. and Donaldson Atlantic Line, by Mr. Arthur Randles, C.B.E., M.S.M., General Passenger Traffic Manager (for Canada); Swedish American Line, by Mr. Carl E. Waselius, District Manager, Montreal, P.Q.; Department of Reconstruction and Supply, by Mr. Stewart Bates, Deputy Director-General of Economic Research.

In addition, communications and briefs were received from:

Dr. Alfred Fiderkiewicz, Minister from Poland.

The Hudson's Bay Company.

Mr. R. McC. Walker, Toronto, Ontario.

Mr. W. Van Ark, Assistant Chief Transport Officer, U.S. Zone, UNRRA.

Capt. Mary Eden, Children's Friendship and Relief Association, 28 Victoria Street, London, England.

Fred J. Savage, 338 Atlas Ave., Toronto, Ont.

S. R. Curry, Editor, The Tweed News, Tweed, Ont.

J. F. Booth, Department of Agriculture, Ottawa, Ont.

Eric Stangroom, Department of Labour, Ottawa, Ont.

Herbert T. Owens, 495 Metcalfe St., Ottawa, Ont.

Aubrey Davis, Mellard Ave., Newmarket, Ont.

John B. Harvey, 200 Bay St., Toronto, Ont.

Wm. M. Carlyle, Barrie, Ont.

Bert Torok, President, Toronto Hungarian House Inc., 245 College St., Toronto, Ont.

John J. Fitzgerald, Blind River, Ont.

Dr. Watson Kirkconnell, Hamilton, Ont.

Basil Dickie, Editor, Ukrainian News, Edmonton, Alberta.

Rabbi A. A. Price, Toronto, Ont.

L. L. Anthes, St. Catharines, Ont.

Louis Kon, P.O. Box 123, Station "G", Montreal, Que.

J. D. Cameron, C.P.R., Trafalgar Square, London, England.

Lt.-Commander R. D. Wall, United Kingdom Information Office, 10 Albert St., Ottawa, Ont.

S. M. Hancock, 92 Alexander St., Toronto, Ont.

Mrs. Kasper Fraser, 482 Russell Hill Road, Toronto, Ont.

Problem Is Urgent.

Your committee notes that of all the witnesses heard not one opposed the general principle of immigration into Canada. There was unanimous accord that immigrants should be admitted, subject to the qualifications that immigrants should be carefully selected and that admissions should not exceed the number which can be absorbed from time to time without creating conditions of unemployment, reducing the standard of living or otherwise endangering the Canadian economy.

There was a consensus of opinion that immigration is of major importance to Canada, for increases in population are necessary if we are to hold our place abroad and maintain and improve our standard of living at home. Other countries are taking action and world conditions are changing rapidly, so that the problem for Canada is extremely urgent.

All were agreed that Canada, as a humane and Christian nation, should do her share towards the relief of refugees and displaced persons.

Your committee finds that the problem of immigration falls into three general divisions, that is agricultural ,industrial and domestic, and in this report we will deal with them in that order.

Agricultural Possibilities.

Canada has a vast area, given in statistics as 3,466,882 square miles, but obviously only a limited portion of this great space is suitable for agriculture as the art is at present understood. There are now in Canada approximately 735,000 occupied farms with an area of approximately 175,000,000 acres. Of these acres, about 89,000,000 are cultivated and 53,000,000 are in prairie or natural pasture, leaving 33,000,000 as occupied but unused. The Canada Year Book for 1945 gives the agricultural lands of Canada, both presently available and potential as 350,000,000 acres, which after deducting the occupied area leaves 175,000,000 acres as unoccupied, but much of what is classified as unoccupied farm land is really not presently available for settlement. There is really little factual data upon which to base an estimate of the amount of unused agricultural land in Canada available for settlement. Dr. Booth, of the Economic Branch of the Canadian Department of Agriculture, recently stated that there are about 27,000,000 acres of unused and reasonably accessible land suitable for agricultural settlement, which would provide from 150,000 to 160,000 farms. The Canadian Pacific Railway has still available for settlement 1,307,876 acres, a considerable percentage of which it describes as "good land". The Hudson Bay Company has an unsold land estate of 822,000 acres, not all of which is usable. Several million acres of land in the western provinces can be made available by irrigation. Much of the land classed as occupied is uncultivated and unused. The census of 1941 showed more than 32,000 abandoned or totally idle farms, aggregating approximately 5,000,000 acres.

Whatever the statistics may be, informed witnesses who appeared before your committee were agreed that the area of Canada's unused agricultural resources was very great and that its development would add greatly to Canada's wealth and importance.

Awaiting Cultivation.

We were told that Canada's unused agricultural opportunities are great and valuable, and are waiting to be turned into wealth by industry, that is to say by an intelligent application of human effort. This opinion is in accord with our own knowledge of unoccupied areas and of the inadequate use made of some of that which is occupied. We know that there is a definite shortage of farm labour.

Our present extensive, valuable and highly productive agricultural plantation is the result of a gradual development brought about by much enterprise and labour, sustained over

a considerable period of time. This development is based originally upon immigration, for Canadians are all, with few exceptions, either immigrants or the descendants of immigrants. Future progress in agricultural expansion and development will be undesirably slow if we depend entirely upon our own natural increase, but what has been accomplished in agriculture in the past by immigration, given comparable opportunity, may be repeated in part at least in the future. If our progress in the years to come is to compare at all favourably with that of the past, it too must be based in part on immigration, intelligently directed and sustained from year to year.

As much of our land available for settlement is controlled by the provincial governments, and as the Provinces are interested in possible increases in agricultural population, consultation with the Provinces in this connection is suggested.

INDUSTRIAL IMMIGRATION.

Canadian economy has changed greatly since the early immigrants into Canada laid axe to tree or struck long furrows in the Middle West. There has been a continuous industrial development taking place, a movement which was greatly accelerated during the recent great war. In 1943, manufacturing produced 54 per cent of Canada's total production. Wartime diversification brought about new degrees of employment and income.

While agriculture is still of major importance in our economy, and will increase in importance with possible improvements in farm practice, a concurrent industrial progress is also important and must be sustained if we are to maintain and improve our present comparatively high standards of living.

Your committee heard evidence to the effect that immigration could be made to aid greatly in our industrial development and that intelligently selected immigrants in the managerial, technical and artizan classifications would increase employment, rather than taking work from those already here. We were told that our need is for key personnel, for men who can do things with our resources and potentials not now used, or who can improve on methods now in use. There is evidence that we need men willing to undergo heavy labour, as we did when our railroads were being built and our lands were being cleared. Those who devote themselves to the promotion of new enterprise, to highly informed management, and to technical and scientific skills, create employment for others, and this is particularly the case in Canada where so many resources are unused and so many opportunities are lying idle. Our greatest need is for "entrepreneurs" who have the capacity to make productive industries of our latent resources, for artizans skilled in new trades or masters of old ones, and for scientific technicians of all kinds. Such men increase our employment possibilities.

We speak from experience. The woollen, fabric and pottery trades were brought to England by refugees. Most of our own industries have been founded in the first place on imported skills, and even during the recent war years Canada has benefited considerably from the special knowledge and managerial enterprise of refugees. Your committee has heard evidence as to the results of the creative enterprise of some of these newcomers. They are said to have created one hundred new industries in this country . Examples were given of the establishment of new industries in Canada based upon scientific knowledge and skill brought here by immigrants.

MATERIALS IN ABUNDANCE.

Canada has much to offer to such men. We have raw materials in abundance, together with power and transportation. We have local markets and we have access to the trade routes of the world including those of our great neighbour, the United States. Industrial opportunities are here, but to be accepted they must be offered in a practical businesslike way, backed by a generous and consistent immigration policy.

A settled immigration policy and a sustained effort is necessary if any real success is to be achieved in attracting immigrants of the type indicated. Worthwhile men of skill and enterprise do not lightly pull up stakes in the land of their birth in order to emigrate into new and unknown conditions, but experience proves that there are such men abroad and that they are willing to come to this country. The presently disturbed condition of the world presents an opportunity to Canada in this regard which will be largely lost if too long delayed. Our agents should be in Europe now searching out and interesting those whom we want and preparing for the time when shipping will become available. Time is an element in such migrations for men of the type indicated must know what they are doing.

NEED FOR DOMESTIC HELP.

Your committee was advised that many public institutions such as hospitals and homes for aged people and other public institutions are handicapped by a shortage of domestic help. It was stated that in Europe there are numbers of women, experienced in housekeeping, who would be happy indeed were they admitted to Canada to work as domestics in public and private homes.

LABOUR NOT OPPOSED.

Organized labour is not opposed to immigration as has been suggested. The presidents of the Canadian Congress of Labour and the Trades and Labour Congress of Canada both assured your committee that their great organizations were in favour of immigration, provided it did not reduce the Canadian standard of living which they have struggled so long to improve. Labour is definitely opposed to the improper use of immigration to provide a pool of cheap and docile workers, but it will support a selective immigration designed to develop our resources and thus give additional work to our people. Labour is of opinion that Canada should do her share with the other nations of the world to solve the refugee problem, and that we should grant refuge to our full quota of displaced persons, even though it may cost something, so long as it does not adversely affect our living standards.

RAILWAYS.

Canada's great railway systems both maintain departments of agriculture and industrial colonization and development. These departments are under the direction of well informed experts in farming and industry whose duty it is to promote enterprise in Canada in every way that is sound and practical. These men have gathered a vast fund of knowledge as to Canada's resources and opportunities for enterprise, and they spend their time in energetically bringing together the man and the opening, the demand and the supply. It is to the credit of both the Canadian National Railway and the Canadian Pacific Railway that this work has been maintained courageously throughout even the non-immigration and stagnation years which followed the outbreak of the First Great War. Canada is indebted to its railways for the active encouragement they have given in the past to immigration and settlement, the founding of new industries, tourist traffic and foreign trade, and for the access which they provide to millions upon millions of used and unused acres. Your committee is indebted to its railway witnesses for their informed optimism as to Canada's possibilities, which sums up in the phrase—"the resources are there; the problem is to put them to use."

Ocean steamship companies have co-operated with the Canadian railways in the past in bringing immigrants to Canada, but shipping losses during the war have been heavy. A representative of the Cunard White Star and Donaldson Atlantic lines expressed to your committee his company's faith in Canada's resources and her powers of expansion, but stated that ships are costly and that an announcement by the Government of Canada of a long-term immigration policy is necessary to the institution by his company of a shipbuilding programme.

The Swedish-American line is now carrying immigrants from Scandinavian countries to the United States by the war-famous *Gripsholm* and a sister ship, and a representative of that company assured your committee that arrangements could be made to have these ships and additional tonnage which is being secured call at Halifax to land immigrants so soon as Canada is prepared to admit them.

THE ACT.

Canada's Immigration Act, as it has been for many years past, is a non-immigration act. Its main purpose seems to be exclusion. The object in view in most of its sections is to keep people out, not let them in; and the authority to amend the law which is given to the executive has been used by order in council to prohibit all immigration, with very restricted exceptions. Little is to be gained by a discussion of the act in its detail. What is needed is a new policy of selective attraction to replace that of repulsion, and a vigorous administration that will search out a reasonable number of immigrants who are desirable and then find means of bringing them here and of assisting them in being successful after their arrival. They should be welcomed and taught the advantages of life in this country, and be made into Canadian citizens in spirit as well as in fact as rapidly as possible.

The unenviable task of our Immigration Department during the past years has been almost entirely negative. A great battery of letter writers has been engaged in explaining why nothing can be done and in making the best case possible out of every excuse. Our immigration officials would indeed be happy to see the last of such a policy.

Any suggestion of discrimination based upon either race or religion should be scrupulously avoided both in the act and in its administration, the limitation of Asiatic immigration being based, of course, on problems of absorption. Unnecessary and technical restrictions such as the requirement of direct travel from the country of origin, the possession of funds when support is made available by others, and mere degrees of consanguinity or relationship, should be cleared away, leaving to those in charge the freest exercise of discretion in the choice of those desirable, when not admissible as of right, having due regard for priority to those brought here on the responsibility of friends or relatives.

IMMIGRATION IS DESIRABLE.

After a careful consideration of the evidence submitted, your committee is of opinion that it is desirable that immigrants be admitted to Canada in substantial numbers, and commencing so soon as possible. Canada's ability to support a substantial increase in population is beyond question. The wisdom of Canada withholding from the crowded lands of Europe access to her vast areas and unused resources is at least open to doubt.

The immigrants admitted should be carefully selected. Canada should not stand inactively by, accepting passively those who apply. Government agencies should vigorously search out those who by character and skill in industry or agriculture may be expected to enhance our human resources as a nation and to add to our productive power.

People from the British Isles have the advantage of common language and a well-grounded understanding of Canadian political institutions and modes of living, but no definite rules can be laid down in this regard. Great Britain's manpower should not be depleted by large scale migration, nor is anything of the kind likely to be encouraged by the British government. An invitation should be extended and facilities afforded for those of character and ability who care to come.

Good prospective immigrants are not confined to any one locality. Your committee has been greatly impressed with the accomplishments in Canada of the men and women from all parts of Europe who came here in considerable numbers in the years preceding the First Great War.

AVAILABILITY.

That desirable immigrants in considerable numbers are available now is well established. Europe is still in a sadly disturbed condition and many good citizens who at one time were engaged successfully in industry or agriculture are now in sad plight, and are looking for opportunities to start life anew. Such people cannot be found by office men in Ottawa, much less scrutinized and assorted. They must be searched out by agents of our government operating in the localities where they are to be found. If Canada is to secure those who are likely to prove the greatest assets, we must take the initiative; we must go to them, and if their migration is to be a success for both themselves and Canada they should be guided and assisted, and in some degree supervised, until they have become established. In this way we may prevent our immigration being offset and its population benefits destroyed by emigration, as has been the case so markedly in the past.

RELATIVES AND FRIENDS.

Immigrants who come to Canada on the responsibility of relatives or friends already here enjoy a real advantage over those who arrive as complete strangers. The right to bring relatives and friends here is a privilege which our government may well extend to Canadian citizens. This principle has already been recognized by the government in an order in council dated the 28th May, 1946, P.C. 2071.

Successive orders in council passed in 1931, 1937 and 1944, have so altered the administration of the Immigration Act as to prohibit the landing in Canada of immigrants of all classes and occupations, with certain very limited exceptions, and to these exceptions the order cited has added the following paragraph:

(a) The father or mother, the unmarried son or daughter eighteen years or over, the unmarried brother or sister, the orphan nephew or niece under sixteen years of age, of any person legally admitted to and resident in Canada, who is in a position to receive and care for such relatives. The term "orphan" used in this clause means a child bereaved of both parents.

The committee sees no good reason for the exclusion of married sons and daughters, brothers and sisters and of nephews and nieces whether orphaned or otherwise and whether under or over sixteen years of age. These are but technicalities, giving the impression of a grudging opening of the door. What really counts is whether the prospective immigrants are healthy, willing to work and capable of taking their part in Canadian life, in which case the fact of relatives already here, assuming responsibility and guaranteeing assistance, is an advantage to the immigrant so great as to justify a priority, and to this consideration is to be added the freedom which we should give to our own citizens to extend the hand of fellowship to their unfortunate relatives and friends abroad. Such privileges might well be extended to friends as well as relatives. The admission of such people so soon as shipping is available will no doubt constitute our first post-war migration to this country. With the assistance of their Canadian connections, they can be easily assimilated into the Canadian economy and present no problems of absorption.

ORGANIZATION DISBANDED.

The order in council has meant nothing to date, however, for practically no immigrants are being admitted, whether relatives or otherwise, nor are any steps being taken with a view to future admission.

When the war broke out in 1939, Canada had immigration officers in Europe capable of making medical and other inspections at Paris, Antwerp, Rotterdam, Hamburg, Danzig,

Gdynia and Riga. There were also officers at Hong Kong, as well as inspectional offices at London, Liverpool, Glasgow and Belfast in the United Kingdom, assisted by a Canadian roster of British medical doctors at points throughout the United Kingdom.

This organization was disbanded on the outbreak of war and there have been practically no new-comers from Europe or Asia since the commencement of hostilities, nor since its close, other than the recent arrivals of wives and children of service men. What passenger shipping remains from the wartime sinkings has been engaged exclusively in the task of repatriation of Canada's overseas army and service-men's dependents, a condition which will likely continue until about the end of the year. With the greater availability of passenger shipping on the conclusion of repatriation operations, we should be in a position to bring immigrants to Canada.

But the war has been over for many months, and the immigration and inspection staffs should now be returned to their former European stations. People desiring to immigrate should not be kept in doubt until the last problem of shipping has been solved. If visas are issued, many may find means of solving their own transportation problems. The first step is to open our European offices, an action which should no longer be delayed.

MANY APPLICATIONS.

At the present time there is no dearth of applications both from Canadian citizens seeking admission of relatives and friends, and of persons desiring to come. Some difficulty may be occasioned by other governments refusing to allow their nationals to depart, but subject to this the Director of Canadian Immigration anticipates no difficulty in finding such immigrants as are desired, or in setting up departmental machinery for their inspection, selection and admission.

POLISH PROSPECTS.

Your committee has been informed that there are a large number of prospective Polish immigrants desirous of admission to Canada. A considerable number of these are soldiers who fought under General Crerar. At the end of 1945 there were over 200,000 in the Polish armed forces fighting on the Allied side. Some of these men are now in the United Kingdom. As they were of military age, they are men in the prime of life, about 60 per cent being farmers by profession, and all having some training in the mechanical arts. All the arts and professions are represented. Since this committee was appointed the government has announced that, in accordance with an agreement with the United Kingdom, 4,000 of these Polish soldiers are to be admitted to Canada under a provision that they shall remain on farms for at least two years.

In addition there are said to be thousands of Polish "displaced persons" and former prisoners of war who were found in German camps or wandering about at the close of hostilities. The numbers are indefinite, but the evidence is that a very considerable number of men and women of this nationality, in the prime of life, most of them having valuable skill and nearly all having some material resources, form a human reservoir upon which Canada may draw.

UKRAINIANS AVAILABLE.

There would appear to be at least an equal number of refugees and displaced persons of Ukrainian origin in the camps of Germany or drifting about Europe. Some millions of men and women were driven by the Germans from the territories they occupied, to be used as slave labour. The home country of these people has been devastated, and it is thought that many would welcome an opportunity to re-commence life in Canada. How suitable they are for settlement could be learned by careful investigations where they are, and by no other means. Our agents should be in Europe now engaged in this work, for if they are such people as the Ukrainian settlers who came to Canada in the years preceding the last war, they will possess characteristics of intelligence and industry which may well contribute to Canada's development.

OTHER NATIONAL ORIGINS.

Representatives of Canadians of Czechoslovak, Finnish, Polish, Ukrainian and other national origins testified to your committee as to the contribution made by their people to Canada's agricultural and industrial development and as to the desire of those who may be described as "new Canadians" for a reasonable policy of immigration. They agreed that it should be carefully selective, with preference and priority to those with relatives or friends already established in Canada.

Well informed witnesses told your committee that immigrants from the Baltic countries, Holland and Denmark are available, and that they are highly desirable people from the Canadian point of view.

Representatives of the Canadian Jewish Congress laid emphasis on the terrible losses and sufferings of the Jewish populations of Europe and asked that in Canadian immigration law and administration there be no discrimination on account of religion or race. A plea was made for the admission to Canada of "displaced" persons in Europe, and particularly of unfortunate children.

REFUGEES.

Canadians are a Christian people, very human and very ready to discharge their moral obligations. Canada with her vast space and great resources has surely some responsibility for the unfortunate among the war-torn peoples of Europe. It is not right that we should entirely close our doors against the victims of world upheaval, and particularly the children.

In immigration statistical classifications the term "refugee" is not used, and there is no way in which exact figures may be supplied. The term "refugee" has acquired a much wider application during the past eight or nine years. After the First World War it applied mostly to those who had lost both homes and citizenship; later it applied to all who because of political, religious, racial, or economic troubles, actual or threatened, were forced or induced to move. While immigrants are not shown in the statistical records as "refugees", it is well known that the majority of immigrants from continental Europe in recent years belong to that category.

In the years 1938 and 1939 many continental refugees with varying amounts of capital were admitted.

In 1939 over 300 Czech families and about 100 single men, who had to leave the Sudeten area on its occupation by Germany, were brought to Canada and settled on the land. This movement would have been considerably larger but for the outbreak of war.

In 1940-41 individual groups of Belgian, Czech and Netherland nationals, totalling several hundred persons, entered Canada as refugees.

In 1940 a considerable number of civilian refugees, most of whom were given asylum in the United Kingdom some months prior to the outbreak of war, were transferred from temporary internment camps in England to civilian internment camps in Canada; about 1,000 of these were subsequently released in Canada.

Following the fall of France arrangements were made for the entry of Polish engineers and technicians from that country. About 800 came to Canada, some with their families. They were employed at war work.

In 1941 approximately 300 European refugees were admitted from the Far East. About fifty have come forward following the close of the war, they having been prevented from sailing in 1941 due to Japan's attack on Pearl Harbor.

In 1944 one hundred and sixty-two families, comprising 450 persons, were admitted to Canada from the Iberian Peninsula.

The entry to Canada from unoccupied France of 1,000 Jewish orphaned children was approved in 1942, but the subsequent control of that country by Germany prevented the transfer of these children being effected. During the war period many individuals and families of the refugee class who succeeded in getting beyond enemy control were allowed entry to Canada; these would total several hundred.

By order in council P.C. 6687 of the 26th October, 1945, authority was given to grant permanent status to refugees who entered Canada as such subsequent to September 1, 1939.

MINOR CONCESSIONS MADE.

By orders in council P.C. 2070 and P.C. 2071 of May 28, 1946, provision has been made for the waiving of the passport requirements for displaced persons, and an extending of the classes of immigrants admissible to Canada on the basis of relationship to residents of this country. In a statement made in the House of Commons on May 29 last, Hon. J. A. Glen, the minister, said in part:

> The action taken is intended as a short-term measure to provide for the admission to Canada of approved persons who can be both maintained until established and provided with housing by relatives, and to meet in some measure the pressing demands being made on behalf of refugees or displaced persons having relatives in Canada, anxious to provide them with homes.

On July 8, in the House of Commons, the Prime Minister made reference to the above mentioned regulations, and added in part as follows:

> The action taken is intended as a short term measure to provide some early and partial relief in a number of individual cases. The general problem of refugees, because of its magnitude, can only be resolved by the United Nations as a whole. Canada participated fully in the study given to it by the Social and Economic Council at its recent meeting in New York and will join with other members of the council at the meeting which is scheduled for August 30, when a recommendation is expected to be submitted for approval by the general assembly for the establisment of a United Nations Refugee Organization.

Your committee is of opinion that preference should be given to those refugees who are bona fide immigrants, and thus intend to make Canada their permanent home.

UNITED STATES.

Other countries are giving the lead in the matter of immigration. Since 1820 the United States has admitted immigrants to the number of 38,461,395, a fact which explains in no small measure the wealth, power and world influence now enjoyed by that country. In the years 1905-6-7-10-13 and 14, admissions were over one million annually. The rate decreased sharply with the opening of the

First Great War, and a quota system was adopted in 1924. The quota now stands at 153,774 annually, though the actual admissions between 1925 and 1944 have averaged 64,036 per annum. During the war years from 1939 to 1944 inclusive, the number of immigrants has averaged 46,386, including the non-quota countries such as Canada, Newfoundland, Mexico, Cuba, Haiti, the Dominican Republic, the Canal Zone, and the independent countries of Central and South America.

Since the conclusion of hostilities immigration has been a subject of extensive discussion in the United States, and on 22 December, 1945, President Truman by proclamation recommended the full utilization of current quotas for displaced persons in Europe. The President issued a directive to the appropriate high state officials to facilitate the entry of such persons. He mentioned the importance of caring for the orphaned children of Europe. Visas, he said, should be distributed fairly among persons of all faiths, creeds and nationalities. The United States War Shipping Administration was directed to provide the necessary arrangements for water transportation from the port of embarkation in Europe to the United States, subject to the provision that the movement of immigrants will in no way interfere with the scheduled return of service personnel and their spouses and children from the European theatre.

In pursuance of this presidential policy, nearly 1,000 refugees from Nazi concentration camps arrived by army transport at New York on May 20 last. They were understood to be the first arrivals only.

GREAT BRITAIN.

Britain is a crowded country, with a population of 500 to the square mile as compared with 44 per square mile in the United States and 3½ to the square mile in Canada; yet the United Kingdom has never closed her doors against the refugee from Nazi oppression. From the beginning of the war until now as many as 200,000 refugees entered Britain. In June, 1944, it was officially stated that refugees were being admitted at the rate of 800 a month.

AUSTRALIA.

The Australian government has already announced a large-scale immigration policy for Australia, to commence so soon as demobilization, and re-employment of the fighting forces is sufficiently advanced, additional houses have been provided to meet the demands of an increased population, and shipping to transport the immigrants has been secured. Australia is not satisfied to merely wait for these things. She is reported to be reconverting Liberty cargo ships into passenger boats. She has fixed a quota at 70,000 per year and has undertaken a publicity campaign to explain to prospective immigrants the causes of delay. Arrangements have recently been made between the governments of Australia and the United Kingdom for free passage to Australia of British ex-service men and their dependents. Assistance will also be given to British civilian immigrants and their dependents. The Government of Australia has also approved in principle the bringing to Australia during the first three years following the war of 50,000 orphans from war devastated areas.

CONCLUSIONS.

In conclusion, your committee expresses its opinion that what is required for Canada is a well-considered and sustained policy of immigration, selective in character and pursued by Canadian authorities with initiative and enterprise. We should seek out the individual migrants whom we want who will contribute to our industrial and agricultural economy and who will assist in maintaining our high standards of living by increasing proportionately our productive power, and in addition whose mentality and education will fit them for taking part in Canada's political, economic and social life. What we require is a steady flow in reasonable number of good settlers, both urban and rural, rather than any excited or spasmodic rush, with regard, of course, to the varying economic conditions and needs of the country from time to time. Successful immigration can be secured only by careful and intelligent planning, and sustained over a number of years. Continuity of policy is essential to great and lasting success.

Nor is success to be gauged by the number of immigrants we land at our ports, if they are in fact but birds of passage whose ultimate destination is some other country. Success is to be counted in the number of people permanently and successfully settled in Canada. This is one reason why those immigrants with relatives or friends already here and established in Canada are so greatly to be preferred. Continued touch with the settler after his arrival, for the purpose of guidance, assistance and encouragement, is important. Some means should be found of giving useful information and sound advice to the new-comers as to Canadian opportunities and conditions.

There are problems to be solved both at home and abroad. For example, the social security measures, veterans benefits, church, trade union and other relations which the migrant will leave in his homeland, and how compensating benefits may be extended to him here, should be thoroughly studied and con-

sidered. Inter-governmental agreements may be possible, so that the migrant will leave with the approval and assistance of his national authorities. It might be arranged that he need not entirely abandon all his former state benefits. Why should he not carry forward to the new land the Unemployment Insurance credits which he has built up in the old?

All such problems are largely administrative, and they suggest what may be accomplished by an energetic immigration department, properly financed and intelligently directed.

Australia is already engaged in surveys and other activities of this kind. Canada also should be moving. The immigration problem is urgent. Action should be immediate, as otherwise opportunities will have passed or been seized by others.

Canada can be well served at this juncture by men of action, good judgment and vision.

RECOMMENDATIONS.

Your committee therefore recommends that:

1. Announcement immediately by the Government of Canada of a policy of selective immigration into Canada of both agricultural and industrial workers.

2. That such immigration be limited in numbers to what from time to time appears to be the absorptive capacity of the country, and by practical considerations of transport and establishment, and be subject to the shipping priority of service men and their dependents and other Canadian citizens.

3. That in anticipation of shipping becoming available for immigration purposes:

(a) Canada's immigration policy be published in appropriate foreign countries with explanations as to the unavoidable delay.

(b) That forthwith Canadian immigration and inspection officers be dispatched to Europe, and offices be opened with a view to meeting prospective immigrants and the selection of those most desirable.

(c) That surveys be undertaken immediately in Europe to determine the localities where immigrants may be found and the conditions and anticipated problems to be met.

(d) That survey be undertaken in Canada in order to determine the agricultural and industrial resources available for use by prospective immigrants and the conditions and anticipated problems to be met.

(e) That the Immigration Ministry at once make studies and lay plans for an immigration movement and promptly take steps to implement such a policy.

4. That everything possible be done to make shipping available, subject to the above mentioned repatriation, and thereupon priority be given to the relatives in all degrees and to the friends of Canadian citizens who assume responsibility for the care and establishment of the new-comer, and who are well able and willing to give guarantees.

5. That the Immigration Act and regulations be revised to provide for the finding and selection of immigrants, the admission of those most desirable, and for the supervision and assistance of the new-comers until established in Canada.

A copy of the Minutes of Proceedings, and evidence taken before the Committee is appended.

All which is respectfully submitted.

James Murdock,
Chairman.

APPENDIX B.

CHAPTER 63.

An Act to provide for the readjustment of representation in the House of Commons of Canada on the basis of the population of Canada.

[26th July, 1946.]

WHEREAS the Senate and House of Commons of Canada in Parliament assembled have submitted an address to His Majesty praying that His Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for the enactment of the provisions hereinafter set forth;

Be it therefore enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

New provision as to readjustment of representation in Commons. 30 & 31 Vict. c. 3.

1. Section fifty-one of the British North America Act, 1867, is hereby repealed and the following substituted therefor:

"51.—(1) The number of members of the House of Commons shall be two hundred and fifty-five and the representation of the provinces therein shall forthwith upon the coming into force of this section and thereafter on the completion of each decennial census be readjusted by such authority, in such manner, and from such time as the Parliament of Canada from time to time provides, subject and according to the following rules:—

1. Subject as hereinafter provided, there shall be assigned to each of the provinces a number of members computed by dividing the total population of the provinces by two hundred and fifty-four and by dividing the population of each province by the quotient so obtained, disregarding, except as hereinafter in this section provided, the remainder, if any, after the said process of division.

2. If the total number of members assigned to all the provinces pursuant to rule one is less than two hundred and fifty-four, additional members shall be assigned to the provinces (one to a province) having remainders in the computation under rule one commencing with the province having the largest remainder and continuing with the other provinces in the order of the magnitude of their respective remainders until the total number of members assigned is two hundred and fifty-four.

3. Notwithstanding anything in this section, if upon completion of a computation under rules one and two, the number of members to be assigned to a province is less than the number of senators representing the said province, rules one and two shall cease to apply in respect of the said province, and there shall be assigned to the said province a number of members equal to the said number of senators.

4. In the event that rules one and two cease to apply in respect of a province then, for the purpose of computing the number of members to be assigned to the provinces in respect of which rules one and two continue to apply, the total population of the provinces shall be reduced by the number of the population of the province in respect of which rules one and two have ceased to apply and the number two hundred and fifty-four shall be reduced by the number of members assigned to such province pursuant to rule three.

5. Such readjustment shall not take effect until the termination of the then existing Parliament.

(2) The Yukon Territory as constituted by Chapter forty-one of the Statutes of Canada, 1901, together with any Part of Canada not comprised within a province which may from time to time be included therein by the Parliament of Canada for the purposes of representation in Parliament, shall be entitled to one member."

Short title and citation.

2. This Act may be cited as the British North America Act, 1946, and the British North America Acts, 1867 to 1943, and this Act may be cited together as the British North America Acts, 1867 to 1946.

THE SENATE

Thursday, August 15, 1946.

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

Prayers and routine proceedings.

TOURIST TRAFFIC

REPORT OF COMMITTEE

Hon. W. A. BUCHANAN presented the second report of the Standing Committee on Tourist Traffic.

He said: Honourable senators, as this report is rather lengthy, I would suggest that we follow the procedure adopted yesterday in dealing with the report of the Standing Committee on Immigration and Labour, and that the report, instead of being read from the table, appear as an appendix to the Debates of the Senate. This will afford honourable members an opportunity of studying the report before it is dealt with at the next sitting.

(*See Appendix at end of to-day's report.*)

VETERANS' BUSINESS AND PROFESSIONAL LOANS BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 332, an Act respecting Loans to Veterans to assist in their establishment in business or professionally.

He said: Honourable senators, the committee have, in obedience to the order of reference of the 12th of August, 1946, examined this bill, and now beg leave to report the same with the following amendments:

1. Page 2, line 9. After the word "pursuance" delete the word "to" and substitute therefor the word "of."

2. Page 3, line 1. After the word "in" insert the words "before the loan was made."

3. Page 3, lines 3 and 4. After the word "regulations" delete the words ", before the loan was made,".

4. Page 3, line 39. After the word "this" delete the word "action" and substitute therefor the word "section."

5. Page 3, line 43. After the word "subsections" delete the word "two" and substitute therefor the word "one".

6. Page 3, line 43. After the word "and" delete the word "three" and substitute therefor the word "two".

7. Page 4, line 34. Before the word "section" insert the words "subsection one of".

8. Page 5, line 10. After the word "anything" insert the words "to the".

The Hon. the SPEAKER: Honourable senators, when shall the amendments be taken into consideration?

Hon. Mr. ROBERTSON: As the amendments are of a minor nature and have been agreed to by both the solicitor for the department and the Senate Law Clerk, I move that they now be concurred in.

The motion was agreed to.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill as amended was read the third time, and passed.

WAR SERVICE GRANTS BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 334, an Act to amend the War Service Grants Act, 1944.

He said: The committee have examined this bill and now beg leave to report the same without any amendments.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

WAR VETERANS' ALLOWANCES BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 331, an Act respecting allowances for war veterans and dependents.

He said: Honourable senators, the committee report this bill without any amendments.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

ALLIED VETERANS BENEFITS BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 328, an Act respecting veterans of forces allied with Canada.

He said: Honourable senators, the committee have examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

SPECIAL OPERATORS WAR SERVICE BENEFITS BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 330, an Act respecting benefits to certain persons who were recruited in Canada by United Kingdom authorities for special duties in war areas.

He said: Honourable senators, the committee report this bill without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

MERCHANT SEAMEN COMPENSATION BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce to whom was referred Bill 302, an Act respecting Compensation for Merchant Seamen.

He said: Honourable senators, the committee have examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

FIRE FIGHTERS' WAR SERVICE BENEFITS BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 326, an Act respecting benefits to fire fighters who served in the United Kingdom.

He said: Honourable senators, your committee have examined this bill, and now beg leave to report the same without amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

SUPERVISORS' WAR SERVICE BENEFITS BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 325, an Act respecting benefits to certain supervisors in the auxiliary services.

He said: The committee have examined this bill and report it without amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

REINSTATEMENT IN CIVIL EMPLOYMENT BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 307, an Act to provide for the reinstatement in civil employment of discharged members of His Majesty's forces and other designated classes of persons.

He said: Honourable senators, the committee have, in obedience to the order of reference of the 14th of August, 1946, examined the said bill, and now beg leave to report the same without amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

WAR CRIMES BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 309, an Act respecting War Crimes.

He said: Honourable senators, the committee have examined this bill and now report the same without amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

TORONTO HARBOUR COMMISSIONERS BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 299, an Act respecting the Toronto Harbour Commissioners.

He said: Honourable senators, the committee have examined the bill, and report the same without any amendments.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

BANKRUPTCY BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill A5, an Act respecting Bankruptcy.

He said: Honourable senators, I shall read only the recommendation contained in this report, and will omit the names of witnesses who appeared before the committee.

The evidence adduced indicates wide differences of opinion on certain provisions of the legislation proposed by the bill.

Your committee recommends that the bill be not further proceeded with at the present session, but that during the recess of parliament the government give consideration to the representations embodied in the printed copy of the minutes of evidence submitted herewith.

The Hon. the SPEAKER: When shall the report be considered?

Hon. Mr. ROBERTSON: Now.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in the recommendation of the committee?

Some Hon. SENATORS: Carried.

The motion was agreed to.

BRITISH NORTH AMERICA ACT

PROPOSAL TO AMEND—MOTION POSTPONED

On the notice of motion by Hon. Mr. McGeer:

That in the opinion of this house, a special committee consisting of six senators from Ontario, six senators from Quebec, six senators from the Maritime Provinces and six senators from the Western Provinces, to be selected by the Speaker of the Senate, the Leader of the Government and the Leader of the Opposition in the Senate, should be set up to study and report on the best method by which the British North America Act may be amended or changed so that, while safeguarding the existing rights of territorial, racial and religious minorities and the autonomy reserved to the provinces in the said Act of 1867, the dominion government and the provincial governments may be given adequate powers to deal effectively with the economic, interprovinical, internal and international problems now demanding urgent, just and effective settlement;

And that the committee be empowered to study and report on the best method by which the British North America Act may be amended or changed to meet every and all situations now existing;

And that the said committee shall have power to sit during the time this house is not in session and to report from time to time and to the next session of this house, and to call witnesses, employ assistants to take evidence and to do all things which the committee may deem requisite and necessary in the preparation and presentation of its report.

And that the address and proposed legislation now before this house be referred to the said committee.

Hon. Mr. ROBERTSON: Honourable senators, an arrangement was made that the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) should proceed with his motion this afternoon. I have realized since, however, that the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) is to speak on the report of the Committee on Immigration and Labour, and in view of the circumstances the honourable senator from Vancouver-Burrard has kindly consented to postpone his motion until Tuesday next.

The motion was postponed.

LORD ELGIN HOTEL

MOTION FOR RETURN

Hon. W. J. HARMER moved:

That an order of the senate do issue for a return showing:—

1. A copy of all correspondence between any department of the Government and the City of Ottawa, the Federal District Commission, the Ford Hotel Company Limited and any other organizations or other parties; pertaining to the construction of the Lord Elgin Hotel on Elgin Street, Ottawa.

2. Copy of any agreements, leases and undertakings in connection with the location, style of architecture, class of construction and the terms and conditions of the contract for the construction of said hotel.

3. Copy of any agreement with the company operating the Lord Elgin Hotel, Ottawa.

Hon. Mr. ROBERTSON: Honourable senators, I am advised that it is the practice to consider correspondence between government departments as privileged, and I do not think this practice should be violated. I am advised

also that there is no correspondence of the kind I have referred to. However, with the deletion of the words "the Federal District Commission" I am prepared to accept the motion.

Hon. Mr. HARMER: Honourable senators, I am quite agreeable to the deletion.

The motion, amended as proposed, was agreed to.

FOREIGN EXCHANGE CONTROL BILL

SECOND READING POSTPONED—SUBJECT-MATTER REFERRED TO COMMITTEE

On the Order:

Resuming the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill 195, an Act respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents.

Hon. Mr. HOWARD: Honourable senators, I move in amendment to the motion for second reading of this bill:

That the said bill be not now read the second time, but that the subject matter thereof be referred to the Standing Committee on Banking and Commerce for consideration and report.

Hon. Mr. ROBERTSON: Honourable senators, may I say a word on the amendment proposed by the chief government whip? Foreign exchange control is an important question; one on which many honourable senators have very definite views. On the other hand, because the question is so technical and involved, there are some who, like myself, desire to hear expert evidence on the subject before committing themselves on the principle of the bill. I am hoping, therefore, that the Senate will approve of this suggestion.

I believe it is thoroughly in accordance with parliamentary procedure to have the subject-matter referred to a committee for investigation, the bill in the meantime standing until the committee makes its report. Further, it seems to me that not only is this procedure desirable in the present instance, but that we might well consider making more use of it in the future. We have sometimes accepted the principle of a bill and given it second reading on the understanding that it might be amended at a later stage if the house so desired. How closely that process conforms to correct parliamentary procedure I do not know.

We were given a very lucid explanation of the present bill, but some honourable senators would like additional information, and while perhaps the responsibility of furnishing it rests primarily on me as a member of the administration, I frankly confess my inability to do justice to the occasion. If the motion of the honourable senator from Wellington (Hon. Mr. Howard) is concurred in, honourable members who desire further information before voting on the second reading will be able to obtain it in committee, and no harm will be done to other honourable members who feel that they are already sufficiently conversant with the subject-matter.

The Hon. the SPEAKER: Honourable senators, during this session on several occasions we have had to consider an amendment moved on the motion for the second reading of a bill. Our rules are quite definite in regard to amendments on second reading.

The procedure now proposed is out of the ordinary, and there is no provision for such a proceeding or motion under the rules or practice of the Senate or of the House of Commons; but I find that on July 2, 1940, a minister in another place, before there had been any debate on the principle of the bill, moved in amendment to the motion for second reading:

That the said bill be not now read the second time, but that the subject-matter thereof be referred to the Standing Committee on Banking and Commerce for consideration and report.

This is the nearest approach I can find to a precedent for the motion that has just been suggested. The bill is of such importance, and of such a character, that I can well understand the desire of members to have an opportunity of consulting the minister and officers of his department. This desire having been expressed by the leaders of both parties in the Senate, and there being apparently no dissenting voice, under the circumstances I will accept the motion. But I should like to impress upon the Senate that this is not good practice—

Hon. Mr. CALDER: Hear, hear.

The Hon. the SPEAKER:—and I hope it will not be resorted to except upon rare and unusual occasions. I will now put the motion.

It is moved by Senator Howard, seconded by Senator Vien, that the said bill be not now read the second time, but that the subject-matter thereof be referred to the Standing Committee on Banking and Commerce for consideration and report.

Hon. JOHN T. HAIG: I entirely agree with His Honour the Speaker that this procedure should not be regarded as a precedent. In general we should adhere to our rules. In this particular case, however, our group on this side are in favour of the proposed reference to a committee, because the matter is very difficult and complicated and already there have been violent differences of opinion with regard to it.

Now I want to make a few remarks as to the bill itself. I do not intend to say anything

that will provoke further speeches at this time, but as all honourable members who so far have spoken on the motion for second reading have been on the government side, I think I ought to make clear where we on this side stand, in order that there may be no misapprehension. The bill is a most important one. By and large, we of our party are anxious to get away from controls as soon as possible.

We think that is fundamental. If I had the ability to make as able a speech as was made yesterday by the honourable gentleman from Churchill (Hon. Mr. Crerar), I would make that very speech, because it expressed precisely our views on the issue.

At the present time the Foreign Exchange Control Board is operating by virtue of an order in council. Under legislation passed last session, that order in council remains effective until fifteen days after the opening of the next session; so if the session opens at the end of January, the order in council will be good until the 15th of February. There is now on the order paper of another place a bill which would extend the life of the order for an additional forty-five days. This added to the fifteen days would mean a total of sixty days after the opening of the next session. I understand—I can only speak from gossip—that all parties in the other place are agreeable to allowing that bill to be passed. If it is passed and the next session does not open before the end of January, we shall be able to watch the operations of the board up to the end of March, when we should be in a much better position than we are now to give proper consideration to a bill such as the one before us. As was pointed out by the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer), we are almost at the end of a long and busy session, in which probably more legislation has been passed than in any other session during the last forty years except, maybe, that of 1934. It is only natural that at this time the members of both houses should be a little tired.

I am opposed to the present bill—lock, stock and barrel. There may be some need to continue the control for a year or two, and if the experts can satisfy us that that is so I will vote for the bill, provided a time limit is specified. But as the honourable member from Toronto (Hon. Mr. Hayden) very ably—I use the word advisedly—pointed out to this house, the powers given to the board in the bill are extraordinary. Many of them are not being used at present, and in any event these must be stricken out, so that the bill may not confer any more powers than the board actually needs.

To my mind, if the board is to be continued the bill should provide that it is to be for only a very limited period. We are living in queer times. The Peace Conference at Paris bears out that statement to a marked degree. Apparently the conference is going to break down, and we do not know what will happen.

Throughout the difficult period of the war our party in this house co-operated with the government in every way possible. We are just as willing to co-operate in this difficult period of peace; but we do not intend by our vote, however limited it may be, to fasten on the people of this country legislation such as this, which it might take years and years to get rid of. That is our position. I state it candidly in order that there may be no misunderstanding. We will support the motion to have this subject-matter referred to a committee. Our group did not intend to move the six months' hoist, but I can say that if the motion of the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) for the six months' hoist had come to a vote we would have supported it, because then the question would have been clearly on the principle of the bill.

On behalf of our group I say that we agree to the reference, and we will help the committee prepare the best possible bill. If the bill that comes from the committee suits us, we will vote for it; if it does not, we will vote against it.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I am opposed to this measure, opposed to it outright, and I cannot imagine any amendments which would make it acceptable to a man of my type. We know enough about this bill to dispose of it now.

A great deal has been said, and rightly said, about unusual and extraordinary features of this measure. But my opposition is not so much to minor details as to the main general principle underlying the bill, which places in the hands of civil servants the authority to interfere in private business and impose their will upon the commercial activities of the people on this part of the North American continent.

When war broke out in 1939, by virtue of the emergency powers granted to the government we began to pile control upon control, to take away the rights of the individual. There were the Defence of Canada regulations, which in a good many cases involved the suspension of habeas corpus; there were Price Board regulations, foreign exchange interference, and controller after controller. At that time I explained to my constituents that these were all temporary emergency measures, and that once we were free of threat of defeat in the

field I was for sweeping away all limitations on personal liberty, so that the people of Canada should resume their ancient freedom and their ancient dignity—the dignity of the individual. But now, fourteen months after the surrender of Germany, we are presented with a bill that, no matter how you amend it—unless you emasculate it to the point that its sponsors would not recognize it; unless you destroy its principle entirely—would fasten around the necks of our people a civil-servant control such as never would have been tolerated in the past. Furthermore, this measure would form part of a broad class of legislation that is carrying this country very rapidly towards totalitarian government.

Since I am utterly opposed to the bill, I do not like the seeming compromise involved in this proposal. We know all about the bill now without hearing from these civil servants, who doubtless will make special pleas for the continuation of their powers. Last Tuesday we heard an explanation of the bill more comprehensive and more lucid than it has been my pleasure to listen to in this or any other deliberative assembly.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROEBUCK: It was an admirable presentation.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROEBUCK: So far as I am concerned, I am prepared to deal with this measure now. I was ready yesterday to speak against the bill and to move the six months hoist. But in the circumstances I am not now prepared to make a case against it because, an honourable senator having asked for information, I can hardly stand between him and what seems to be his need. So, against my will and rather contrary to my good judgment —and certainly in opposition to my impulse at this time—I shall as far as I can let this proposal pass; but with this very distinct reservation—that in doing so I in no way compromise my position of whole-souled, deep-rooted opposition to the principle of the bill and all its provisions, and that when a report comes back from the committee I am at full liberty to speak against the bill and take such other action as on my conscience I think is necessary in order to preserve the freedom and liberty of our people, and so enable them to the best of their ability to employ their individual enterprise and intelligence in the carrying on of their business affairs. This, I am convinced will tend to the general improvement of economic conditions in this country.

Hon. THOMAS VIEN: Honourable senators, if a vote had been taken yesterday, after the speech by the honourable senator from Churchill (Hon. Mr. Crerar), I would have voted against second reading of this bill. In the interval I have spent several hours in again reading not only the evidence adduced before the committee of the other house to which the original bill was referred, but also the report of that committee, in the form of an amended bill, and the ensuing debate in the other house. As a result I am convinced that there is much more to the bill than appears on the surface.

Of course, I agree entirely with the principles advocated in this and the other chamber, that our peacetime freedom and liberty should be restored at the earliest possible moment. We citizens of Canada are not school children, we resent being subject to the control and dictation of so many schoolmasters as to what we shall do in matters of finance or trade, or where we shall go. Freedom is the very soul of democracy. In this country—we being no longer at war—there is virtually a unanimous desire on the part of our people to see the restoration of that freedom of individual action and movement which is so essential to the continuance of constitutional government. Of course, individual freedom must give way to whatever extent may be necessary to serve the public interest. As a matter of fact most legislation is in some degree a curtailment of individual freedom. "You must do this," "You must not do that," is the substance of legislation. The Canadian people willingly submit themselves to the ordinary restrictions imposed by law, but certainly restrictions should not go beyond what is required to serve the common good.

My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) says he is sufficiently informed on this bill. I thought I was up to last Tuesday, but having in the interval taken the steps to which I have referred, I am not ready at this juncture to say that all forms of foreign exchange control should, without further investigation, be withdrawn. I am not now ready to vote on the principle of the bill, and I feel that if I had an opportunity of examining and cross-examining the witnesses who might appear before one of our standing committees I would be in a better position to express a considered opinion on the very important subject-matter of this bill.

There is another point on which I should like to offer a few remarks. On several occasions, as in this instance, honourable senators have not been quite ready to express their opinion on the principle of the bill on the motion for second reading. Under our rules we discuss the principle of the bill, on the motion for second reading; in committee

we can only discuss it clause by clause. Even with reservations, honourable senators at times find it somewhat difficult to agree to the principle of a bill at the second reading stage. I would therefore suggest that at the opening of another session we might very properly consider the advisability of introducing into our rules a provision which would enable the Senate to do exactly what it is proposed it should do to-day, by unanimous consent—refer the subject-matter of a bill to a committee which will hear evidence, make a careful study with a view to amending the bill, if necessary, and report before second reading.

Hon. Mr. ROEBUCK: Hear, hear.

Hon. Mr. VIEN: I am very strongly in favour of the motion of the honourable gentleman from Wellington (Hon. Mr. Howard). I think the public interest will be well served by the procedure we are now following. It may be well to put a time limit on the operation of the proposed legislation, but I think you will find that a certain measure of foreign exchange control is necessary at this juncture in world affairs.

Some Hon. SENATORS: Question?

Hon. G. G. McGEER: Honourable senators, as one who, probably in a very small way, may be responsible for the somewhat unusual and extraordinary activity and interest that the Senate is now showing in this measure—

Hon. Mr. HAYDEN: Startling!

Hon. Mr. McGEER: —I should like to say a word on the present position. When I rose to address myself to the bill last Tuesday I felt, as on many other occasions, that mine would be just a voice crying in the wilderness.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. McGEER: But when I realized the tremendous interest that honourable members were showing in the principles at stake, I came to the conclusion that there would be others who were better qualified than I was to move the six months hoist.

There are two things that a committee might consider between now and prorogation. One is that as the honourable leader opposite (Hon. Mr. Haig) has said, there is now on the order paper of another place a bill which would extend until sixty days after the opening of next session the life of the order in council under which the Foreign Exchange Control Board is operating. That order in council contains all the powers needed by the board to protect the security of the Canadian dollar in the meantime.

I made my suggestion, believing that there was no procedure for referring a bill to a committee until after the principle had been adopted. I am not like the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), who is opposed to any measure of control. I would prefer to see wartime controls changed into peacetime regulations wherever they are necessary.

The other thing that a committee might consider in the short time at its disposal is the fundamental principle of this legislation: shall we transfer—not from parliament to governor in council, but from parliament and governor in council to civil servants—the control of not only the trade but the economic life of the people of Canada? Those two things might, as I say, be considered; but how any committee can go through this measure in time to report it back in such form that it will be acceptable to the majority of the members of this and of the other house, I do not know. To rewrite this bill so that it will meet approval as a permanent post-war measure would take a long period of time.

In every war victory comes because of unity, and if in reviewing our history there is one thing we can look back to with satisfaction, it is the unity of the people of the British race in time of trouble. Yes, during the period of war we suspend every security, every check, every guarantee of our liberty and our freedom; but we do so only because we hope that, the longer period of peace will restore and make secure those freedoms for which we were willing to sacrifice everything. This bill is a reversal of that process. If the complexities of our economic life, the problems of our social order, the pressure of our international obligations have brought us to the point where responsible government must give way and we must surrender to civil servants the powers of freedom which are crystallized in the phrase that men in parliament are the servants, not the masters of the people, then some new form of guarantee must be evolved. I do not intend to speak about that today because I have on the order paper a resolution under which I hope to have the privilege of discussing the need for constitutional change. We are living in a new world. This is not the Canada of 1939.

I never thought that I would live to see two great Canadian Conservatives—one a former Conservative Prime Minister and now a member of the House of Lords, the other a Conservative member of the British House of Commons—approve an amendment sought by a Liberal government to the constitution, or acknowledge the British North America Act to be an anachronism. For thirty years, be-

cause we stood for Anglo-American relations and a strong and independent Dominion of Canada, I and other Liberals have been accused of every form of treachery, deceit and disloyalty to the crown and the British Empire.

But times have changed. I agree with my Lord Bennett of Calgary and my friend Beverly Baxter—both one-time Canadian Conservatives and both British Conservatives today—that the time has come for Canada to have a new constitution. We need a constitution which will belong to the Canadian people, and it must contain provisions which will guarantee forever that the government of the people of this country will be in the hands of those who are responsible to them in free elections. I propose to discuss that situation, if I may, next Tuesday afternoon.

It is hard to refuse any request that the honourable leader of the government in this house may make; I find it difficult to resist his pleasant and charming manner, especially when he is associated with the honourable senator from Wellington (Hon. Mr. Howard); but I must warn him that while I am willing to agree to almost anything he asks, I will still be opposed to this bill when it comes back if it contains any vestige of a provision whereby the powers of the government of this country will be transferred from parliament to the civil service.

Some Hon. SENATORS: Question!

Hon. Mr. ROBERTSON: Honourable senators, may I say that at the conclusion of today's sitting I propose to move that the house adjourn until next Monday evening? I am therefore suggesting that the Committee on Banking and Commerce meet at 10.30 on Tuesday morning.

Hon. Mr. HAIG: Agreed.

Hon. Mr. ROBERTSON: Honourable senators who are not members of the committee may feel that they should not attend the meeting; but as this is an important matter and one which affects us all, I would urge every honourable senator, whether a member of the committee or not, to attend next Tuesday morning at 10.30.

The motion of Hon. Mr. Howard was agreed to.

EXCISE BILL

SECOND READING

On the Order:

Second reading of Bill 371, an Act to amend the Excise Act, 1934.

Hon. Mr. ROBERTSON: Honourable senators, I have asked the honourable senator from Toronto (Hon. Mr. Hayden) to take charge of this bill.

Hon. Mr. McGEER.

Hon. S. A. HAYDEN moved the second reading of the bill.

He said: Honourable senators, the amendments contemplated by the Excise Bill are few in number, simple in character, and in the main unrelated. May I explain what they are?

Under some sections of the Excise Act very heavy penalties are provided for subsequent offences, and where the first offence was committed ten, twelve or fifteen years ago, it has been difficult to get magistrates to convict. The department has therefore decided that a subsequent offence, in order to merit the imposition of a severe penalty, must have been committed within five years of the date of a previous conviction. The new definition of "subsequent offences" is as follows:

> "subsequent offence" means an offence committed within five years of the date of a previous conviction.

The bill next deals with an amendment relating to tobacco products and spirits brought into Canada for the use of representatives of foreign countries. Heretofore the department has followed the practice of permitting the transfer of these goods from one warehouse to another, or has released them as required, without payment of duty. The Auditor General has raised a question as to the authority for such a course of action. This bill incorporates the authority in the Excise Act. It is simply a reciprocation of the privileges which other countries grant to Canadian representatives abroad.

Section 3 of the bill amends the act by providing for a drawback of 99 per cent of the duty paid on spirits testing not less than 50 per cent overproof, when sold and delivered, with the approval of the minister, to government research laboratories or other laboratories sponsored by the government of Canada. For instance, some industrial concerns maintain research laboratories. Under this amendment they are entitled to the benefits of this section if they make the results of their research available to the public.

By section 4 hospitals or certain other institutions may obtain unmatured spirits and have them released under the provisions of the act. Under the present regulations these institutions could not secure release of spirits less than two years old. They are still required to pay duty, but for scientific purposes they can obtain release permits that enable them to secure unmatured spirits, the cost of which is much lower than that of spirits in any other form.

Section 5 of the bill has to do with manufacturers of domestic wines. Because of the rationing of sugar, the manufacturers

were not able to assure proper preservation of wines. It was therefore necessary to release to them certain quantities of spirits in order to provide for the proper preservation and fermentation of their product. The bill now makes statutory what heretofore has been carried on by order in council.

Section 6 relates to specific duties on cigars. Up to the present time a duty of $3 per thousand on cigars has been charged irrespective of value or make. I am not extending any hope that the change in duty from $3 to $1 a thousand will assist in the return of the famous five-cent cigar. Honourable senators will observe that the next bill to be considered provides for an *ad valorem* duty on cigars which more than makes up for the loss of revenue under this measure.

The amendments, as I have said, are simple and no principle is involved in the bill. I would therefore suggest to the house that it is unnecessary to send it to a committee.

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

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

SPECIAL WAR REVENUE BILL

SECOND READING

On the Order:

Second reading of Bill 372, an Act to amend the Special War Revenue Act.

Hon. Mr. ROBERTSON: Honourable senators, I would ask the honourable senator from Toronto (Hon. Mr. Hayden) to handle this bill.

Hon. Mr. HAYDEN moved second reading of the bill.

He said: Honourable senators, the amendments made by this bill are few, and I shall explain them briefly.

The first amendment provides for a change in the definition of "net premiums". As honourable senators know, the Special War Revenue Act provides for a tax upon premiums received by insurance companies. Up to this year mutual insurance companies in Canada have paid no income tax, and this situation will continue until the amendments to the Income Tax Act are ratified. The mutual insurance companies were reached through the medium of a tax on premiums. Life insurance companies and stock companies also were subject to such a tax. In dealing with mutual fire and casualty insurance companies the Superintendent of Insurance, having regard to the exact language of the then definition, sought to impose the tax upon the gross premiums received by the companies. Honourable senators know that the practice has been to charge an initial premium higher, in varying degree, than the cost of the insurance. This provides a margin of security during the first year, at the end of which the company returns a portion of that excess premium to the policyholder by way of a dividend. The superintendent ruled that the definition of "net premiums", which permitted life insurance companies to deduct the dividends paid or credited to policyholders from gross premiums in order to arrive at the amount subject to taxation, did not apply to mutual insurance companies. The first section of this bill amends the definition so as to make clear that henceforth mutual companies may deduct dividends from their gross premiums.

In the next section a distinction is made between incorporated mutual companies and companies, such as Lloyds, which are not incorporated. The net premiums of incorporated companies will be subject to a tax of 2 per cent, and those of unincorporated companies to a tax of 3 per cent. The reason stated for the distinction is that incorporated companies are subject also to income tax, but unincorporated companies are not.

Then there is a provision that from any tax payable to the federal treasury in respect of net premiums the company may deduct the amount of any provincial tax imposed upon the same premiums after the first of January, 1947, provided, of course, that the deduction shall not exceed the amount of the federal tax.

Part VII of the act, which deals with the securities transfer tax, is amended to provide that in future the right to a transfer of shares will be taxable.

Hon. Mr. ASELTINE: Is that a double tax?

Hon. Mr. HAYDEN: No. It means that you will become liable if in the course of a transaction you acquire the right to a transfer of shares.

The final section relates to cigars. When I was explaining the Excise Bill I pointed out that it reduced the excise tax on cigars from $3 to $1 per thousand. The present bill makes cigars subject also to an *ad valorem* tax of 25 per cent, which of course will be upon the manufacturer's selling price.

At first blush it may seem unnecessary to refer this bill to a committee.

Hon. Mr. HAIG: I do not think it is necessary to send it to committee.

Hon. Mr. HAYDEN: I understand that an honourable gentleman wishes to speak on the bill.

Hon. W. D. EULER: Honourable senators, before the motion for second reading is put I should like to make a few brief observations; and, in accordance with what seems to be a popular practice of late, they will be mildly critical.

Hon. Mr. ASELTINE: Only mildly?

Hon. Mr. EULER: I usually try to be fairly sure of my facts, and although there was little reason to doubt the accuracy of the information I had secured with respect to this bill I decided to check up on it by calling a very high official of the department concerned. He told me that the matter did not come within his province and suggested that I should get in touch with Mr. So-and-so, another high official; but when I inquired of him, he referred me to a third high official, who in turn advised me to inquire from the man I had called first. I would suggest that if this bill does go to a committee these three gentlemen might be called to give evidence.

Hon. Mr. HAIG: To see who is right.

Hon. Mr. EULER: To see who is right. Not one of them seemed to have any information at all with regard to the matter.

I desire to point out that this bill perpetuates a principle which in my view is entirely illogical and ought to be eliminated, namely, the vicious principle of double taxation. Also it authorizes the equally vicious practice of discrimination between certain mutual insurance companies doing the same kind of business. More than that, the provisions of this bill will in effect give to a foreign insurance company a preference in taxation over a Canadian company doing the same kind of business.

Let me explain. Canadian mutual fire and casualty insurance companies have paid in the past, and still pay, a 3 per cent tax on premium income, but no income or excess profits tax. On the other hand, Canadian joint stock insurance companies have been paying a 2 per cent tax on premium income, and also income and excess profits taxes. The present bill reduces the tax on premium income of mutual fire and casualty insurance companies from 3 to 2 per cent, but makes their profits, whether from underwriting or investments, subject to income tax and presumably also to excess profits tax.

Hon. Mr. HAIG: That would put them in the same class as the other companies.

Hon. Mr. EULER: That is double taxation.

Hon. Mr. HAIG: But it is the same as is imposed on the other companies now.

Hon. Mr. EULER: My point is that if this bill becomes law the Canadian mutual fire and casualty insurance companies will be subject to double taxation. At present they pay a 3 per cent tax on their premium income, but on nothing else. This bill would make them liable not only to the tax on premium income —reduced from 3 to 2 per cent, it is true—but also to income tax, as well as excess profits tax, if they have any excess profits.

I say there is no logical reason why any insurance company should pay a tax on its premium income. Taxes presumably are levied on profits. It does not follow at all that because a company has a large premium income it is making a profit. I know from personal experience, for I am closely associated with a mutual fire insurance company, that as a matter of fact these companies are making practically no profits at all from their underwriting; their profits are made largely on their investments. As I have said in connection with our own company the directors are really dealing with the affairs of an investment concern.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. EULER: I say that in principle the tax on premium income is absolutely unsound.

Hon. Mr. HAIG: May I ask the honourable gentleman a question? Does that principle not apply to life insurance companies?

Hon. Mr. EULER: Yes, it does. I will come to that in a moment. I should like to emphasize—and this is my chief criticism of the bill —that it is not logical to tax premium income, because premium income does not necessarily result in profit. I think the tax on premium income should be abolished, and that mutual insurance companies should be taxed only on their profits, just as all other commercial concerns are.

As I have pointed out, the bill is also bad because while continuing the tax on premium income it imposes an income tax on profits, and so makes these companies subject to double taxation.

May I now say a word on the matter of discrimination as between companies doing the same kind of business. Under this bill British and American joint stock companies will pay a 2 per cent tax on their premium income, but will remain exempt from taxation on their investment income. This is a discrimination against Canadian companies, which will have to pay taxes on all profits,

including those from investments. I understand a slight concession is made to Canadian companies, in that when calculating the amount of premium income subject to taxation they are permitted to deduct the premiums on reinsurance, whereas British and American companies have to pay on their gross premium income. I am not very familiar with the matter, but I have reason for strongly doubting whether the concession will compensate Canadian companies for the discrimination to which I have referred.

Let me repeat. The British and American joint stock companies will pay a 2 per cent tax on their premium income but will entirely escape any tax upon their investment income. The profit made by some of these companies on investment income is probably greater than their underwriting profit. I do not see how the discrimination can be justified in any way.

Again, mutual life companies transacting business in accident and sickness insurance as well as life insurance will pay only the 2 per cent tax on premium income, and will be entirely exempt from income and excess profits tax. I say that that discrimination is utterly unfair.

Hon. Mr. VIEN: May I ask the honourable senator if the investment income referred to is the income from Canadian or foreign investments.

Hon. Mr. EULER: It is the income from Canadian investments. The Canadian mutual fire insurance companies will pay not only a tax of 2 per cent on their premium income, but also the regular income tax, as well as the excess profits tax, if they make any excess profits. All their profits from every source will be taxed.

Hon. Mr. VIEN: But are British and American companies not taxed on income derived from their Canadian investments?

Hon. Mr. EULER: No. We have the amazing spectacle of certain life insurance companies enjoying a distinct advantage over Canadian mutual fire and casualty companies competing for the same business. I might mention one of these life companies—the Metropolitan, which is a very good company and has a fine office building in this city.

A further surprising thing is that British and American marine insurance companies pay no taxes in Canada at all.

I think honourable senators should note this fact. Purely Canadian companies do only about 20 per cent of the fire insurance business in Canada and about 30 per cent of the casualty business.

In effect this bill, by what I consider to be its inexcusable discriminations, stimulates the activities of British and foreign insurance companies and mutual life companies doing casualty business, and discourages Canadian companies from seeking the business to which they are entitled. It is entirely unfair not to accord to Canadian companies the same tax exemptions as are accorded to their competitors.

Hon. Mr. VIEN: The principle involved is justified on the ground that since these British and American companies have to pay income tax in the countries where their head office is located, it would be double taxation if they also had to pay income tax to the Canadian government on their Canadian investments.

Hon. Mr. EULER. As my honourable friend knows, it is pretty much the same as the taxation principle in the Income War Tax Act. If, for instance, you receive dividends on securities in the United States and the American authorities deduct 15 per cent tax at source, the present arrangement between Canada and the United States allows you to deduct that 15 per cent from your Canadian income tax. Similarly, the profits made by British and American insurance companies on Canadian business should be taxable. If those profits are included in the company's total profits in London, New York, or elsewhere, they would presumably—although that is not our affair—deduct the tax they paid in Canada on the profits made on their Canadian business from the total profits which they had made on business wherever it might be located. That is all I have to say to the honourable senator.

Hon. Mr. HAIG: You did not answer my question as to whether life insurance companies pay tax on both.

Hon. Mr. EULER: Oh, yes, they pay on both. I think I dealt with that point.

Hon. Mr. HAIG: I think we had better send the bill to committee.

Hon. Mr. VIEN: I think the point raised by the honourable senator from Waterloo (Hon. Mr. Euler) should be investigated in committee. I am not well posted on the point raised, but I understand that in respect of British or American companies we made an arrangement with a view to avoiding double taxation, so that on their investments in Canada they have to pay 15 per cent to the Canadian treasury on what they withdraw by way of revenue from Canada, and they are authorized to deduct it in the country where they have their head office. Likewise, if a

Canadian company has investments abroad, it pays fifteen per cent tax on whatever income it draws from its foreign investments. Then by this reciprocal arrangement when it pays income tax in Canada it can deduct that fifteen per cent which it has paid to the foreign treasury.

Hon. Mr. EULER: I made reference to that. If my honourable friend is fortunate enough to own securities in the United States, and gets $2,000 by way of dividends, he will find that the American company in which he holds the stock will deduct fifteen per cent.

Hon. Mr. VIEN: The anomaly referred to is not only in respect of insurance companies. If we want to correct that situation we should have to deal with all financial and industrial concerns that have investments in Canada.

Hon. Mr. EULER: That may be, but my chief objection is to the double taxation. Why in the world should a mutual fire insurance company pay tax on its premiums, and in addition pay the ordinary income tax and excess profits tax that any other commercial company would pay? I see no reason why an insurance company, mutual or otherwise, should not be placed on exactly the same basis as any other commercial concern which is in business for gain. It is double taxation, and I have never been able to get any reason for it.

Hon. Mr. VIEN: I have been trying to find out whether it was the case, and it does not appear to be so. It seems to me from what has been said that an insurance company which does business in Canada and derives income from Canadian investments is on all fours with an industrial or financial concern, British or American, that has investments in Canada.

Hon. Mr. EULER: It is not on all fours with Canadian companies with which it is in competition. That is my point.

Hon. Mr. VIEN: It is, because we have an arrangement whereby a Canadian industrial or financial or insurance company which has investments abroad is not taxed in excess of the fifteen per cent referred to. If the insurance company, British or American, has investments in Canada, it is in exactly the same position reciprocally. I may be mistaken, but that is the situation as I understand it.

Hon. Mr. EULER: I do not agree with my honourable friend, but it is no use continuing the argument. The facts can be ascertained only if the bill goes to committee. That was going to be my suggestion.

Hon. Mr. VIEN.

Hon. Mr. HAYDEN: I am proposing to refer the bill to committee, but one or two things have been said on which I think there should be an explanation. First of all, we are dealing with the Special War Revenue Act, not the Income War Tax Act. The Special War Revenue Act imposes a premium tax. That tax existed in the period when my honourable friend from Waterloo (Hon. Mr. Euler) was the minister of the department collecting the tax.

Hon. Mr. EULER: That is what I am criticizing.

Hon. Mr. HAYDEN: Since that time we have had a premium tax at various rates upon life insurance companies and upon mutual and stock fire and casualty insurance companies. The premium tax was lower on stock than on mutual insurance companies. The explanation given during that period was that since the mutual insurance companies were not subject to income tax, the department collected a little higher premium tax from them. But I was pointing out that by this year's amendments to the Income Tax Act —not yet before us—the mutual insurance companies are taxable on a certain basis—

Hon. Mr. EULER: On a double basis.

Hon. Mr. HAYDEN: —but as a matter of policy the government sees fit to continue the premium tax. So you have both income tax and premium tax applying to stock and mutual fire and casualty insurance companies. To that extent there is no discrimination.

Hon. Mr. VIEN: Does that apply to British and American companies?

Hon. Mr. HAYDEN: Every foreign stock insurance company operating in the fire and casualty fields is subject to income tax.

Hon. Mr. EULER: I must take direct issue with my honourable friend on that.

Hon. Mr. HAYDEN: Except marine insurance companies.

Hon. Mr. EULER: I named a company. That company will pay its premium tax.

Hon. Mr. HAYDEN: My honourable friend misunderstood me.

Hon. Mr. EULER: You said every foreign insurance company is subject to the same tax as a Canadian company.

Hon. Mr. HAYDEN: I said so far as income tax is concerned British and foreign stock insurance companies operating in the fire and casualty fields are subject to Canadian income tax to the extent of their operations in Canada—

Hon. Mr. EULER: I disagree with you.

Hon. Mr. HAYDEN: —with this one provision with respect to their investments in Canada.

Hon. Mr. EULER: Exactly.

Hon. Mr. HAYDEN: This was arrived at as the result of a convention entered into many years ago. Following the introduction of the business profits tax during World War I another convention was arranged in 1932. It amounted to a compromise. It provided that those foreign companies would pay income tax on the basis of their gross profits without making a deduction for losses by reinsurance or for head office expenses. They said, "We will give up those deductions and pay the Canadian income tax on the basis of our gross profits in Canada." I am not concerned whether that arrangement is good, bad or indifferent. I am merely stating the fact. That is the situation.

Hon. Mr. VIEN: Is that aggravated by the legislation now before us?

Hon. Mr. HAYDEN: No. It remains exactly the same, except that, as the result of the provisions of the income tax bill yet to come before us, Canadian mutual insurance companies will be subject to income tax; and they will have to pay it upon their entire income, which will include their investment income.

Hon. Mr. EULER: That is exactly the point I make.

Hon. Mr. HAYDEN: But what we are discussing at the moment is the Special War Revenue Act, not the Income War Tax Act.

Hon. Mr. VIEN: Must not the whole picture be taken together—

Hon. Mr. EULER: Surely.

Hon. Mr. VIEN: —if you want to arrive at a reasonable conclusion on the treatment meted out to Canadian companies as compared with British and foreign?

Hon. Mr. HAYDEN: That might very well be a matter for discussion when we are dealing with the Income Tax Bill. That bill and the Special War Revenue Bill should be considered together in committee. I am not here either opposing or supporting the treatment accorded under the provisions of those bills. I am stating what is the effect of the present arrangement. I cannot see how there is any so-called double taxation. You had an income tax on every operating company. Now you have a premium tax on every operating company. True, you have two taxes, but one is a tax on profits and the other on premium income.

Hon. Mr. EULER: If a certain company which pays a premium tax on, say, $30,000 did not have to do so, would not its profits be that much greater?

Hon. Mr. HAYDEN: Or its losses?

Hon. Mr. EULER: Either way. Is it not therefore taxed twice? The premiums which the company receives help to make up its profits. If it already pays a tax on its profits, and again pays a tax on its premiums, it has to pay twice.

Hon. Mr. HAYDEN: You have double taxation when a company pays tax on profits and on distributed dividends.

Hon. Mr. EULER: But two wrongs do not make a right.

Hon. Mr. HAYDEN: As my honourable friend knows, you have substantially the same situation when, for instance, a manufacturing concern collects sales tax. To that extent it pays sales tax.

Hon. Mr. ASELTINE: That is what we are protesting against.

Hon. Mr. HAYDEN: Possibly, if the issue were raised, I might suggest that this would be a very good time to take away the premium tax. But as a matter of history we know that stock fire and casualty insurance companies were subject to income tax and the mutual insurance companies were not. The stock companies were also subject to premium tax, but the government of the day gave them relief by permitting them for income tax purposes to deduct the premium tax as an expense. To some extent the compensating principle that you should not impose the full rigours of both taxes was recognized. There may be something worth considering in the contention raised; but this bill comes before us as a part of government policy, and is necessary for obtaining revenue. I think the objection taken is an added reason why the bill should go to committee.

As long as I have made my points clear as to the effect of the bill I hold no brief for or against the views expresed by my honourable friend. As a matter of fact, he might be surprised at the view I would take should the question of premium tax come to a vote.

With that explanation I intend to move that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. EULER: I know I am out of order, but may I say that I do not think my friend and I are at variance with respect to the facts? I am arguing that we should not have two bases of taxation: Double taxation is what I am protesting against. I think it

has been sufficiently proven to us that there is no question as to the discrimination.

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

REFERRED TO COMMITTEE

Hon. Mr. HAYDEN moved that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. ROBERTSON: For the information of honourable senators I may say that the department has indicated its desire that the bill be sent to committee in order that it may suggest an amendment.

The motion was agreed to.

IMMIGRATION

REPORT OF COMMITTEE

On the Order:

Consideration of the report of the Standing Committee on Immigration and Labour.

Hon. Mr. ROEBUCK: Honourable senators, with leave of the Senate, I now give notice that on Monday next I will move, seconded by the honourable senator from Parkdale (Hon. Mr. Murdock), that the report of the Standing Committee on Immigration and Labour, which appears in the Senate *Hansard*, be adopted.

The Senate adjourned until Monday, August 19, at 8 p.m.

APPENDIX

Thursday, August 15, 1946.

The Standing Committee on Tourist Traffic beg leave to make their Second Report, as follows:

1. Your committee have in obedience to the order of reference of the 10th May, 1946, inquired into the activities of the various agencies concerned with tourist travel.

2. In the course of its inquiry the committee heard the following witnesses:

Mr. D. Leo Dolan, Chief of Canadian Travel Bureau, Department of Trade and Commerce;

Mr. R. A. Gibson, Director, Lands, Parks and Forests Branch, Department of Mines and Resources;

Dr. H. F. Lewis, Superintendent, Wild Life Protection, National Parks Bureau;

Mr. James Smart, Controller, National Parks Bureau;

Mr. R. J. C. Stead, Superintendent of Publicity and Information, National Parks Bureau;

Mr. C. K. LeCapelain, Inspector, National Parks Bureau;

Mr. W. S. Thompson, Director of Public Relations, Canadian National Railways and Trans-Canada Airlines;

Mr. A. A. Gardiner, General Passenger Traffic Manager, Canadian National Railways;

Mr. L. Coulter, an alderman of the City of Ottawa;

Mr. J. H. Campbell, Manager of the Department of Public Relations, Canadian Pacific Railway Company;

Mr. R. G. Perry, General Traffic Manager, Colonial Coach Lines.

Mr. F. E. Bronson, Chairman, Federal District Commission;

Mr. R. P. Sparks, Ottawa, Ontario, President, Federal Woodlands Preservation League;

Mr. L. H. Phinney, Special Commissioner for Defence Projects in Northwest Canada, Edmonton, Alberta;

Colonel F. C. Hanington, Special Commissioner's Office, Edmonton, Alberta.

Mr. J. A. Christiansen, Chairman, Committee on Alaska Highway, Edmonton Chamber of Commerce;

The Hon. W. A. Fallow, Minister of Public Works, Province of Alberta;

Mr. Harry Ainlay, Mayor of the City of Edmonton, Alberta.

It may be recalled that in 1934 a special committee of the Senate was appointed to consider the possibilities for tourist traffic and to enquire as to the means adopted by the government looking to its encouragement and expansion. This special committee made an exhaustive study of the subject and in its final report brought forward a number of recommendations which were adopted by the government.

These recommendations might well be mentioned at this time:

1. That the tourist trade of Canada is a matter of national as well as provincial, municipal and private concern.

2. That the tourist trade of Canada is capable of great expansion.

3. That an aggressive campaign of tourist trade promotion should be launched at once as a national effort and in co-operation with tourist travel and publicity agencies, public and private, throughout the dominion.

4. That a "Canadian Travel Bureau" be established as a branch of the appropriate department of the Dominion Government; such bureau to have a director at its head, and he be assisted by an advisory council consisting of the Directors of Information of the various provincial governments, representatives of the federal departments and services interested in tourist travel promotion, and the members of the Executive Committee of the Canadian Association of Tourist and Publicity Bureaus.

5. That a sum of not less than $150,000 be voted at the present session of parliament to finance this campaign during the current fiscal year.

6. That a permanent progressive programme of Canadian tourist travel promotion be launched, with the closest co-operation between all agencies engaged in this work, the dominion's share in effort and expenditure to co-ordinate and supplement the work already undertaken and proposed by all other agencies, and in no manner to supplant this work or the organizations engaged therein.

7. That a standing committee of this house (representatives of all the provinces) be set up to bring parliament into direct and permanent contact with this important national matter, to conduct an annual study of the tourist trade, and to consider means through which it may best be fostered and encouraged.

8. That the Canadian system of national parks be extended, as a truly national policy, to embrace all the provinces; and that greater efforts be put forth to attract visitors to these scenic and recreational centres.

For the first time since your Senate Committee on Tourist Traffic was created, following the adoption of the 1934 report, hearings have been held during which it was possible from the evidence heard to ascertain to what extent the recommendations of the special committee of 1934 have been carried out. Your committee found that they had been generally fulfilled.

The Canadian Travel Bureau was established and is now a branch of the Department of Trade and Commerce. It has a Director at its head and an advisory council constituted as was proposed by the special committee.

The first appropriation to the bureau made in 1934 amounted to $100,000.00 For the present fiscal year the federal appropriation to assist in promoting tourist business is $650,000.00. During the war years the activities of the bureau were curtailed. The staff was cut to a minimum and the appropriation dropped to as low as $27,000.00.

The bureau has worked in the closest possible co-operation with not only the tourist agencies in Canada but with an ever-increasing number of tourist organizations in the United States and in some other parts of the world. Canadian Trade Commissioners offices and Embassies in foreign lands have been used to spread tourist information.

The recommendation of the 1934 special committee that the Canadian system of national parks be extended to embrace all the provinces has been largely fulfilled. The national parks system has been extended, particularly in the Maritime Provinces.

Your committee learned from the evidence that was given to it by the Director that this year the National Travel Bureau was devoting most of its publicity to a campaign in the Canadian newspapers towards developing friendly and courteous treatment of tourists. The limited publicity in the United States had as its major purpose the stressing of the importance of making reservations well in advance before starting out on a holiday trip to Canada.

Canada's attractions as a holiday playground, summer and winter, are well and widely advertised. This opinion was reached after having had revealed to the committee the extent of the campaigns of the transportation interests, the provincial governments, municipalities, the Parks Branch of the Department of Mines and Resources and the Canadian Travel Bureau. The committee found that the publicity sponsored by the Canadian Travel Bureau is aimed to give an over-all picture of Canada's attractions, while those of the other interests are concentrated on particular areas, such as the mountains, sea-side and other resorts served by the railways and steamship companies, while the provinces and municipalities confine their publicity and expenditures to their own particular appeal to tourists.

The Canadian Travel Bureau does not confine its publicity to the magazines and newspapers and the issue of pamphlets. It uses films and other means, such as displays at exhibitions, to make all of Canada better known to the travelling public.

Your committee is satisfied that the bureau is encouraging and bringing about co-operation between the provincial governments and all agencies interested in the advancement of the tourist industry. There was no evidence of needless overlapping.

Your committee was much impressed with the submissions from the officials of the Parks Branch of the Department of Mines and Resources. There is no question that Canada's national parks are magnets drawing more and more visitors into the country every year. Not only is this so with the older parks but also those of more recent creation. During the period of the war the parks appropriation was barely sufficient to meet the requirements

for maintenance. Naturally there will be need for increased expenditure to bring these resorts up to standard conditions as well as to provide necessary improvements. It was made clear to the committee that more accommodation for motor tourists was necessary in most of the parks, and a continued addition of cabins to meet the requirements of the tourists travelling by automobile seems to your committee to be necessary.

It was suggested also that parks might be established in parts of the dominion where they do not now exist. A delegation appeared before the committee to urge the acquirement of more land to be added to what has come to be known as the Gatineau Park, close to the capital of Canada. The committee was impressed with the case presented, particularly the view that if additional land was to be acquired it should be done now before allowing it to pass into the possession of private parties. It was argued that this park, in its close proximity to the capital, would do much to increase the tourist flow from the United States.

Evidence was tendered to your committee in support of the view that the Alaska Highway had considerable potential possibilities for tourist traffic. The fame that it had gained in the war years, the hitherto largely unknown country it had opened up, its link with Alaska and the Yukon, led the advocates of the continued maintenance of this highway and the construction of a shorter road from Edmonton to Dawson Creek to urge that the federal government should keep the road open for tourist traffic and assist in the construction of the proposed cut-off from Edmonton via White Court to the British Columbia boundary at Dawson Creek. This would reduce the mileage between Edmonton and Dawson Creek by 135 miles.

The view was expressed to the committee that the so-called Haines cut-off running from the head of the Lynn Canal to the Alaska Highway near the Yukon boundary should be brought up to the standard of the main Alaska Highway. The committee was informed that the Alaska Highway as it exists today was built entirely at the expense of the United States and has been turned over free of cost to Canada.

Evidence of officers of the federal government established that the highway was to be kept in operation and that services for the convenience of travellers were already being provided at different points along its route.

Almost every witness appearing before your committee stressed the need of better roads if tourist traffic was to expand. The prevailing opinion was that Canada had unlimited tourist attractions. To make them accessible, all-weather highways were necessary and federal assistance would be required to assist in the provision of the main arteries of approach, particularly from the United States.

Your committee is convinced that a broadly planned tourist traffic policy has almost unlimited possibilities. One witness pointed out that United States citizens spend six billion dollars annually in tourist travel and estimated that at least one tenth of this amount was available to Canada. This sum of six hundred million dollars was in accord with other opinion offered to the committee during its hearing.

If this estimate is correct, or nearly so, then no other conclusion can be reached than that wisely appropriated expenditures on the promotion of tourist travel will bring a return greater than any branch of our export trade.

Your committee recommends:

1. Since the greater part of our tourist traffic from the United States comes to Canada by motor car, good hard-surfaced roads, from United States border points, strategically located, are a prime necessity to its expansion. Your committee recommends to the Dominion Government that financial assistance, under proper agreements, should be offered to the provinces, who have the personnel in their highway departments to supervise the construction and maintenance of such roads, and that these roads should be built to a permanent high standard.

2. That facilities in national parks should be improved, and roads within the parks hard surfaced to a permanent high standard.

3. That by whatever suitable agencies are available, Canadians operating service stations, eating and stopping places, and including hotels, shops and stores, should be impressed with the importance of showing courtesy and giving good service to visiting tourists at all times.

4. Suitable descriptive literature and good road maps for the different provinces should be placed in the hands of all immigration and customs officers at all border crossing points, to be made available to tourists seeking such information.

5. That the development and permanent maintenance of our tourist business should be planned on a long-range view.

6. That there should be as close co-ordination as possible of the efforts of the federal and provincial agencies and the transportation companies by land, water and air, to prevent overlapping and get the maximum results possible for the money expended.

7. That inquiry should be made by the federal government into the possibilities of the Alaska Highway as a tourist attraction,

to ascertain whether expenditure on a more direct link with it from Edmonton to Dawson Creek would be justified.

8. That authority be granted for the printing of 600 copies in English and 200 copies in French of this report and the evidence submitted to the committee on August 8, 1946 with respect to the tourist possibilities of the Alaska Highway, and that Rule 100 be suspended insofar as it relates to the said printing.

Due to a lack of shorthand reporters it was not possible for the Reporting Branch to furnish a complete report of the proceedings of the committee.

All which is respectfully submitted.

W. A. Buchanan,
Chairman.

THE SENATE

Monday, August 19, 1946.

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

Prayers and routine proceedings.

JUDGES BILL

FIRST READING

A message was received from the House of Commons with Bill 250, an Act respecting Judges of Dominion and Provincial Courts.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Next sitting.

CANADIAN NATIONAL RAILWAY (BARRAUTE TO KIASK FALLS) BILL

FIRST READING

A message was received from the House of Commons with Bill 345, an Act respecting the construction of a line of railway by Canadian National Railway Company from Barraute to Kiask Falls on the Bell River, in the province of Quebec.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Next sitting.

IMMIGRATION

REPORT OF COMMITTEE

The Senate proceeded to consideration of the report of the Standing Committee on Immigration and Labour.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I move adoption of the report of the Standing Committee on Immigration and Labour, as published in *Hansard* a few days ago. There are a number of comments I should like to make in connection with this report. It will be remembered that on the 8th day of May, 1946, this honourable house authorized and directed the committee to:

Inquire into the Immigration Act, its operation and administration and the circumstances and conditions relating thereto, including (a) the desirability of admitting immigrants to Canada; (b) the type of immigrants which should be preferred, including origin, training and other characteristics; (c) the availability of such immigrants for admission; (d) the facilities, resources and capacity of Canada to absorb, employ and maintain such immigrants, and (e) the appropriate terms and conditions of admission.

In response to that direction the committee, under the chairmanship of the honourable senator from Parkdale (Hon. Mr. Murdock), held ten meetings for the purpose of hearing evidence, each of which, as he stated last Wednesday, lasted more than two hours. Thirty-four witnesses appeared before the committee, and some twenty-four briefs were received from persons who did not appear.

As stated in the report, there was remarkable unanimity among the witnesses who expressed their views before the committee as to the desirability of immigration. Not one among the whole number was of the opinion that Canada should close her doors to immigrants. There was a consensus of opinion, if not a unanimity, that immigrants seeking entry should be carefully selected and their qualifications strictly scrutinized, and that the number admitted should not be larger than could from time to time be absorbed into our national economy without reducing the standard of living or bringing about maladjustment.

It was the consensus of opinion also that Canada cannot expect to hold her place in world affairs unless she increases her population to a degree commensurate with her great area and her vast resources. For this reason the problem of immigration is urgent. Its solution cannot be deferred to some other time; it must be attacked, considered and solved, at least in part, right now.

All witnesses who dealt with the subject were agreed that Canada should do her fair share with the other nations of the world in solving the difficult refugee problem. So far she has done very little indeed. Canada, of course, should not assume the entire burden, but she should do her fair share. I will speak about this later.

The committee found that immigration falls into three main divisions: agricultural immi-

gration; industrial immigration and domestic immigration, or the immigration of women for domestic purposes. This last division, of course, is of minor importance compared with the other two.

As to agricultural immigration, your committee found—though we have no exact figures as to this—that Canada has a vast acreage of very rich farm lands. There is some evidence as to the acreage which is occupied and used, but very little as to the acreage still unused. Dr. Booth of the Economic Branch of the Department of Agriculture made the statement that there are some twenty-seven million acres of unused and reasonably accessible land suitable for agricultural settlement. We have no knowledge on what he based his statement, but presumably one may accept as authoritative an estimate made by a man in his position. That area would provide from 150,000 to 160,000 farms. The Canadian Pacific Railway Company owns a million odd acres and the Hudson's Bay Company something less than a million acres. The census of 1941 showed more than 32,000 abandoned or totally idle farms, aggregating some five million acres. Speaking for myself, I was not greatly impressed by the statistics. But we did have sufficient evidence, I think, together with the knowledge which we ourselves possess, for concluding that Canada's unused agriculture resources are very great, and that their development would greatly increase her economic power and her importance in the world at large. There is no doubt that complete development of our natural resources in farm lands alone, if that were possible, would make this country a powerful economic unit; and probably, as a secondary result, it would bring about the building of many large cities and towns to house a corresponding increase in industrial population.

I would remind honourable members that our present farming development is not the creation of a moment; it is the result of years of skilful cultivation and intensive labour, sometimes of the most trying kind, very often entailing great enterprise and no small courage. Neither is it to be expected that the resources which we now possess can be devolped overnight, or that a large population can be quickly settled on our land. The same enterprise, labour and industry that built up our farming population and created our agricultural development in the past will be required in the future.

May I remind honourable senators that our past progress was based upon immigration. All Canadians, except the descendants of those who were here when Christopher Columbus made his famous voyage, are immigrants or the sons of immigrants. Every senator in this house if not actually an immigrant himself is the son of an immigrant. If we are to depend upon natural increase to populate our unused and now waste land, allowing for wastage by death and emigration, the progress will be much too slow. In order to make headway comparable to that of the past, it is necessary that we supplement our natural growth by some degree of immigration.

The committee heard reliable and most convincing evidence that immigration could be made to greatly improve our industrial plants. Intelligent selection of immigrants in the managerial, technical and artizan classifications would actually have the effect of increasing our powers of employment, rather than of filling jobs at the expense of our present population. We were told the need was for key personnel—men capable of turning our unused resources to productive capacity, men of technical qualifications and those experienced in the present day arts or masters of new arts, men who can add experience gained elsewhere to our own and introduce into our economic life new practices which will promote industrial activity in this country.

I read from the report as follows:

> Those who devote themselves to the promotion of new enterprise, to highly informed management, and to technical and scientific skills, create employment for others, and this is particularly the case in Canada where so many resources are unused and so many opportunities are lying idle. Our greatest need is for "entrepreneurs" who have the capacity to make productive industries of our latent resources, for artisans skilled in new trades or masters of old ones, and for scientific technicians of all kinds. Such men increase our employment possibilities.

Of course honourable senators are not without knowledge of immigration matters. Those who are familiar with the history of England will recall that the silk trades of Spitalfields were founded by refugees from religious persecution who crossed the channel and settled on the banks of the Thames. An English manufacturer recently told me that had it not been for the immigrants and the refugees who landed on the shores of England in years gone by, he would not have been in Canada endeavouring to sell the products of a Huddersfield woollen mill. It was refugees who brought the pottery skill to England, and taught the English how to excel in that trade, as they have done for so many years. Nature seems to have amply rewarded the nations which out of the goodness of their hearts opened their doors to refugees and the persecuted peoples of other lands. Perhaps there is a principle underlying this, too deep for me to discuss tonight. In any event, opportunities presented

to England in years gone by are now presented to Canada. Men of ability, character and knowledge are knocking at our doors.

Considerable evidence was heard about the activities of refugees admitted to this country during the recent war. We were told that they founded upwards of one hundred industries. Many examples were given, of which I shall mention only one—the Bata Shoe Company. Imported skills did much to promote the industrial activities of Canada during the war years. Many honourable senators have knowledge which will enable them to judge the accuracy of my statements in this regard. Among the foreign friends who came to our shores were a large number of Polish technicians, and upon the cessation of hostilities we had the good sense to make their visit permanent.

Canada has much to offer men of the type I have described, not only because of her unused agricultural lands but her industrial opportunities. We have vast reservoirs of cheap power such as few other nations in the world, if any, possess. Some of this natural energy is developed; much of it is awaiting development. I refer to the million horsepower of electrical energy which will result from the St. Lawrence Waterways scheme, which I hope will be realized within the next few years. In her railways Canada has a transportation system second to none in the world; and I should not fail to mention that marvellous natural phenomenon, the string of Great Lakes and connecting rivers, which lead from the ocean to the very centre of the continent. As the years go by we will have in greater measure access to the trade routes of the world. Our proximity to our great neighbour to the south provides us with a convenient market which would be highly valued by other nations.

We have much to offer, but it is obvious that we cannot expect people to come here and assist us in our development if we keep our doors closed to immigration, as we have done in the recent past. Nor can we expect to sell our products in world markets with advantage to ourselves if we sit back like the lazy frog with mouth open. That is not the way to do business in this world, in immigration or in anything else. We must select that which we want, and by our enterprise and initiative see that we get it, not what somebody else wants us to have. In other words, a little bit of enterprise and salesmanship is necessary if we are to get the best results from the heritage which has been placed in our hands.

We are perfectly sure that worth-while men along the lines that I have described are to be found. It may seem strange that men of ability and enterprise should pull up stakes in the land of their birth and come to a country of which they have little knowledge; but the actual fact is that there are such people in considerable numbers, due to the upset conditions of the world at large and the enterprise of mankind.

There are senators from western Canada who will agree with me when I say that the vigour of the West in years gone by was due, in some part at least, to the type of men chosen by a certain natural selection. They were men who had the enterprise, the itchy feet, the imagination and the courage to leave their own homes and trek out to the West. Am I not right in that? Absolutely. And so it was with America in the first place. The men who came to this continent and hewed out homes in the forest had the courage and the muscle and the power of mind to cope with the difficulties of Nature, and they accomplished great things. There are such men in other nations today who, if permitted to do so, would join the men of similar characteristics in this nation and help to make it great.

But, as I say, what we require is a sustained and not a spasmodic effort. For that reason, I submit, our agents should at this moment be in Europe attending to our business. Agents of Australia are already there, and very actively engaged. The Australian people are advertising that their gates will be open as soon as shipping becomes available, and explaining why it is that they cannot sustain an immigration movement at the moment. As for us—well, we have some few agents in London, and that is all. We are doing nothing towards the selective work which should precede an immigration movement if we are to secure the kind of people whom we desire. We should not leave things to chance, and so have to take what we get.

We were told that a number of homes for the aged, hospitals and other such public institutions, are sadly handicapped at present by the lack of what was described as domestic help. We were also told that in various places in Europe there were many women who would indeed be glad to come to Canada to work as domestics in both public and private homes.

Those were the three divisions which I mentioned.

I think I can say we were pleasantly surprised—perhaps the chairman (Hon. Mr. Murdock) was not, for he knows labour very well—but I can say that at least I was pleasantly surprised when I found a very broad-minded attitude on the part of two distinguished labour representatives who appeared before your committee. They were

the President of the Canadian Congress of Labour and the President of the Trades and Labour Congress of Canada. No doubt you have been told, as I have been, that labour is opposed to immigration. Well, the evidence given us by these two men did not support that statement. They told us that labour in Canada is not opposed to immigration, unless it is of the kind so manipulated and used as to destroy the standards of living which these organizations have struggled to improve. They are deadly opposed to the use of immigration for the creation of a pool of willing and docile workers to be employed during periods of activity when money may be made out of their labours, and in times of lesser activity to be thrown on the streets to seek sustenance from the municipalities. Labour is not the only group opposed to such a policy. But these labour representatives gave us to understand quite clearly that labour is not opposed to immigration of the type I have described, which would help to develop Canada's resources and add to its wealth, employment opportunities and importance. Labour, like all other groups of Canadians, would like to see this country develop and become powerful in the world of nations; but not at the cost of impoverishing our own people.

I was pleased at a statement made by one of these representatives, that we should do our part in connection with the refugee and displaced persons problem, even though it cost us something to do it. I think the reference was to the possibility of some governmental expenditures, although none were recommended. He said labour was of opinion that Canada, as a Christian country, should not object if it became necessary to spend some money in order to perform her obligations.

We were also pleased indeed at the evidence given by representatives of our two great railways. A restrained and careful optimism was observable on the part of these men, confident in the resources of this great country and very willing to play a part in bringing together the labourer and the opportunity, the demand and the supply.

Canada is wonderfully well served by her railways. True, in the railway-building era there was at one time a little too much "shenanigan" behind the scenes; but whatever may be said in criticism of that period, the fact remains that we now have a patrimony of 42,637 miles of steam railways—a mile for every 264 persons, man, woman and child, of our population. This vast network taps the greater part of our used and unused resources. Certainly it taps a sufficient area to make possible a tremendous development. During the last four or five years of the war our railways rose magnificently to the many demands made upon them, and carried freight and passengers in tonnage and number beyond anything in their history. They demonstrated how admirably and efficiently they could serve the national interest, for undoubtedly they contributed tremendously to the success of our war effort.

Each of our two great railway systems maintains a department of immigration, colonization and industrial development. To their credit be it said that they have maintained those departments throughout good years and bad; that even in the slump years of the hungry thirties they were looking for opportunities for men who were prepared to grasp them, and were making considerable expenditures on bringing together the man and the opportunity. This was not done so much for the primary purpose of increasing passenger earnings, but from a realization that railways depend for their prosperity on industrial and farming activity. We own one of these great railway systems, and in the pre-war period it was our unfortunate obligation to meet its deficits. During the busy war years both railway systems showed tremendous net earnings, but I know those in charge are well aware of the fact that unless we can maintain the commercial, industrial and farming activity of those years there will be a recurrence of operating deficits. For that reason our railway executives are urging that we turn our unused resources into business opportunities; that we increase our population to keep step with our industrial, commercial and farming development, so that railway operation may be profitable.

In the past the steamship companies have co-operated very vigorously with the railways in bringing immigrants to our shores. We had the advantage of listening to a representative of the Cunard-White Star Line. He expressed every confidence in the ability of Canada to absorb a reasonable number of properly selected immigrants; but he pointed out that at present the shipping situation is difficult, that ships are costly to build and operate, and that his company could not possibly undertake a programme for the building of vessels of the type required for this service unless the Dominion Government laid down a fairly definite long-term immigration policy. We heard much the same account from representative of the Swedish-American line, but he cast the first ray of light on the transport problem. He told us that of their pre-war fleet they had only two ships left, the world-famous *Gripsholm* and her sister ship. These vessels are now in regular service between Scandinavian ports and New York. He stated

that if Canada desired to bring in immigrants, arrangements could be made to have these ships call at Halifax.

The committee were of the opinion that very little would be gained by a detailed examination of the Immigration Act, which, as honourable members know, is for the most part a statute of exclusion rather than of immigration. Its various clauses relate generally to keeping out and deporting immigrants for various reasons, and contain very little indeed with respect to letting them in. We came to the conclusion that we require a policy of selective immigration. I suppose every member in this chamber has during recent years received letters from citizens in his home district seeking to bring relatives to Canada.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROEBUCK: I do not know how this has affected other senators, but the applications I have received have aroused my keenest sympathy. I am able, in imagination, to sit down in the chair of some Canadian citizen who, having a wife, brother, father mother or child in the devastated areas of Europe, wishes to extend the family hand to one of these unfortunates, in many cases the sole survivor of the entire family conection, all the others being war casualties or victims of Hitler's concentration camps. During the last two or three years our Immigration Department has employed a battery of letter writers—

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROEBUCK: —all of them busy explaining why nothing can be done and making the very best of every excuse for inaction —a most unenviable task. I cannot blame them. During the war years no other policy was possible; but I am looking forward to the time when improved shipping and economic conditions will make a change of policy possible, and when there will be no bar to our fellow-citizens bringing in their relatives, for obviously the immigrant vouched for by relatives or by friends, who are ready to take him into their home and look after him until he establishes himself, enjoys an advantage over any other type of prospective settler. People of this sort present no absorption problem. Guided by those who are already here they will find their way, and I predict that not one in a thousand will ever become a burden upon our municipalities.

We have reported, and we were unanimous, that immigration to Canada is desirable. Very grave doubts were expressed, and concurred in by all, as to the wisdom of this country attempting for an indefinite period to withhold our vast territories from occupation by the peoples of the overcrowded countries of Europe. I spoke of that aspect when I moved for the appointment of this committee, and I need not labour it now. But you gentlemen, with imagination and power to look into the future, must surely hesitate to think of Canada attempting to hold the entire northern half of the American continent for the use of 12,000,000 people. The principle is not right, and in the nature of things it could not bear happy fruit. There are immigrants to be brought to Canada, and we must bring them here.

It is probable that prospective immigrants from the British Isles would have more friends in Canada than would candidates from any other country; but there are difficulties in the way of British immigration. Of late years the manpower of England has been depleted—the war has taken its toll—and I should not think it was cricket for Canada to attempt to attract to her shores a large mass of immigration from the British Isles. The government of Great Britain would not countenance such a proceeding on our part. The committee decided, therefore, that we should extend an invitation to those who would like to come, and when they arrive offer them the hand of fellowship and proffer every possible assistance, but that we should not be guilty of the unfriendly act of attempting to bring about mass emigration from Great Britain to our shores.

Desirable immigrants are not confined to any one locality or nationality. Your committee heard evidence of the accomplishments of European settlers who landed on our shores in days gone by, and who today might be described, though not very accurately, as new Canadians. These people—Poles, Ukrainians and migrants from other countries who came to settle with us—have made good in Canada. They have helped to build our railways, clear our forests and dig our mines; as well, they have made for themselves farms out of the wilderness, and have contributed of their native culture, language, music, art and literature.

Canadians of Polish descent gave evidence as to the accomplishments of their people in this country, and they asked that we do something to bring their compatriots here. Some 200,000 Polish soldiers fought on the allied side during the recent war. They are young men in the prime of life, and 60 per cent of them have had farming experience. All have now secured through the army some mechanical training; not a few of them are well educated. Their Polish friends in Canada asked that we extend to these men the hand of fellowship and friendship. Since hearing this

evidence I have been pleased to learn of the step recently taken by the government to permit a group of 4,000 Polish soldiers to be brought to Canada under an agreement that they shall work on farms for a period of at least two years. My information is that the Department of Labour is already working on this project, and that representatives are going to Italy to select the particular individuals who will compose the group. It is hoped that some of them may reach Canada this fall, though I am not sure that they will. Evidently we can solve some of our shipping difficulties when we really want to do so.

The committee also heard evidence from Canadians of Ukrainian origin. Their native country is much like Canada, with broad stretches of agricultural land. They have done wonderful work in Canada, and in our report we say that if we can secure more men of the type that are now located in the West we would do well to accept them.

Representations were heard on behalf of other nationalities. For instance, we were told that there are in Sweden at the present time a considerable number of displaced persons from the Baltic countries now overrun by Russia. It is said that they are a very fine type of people and very desirable from the Canadian point of view. Evidence was given that we can secure the very highest type of citizens from Denmark and Holland. We were also told of this poor drifting band of thousands upon thousands of displaced persons, many of whom are still in concentration camps fourteen months after the close of the war with Germany. There was much conflict of opinion as to their desirability, and the committee came to the conclusion that the only way to settle the question was to have representatives of the Department of Immigration visit Europe and interview the prospective immigrants. We have in our government employ men who are capable of telling in which areas good immigrants can be found, and who can sift and select the most desirable. The Director of Immigration told us there was no dearth of applications to enter Canada, many of which came from Canadians who wished to bring their people to this country. He also stated his department would have no difficulty in the matter of selection or in performance of the routine tasks surrounding the movement of these people to Canada.

An order in council was passed on the 28th day of May, 1946, which brought great joy to many households in the dominion. It provided for an extension of the classification of persons admissible to Canada. It reads:

> The father or mother, the unmarried son or daughter eighteen years or over, the unmarried brother or sister, the orphan nephew or niece under sixteen years of age, of any person legally admitted to and resident in Canada, who is in a position to receive and care for such relatives. The term "orphan" used in this clause means a child bereaved of both parents.

The committee was of opinion that the order was altogether too restrictive. Why, for instance, should we exclude married brothers and sisters, and refuse admission to nieces and nephews, whether orphans or not, and whether or not they are under sixteen years of age? Those are mere technicalities which, in my judgment, should be swept away. If there are Canadian citizens ready to accept their relatives, we do not need to go into little details as to the degree of consanguinity. Our report says that what really counts is whether an immigrant is healthy and willing to work, and will fit into Canadian social and economic life and ultimately become a good Canadian citizen.

The problem of making the immigrant into a Canadian citizen is twofold and involves two essentials; first, he must be successful in an economic way; and second, if he is to take his part in our Canadian way of life, he must become imbued with the spirit of Canadianism. Relatives who are already Canadian citizens know something of these two requirements; but we should not leave everything to them. In recent years there has been an excellent movement to welcome foreigners who desire to become Canadians by naturalization. The Secretary of State, who is the minister charged with that matter, has expressed great interest and has been personally responsible for a number of the ceremonies performed when immigrants become naturalized. It is our duty to explain to these people the advantages of citizenship, to do our best to imbue them with a spirit of Canadianism, and to make them proud to belong to this glorious nation.

To carry out a successful immigration policy we must have organization. In 1939 Canada's Immigration Department had representatives in Europe and elsewhere. Our officials in Europe were capable of conducting medical and other required inspections at Paris, Antwerp, Rotterdam, Hamburg, Danzig, Gdynia, Riga; officers were also stationed at Hong Kong, and we had officers in London, England, equipped with a roster of British doctors ready to do their part. This organization was disbanded at the outbreak of war, and properly so. Nothing else, perhaps, could have been done. But now, honourable senators, it is time that it was reorganized, reinstituted, and doing the work preparatory to an immigration movement.

Furthermore, I submit to you that intending immigrants should not be kept in suspense and doubt until the last moment before shipping becomes available and all our transportation problems have been solved. Canadian citizens with friends in Europe should be assured now that their friends are fit to be given ingress to Canada and will be allowed to come here as soon as shipping is available.

I want to say something about what other countries are doing, and I will commence with just a word about the United States. Since 1820 that country has admitted to its shores immigrants numbering some thirty-eight millions. I submit to you that had it not been for the immigration policy carried out so consistently by our friends to the south in years gone by, the United States would not have the power, influence and economic ability which she possesses today. Canada too has had quite a number of immigrants. In fact, since 1880 we have brought to our shores about six million immigrants; but we have lost by emigration about five and one-half million people, so that to date immigration has not done much to improve our population total.

The problem we are discussing tonight cannot be solved merely by bringing immigrants to our shores. The success of our immigration policy must be judged by the number of people who settle in this country, become established and remain as good citizens. That is a big subject, one that I must not take time to discuss tonight.

Certainly the United States has done very well for herself in the matter of immigration. In 1924 she adopted a quota, which now stands at 153,000 annually. During the war the quota was not filled, but was reduced to an annual average of about 46,000. But on the 22nd of December last President Truman issued a statement directing the heads of the appropriate departments of state to co-operate in bringing in poor displaced people from Europe —he allocated practically the whole quota to them, reserving only 10 per cent for people in another category—and he said there was to be no discrimination on the ground of race or religion. On the 20th of May this year the first steamship to reach the United States in pursuance of this policy arrived at New York with 1,000 refugees, many of whom were friends of American citizens. Not a few were children, the President having directed that special attention should be given the children.

As honourable senators know, Australia has embarked upon a very active immigration policy. She has announced a quota of 70,000 immigrants per year just as soon as shipping becomes available and there is sufficient housing to accommodate them. She has stated that in the first three years following the war she will accept as many as 50,000 orphans from the war-devastated areas. Australia is not adopting the lazy-frog attitude and waiting for this matter to clear itself up; she is reported to be reconverting Liberty ships for the purpose of carrying immigrants.

Great Britain is a crowded country, with a population of 500 persons to the square mile as compared with our 3½ persons, yet that little kingdom has never in the past closed her door to the refugee, and is not doing so now. During the war years she admitted to her ports some 200,000 refugees, and recently there was an authoritative statement to the effect that refugees were now pouring into England at the rate of something like 800 per month.

In the committee's report we have set out in detail what Canada has done in this regard. There is not time for me to go into it now, but I can make this comment upon it: that it is hardly a record of which Canadians need be particularly proud. I hope it will be different in the future.

Now, honourable senators, with your permission I wish to read from the conclusions set out in the committee's report:

> In conclusion, your committee expresses its opinion that what is required for Canada is a well-considered and sustained policy of immigration, selective in character and pursued by Canadian authorities with initiative and enterprise. We should seek out the individual migrants whom we want who will contribute to our industrial and agricultural economy and who will assist in maintaining our high standards of living by increasing proportionately our productive power, and in addition—

I call special attention to these words.

> —whose mentality and education will fit them for taking part in Canada's political, economic and social life. What we require is a steady flow in reasonable number of good settlers both urban and rural, rather than any excited or spasmodic rush, with regard, of course, to the varying economic conditions and needs of the country from time to time. Successful immigration can be secured only by careful and intelligent planning, and sustained over a number of years. Continuity of policy is essential to great and lasting success.

I will not take time to read a number of following paragraphs. The last of our conclusions is this:

> Canada can be well served at this juncture by men of action, good judgment and vision.

Then come the recommendations, and as they are very short I suppose I should read them:

> 1. Announcement immediately by the Government of Canada of a policy of selective immigration into Canada of both agricultural and industrial workers.
>
> 2. That such immigration be limited in numbers to what from time to time appears to be

the absorptive capacity of the country, and by practical considerations of transport and establishment, and be subject to the shipping priority of service men and their dependents and other Canadian citizens.

3. That in anticipation of shipping becoming available for immigration purposes:

(a) Canada's immigration policy be published in appropriate foreign countries with explanations as to the unavoidable delay.

(b) That forthwith Canadian immigation and inspection officers be dispatched to Europe, and offices be opened with a view to meeting prospective immigrants and to the selection of those most desirable.

(c) That surveys be undertaken immediately in Europe to determine the localities where immigrants may be found and the conditions and anticipated problems to be met.

(d) That surveys be undertaken in Canada in order to determine the agricultural and industrial resources available for use by prospective immigrants and the conditions and anticipated problems to be met.

(e) That the Immigration Ministry at once make studies and lay plans for an immigration movement and promptly take steps to implement such a policy.

4. That everything possible be done to make shipping available, subject to the above mentioned repatriation, and thereupon priority be given to the relatives in all degrees and to the friends of Canadian citizens who assume responsibility for the care and establishment of the new-comer, and who are well able and willing to give guarantees.

5. That the Immigration Act and Regulations be revised to provide for the finding and selection of immigrants, the admission of those most desirable, and for the supervision and assistance of the new-comers until established in Canada.

I submit to you, honourable senators, that the committee's report is moderate and practical, and if followed out in the spirit in which it is presented to this house, will contribute to the well-being of Canada, her growth and importance in years to come.

In conclusion, may I be permitted to say a word of commendation to those who sat upon this committee with me and who spent their time in the task—the pleasant task, I hope it was—of hearing witnesses, gathering important evidence and studying this problem? I wish particularly to pay tribute to the chairman for his warm-hearted cooperation in all the committee's work.

Hon. F. W. GERSHAW: Honourable members, the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) is to be congratulated on his exhaustive and instructive commentary on the report of the Standing Committee on Immigration and Labour. I desire to offer a few remarks on the social aspect of immigration, for the influx of a number of people from European countries will materially affect social conditions here.

We all recognize that more immigrants will be needed in carrying on the development of Canada, particularly in bringing under cultivation the vast areas of farm land that still await settlement. True, in days gone by our pioneers established a proud record in opening up our western wheat lands; but we have to admit that while many were successful, there were failures along the way. We must try to so improve conditions in the future that these casualties will be reduced to a minimum. We must hold out the hand of welcome to these new-comers, many of whom will be almost as ignorant as children. Because they will not be acquainted with our laws or our way of life, they will find it difficult to contend with unfamiliar climatic and working conditions; in short, they will be strangers in a strange land.

As an interne in a city where there were a considerable number of foreigners, I was frequently called upon to dress their wounds and treat men who had indulged their fondness for liquor at a two or three-day wedding celebration. Of course, not all our immigrants are of that type. During the two sessions that I have served on the Divorce Committee I have observed much of the seamy side of life among people who have not been in Canada for any length of time. Of course, war conditions have been a factor in disrupting family life, but many of those who appeared before our committee showed a lamentable disregard of moral principles and apparently had never been taught a decent way of living. We are certain to be faced with the problem of dealing with immigrants of this type, and particularly with their children. Where the parents have not been able to give their boys and girls wise counsel and advice a tremendous obligation will be thrown upon our schools and churches to make good this omission. More schools will have to be provided, and these children will have to be taught not to lie and steal, but to be industrious and truthful so that they may become good citizens and contribute to the development of their adopted country. We shall also have to educate the parents to understand our form of government and to appreciate the privilege of Canadian citizenship.

It is essential that immigrants shall be ready to conform to our laws and customs. I need hardly remind honourable members of the Dukhobor problem. We have become familiar with the fanaticism of the original Dukhobor settlers, but it is most disappointing to find that many of the younger generation, born and educated in Canada, are the ringleaders in the burning of schools, organizing nude parades, and other lawlessness. During the war immigrants who had come from Germany and Central Europe did not say very much, but it is significant that their children

gloried in the successes of Hitler's army and navy and seemed to be anxious to overthrow by force the free institutions of this country. These people are not easily assimilated, and a heavy obligation is thrown upon our schools and churches to educate them so they may become worth-while citizens. In this task none of us can escape our share of responsibility.

Another impediment to many of our foreign immigrants becoming good Canadian citizens is that they are crowded together in our urban centres. This brings about conditions which are physically unhealthy, and morally bad. It leads to bitter fights and disagreements, and during brawls the men resort to knives and pistols, sometimes with tragic consequences. An important factor in successful immigration is the encouragement of family groups. If proper social conditions are to be maintained, there should not be any large influx of all men or all women. In 1942 Mr. F. D. Clarke wrote:

> In one province of this dominion there are 10,500 Chinese, including 154 women. Of these women 70 are in houses of ill-fame.

We must take steps to prevent a repetition of such conditions, and take appropriate action to preserve our standards of morality.

I have referred to crowded conditions in urban centres and the unsatisfactory results that ensue. By contrast, the isolation of immigrants on remote prairie farms is also unsatisfactory. They are far away from schools and churches, and there is little opportunity for community activities. If to this isolation there is added a low standard of living, despair sets in, and this leads to personal neglect.

Some time ago a keen woman observer told me that in her district there were three classes of people: First, the nice wholesome, right-thinking people, who educated their children, took part in community work, upheld standards of living, and provided a striking object lesson to everyone else in the district; second, people who did not know how to farm, were unfamiliar with Canadian conditions, whose ignorance ended in failure, and who, of course, could not give their children any education; and third, people who, as she put it, "go mad." These would be bachelors living away out in remote districts in lonely, unclean shacks. In a spirit of desperation they would go into town and drink to excess in an effort to forget their misery. This would go on year after year until mentally they were not quite normal. In those remote districts the women suffer even more than the men. They work too hard and worry too much, until their health breaks down.

Medical and hospital care must be provided for these people, and we are very short of both. We must not neglect those whom we invite to our shores. In Alberta people homesteaded away in the far north, and in the event of serious accident or sickness they would telephone for an airplane to take them to hospital. This happened so often that the premier of the province decided that no more homesteads should be granted, for he felt it was not safe for people to be so isolated.

The home is the foundation of our civilization, and we must do all we can to make it attractive. To this end we must have not only certain standards of living, but of education and medical and hospital care for the people already here and for future immigrants. The welfare and happiness of our people depends upon the preservation of a high standard of nutrition and of housing and community life.

I mention these social aspects of immigration because I believe that we must bear them in mind if we are to do our whole duty by the immigrants whom we invite to our shores.

Hon. W. RUPERT DAVIES: Honourable senators, first of all I should like to congratulate the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) on the presentation of the report of his committee. I listened with great interest to what he said, and with much of it I agree, but I must confess I am not quite sure that we are ready just yet to invite any great influx of population. I have still a very vivid recollection of the depression. For several years I was chairman of a public welfare committee at that time, and I remember trainloads of people who came to this country and were unable to make a living, and who had to be deported to their home lands.

If we have to adopt a new immigration policy, we must insist on a most careful examination of those coming to our shores to make certain that they are sound not only mentally and physically, but morally also; and, as the honourable gentleman who has just sat down (Hon. Mr. Gershaw) has said, they must fit into our social structure.

We are not likely for some length of time to get any agricultural immigration from Great Britain. Farming there today is heavily subsidized and farmers are getting very high prices. The government therefore compels them to pay very high wages. Farm labourers who are getting from four to five pounds a week for an eight-hour day, with a cottage and milk and other perquisites, are not very ready to emigrate.

There was some reference made to bringing out domestic help. Such help is very scarce in Great Britain today. I think our policy in the past has not been quite fair in regard to the women whom we invited to this country. They

probably wanted to take positions as domestic help either in institutions or in homes. It is doubtful that our immigration officials acquainted them with the real conditions in this country. There was too much eagerness to get immigrants, no matter whether they were suitable to the country or not. About fifteen years ago I had lunch with a commissioner of Immigration for Canada in Great Britain. He informed me with great glee and in a loud voice that attracted the attention of everyone in the dining-room for about ten or fifteen yards around, that when a man came to him and said he thought of emigrating to Canada with his three daughters, who were in service, he told him that in this country the daughters would all be secretaries or typists because girls in Canada took up office work and did not go into service. I thought it was ridiculous, but he told me that was what he was doing.

Then again, I had the feeling that our steamship companies were more keenly interested in bringing immigrants across the ocean than they were in what happened to them after they got here. That, of course, is the testing time. As you all know, we have had various schemes for subsidizing immigration. I remember one scheme under which the immigrant paid $10, the federal government $10, the steamship company $10 and the imperial government $10. On arrival here the young men were expected to take positions on farms. I well remember the day when six young men arrived in the city of Kingston. There were farmers at the government employment agency to offer them positions. Not one of those young fellows would go on the farm. To my great amazement, two days later I found one of them working in my own newspaper office. I put him out without ceremony, I assure you. Those young fellows drifted to Toronto, Montreal and other cities. They did not play the game. I discussed the matter with our immigration authorities in Great Britain, and they told me they had tried to correct the situation, but every time they made a move to do so they were interfered with by elected representatives who thought such a step would have political repercussions. Consequently Canada wasted hundreds of thousands of dollars in bringing out farm immigrants who never went near the land.

Honourable senators, I did not get on my feet to find fault, but only to say that we should go carefully, and also to tell the members of this house that at the present time we are bringing into Canada the finest type of immigrants we can possibly find. When I returned to Canada on the *Queen Mary* a few days ago, there were 1,200 British war brides and 990 children on board. I made it my business to interview a number of these young women, and I found that they were all of the highest type. I felt that not one bride to whom I talked was making a mistake in coming to this country. I congratulate the Canadian boys who chose these young women for their helpmates through life.

The officer commanding the group in charge of the war brides was Colonel Sutherland, a son of the honourable senator from Oxford. The last day I was on board Colonel Sutherland addressed the war brides, and I may say that he is a worthy son of a worthy father, for he made an excellent speech and gave much good advice. This was followed by the showing of a very appropriate film entitled "This is Our Canada," produced by the National Film Board. The showing took an hour. All the young women and some of the little children were present. They appeared to enjoy the picture and to feel that they were coming to a country of great promise. These young women are a very superior type of immigrant, and I am sure that they and their children will be a fine addition to the social, industrial and agricultural life of this country.

Hon. R. B. HORNER: Honourable senators, as a member of the Committee on Immigration and Labour, I feel that I should express the appreciation of this house to the honourable member who proposed the inquiry, for the complete report which he has given tonight.

Though I was born and raised within sixty miles of Ottawa, for the past forty years I have lived in a part of western Canada quite thickly settled with people from various European countries, and I believe their morals are equal to those of Canadians of any other origin. The honourable senator from Medicine Hat (Hon. Mr. Gershaw) has mentioned the Dukhobors. I may say that those who cause trouble belong to a small group. In my community large numbers have settled on farms of their own and have shed, so far as I know, the fanatical tendencies of the sect.

My present concern about the immigration policy is from the humanitarian point of view. I have always been of the opinion that Canada must open its doors to immigrants. I believe that a country of this magnitude, with its extensive railway mileage and vast areas of productive soil, will not attain the prosperity it should until it permits the entry of immigrants. Last February or March the Minister of Agriculture made a courageous speech in Regina, in which he stated that if we in Canada did not allow millions of people to have access to our wide open spaces, eventually they would be taken away from us. I

believe it is our duty as a Christian nation to respond to a world problem at this critical time.

We have heard estimates of the population that Canada is capable of supporting. In some European countries the question is whether there is sufficient land to grow enough produce to enable the people to survive. In view of Canada's capacity to produce cattle, hogs, wheat and other grains in abundance, we should not talk of limiting the number of immigrants until we have reached the point where there is some doubt as to our ability to produce sufficient food for our population.

The Committee on Tourist Traffic recently heard evidence about the possibilities of the Alaska Highway. One witness said that in the Fort Nelson area 275,000 to 300,000 families could be maintained. If one travels in any direction from the city of Ottawa he will observe how we are wasting our land. I feel that many people in Europe today are capable of teaching the farmers of this country how to utilize the soil.

The Committee on Immigration and Labour heard a good deal of evidence about new skills and industries which recently had come to Canada. May I refer to the order in council which permits the entry of certain relatives of Canadians of foreign descent? I recently had a letter from a man in Alberta who wanted to know if under this order in council his nephew, who was a German prisoner of war in Canada, would be permitted to remain in this country.

In western Canada there are people of many different racial origins who have made ideal settlers. It is interesting to look over the names of those who enlisted from the province of Saskatchewan and to note the number of men with foreign names who won distinction in the recent war. The other night in committee I was bold enough to ask about the millions of displaced persons from parts of Germany now occupied by Russia and other powers. I asked the question from the humanitarian point of view. The honourable senator from Kingston (Hon. Mr. Davies) spoke of the number of trainloads of immigrants that at one time crossed Canada. During the period to which he refers there was great confusion everywhere, in Canada as well as throughout the rest of the world. People were riding the rods, taking advantage of a free trip, to see the country. Many of them had homes; some had farms on which they could have remained; others were immigrants who had cash in the bank, but who wanted to go back to Europe to take part in the activities of some political faction or other.

Today the four new universities in the western provinces provide higher education for our own young people, and the boys of the Maritimes no longer come west looking for opportunities. My argument is that we lack the thousands of workers necessary to operate the farms and develop the natural resources in this country. There is great neglect of reforestation and irrigation projects because of the lack of manpower. During a discussion of the remarkable amount of work accomplished on the farms of the West I heard it stated that the average age of the farmers in the province of Saskatchewan was 70 years. Many of these older people have no young men to carry on their farming operations when they retire.

Little or no reference has been made to the advantage of the increased home market which would result from an extensive immigration policy. The statistician from the department told us a rather sad story of immigration and emigration decade by decade. In view of the number of Canadians lost to the United States, I believe that had we not attracted so many immigrants at certain periods of our development our population would now be much less than it is. I believe that the larger population of the United States is one of the reasons why our people go over there. After all, a large population provides a home market and makes mass production possible. I do believe that Canada will not take its rightful place until it has nearly twice as many people as it has today. I also believe that we now have a wonderful opportunity to increase our population, when so many people in Europe are looking for a new home, and that we might never again be able to secure large numbers of immigrants of as good a class as are at present available. For that reason I certainly endorse the proposal that we should try now to bring in more people than we have admitted in the past.

Hon. CAIRINE R. WILSON: Honourable senators, I had not expected to say anything tonight, but as a member of the committee and as Chairman of the Canadian National Committee on Refugees I should like to make a few remarks. I have had perhaps as much experience as anyone with the very few persons admitted to Canada during recent years. I should like first to express appreciation of the remarks by the honourable senator from Medicine Hat (Hon. Mr. Gershaw) regarding the loneliness of new-comers who settle on farms, and the lack of interest we have taken in those people. It is important that people should not be allowed to settle on land where they cannot make a living. We have seen enough broken hearts amongst our own native-born Canadians to teach us this.

The honourable senator from Kingston (Hon. Mr. Davies) alludes to the very good

class of immigrants in the wives who are coming out to make homes for our service men. I should like to add a plea on behalf of Canadian girls who have lost a chance of getting a husband. Should we not bring in some young men for them? We could see to it that there was careful selection.

I should like to mention the very high standard of education amongst some newcomers with whom I have had to deal. They have been particularly well qualified, and I regret to say we cannot measure up to such a standard here. One group with which I had much to do consisted of refugees who, as boys of eleven and twelve, left the Germany dominated by Hitler and were welcomed to the shores of England. They had reached the age of sixteen when—during that temporary panic which, to the credit of the people of England, lasted only a few days—they were sent out to Canada. They had been selected without discrimination, and simply because they were residents of an area which was considered dangerous. Thus, students at Cambridge were sent out, whereas those from Oxford were not.

The commissioner who came here later to make an inspection alluded to one extreme instance—a surgeon who on Monday had been officially thanked for services rendered, I believe under fire, and on Thursday found himself with prisoners of war en route to Canada. As honourable senators may remember, our officials here did not understand the situation when the prisoners of war arrived. The colonel in charge of the camps said he heard there was fighting going on between two groups and he discovered they were Nazis and anti-Nazis. In one camp a group of young men, having been told by another group that if they refused to "Heil Hitler" they could not have any water, did not think they were doing anything particularly meritorious in refusing the command. They simply said, "We had no water."

Mr. Alexander Paterson was sent here by the Home Office, armed with some documents, to look into the situation and endeavour to sort out the friendly people from the others. He made a selection of about 2,500 who, after a long time, were segregated in refugee camps. I must confess that I was much depressed on each visit to those camps, for although the red circles had beeen removed from the clothing, and a few other marks had been dispensed with, the men were still living behind bars and under what appeared to be prison conditions. They were for the most part a very fine body of men, certified by the Home Office to be perfectly friendly; but under our immigration restrictions they were not allowed to be set free to take part in the work of the country. The first group released were able to conform to our regulations. There were ten, I think, who had first-degree relatives in Canada. One of these men in particular rose to a very good rank in one of our services, and his chief said he only wished he had twenty like him.

Mr. Paterson was not very optimistic about the prospect of conducting educational courses for the men in the internment camps, saying that the atmosphere there was not conducive to study. However, he said it was worth while to make the attempt. One of the governors of McGill University told me that the faculty were not too anxious to publish the results of the matriculation examinations because the standard was so very good. And Dr. Wallace of Queen's said to me that a small group of these students who had attended that university had made a great contribution to its academic record, and that they were of excellent character. I could cite case after case in this group, to the number of between 950 and 1,000 who finally were individually released in Canada. Some of them went into our war industries, others attended universities as students sponsored by Canadians or by American friends who made funds available, and a number performed special services in our censorship department. Some of the group have now become Canadian citizens. Their pleasure in this privilege and their desire to serve their adopted country are very apparent.

I should like to say just a few words about settlers on the land. No doubt many honourable members have read Louis Bromfield's book *Pleasant Valley*. He said he had always been told that in his own country, the United States, there were no peasant farmers, but he wished he could believe that no American farmers were living below the standard of European peasants. He went on to say that the land which a young European farmer inherits from his father is regarded as a priceless possession to be passed on to his own children, whereas in the United States—and I think this is true of our own country too—the tendency has been to take everything possible away from the land and move on to another section. Recently I read of a tobacco farmer near London, Ontario, who only a short time ago had bought what was considered to be a worthless piece of land, for which the other day he refused $22,000. We all know what a success has been made by Belgian tobacco growers in western Ontario counties.

As to immigrant children, I have seen records which indicate they do well in our schools. The records were drawn to my attention by Mr. Duncan Cameron, formerly in charge of settlement for the Canadian Pacific Railway, and later resident in London, where he was

sent to study the prospects for immigration to Canada. He told me that the children of families who had come to Canada since Hitler's rise to power had made remarkable progress at school. I imagine we all have read of two or three pupils who won oratorical contests in English, which was to them a language acquired after two or three years of residence here.

May I also say a word as to the order in council admitting certain relatives of Canadians. Within the last month I received a letter from a woman who is living with her husband on a farm in Alberta. She asked for the admission of her sister and niece, who are now in Denmark, where they have been in a camp for displaced persons. She says that not only would she like to have her sister living with her, but that her services and those of the niece would be very much appreciated in the house and on the farm. This woman's two sons, after having served a period in the Canadian army, are now seeking higher education, so the family has no help whatsoever. According to our present regulations the woman's sister is inadmissible because she is not a single person. The Director of Immigration said that in certain cases a widow with no children and having a brother or sister in this country could be admitted the same as a single person, but in this case, as the widow has a child, he was reluctantly obliged to refuse her application.

I could keep on citing cases from now until midnight. One woman is particularly anxious to bring her niece, the last survivor of a family, and now living with people in Belgium. She says these people have given the child a home and, so far as she knows, are kind to her; but naturally they cannot understand why her aunt in Canada does not open her home for her. They cannot imagine that there are any regulations which would prevent a child in such circumstances from going to live with her aunt. At present there are no facilities for examining European children who wish to come to Canada. In Switzerland there is a group of something like 200 who have relatives in this country and the United States who are eager to have them. Miss Hohermuth was here in December as the representative of the Swiss committee for children. She gave us a most interesting account of the work that had been carried on in that small country for all the refugees of Europe. I accompanied her when she called upon the Director of Immigration and told about these children who were under her care and for whom relatives in Canada and United States were asking entry. Facilities were available for them in the United States, but none were ready in Canada.

It seems to me that we can delay too long The other day when I was speaking to the Minister of Immigration, I thought that Canada perhaps was doing as the elm tree in my garden is at the moment—strangling itself with its own roots. It is time that we adopted a broader policy. Not only should we show a more Christian spirit towards other people who were not fortunate enough to escape the horrors of invasion, occupation and the concentration camp, but we should realize that our country would derive great national benefit from the admission of such a superior type of immigrant.

Time does not permit me to tell you further about the industries established here by refugees and the contribution which they are making to our economic and cultural life. From the camp of which I spoke there has come a violinist who promises to be outstanding. In fact when in England he was regarded as a coming Kriseler. Fortunately the Home Office official ordered, "On no account let that boy handle an axe." Thanks to the kindness of a Canadian woman in Toronto, he has been able to pursue his musical education and has played with at least five of the most important symphony orchestras in the United States. I could not refrain from stating what I know of some of these people. I think I should be disloyal to them if I did not tell of their good points; we are so apt to hear only of their bad.

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

INDIAN ACT

REPORT OF SPECIAL JOINT COMMITTEE

The Senate proceeded to consideration of the third report of the Special Joint Committee of the Senate and the House of Commons appointed to examine and consider the Indian Act.

Hon. J. FRED JOHNSTON: Honourable members, the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) when presenting his report on immigration spoke about the people whom he desired to bring to Canada to become new Canadians. The report I am presenting has to do with old Canadians—our Indian friends.

Honourable senators will recall that the joint committee on the Indian Act was set up in May of this year. The committee had not been long organized before we found that it would take from two to three years to complete its work, and we decided that we should be making good progress if we were able this session to hear the officials of the department. We held some twenty-five meetings and took the evidence of about half of these officials.

Next session we intend to hear the representatives of the Indian organizations. British Columbia, Alberta and Saskatchewan have such organizations. I think Manitoba is in process of forming one. The heads of those organizations will be called to present their briefs. Ontario and Quebec are not so organized, although there are more Indians in Ontario than in any other province. Owing to this lack of organization in the central provinces it is more difficult to get representation from the Indians.

It is proposed that in 1948 there shall be a revision of the act itself.

The committee hope they may be able to assist the Indians, not by way of increases in treaty money or what might be termed "hand-outs", but rather by putting them in a better position to help themselves.

I would direct the attention of honourable senators to section 10 of the report. The section reads:

That as benefits have accrued to many Indians as a result of fur conservation and development work undertaken by the Indian Affairs Branch, steps be taken to extend the fur conservation and development programme into those provinces into which it has not yet been introduced.

The programme has to a small extent been introduced in Ontario and Quebec, a considerable amount of work has been done in Manitoba, and a little in Saskatchewan. I propose to give honourable members a few figures to show what can be done to assist the Indians by conserving fur bearing animals. In the Le Pas district of Manitoba a fur conservation and development programme for muskrats was instituted in 1935. In the area that year there were only 65 muskrat houses and 520 muskrats. In the five-year period to 1939 the houses had increased to 32,369 and the muskrats to 258,952. A beaver project was undertaken in five areas in Quebec and two in Ontario. The Nottaway preserve in Quebec may be taken as an example of what was accomplished. In 1938 the dollar value of the beavers taken there was $17,850. Eight years later, in 1945, that value had risen to $447,300. When the witness gave that statement to the committee he was asked: "How many Indians have you on the preserve?" He answered: "Approximately 100." From these two examples honourable members will appreciate the potentialities of the fur conservation and development work. The Indian Department intends to extend it to every province.

Much might be said about the very interesting evidence which was adduced, but I refrain from wearying the house at this late hour. I need only add that the committee do not expect a final report will be available until 1948. There is a lot of work to be done in the interval.

I move concurrence in the report.

The motion was agreed to.

TOURIST TRAFFIC

REPORT OF COMMITTEE

The Senate proceeded to consideration of the second report of the Standing Committee on Tourist Traffic.

Hon. W. A. BUCHANAN: Honourable senators, as I understand it is desired to clear the Order Paper of the various committee reports, I shall proceed to discuss the second report of the Standing Committee on Tourist Traffic, and to move its adoption. I am afraid, though, that I shall not be able to cover the ground as I had intended if more time had been available. As the discussion took place on the report of the Standing Committee on Immigration and Labour, in which I wanted to participate, I could not help thinking it was most unfortunate that these reports dealing with very important matters should be submitted at the last moment when so much business is facing us before prorogation.

It may be of interest to those who were not members of the Senate in 1934 to know that this standing committee was created as the result of one of the recommendations of a special committee then appointed, with the senior senator from Halifax (Hon. Mr. Dennis) as chairman. That special committee recommended the appointment of a standing committee to be known as the Committee on Tourist Traffic.

May I be permitted to pay a tribute to the senior senator from Halifax for the active part he took in bringing this very important question to the attention of the Senate. It is most unfortunate for us as well as for the committee itself that his health has in more recent years prevented him from taking an active part in our deliberations.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BUCHANAN: The recommendations contained in the final report of the special committee appointed in 1934 are incorporated in the present report.

The reference made to our committee was based on a vote for the Canadian Travel Bureau, and it might be well to say something with respect to that bureau, which also was created as a result of a recommendation of the special committee. That bureau at the present time is under the Department of Trade and Commerce. For the present fiscal year the federal appropriation to assist in promoting

tourist business is $650,000. We had before us the director of the bureau, who explained that in the war years very little money was expended on the promotion of tourist traffic because during that period there was very little tourist movement.

Honourable senators may ask how the money is being spent. Your committee found that expenditures were being made on account of publicity through advertising in Canadian and American newspapers and magazines, moving pictures and exhibitions, and sportsman's activities for the purpose of showing the attractive features of Canada to hunters and tourists of that class. The advertising placed in the Canadian papers this year was for the most part devoted to building up in the Canadian people a spirit of courtesy and attention, in an effort to make the tourists feel so much at home that they would want to come back another year. The advertising throughout the United States was for the purpose of drawing attention to the return of available accommodation in Canada now that the war is over.

The Special Tourist Committee of 1934 emphasized the need of expenditure for the creation of national parks. Since that time two new parks, and possibly more, have been brought into existence. Honourable senators will recall that the honourable gentleman from Margaree Forks (Hon. Mr. MacLennan) spoke during this present session of the Cape Breton Park. I am told that it is one of the finest in Canada.

Hon. Mr. ROBERTSON: Hear, hear.

Hon. Mr. BUCHANAN: I am sure my honourable friend sitting to my right will agree that since 1934 a very fine park has been created on Prince Edward Island, and that it is a great attraction for tourists.

Hon. Mr. SINCLAIR: Hear, hear.

Hon. Mr. BUCHANAN: Honourable senators, we know that the parks of Canada attract tourists. I am aware of no other single feature more attractive to visitors than our national parks in the mountains of the West, on the prairies, and recently established in the Maritime Provinces. Honourable senators who have followed the data on the number of visitors to the parks this year will have observed a remarkable increase. That being so, I think it is the business of the government to maintain the parks already in existence at a high standard, and wherever possible to locate new parks. I live (in the summer season) in one of the national parks in Alberta, and know that to be attractive to people from the United States the parks must be maintained at a high standard.

In the development of Canada's national parks emphasis should be placed on the improvement of accommodation for motor tourists. Cabin accommodation appeals to the average motorist coming into Canada during the summer months.

Honourable senators, I should have liked to discuss all the features of the report at length, but because of the lateness of the hour I shall curtail my remarks and emphasize only some points which I think more important than others. The chief recommendation of the committee is that the federal government should assist in the construction of what I call main-artery highways from the American border to the interior of Canada. They would be the means of attracting more tourists, and would result in the consequent expenditure of considerable sums of money in Canada.

One witness who appeared before the committee, representing the Edmonton Chamber of Commerce, made the statement that the yearly expenditure of the people of the United States on holiday travel was $6,000,000,000. Of course this amount is not spent in Canada, but it was estimated that approximately 10 per cent of that sum should come to Canada. When we realize a revenue of $600,000,000 from an export business—and that is really what the tourist traffic is—it represents one of our most important features of trade. If we are to obtain that $600,000,000 we must furnish the facilities necessary to attract tourists from the United States. We cannot expect them to come unless we have good highways. If we have only dirt roads, with dust flying in the warm summer months and uncertain conditions in bad weather, we certainly will not be able to attract tourists to Canada. In the past people have come from the United States into certain provinces where there were no improved highways, only to turn around and go to some more favourable spot. We thereby lost revenue and got some bad publicity, which they would spread in their own home city.

To show what the committee had in mind when it recommended that the federal government assist in the construction of these main arteries, may I give the members of the house an illustration? The Prince Albert Park, located in the northern part of the province of Saskatchewan, is a most attractive, well-wooded area, with plenty of hunting and fishing. It compares very favourably with other national parks, but there is no good highway leading to it. If an all-weather highway were constructed from the American border to that park, it would immediately attract tourists in substantial numbers. Across the boundary, in Manitoba, is Riding Mountain National

Park, also a most attractive place, but with no good highway leading to it from the United States border.

We require the assistance of the federal government in the construction of highways to bring tourist traffic to our national parks. The lack of main arteries is a problem which exists throughout Canada. Only today I read an article in the press which indicated to me that perhaps we were on the right track. It was to the effect that in Great Britain there is a proposal to spend immediately $400,000,000 on a programme to improve the roads for no other purpose than to attract tourists. Recently there appeared in the Financial Post a statement concerning the policy adopted in Switzerland. That country has a programme calling for an expenditure of a billion dollars on the improvement of its highways, and better accommodation for tourists. It is realized that the tourist traffic is the greatest business the country has, and Switzerland is prepared to spend money to get it. Canada's natural beauty is unsurpassed from the standpoint of attracting tourists. Her mountains in the West, the lake lands of Ontario and Quebec, the St. Lawrence River, and the popular resorts of the Maritime Provinces, all are attractions which should be made available to tourists. It was estimated by witnesses, as well as by members of the committee, that Canada's tourist trade could become a $500,000,000 business.

In my hurried remarks may I refer to another interesting feature of the tourist trade? There is a lure for people to travel long distances into little known places. I read recently of a group of Americans who had travelled by special train up to Churchill for no other purpose than to see Hudson Bay.

Hon. Mr. HAIG: It is a beautiful trip.

Hon. Mr. BUCHANAN: I think the Mackenzie River, Yellowknife and Great Bear Lake hold the same sort of possibilities. There are people who will want to visit these places because they have heard about them. The committee heard evidence from air line officials as to the possibility of developing traffic by air into those remote areas, particularly the Mackenzie River area and Yellowknife. Of course the lack of accommodation for the visitor when he arrives in these centres is a drawback. Our report stresses the need for accommodation in addition to other requirements.

The committee devoted one day to the hearing of representations concerning the possibilities of developing the Alaska Highway from the standpoint of tourist traffic. As honourable senators know, the Alaska Highway was constructed by the United States government at a cost exceeding $100,000,000, and that it was turned over to Canada at no cost whatever. It is now under military supervision, but the evidence indicates that there is no intention of abandoning it. There was some difference of opinion as to whether the highway was attractive to tourists. If a person wishes to travel to Alaska via the highway he must be prepared to spend some days in getting there and a similar length of time for his return trip, in addition to the time he spends in Alaska or the Yukon. In any event, the highway is to be kept open, and the report suggests that the federal government inquire into the possibilities of developing the highway for tourist traffic in Canada.

The Minister of Public Works of Alberta testified before the committee as to the necessity for shortening the approach to the beginning of the Alaska Highway by a cut-off from Edmonton to Dawson Creek. He said that the province could not afford to build and was not justified in building that road for the purpose of opening up the country. On the other hand, if there were tourist traffic possibilities, this particular piece of road should be opened up in order to shorten the route to the highway itself.

It was my privilege during the early part of this year to attend a conference at Great Falls, Montana, at which the only question under discussion was the Alaska Highway. I was surprised to learn of the feeling in the United States that the highway should be kept open for tourist traffic. The people at the conference thought it had great attractions; they went so far as to suggest that the United States government should contribute towards its maintenance and, if necessary, expend money in shortening the route. Of course that was the opinion of a group of individuals; but they looked upon it as having real possibilities. The committee however does not commit itself on the question of the Alaska Highway, except to recommend that the federal government inquire into its possibilities for development.

Mr. Christiansen, Chairman of the Alaska Highway Committee of the Edmonton Chamber of Commerce and one of the witnesses who appeared before our committee, wired me after he left Ottawa to say that he had received a message from the Secretary of the United States Automobile Association. He said that the 1,600,000 members of that association had been canvassed with a view to learning how many were interested in travelling over the Alaska Highway. The replies showed that in the neighbourhood of 200,000 members wanted to take the trip. The only approach to Alaska, apart from air or water, is over this highway. The American people could go all

the way to Fairbanks and other points in Alaska, and on the way they would spend a good deal of money in Canada.

Many other features of the report of the committee cannot now be stressed because of the lateness of the hour. But before concluding I may say that we heard evidence concerning the development of the Gatineau Park, which is located in the immediate vicinity of the capital of Canada. We not only heard evidence, but saw moving pictures which impressed every member of the committee with the beauty of the park and its possibilities from the standpoint of tourist attraction. One of our members was most insistent that the capital of Canada was one place that would attract thousands of tourists. I understand that a good deal of land has been acquired and that the additional area necessary for the park would not cost very much. A fine park could be developed there, close to the capital of our country, and be made a special attraction for tourists, particularly from the eastern United States.

The committee heard from eighteen witnesses, representing the Travel Bureau, the National Parks Bureau, the transportation interests and others. I was a member of the special committee appointed by the Senate in 1934 to consider the tourist traffic. We heard a good deal about the whole matter then, but this year I was much more impressed than ever before with the possibilities of the business, and more firmly convinced that the government would be well advised to increase its appropriations for facilities that will not only attract tourists to this country but will enable them to enjoy their stay, so that when they return home they will take back a good word for Canada. There is no use bringing tourists here if afterwards they are a bad advertisement for our country, critical of our facilities and of the kind of service they received. We emphasize the necessity for courtesy and excellence of service everywhere.

I might mention incidentally that a friend of mine in Winnipeg, whom I asked what the tourist traffic meant to the mercantile business, sent a reply which made me realize that tourists not only spend money on pleasure but buy a lot of goods which they take back with them. He told me that the tourist trade was a major business in the summer, and in the sections where the season is long, as on the Pacific coast, it is an all-year business of large proportions.

In asking that the Senate support the committee's recommendations, and particularly the one in favour of federal government participation in highway construction, I hope I have demonstrated to honourable members that the tourist trade is already big business, worthy of our serious attention, and that we will get good value from the money and effort we expend on its continued development.

The report recommends that the evidence taken at the committee's last meeting be printed and form part of the report itself. I might explain that the time of the Senate reporters was so taken up by other committees this session that we were able to get a shorthand report of only the one meeting. That was the one at which we heard witnesses on the Alaska highway, and we felt that the evidence was important enough to be printed. It contains a good deal of valuable information to which references will undoubtedly be made in the future, and printed copies would serve a useful purpose.

May I thank the members of the committee for the interest they took in its proceedings. Sometimes I may have had to close an eye so as not to be able to see too well whether a full quorum was present, but in any event our meetings were interesting and the members were most helpful in drawing out important information.

Hon. Mr. CRERAR: Honourable senators, I should like to make some contribution to the discussion of what is unquestionably a very important matter, but as I could scarcely finish before eleven o'clock, and I do not think honourable senators would care to remain beyond that hour, I will, if it meets with the approval of the house, move the adjournment of the debate.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, August 20, 1946.

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

Prayers and routine proceedings.

BRITISH NORTH AMERICA ACT

PROPOSAL TO AMEND—MOTION

On the notice by Hon. Mr. McGeer:

That in the opinion of this house, a special committee consisting of six senators from Ontario, six senators from Quebec, six senators from the Maritime Provinces and six senators from the Western Provinces, to be selected by the Speaker of the Senate, the Leader of the Government and the Leader of the Opposition in the Senate, should be set up to study and report on the best method by which the British North America Act may be amended or changed

so that while safeguarding the existing rights of territorial, racial and religious minorities and the autonomy reserved to the provinces in the said Act of 1867, the dominion government and the provincial governments may be given adequate powers to deal effectively with the economic, interprovincial, internal and international problems now demanding urgent, just and effective settlement;

And that the committee be empowered to study and report on the best method by which the British North America Act may be amended or changed to meet every and all situations now existing;

And that the said committee shall have power to sit during the time this house is not in session and to report from time to time and to the next session of this house and to call witnesses, employ assistants to take evidence and to do all things which the committee may deem requisite and necessary in the preparation and presentation of its report.

And that the address and proposed legislation now before this house be referred to the said committee.

Hon. G. G. McGEER: Honourable senators, I would ask leave to withdraw the last two paragraphs of this resolution. One of these paragraphs deals with the legislation proposed for the purpose of making a change in the representation of the provinces in the elected chamber—and that legislation has now been enacted by the British Parliament; the other proposes that the committee suggested in my resolution be empowered to sit between the prorogation of the present session and the convention of the next one.

The Hon. the SPEAKER: Is it your pleasure, honourable senators, that the honourable gentleman shall have leave to withdraw the last two paragraphs of his resolution?

Some Hon. SENATORS: Agreed.

The two paragraphs were withdrawn.

Hon. Mr. McGEER: I now move the resolution, as amended.

At the outset may I say that the Constitution of Canada, consists of the common law of England as of the time when the first British colonies were established on this continent, has been changed by the legislation of the British parliament applicable to the colonies in North America and by the law-making powers of the colonies themselves. The Quebec Act, the Constitutional Act and all other acts of the British parliament applying to the colonies are still in force; but the Constitution has again been changed by the passing of the British North America Act and its various amendments, and as well by laws passed by the Parliament of Canada and by the legislatures of the different provinces. It has been changed also by the enactment of the Statute of Westminster and has been varied by many decisions of the Supreme Court of Canada and of the Judicial Committee of the Privy Council. It is in that mass of tradition, precedent, law and practice that our constitution is to be found today.

The question of constitutional security, change and stability is not a new issue for Canada, but I should like to refer honourable senators who are interested in this question to a book written by Mr. Maurice Ollivier—a constitutional authority of outstanding ability, a parliamentary counsel of long experience, and a writer of brilliance. He has accomplished the difficult task of dealing with Canada's constitutional position, past, present and future, in a way that makes the subject readable to the layman. His book is written for popular reading, but at the same time it is a book for those who wish to go into the technical legal phases of the subject, and for them it is practically a complete reference to all of the great issues involved and all the leading and important decisions made. I commend the book to honourable members. Further, I believe this is the kind of text which should be read and understood by all Canadians of high school age, about to go out into the future.

May I refer to one or two important observations which the author makes regarding the necessity of Canada securing her constitution as a well-defined piece of governing law? Chapter XXIV is headed "The Canadian Constitution and the Trojan Horse." It reads as follows:

One may ask what the Trojan horse has to do with this book. Only this, that like the British North America Act it is a very old machine; but unlike our constitution, one would not expect it to serve now, certainly not without some changes, in order to find a solution for our modern problems. Here our comparison ends: it is useless to open the Iliad, so let us leave old Homer and the Trojan horse to nod in peace.

As Mr. Arthur Beauchesne has stated: "When the British North America Act was passed, the population of the four provinces which formed the Dominion of Canada aggregated 3,070,061, or less than the present population of Ontario and Quebec. The total revenue of the dominion in 1868 was $13,687,928 and the total expenditure $14,071,689. The net debt of the country was $75,757,135."

Our present debt is in the vicinity of seventeen billion dollars.

"Our railway mileage was 2,278; motor vehicles were not known; aviation was a dream. The West was uninhabited except by Indians, half-breeds, fur dealers and roaming buffaloes. The population of British Columbia was very small since it was put down in 1871 to 45,000 of which number only about 9,000 were whites.

There was no question of our representation in foreign countries; we were not even allowed to negotiate our own treaties; there were British garrisons in our country; social reform was looked upon as the last word of dangerous radicalism. The people of 1935 are different from those of 1867. What we want is a new constitution."

Dr. Ollivier points out prominent Canadians who have recognized the need for a new constitution. At page 329 he says:

The Right Honourable R. B. Bennett said in the house on the subject, April 11, 1934: All that I can say is that I am firmly convinced of the necessity which exists to revise our constitution as soon as possible."

On page 333 he refers to the Right Honourable Mackenzie King as follows:

The Right Honourable Mackenzie King said on the debate on the Address in 1935: "I wish again to say that I think the British North America Act has been a marvelous achievement; thus far it has served its purpose remarkably well, but I wish to make it clear that I think the British North America Act requires amendment in some particulars, and the first amendment that should be secured is the recognition of the right of this country to amend its own constitution. Canada, as far as I know, is the only British dominion that has not that right."

At page 329 he again cites the Right Honourable Mr. King in this vein:

Here also is the opinion of the Right Honourable Mackenzie King: "A change in the British North America Act which would ignore the autonomy of the provinces is one thing; and an amendment which would serve the interests of the provinces without causing damage to their autonomy is altogether another."

I think most people today will agree that the changes which have taken place have been not such as would indicate that we should do away with the principle of federal union, but rather, such as would justify the adoption of federal union as against legislative union. Looking to the future of Canada it would seem that the need for the continuation of the principle that the people in the various sections of the dominion shall have jurisdiction over their own local affairs, as well as the means to develop and advance them, is more imperative than it was in 1867. The position of the Maritime Provinces today in relation to the rest of Canada is the same as it was in 1867, if not even more pronounced. The province of Quebec is still the home of a French-Canadian majority and an English-Canadian minority. The great province of Ontario has expanded and developed from an agricultural community into a great mining, forestry, industrial and commercial community. The interests of these three great sections which formed the original confederation are still as distinctly separate as they were in 1867. The attempt to govern these three great sections of Canada, with their different races and different interests, is just as difficult today as it was in 1867, and, I venture to say, just as impossible.

In the meantime the Prairie Provinces have developed. Out in the West today Manitoba and Saskatchewan are no longer just grain-growing and cattle-raising areas, but are becoming industrialized. They have developed and are developing their water powers and vast mining interests. They are a community just as much separate and apart from Ontario and Quebec as are the Maritimes.

Farther west there are the great provinces of Alberta and British Columbia, with their enormous wealth in oil, coal, timber and minerals of great variety; with their fisheries, their vast grain-growing areas and their farms, on which every type of live-stock is produced, as well as agricultural products ranging from berries to apples. That great sloping section facing the Pacific Ocean—the world's greatest future theatre of human affairs and of trade and commerce—is as separate from the rest of Canada as the Maritimes are from the eastern provinces.

As all honourable senators are aware, there have been and still are outstanding men in our Canadian life who believe in the policy of centralization; men who, with a view to reducing the cost of the government, believe it would be well to concentrate the power in one central parliament and reduce the provincial governments to the status of municipal councils. A few weeks ago we had before us a resolution calling for a fundamental change in the representation of the provinces in another place. I opposed the resolution because the provinces were vitally concerned in the proposed adjustment and had not been consulted about it. This adjustment was applicable only to the other place, but if the resolution had been founded on a spirit of justice, the proposal would have included an adjustment of the Senate representation of the four western provinces. In each of those four provinces there is a population of roughly one million people, and that population is rapidly increasing. Yet the province of British Columbia has only six senators, whereas Nova Scotia, with but half as much population, has ten. The adjustments that are obviously necessary must be made before long, and why they were not included in the resolution to which I have referred is beyond me. However, I have had a good deal of experience in the relations of the Pacific Coast with Ottawa, and I long ago discovered that while it is only about 2,500 miles from Vancouver to Ottawa, the distance from Ottawa to Vancouver is about 25,000 miles. Here they always have seemed to be looking through the wrong end of the telescope. Perhaps that is quite natural, and is one of the reasons why the Fathers of Confederation deemed it wise to let the people in the areas far away from the centre of government have control over their own local affairs.

Now, in contrast to the quotation from Dr. Ollivier's book, I turn to the remarks made in another place on June 20 this year by the Right Honourable the Minister of Justice on the proposal to change the representation in that house without reference to the provinces. He said:

If this thing goes through, it will be the last of the contention that the provinces have to be consulted, and then there is no protection for the rights of the minorities! If it is to be the last of the contention that the constitution of this nation cannot be amended in respect of national matters unless the proposal be subjected to the veto of the great powers who sit in the provincial capitals, then I think this is a happy day for Canada. This veto business is something which is proving very difficult in the Assembly of the United Nations, and if in this assembly of the representatives of the Canadian people we can down it forever we shall be performing a service to the Canadian nation.

I think all honourable members who have participated in the debate have brought forward all the arguments that could be used for or against such a contention. I agree with the honourable member for Stanstead that there will be no occasion hereafter to say that the decision which is to be made on this resolution is an obiter dictum. It is a thing which will have been argued and which will have been considered and about which the will and judgment of the representatives of the whole of the Canadian people will have registered their finding. May it be a finding that will endure.

That passage is recorded at page 2695 of the House of Commons *Hansard* of June 20, 1946.

The greatest change that has taken place in our constitutional position since 1867 is recorded in the official reports of the Imperial Houses of Parliament. The debate in the House of Lords took place on July 22, 1946. When the Order of the Day for the second reading of the British North America Bill was reached, Viscount Addison, Secretary of State for Dominion Affairs, dealt with the measure in this summary manner:

My lords, in moving the second reading of this bill, which we have before us at the request of the Canadian government, I should explain to your lordships that it comes to this house because under a clause in the Statute of Westminster the amending of the British North America Act providing, amongst other things, for the representation in the Canadian Houses of Parliament, was an excluded measure, and alterations therefore affecting that act require the assent of this parliament. An address has therefore been presented to His Majesty by the Parliament of Canada praying that alterations in the representation in the Canadian House of Commons as provided in the bill, shall become effective, and, in order to make them effective, it is necessary to pass the bill through the two United Kingdom Houses of Parliament.

The bill deals with a matter entirely, of course, within the discretion and judgment of the Canadian legislature, but by that simple enactment in the Statute of Westminster this proceeding on our part is called for. Therefore I must ask your lordships if you will be good enough—as the Canadian government is anxious to get the proceedings terminated—to take all the stages of the bill to-day. I should mention that by a typist's omission, entirely on our side, there is a line omitted after line 23 on page 2, and the words which will require to be inserted, in order to bring it into line with the address as passed by the Canadian legislature are "Number two hundred and fifty-four shall be reduced by the." Words to that effect will have to be inserted, by an amendment which I shall ask your lordships to accept in committee. The omission is entirely due to an error in typing, which occurred somehow or other. I am sure your lordships will excuse it. I do not expect it will be the wish of anyone to enter into a discussion or controversy on the matter. I beg to move that the bill be now read the second time.

Viscount CRANBORNE: My lords, I understand that this is really a purely formal bill, which is required. In the circumstances, I do not propose to make any comment on it.

Viscount Bennett of Calgary was in the House and took part in the debate. He said:

There has been a good deal of discussion about an amendment of the constitution being a political measure. Canada is the only one of the dominions in which a party majority can amend the constitution. They cannot amend it directly, but they do it indirectly, because we have agreed that we will consent to pass any legislation that they may petition to have passed by this parliament.

He proceeded:

The question is one solely for the Canadian people, but I do suggest that it might be well for the government at the earliest opportunity to discuss with the Canadian authorities the question of an amendment to the British North America Act which will enable Canada to deal entirely with its constitutional changes.

Having lived in Canada during the last thirty-five hectic years, when I read that I said, "O, shade of Henry Bourassa!" That is what Bourassa was advocating during his whole lifetime, and those of us who always believed that Canada should have her own constitution were looked upon as unworthy of the Crown and the British Empire. But here in the British House of Lords we have a great Conservative from Canada telling Canadians that they should run their own affairs.

Hon. Mr. EULER: Hear, hear.

Hon. Mr. McGEER: Yes. I repeat, "Shade of Henri Bourassa!"—"Shades of the French-Canadian Nationalists!" They never advocated more than that.

At the close of Lord Bennett's remarks Viscount Addison said:

I can assure the noble viscount that the whole case has been most carefully examined by our legal advisers, that it is completely in order and that the petition addressed to His Majesty contained, of course, the whole terms of the bill. As the noble viscount says, it is within the authority and jurisdiction absolutely of the Canadian Houses of Parliament, and it is only

by reason of the fact that under section 7 (1) of the Statute of Westminster the amendment or repeal of the British North America Act was excluded that this bill needs to come before this house at all. I may say that I find there was only one amendment proposed to the bill as introduced, and that was defeated by 108 votes to 42, so that it represents the considered and overwhelming opinion of the Canadian parliament. As the noble viscount says, these are not matters for us, and it is for me to ask your lordships to adopt this procedure as is required of us at the request of the Canadian government under the provisions of the Statute of Westminster.

The bill went from the Lords to the House of Commons. From the *Hansard* of that House I quote the following:

The SOLICITOR-GENERAL (Major, Sir Frank SOSKICE):

I beg to move, "That the bill be now read a second time."

The object of the bill is to give effect to an address which has been presented to His Majesty by the Parliament of Canada praying that certain alterations in representation in the Canadian House of Commons shall become effective. To give effect to this request it is necessary to repeal section 51 of the British North America Act, 1867, and to substitute the provisions set out in the bill. That act is expressly excluded from the provisions of the Statute of Westminster, 1931, by section 7(1) of that act. Accordingly, in order to effect the necessary change in the British North America Act, it is necessary to pass the present bill through the United Kingdom Houses of Parliament.

The bill comes to this house from another place. It deals, of course with a matter which is primarily within the discretion and judgment of the Canadian legislature. The Canadian legislature has decided upon this change, and is desirous that legislation in the terms of its address to His Majesty should be enacted as speedily as possible by the United Kingdom parliament. I hope that the house will agree that it would be proper to accede to the desire of the Canadian legislature, and I accordingly ask that this bill may be accorded a second reading. I would add that, in view of the wish of the Canadian legislature that the matter should be dealt with expeditiously, I hope that the house will be able to see its way to pass the bill through its remaining stages this morning.

That was all.

But Mr. Beverley Baxter, Conservative member for Wood Green, and a former Canadian, intervened in the debate. He said:

While all of us agree that this is a request by the Canadian government which will automatically be agreed to by this house, I want to point out one or two things, which, I think, we might bear in mind. When the Statute of Westminster was passed, it was laid down that after the passing of that statute no act carried in this house could have effect upon any dominion. That is the very essence of the Statute of Westminster. As the Solicitor-General has said, the British North America Act is exempted from that, but nevertheless I put it to the house that the very fact that we in the Imperial parliament are today passing an alteration in that act is an anachronism in itself. True, it is only formal and it is automatic what we do today, but it is something which does affect the constitution of the Dominion of Canada. Therefore I say it is an anachronism.

Mr. Baxter goes on to say:

Canada is the only dominion where the constitution may be altered by a majority vote in its parliament; in other words, by a party vote. We find ourselves here automatically required, and rightly so, to carry out the wishes of the Canadian parliament.

Further down on the page Mr. Baxter says:

I should like to make this serious suggestion to the Solicitor-General. It should be possible to pass a resolution in both houses here and in Canada that in future any alteration or amendment to the British North America Act should be done solely by the Canadian parliament, that the Canadian parliament should itself make any alteration in the Canadian constitution, and that this house should forego forever any further passing of any act or measure affecting any of the dominions.

By the interpretation placed upon the Statute of Westminster by the parliament of the Mother Country, England has politely, firmly and definitely cut Canada adrift.

Hon. Mr. HARMER: Britain, not England.

Hon. Mr. McGEER: The parliament of Great Britain has politely told Canada: "You are old enough and intelligent enough to run your own affairs." Again I see the shade of Henri Bourassa.

Canada is today a great nation, occupying a place in the front line of the great nations of the world. In fact I would classify the leading nations of this generation as follows: first, the United States of America; second, the Soviet Union; third, Great Britain and her empire, and fourth, the Dominion of Canada. I am aware that Canada is not in fourth place from the standpoint of population, but she does occupy that position as respects wealth, intelligence and capacity to produce. I believe that she occupies fourth place among the fighting powers. During the last six years Canada has builded for herself a reputation that has made her one of the mainstays in the struggle for world freedom. As Mr. Hoover said, after touring the world, Canada in the post-war crisis of starvation made the greatest contribution of any country in the world.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: This nation of ours is comprised of something more than an enormous territory with unlimited resources and its own people. It has assumed a position in the world in which we live. Canada still retains all the magnificent prestige of being a member of the British Commonwealth, a group of nations tied together by the single

thread of allegiance to a common Crown that is the servant and not the ruler of the British people. This nation of ours is a full partner with the United States of America in the administration of the North American continent.

Hon. Mr. HOWARD: Hear, hear.

Hon. Mr. McGEER: We have our joint defence agreement, our Hyde Park Agreement; we are peoples with the same ideals, confronted with the same problems of common defence. They in the United States and we in the Dominion of Canada together have the responsibility of maintaining the North American continent as the citadel of freedom for all the world.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: Canada under the federal union has grown into that proud place. Today she looks forward to greater things in the future than she has ever enjoyed in the past. The time has come when we should have the kind of securities that will preserve the institutions that have brought us thus far. But today Canada is adrift. The British parliament has cut the painter, and we are without anchor and without rudder—unless we are prepared to trust our constitutional security to the vagaries and whims of party politics.

I think it was the Right Honourable Ernest Lapointe who said that a constitution should be flexible, but that it should not be so flexible as to be amended easily. We have gone to the very limit of making amendment easy. We do not even have to pass an act of parliament. All that is necessary is a resolution of the other house, endorsed by this chamber, and it will be rubber-stamped into the constitution by the British Parliament. That is not good enough for Canadians. We are without a constitution which guarantees to our people and our nation the essential and fundamental securities of a federal union. I can state the situation in one sentence: Canada, one of the great nations of the world, is drifting under a colonial constitution, without the securities that go with such a constitution when the Mother Country maintains it for a colony. Anyone who dreamed or thought that because our constitution was an act of the British parliament, federal union was a guarantee of the rights of the provinces and of minorities, or of the integrity of the nation, must realize today that there is no such guarantee. It has gone. So, if we are going to have those fundamental securities that are essential to stability, we must have a new constitution, and it must be written by Canadians and be held in trust for the Canadian people by the Canadian parliament.

There are some things, I believe, that every honourable member knows are dangerous. For instance, you cannot have responsible government unless the will of the majority rules. A great many of the representatives in all our governments today—municipal, provincial and federal—were elected by a minority of votes. I do not know how that situation can be corrected, but I do know that the constitution should provide that no person shall sit as a representative of any constituency unless elected by a majority of the votes of that constituency. Whether that can be accomplished by the development of the primary system as they have it to the south of us, or whether it can be done by proportional representation or by the alternate vote, I do not know; but certainly we cannot go on as we are now, because our nation is in danger of being captured by a minority representation of the electors of this country.

There is another phase of our life that I think is of the utmost importance. Do honourable members realize that we have been here for months and so far have not seen a sign of the budget of billions of dollars? There should be a committee of ways and means in the other house and a committee of ways and means in the Senate—

Hon. Mr. ROEBUCK: Hear hear.

Hon. Mr. McGEER: —and surely there should be a constitutional obligation on the government to present at the opening of the session an outline of the budget. The amount of the national expenditures and the method of raising the money to meet them should not be determined by a little group of men sitting in isolation, screened off from public responsibility and public gaze, to be presented later in the form of expenditures of billions of dollars which no one in either chamber of parliament understands, or about which no one has a word to say.

Some Hon. SENATORS: Hear hear.

Hon. Mr. McGEER: You cannot have responsible government unless those who are responsible to the people are in control of not only the taxation policy but the expenditure policy as well.

Our parliamentary rules also need to be changed. In the British House of Commons three days are allowed for debates on the Address in reply to the Speech from the Throne; representative leaders debate the issue, and that is an end of it. Here the debate goes on and on and on until it becomes nothing but an endless repetition of addresses delivered to empty benches. There is a similar situation with regard to the budget. In the British

House of Commons the government lays down its policy, which is debated for three days, I think, and then the items come up for vote. But they are voted on without debate. They can of course be voted down. In the United States all this work is done by committees. If we in Canada want to prevent the loss of regard and respect for our institutions, we must see to it that there is a much greater degree of efficiency in our parliament than there has been in the past. It is only by some constitutional change that we can hope to do that.

One other matter that I want to lay before honourable members of this house today is the dominion-provincial deadlock. I do not know what attention honourable members have been paying to this, but I have followed it from an angle which is perhaps a little different from that of most senators. I believe that the issue is great not only as between our national and provincial government, but also as it concerns our cities and local governments. I have had a good deal of experience in municipal and provincial governments, and it seems to me that when we look at the present situation we must remember that prior to the war our provinces and cities were in a state of hopeless bankruptcy. Ontario municipalities were in default to the extent of something more than $100,000,000. You who know the cities of Toronto and Montreal, of Saint John and Halifax, as others of us know the younger cities of the West, must be aware that our cities were deteriorating all during the depression. In other words, throughout the ten or more years of the depression plus the six years of war—a total of somewhere between 16 and 20 years—there has been in our cities an accumulation of deferred maintenance and expansion.

I think it would be well for us to refer back for a few minutes to the wisdom of the Fathers of Confederation, and note again the provisions they made for carrying out the principle of a federal union. Sir John A. Macdonald, as he said himself, was in favour of a legislative union; Cartier and George Brown were against it. After it had been decided that Canada was to be a federal union, Sir John A. Macdonald said, as reported in the *Confederation Debates, 1865*, at page 40:

> It will be seen that the local legislatures have the control of all local works; and it is a matter of great importance, and one of the chief advantages of the federal union and of local legislatures, that each province will have the power and means of developing its own resources and aiding its own progress after its own fashion and in its own way. Therefore all the local improvements, all local enterprises or undertakings of any kind, have been left to the care and management of the local legislature of each province.

Mr. Alexander Galt, the Minister of Finance at the time, made this statement, which is to be found at page 68 of the same volume:

> It will be observed that in the plan proposed there are certain sources of local revenue reserved to the local governments, arising from territorial domain, lands, mines etc. In the case of Canada, a large sum will be received from these sources, but it may be that some of them, such as the Municipal Loan Fund, will become exhausted in course of time. We may, however, place just confidence in the development of our resources, and repose in the belief that we shall find in our territorial domain, our valuable mines and our fertile lands, additional sources of revenue far beyond the requirements of the public service. If, nevertheless, the local revenues become inadequate, it will be necessary for the local governments to have resort to direct taxation.

And at page 69 he goes on:

> In transferring to the general government all the large sources of revenue, and in placing in their hand with a single exception, that of direct taxation, all the means whereby the industry of the people may be made to contribute to the wants of the state, it must be evident to everyone that some portion of the resources thus placed at the disposal of the general government must in some form or other be available to supply the hiatus that would otherwise take place between the sources of local revenue and the demands of local expenditures.

The provinces were to have direct taxation, and in addition, as Mr. Galt points out, there would have to be provincial subsidies. I have no hesitation in saying that the Fathers of Confederation intended that direct taxation should be an exclusive prerogative of the provincial legislatures.

Hon. Mr. VIEN: The honourable gentleman will no doubt agree, however, that they did not translate such intention into the language of the British North America Act.

Hon. Mr. McGEER: I think they did. I submit that the body which made the error in interpretation is the Privy Council, and I will shortly refer to some of its decisions to show what I mean. I believe that if our provinces had been left with that power of taxation we would have had a much stronger dominion today.

In 1917 the dominion government imposed an income tax, and the then Minister of Finance offered this observation:

> The dominion government under the provision of the British North America Act, 1867, is empowered to raise revenue by any mode or form of taxation, whether direct or indirect. On the contrary, the provinces, and by consequence the municipalities which derive their taxation power from the provinces, are confined in the raising of revenues to measures of direct taxation. For this reason since the outbreak of war, I have

hesitated to bring down a measure of federal income taxation, and I have not regarded it as expedient, except in case of manifest public necessity, such as I believe exists at the present time, that the dominion should invade the field to which the provinces are solely confined for the raising of their revenue.

That matter was dealt with in the Sirois report, and I propose to place on the record a summary of the findings of that commission, on which over $500,000 of the taxpayers' money was spent, and out of which nothing has come as yet. In 1937, following the unhappy experiences of the great depression, the federal government appointed a Royal Commission on Dominion-Provincial Relations. On May 3, 1940, the commission presented its report—now known as the Sirois report—and here is a summary of its findings:

1. The dominion would relieve the provinces (and the municipalities) of the whole burden of relief for the employable unemployed and their dependents.

2. The dominion would assume the whole of the provincial (but not the municipal) debt.

3. In the case of Quebec, the dominion would assume 40 per cent of the net, or deadweight, cost of combined provincial and municipal debt service.

4. The provinces would cease to use the following forms of taxation: the personal income tax; taxes on corporations or corporate income; and succession duties.

5. The provinces would surrender all existing subsidies.

6. The dominion would pay annually to each province a sum equal to the tax which that province would have received had it collected from mining and oil-producing companies ten per cent of the net income which was derived from mining, smelting, and refining of ores and oils produced in the province.

7. The dominion would pay annually a National Adjustment grant to certain provinces.

8. The dominion, while retaining its unlimited taxing powers, would recognize an obligation to respect the remaining revenue sources of the provinces.

That the Sirois Commission was opposed to further invasion of provincial fields of taxation is evidenced by the following declaration:

The dominion can no longer consider itself a free and independent agent to take unilateral action to this end when it pleases. The essence of the plan is to leave provinces and municipalities with adequate, stable revenues, and this would clearly be defeated if the dominion should extend its taxation into fields already occupied by the provinces or on objects jointly taxed without making satisfactory compensatory adjustments. Such action would violate the whole spirit of the arrangement.

At a dominion-provincial conference held in Ottawa in January, 1941, these recommendations were rejected. I am not going to review what has happened since. We have had conference after conference. But I intend to draw to the attention of the house some of the observations which were left on the record when the last conference—that held in 1945-46—dissolved.

Premier Macdonald of Nova Scotia said:

In return for the proposed grant of $15 per head, we are asked to surrender our rights to collect income and corporation taxes, two fields which, as I have said, yielded last year something in excess of one and a half billion dollars. That is the position which the provinces are asked to take. Let me ask you, Mr. Chairman, and the delegates here, whether they represent the dominion government or the provinces, let me ask anyone who is within sound of my voice, let me ask that greater body to which we as public servants are all accountable, the citizens of our provinces or of Canada, let me ask any one of those people whether they think that it is a fair or honourable or dignified position in which to place the provinces in this dominion. Provincial autonomy will be gone. Provincial independence will vanish. Provincial dignity will disappear. Provincial governments will become mere annuitants of Ottawa.

Premier Hart of British Columbia told the conference:

Briefly, our position is that we will recommend for a three-year trial period that the province refrain from imposing income and corporation taxes, provided we are compensated by a sum equal to what we would collect if again we imposed similar taxes to what were in force previous to the war tax agreement. The alternative to this is that we proceed to collect income and corporation taxes at rates current before the war.

Similar positions were taken by the premiers of Ontario, Quebec and Alberta.

Since then an offer has been made on a certain basis, and New Brunswick, Manitoba and Saskatchewan have accepted it. But if you look at the record you will find that theirs is only 18 per cent of the total population, and that those provinces provide less than 10 per cent of the total taxes. Now, I ask honourable senators to consider this position. Suppose that the national parliament lines up with New Brunswick, Manitoba and Saskatchewan, and that Nova Scotia, Quebec, Ontario, Alberta and British Columbia stay out. These latter provinces, which have 82 per cent of the population of Canada and pay 91 per cent of the total taxes, are opposed to the policy of the national government. Do not think that these provinces have not got power. I may not be correct in my impression, but since I studied constitutional law in law school I have always believed that subsection 14 of section 92 of the British North America Act was the chief security of the provinces in the matter of provincial rights. And do not make any mistake about it, that subsection as it stands today places the administration of justice in the hands of the Attorneys-General of the provinces. We in Canada cannot afford in this post-war period to allow issues of that kind

in our constitutional position to remain undefined. If Canada is to continue to progress and prosper as a federal union—

Some Hon. MEMBERS: Hear, hear.

Hon. Mr. McGEER: —that division is too serious.

Now, what about the law as we have it up to the present time? A great many people seem to assume that because under section 91 of the British North America Act the national parliament has the power to raise money "by any mode or system of taxation", it can do everything. That is not true. It is an exclusive jurisdiction of course, and if the national parliament has an exclusive jurisdiction to levy taxes "by any mode or system of taxation" then the provinces can have no taxation powers whatever. But under section 92 the provinces themselves have powers of taxation. They have an exclusive jurisdiction to levy taxes within the provinces in order to raise revenues for provincial purposes. The totality of the taxation powers of the dominion is lessened by whatever may be the taxation powers of the provinces. That matter was first reviewed in the old cases of Abbott v. the city of Saint John, and Parsons v. the Citizens' Insurance Company. It came under review before the Privy Council in Bank of Toronto v. Lambe. There is a fair summary of it in the judgment of the Privy Council in Caron v. The King, cited in Cameron's Privy Council decisions, volume 11, page 353. I ask my learned colleagues to observe these remarks of the Privy Council:

> Money raised by an income tax act is unquestionably money raised by a mode or system of taxation.
>
> It is true that by the provisions of section 92 the legislature in each province may exclusively make laws in relation to certain matters coming within the classes of subjects which are there enumerated, and that one of these classes of subjects is "direct taxation within the province in order to the raising of a revenue for provincial purposes."
>
> As such particular direct taxation is reserved to the province, to that extent there is some deduction to be made from the totality of power apparently given exclusively to the dominion parliament to raise money for any purpose by any mode or system of taxation.
>
> This apparent antinomy has been noticed in various decisions. It is sufficient to mention Citizens' Insurance Company v. Parsons and the Bank of Toronto v. Lambe. In the latter case, their lordships observed as follows: "It is impossible to give exclusively to the dominion the whole subject of raising money by any mode of taxation, and at the same time to give to the provincial legislatures, exclusively or at all, the power of direct taxation for provincial or any other purposes. This very conflict between the two sections was noticed by way of illustration in the case of Parsons" and after quoting from the earlier judgment, their lordships proceeded:
>
> "Their lordships adhere to that view, and hold that, as regards direct taxation within the province to raise revenue for provincial purposes, that subject falls wholly within the jurisdiction of the provincial legislatures."
>
> The only occasion on which it could be necessary to consider which of these two principles was to guide, would be in the not very probable event of the Parliament of Canada desiring to raise money for provincial purposes by indirect taxation. It might then become necessary to consider whether the taxation could be supported, because the power to impose it, given by head 3 of section 91, had not been taken out of the general power by the particular provision, or because though not given by head 3, it was given as a residual power by the other parts of section 91. But no such question arises now.

Those decisions lay down the rule that the levying of direct taxation for provincial purposes is exclusively within the jurisdiction of the provinces and cannot, under the constitution, be transferred by agreement from the provinces to the national government.

In the Employment and Social Insurance case this issue was very fully discussed by the judges of our Supreme Court. The then Chief Justice, Sir Lyman Duff, held strongly that the insurance levy was a tax and was intra vires of the national parliament, under its powers to levy taxes by any "mode or system of taxation." The judgment of the court to the contrary was written by the present Chief Justice, and was supported by a majority of the court. This case will be found in Plaxton's Constitutional Law at page 305. One of the arguments advanced was that if the levies made to carry out the scheme were taxation, they were levies that the national parliament could make under section 91, which gives to that parliament the right to collect taxes "by any mode or system of taxation."

The Honourable Mr. St. Laurent, now Minister of Justice who appeared for the federal government before the Privy Council, is quoted as saying:

> If it is taxation, then parliament has the right to use any mode or form of taxation.

In dealing with the matter Lord Atkin, who read the judgment, said:

> That the dominion may impose taxation for the purpose of creating a fund for special purposes and may apply that fund for making contributions in the public interest to individuals, corporations or public authorities could not, as a general proposition, be denied. . . . But assuming that the dominion has collected by means of taxation a fund, it by no means follows that any legislation which disposes of it is necessarily within dominion competence. . . . If on the true view of the legislation it is found that in reality in pith and substance the legislation . . . encroaches upon the provincial field, the legislation will be invalid. To hold otherwise would afford the dominion an easy passage into the provincial domain.

Hon. Mr. DUPUIS: What was the finding?

Hon. Mr. McGEER: The finding was that the tax was ultra vires of the national parliament.

In the well known case of Bank of Toronto v. Lambe, the argument was made that the bank having been constituted, created and operated under authority of the national laws, the provincial governments had no power to tax it, because if they were given that authority they might tax it out of business. The courts concluded that the powers were not to be used in that way, but that if the time should come when they were to be so used there would be an opportunity to deal with them. In the Alberta bank taxation case the courts found that the taxes levied on the banks were designed to put the banks out of business and it was held that, having gone that far, the power of taxation was ultra vires.

I come now to the proposition that by the very terms of the proposals or agreements offered to the provincial governments the federal government admits that it has encroached upon the revenues of the provinces so far, and proposes to encroach so far; that it intends to levy dominion taxes within the provinces and then to hand the revenue over to the provincial governments to carry on. As I read the law today that procedure is ultra vires of the Dominion Parliament. I say that it cannot by agreement secure from the provinces a jurisdiction that it does not enjoy. That principle, I think, was decided in the case of C.P.R. v. Notre Dame de Bonsecours Parish, cited in 1899, Appeal Cases 367. In that case the following principle was laid down:

> The dominion cannot give jurisdiction or leave jurisdiction within the province. The provincial parliament cannot give legislative jurisdiction to the dominion parliament. If they have it, either one or the other of them, they have it by virtue of the act of 1867. I think we must get rid of the idea that either one or the other can enlarge the jurisdiction of the other, or surrender jurisdiction.

That principle was adopted by the Manitoba Court of Appeal in the case of Rex v. Brodsky, 1936; by the Saskatchewan Court of Appeal in Rex v. Zaslavsky, 1935; and in the Alberta Supreme Court in Rex v. Thorsby Trader, 1936.

Again I say that these are situations which demand clarification. If we in Canada are to have the enjoyment that we should from our possessions, we must have stability.

Another important feature is that we must have uniformity, not only of law, but of economic and social life throughout the dominion. We cannot have one standard for the West and another for the East. I do not propose to discuss the merits of the demands of the steel workers or the contentions of the steel producers; but in view of the situation that has developed in Canada, the attitude of the government is to me incomprehensible. I believe that no one who has the faintest conception of economics could defend it. The attitude of the government may be summed up in this one sentence: While an increase of ten cents an hour is justifiable and would do no harm to the price structure, an increase to fifteen cents per hour would put a pressure on the price structure which would result in disastrous inflation.

When the loggers struck on the Pacific coast, the government appointed the Honourable Mr. Justice Sloan as a mediator to settle the dispute. After the investigation was completed Mr. Justice Sloan recommended, among other things, an increase of fifteen cents per hour. It was recognized that even before the increase the wage level in the lumber industry in British Columbia was higher than that in eastern Canada. Products of the forest play just as important a part in the life of the nation as do the products of the steel producers; as a matter of fact, it may be said that in all construction work lumber and steel go together. When an increase of fifteen cents an hour for the British Columbia loggers was recommended by the commissioner, the Minister of Labour received the finding and, speaking on behalf of the government, recommended its acceptance. The problem was under discussion for weeks. During that period the provincial government of British Columbia, the federal government at Ottawa and the commissioner were pressing for a settlement in order to get the men back to work on the new rate of pay, and there was not one word of criticism on the ground of threatened inflation. I find it impossible to understand why fifteen cents an hour should be considered inflationary in the East when it is not so regarded in the West.

Let us examine that situation. We have accepted a fifteen cent wage increase in the West, and now we are told—after having been advised to accept it—that it was wrong and had an inflationary effect. I have said before, and I wish to repeat, that it is time we began to deal with this question as the representatives of the people, and to realize that this problem is the result of bad advice on the part of civil servants. The sooner we recapture the government of this country from civil servants, the better off we are going to be.

Hon. Mr. ROEBUCK: Hear, hear.

Hon. Mr. McGEER: I believe that the revolt in the House of Representatives and the Senate of the United States was one of the

greatest things that has happened on this continent in a long time. It did result in the development and creation of a price control board that went out to function, not as an authority dominating the community, but as an agency representative of the government, in an effort to work out a programme in which production was the paramount objective.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: Let us look at this inflationary nonsense and examine the facts. When the Family Allowances Bill was introduced, we were told that the expenditure of $250,000,000 on the children of Canada would help to increase the purchasing power required to sustain full employment. The children produce nothing; the money goes into circulation; and there is no criticism of the measure on the ground that it was inflationary. The magnificent $850,000,000 programme which the Department of Veterans Affairs has developed is being carried through without any criticism that the expenditure will have an inflationary effect on this country. Our huge national debt requires an annual interest payment of $500,000,000, and it is not condemned as inflationary. I ask, honourable senators, what could be more inflationary than interest payments?

The price of wheat at $1.55 a bushel for export and $1.35 for home consumption has been guaranteed for the next four years. I know of no four-year period when the farmers in western Canada have enjoyed an average return as great as that.

Hon. Mr. HORNER: May I interrupt the honourable gentleman to say that I believe the price is fixed for only two years, and is to be readjusted at the end of that period?

Hon. Mr. McGEER: It is guaranteed, but the assumption is that the price will go up rather than down. In any event I do not quarrel over the question—leave it at two years. The price is guaranteed, and this is going to put into circulation an enormous amount of money. My honourable friend who represents the prairie farmers knows of the volume of money in circulation at the present moment. Even without this guarantee—and I am speaking only from an inflationary point of view—there is more money today than there are goods to satisfy the demand. No one has condemned the fixing of wheat prices on the ground that it will wreck the price structure and bring about inflation.

The theory is that inflation will result when there is an increase in the volume of purchasing power in circulation without a proportionate increase in the volume of consumer goods available for purchase. On the basis of this theory our policy with respect to foreign loans is bound to have an inflationary effect. Canada has loaned to England one and a quarter billion dollars, and to other countries $750,000,000. While there is no binding agreement that the money so lent will be expended in Canada, we are told that all of these monies are to be spent in the dominion. The result, therefore, will be that purchasing power in Canada will be increased by two billion dollars and the goods produced by that expenditure will be drained off by foreign countries. But no one has ever condemned the loaning policy on the ground that it was inflationary.

The United States government agreed to an increase of 18½ cents per hour to steel workers. This raised the price of steel in Canada by approximately $5 a ton. On the basis of our Canadian capacity of three million tons a year, the steel operators would receive an increase in value of approximately $15,000,000 annually. That move was never condemned as being inflationary. It is estimated that an increase to the workers of 15½ cents per hour would cost the Steel Company approximately five and a half million dollars, and an increase of 10 cents an hour would cost $3,600,000. The difference therefore between an increase of 10 cents an hour, which the government says is all right, and 15 cents an hour which is condemned as inflationary, is $1,800,000 a year.

I believe, therefore, that if the men who now carry on a tremendous part of the operations of the government of this country, and who exercise individual power and authority, tell us that $1,800,000 a year is going to destroy our price structure, it is time the rights of the Canadian people were secured in a constitution. Quite apart from five cents an hour being only a portion of the increase in the price of steel already granted by the government, and in view of all the other inflationary policies that have been put into effect, the suggestion that such an increase to the steel workers or to the workers of Canada generally would be inflationary is obviously not only ridiculous but utterly absurd.

Now I want to say just a word as to the Senate's responsibilities. I think the time for the exercise of the Senate's full responsibilities is right now. In the light of what has happened at dominion-provincial conferences, I do not see how the federal and provincial authorities can get together without the assistance of an organization such as the Senate. In my opinion this chamber can properly and rightfully, in the exercise of its powers and duties, intervene and work with the national government on the one hand and the provincial governments on the other, and thus bring about a situation that would guaran-

tee to Canadians for ever a dual system of responsible and representative government.

I submit to honourable senators that in our new constitution we should protect not only the provinces, as respects their rights to revenues, but the cities and local governments as well. We who can finance unlimited war must know that we can finance much better cities and services for the Canadian people than the provincial and municipal governments have been able to give them. Yes, we want our own judiciary; we want a Judicial Committee of our own Privy Council, and we want courts of efficiency and independence. We need checks and balances alike for individuals and for our forms of government. We need to have some restraints placed on them.

I am one who believes without question that the government should do for the people that which they cannot do for themselves—and to some extent, even that which the government can do better than the people can do it. I would not go so far as to say that the best government is the one which governs the least, but I would go this far: that the best form of government is that which extends the fullest measures of co-operation and reduces restrictive and repressive legislation to the very minimum of necessity.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: My faith is not in the government, but in the common sense of the Canadian people. You can depend upon the Canadian workingman, the Canadian farmer, the Canadian middle class, and the men and women of our professions, to exercise that spirit of co-operation, goodwill and reason which has made this nation what it is today.

I will quote again from Sir John A. Macdonald's speech as reported in the *Confederation Debates*, this time at page 35:

> 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.
>
> There are three great sections, having different interests, in this proposed Confederation. We have Western Canada, i.e., Ontario and Upper Canada, an agricultural country far away from the sea, and having the largest population, who have agricultural interests principally to guard. We have Lower Canada, with other and separate interests, and especially with institutions and laws which she jealously guards against absorption by any larger, more numerous, or stronger power. And we have the Maritime Provinces, having also different sectional interests of their own, having, from their position, classes and interests which we do not know in Western Canada.

And a little farther on, at page 38, he said:

> To the Upper House is to be confined the protection of sectional interests; therefore is it that the three great divisions are there equally represented, for the purpose of defending such interests against the combination of majorities in the Assembly.

In closing I may say that to my mind the Senate is the highest court in the land. It was created for a high purpose—to insure the protection of those sections of our constitution which today are being invaded, in my opinion, unwisely, unconstitutionally and fatally. The Senate knows no master, it acknowledges no dictator. It has only one fear, namely, that unconsciously—for it could never be consciously—it may fail to fulfil its high responsibility of protecting the rights of the provinces and the minorities, and of preserving the integrity of this nation and the liberties of its people. We in this august assembly, which inherits its power from the Mother of Parliaments, have the opportunity and the duty to meet a crisis in the life of our young but great and powerful nation. It is for us to say whether the drift towards bureaucracy and centralization, a drift which threatens the rights of minorities and the liberties of the Canadian people, shall be allowed to continue; or whether we shall move to bring about a restoration of our federal union under a constitution which will give to us in Canada, as partners of the union, the same grand inspiration and magnificent securities that have been enjoyed by the great republic to the south of us under the Declaration of Independence and the Constitution of 1787—the most Utopian declaration ever made, and one of the noblest documents ever written.

Constitutions are made, not for lawyers and courts, but for countries and people. The great virtue and value of the Constitution of the United States is in its simplicity of language and its clear definition of the sound principles of government.

Honourable senators I commend this resolution to your consideration.

Hon. THOMAS VIEN: Honourable senators, I do not intend to continue the discussion on this very important subject today. Before moving adjournment of the debate, however, I wish to express to the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) what I think is the sentiment of all honourable members, namely, that we are deeply indebted to him for having placed this matter before us so fully and thoroughly. In the fight against bureaucracy and centralization we are, I believe, at one with him. The applause that has underlined his references to those conditions is conclusive proof of how honourable senators feel about them. I would

suggest, however, that a committee such as he proposes would not have time in the dying days of the present session to accomplish even the preliminary work towards the objective he has mentioned; and as it is not within the power of this house to create a committee which could function during the recess, it seems to me that this matter is one which it would be better to deal with in the opening days of the next session.

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

INCOME WAR TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 368, an Act to amend the Income War Tax Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, August 21, 1946.

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

Prayers and routine proceedings.

JUDGES BILL

SECOND READING

On the Order:

Second reading of Bill 250, an Act respecting the Judges of Dominion and Provincial courts.

Hon. Mr. ROBERTSON: Honourable members, I have asked the honourable senator from Lincoln (Hon. Mr. Bench) to handle this bill.

Hon. J. J. BENCH moved the second reading of the bill.

He said: Honourable senators, the only new principle involved in this bill is a proposal to increase judicial salaries by one-third, and consequently to increase retiring allowances in the same proportion. The bill otherwise may be described as a revision and consolidation of the Judges Act and its amendments as they now appear in our statutes. There are many details of improvement in language and of general administration which no doubt will be discussed in committee, should honourable members desire the bill to be so referred.

With the exception of one increase granted to the Circuit Court judges of Montreal in 1923, there has been no increase in judicial incomes since 1920. As a result of legislation passed in 1920 the scale of judicial salaries across the country was increased, so that at the present time the salaries applicable to the several judicial positions are as follows: In the Supreme Court of Canada, which is of course our senior judicial body, the Chief Justice now receives a salary of $15,000. This bill proposes that the amount be increased to $20,000. The salaries of the six puisne judges, each of whom now receives $12,000, are to be increased to $16,000. In the Exchequer Court of Canada the President, as a result of the legislation passed in 1920, receives a salary of $10,000, and it is proposed by this bill to increase it to $13,333.33. The puisne judges, who now receive salaries of $9,000, are to have the amount increased by the bill to $12,000. In the Superior Courts of the provinces the Chief Justices now receive $10,000, which would be increased by this measure to $13,333.33. The puisne judges, who now receive salaries of $9,000, would advance to $12,000. In the County and District Courts where the salaries are at present $5,000, the bill provides that they be increased to $6,666.66.

It might be interesting to honourable members if I were to review the scale of judicial salaries since confederation. I do not propose to review them in detail, and particularly I would avoid discussing salaries that have obtained from time to time in the provinces with which I am not familiar. In 1868 the trial judges in the Supreme Court of Ontario received salaries of $4,000. The chief judges of the courts of law and equity, as they were then established, were paid $5,000. In 1873 these salaries were increased by $1,000 respectively, the chief judges then receiving $6,000 and the trial judges $5,000.

At that time, and indeed down until 1920, judicial salaries were not subject to income tax. It seems to me that quite a strong argument could be made out for the relief of judges from income tax. I need not discuss the reasons today, because after all that is not strictly relevant to the terms of the bill. Today a trial judge of the Supreme Court of Ontario is paid a salary of $9,000, upon which, if he is married and without dependents, he is required to pay an income tax of $2,723.28.

I do not know the family circumstances of all the judges, but it would appear that for taxation purposes most of them would be classified as married men without children. The provincial government of Ontario pays judges of the Supreme Court an additional $1,000 a year, thus increasing the amount received by each of them to $10,000. This, however, is subject to income tax to the extent of $3,160.08, so that these judges would have left today a net of $6,839.92.

I have not been able to get an entirely satisfactory comparison between today's cost of living and that of 1873, when the salary of a trial judge was $5,000. I am informed, though, that the index of wholesale prices published by the Dominion Bureau of Statistics shows—taking 1926 at 100—that in 1875 the cost of living stood at 63.5, and in 1945 at 104. So honourable senators will observe that while the cost of living generally has increased by more than two-thirds, a Supreme Court trial judge in the province of Ontario now is left with a net salary in the sum of $6,839.92 on which to live as compared to the $5,000 salary of 1873. The judge of today is even worse off as compared with the judge of 1920, for at that time the salary was $7,000, entirely free of tax. I venture to suggest that no other employable person in this country today is earning less than he was in 1920, or is left with a lower net upon which to live than he had at that time.

In making a comparison between the cost of living in 1873 and in 1945, an examination of the prices of individual items makes even more impressive the inadequacy, if I may so call it, of today's judicial salary level. The prices of some staple foodstuffs in 1873 were as follows:

Smoked bacon	10½c a pound
Butter	16c a pound
Lard	10c a pound
Eggs	14c a dozen

The next item may bring tears to the eyes of my honourable colleagues.

Whisky	67c a gallon

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: Mr. Speaker, there is a limit.

Hon. Mr. BENCH: That item is not perhaps strictly relevant to the matter we are discussing, for, as everyone knows, a gentleman who is appointed to judicial office is required to remain "sober as a judge."

I think all honourable senators will agree with me when I say that the importance of the judicial branch of our government cannot be over-emphasized. We must have in our courts men of integrity, of the best possible legal capacity and of the highest standing in their profession. It is not to be expected, I suggest, that men would be inclined to leave lucrative professional practices to take part in the public service of the country at a rate of income below the amount they could earn in a private capacity. In Ontario, I am happy to say, we have been extremely fortunate in getting the best type and calibre of men to accept appointment to our courts, but I am informed, and can well believe, that it has not always been easy to persuade these men to give up the prizes of their professional practice, earned after many years of arduous work and building up a connection.

Hon. Mr. HARMER: Is not that true of all the provinces?

Hon. Mr. BENCH: I would say it is. I have ventured to speak only of the province in which I live, and the judiciary with which I am happy to have some professional association.

Another feature which comes to my mind in arguing for the justice of increasing the salaries of our judges is the circumstance that in England—after whose system we have patterned much of our legal processes—trial judges of the high courts are paid a salary of £5,000, which at to-day's rate of exchange is about twice as much as we pay judges in comparable positions in Canada. It does seem to me rather ridiculous that while we can afford to lend to Great Britain tremendous sums of money, we should pay our judicial officers only half as much as similar officers are paid in the Mother Country.

When we get into this question of salaries we find all sorts of anomalies throughout the public service. I have the impression that the situation right here in Ottawa is, to say the least, somewhat strange. For instance, under our statutes the Prime Minister is paid an annual salary of $15,000, while the Governor of the Bank of Canada—holding certainly a subsidiary position—is paid $30,000, and the two gentlemen jointly managing the Canadian Broadcasting Corporation—which loses money—are also paid some $30,000.

The government, it is true, seems to have realized that some forward step should be taken to correct this anomalous situation, and recently it appointed a royal commission—generally known as the Gordon Commission—to go into the matter and make a report. That report, I believe, has been distributed to honourable members. I hope it may be used as the basis for some government action to improve the salary situation in the public service and to bring some order out of a con-

dition that now appears to be more or less chaotic. In saying that, however, I should not like it to be assumed that I am in sympathy with the Gordon report. Frankly, I do not think very much of it. I do not know where it was "cooked up"—I have my suspicions—but anyway I would regard it as being "half-baked".

With leave of the house I wish to take this opportunity to point out one feature of that report which ought to be of special interest to honourable members. The commission presumes to make a recommendation as to the salary of the Clerk of this honourable house, and proposes that there should be a differential between his salary and that of the Clerk of the other house. I should like to say now that if any legislation based upon that report is introduced to effect a discrimination of that kind—not so much between the officials of the two houses, but between the two houses themselves—I shall certainly oppose it most vigorously.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: The report also makes recommendations regarding increases to other public servants. It suggests, for instance, a salary of $17,500 for the Deputy Minister of Finance. It seems to me that if that official is to be adequately paid he ought to receive more than that for doing the job which is required of him in looking after the financial welfare of this country. The report also suggests the munificent increase of $2,000 in the salary of the Deputy Minister of National Revenue for Taxation—a man who is charged with the responsibility of collecting one and a half billion dollars of our annual revenue. Honourable members will recall that our Special Committee on Taxation recommended that his salary should be materially increased. To suggest an increase from $10,000 to $12,000 is in my opinion both miserly and ill-advised.

Perhaps I may be permitted to make one other observation in that connection, since it more directly concerns this house and the administration of its affairs. We have as one of our officials a Law Clerk and Parliamentary Counsel. I venture to suggest, without fear of contradiction, that that gentleman is one of the outstanding lawyers in the public service of this country.

Some Hon. MEMBERS: Hear, hear.

Hon. Mr. BENCH: I will not mention the amount of his salary, but I do suggest that it is grossly inadequate.

Some Hon. MEMBERS: Hear, hear.

Hon. Mr. BENCH: Not only is he doing the job of Law Clerk and Parliamentary Counsel, but he is also serving the government in other capacities. For instance, he is editor of the wartime orders and regulations that are published from week to week; he is a member of the Advisory Committee of the Salaries Control Board; he is also a member of the Special Depreciation Board. He may have other duties, but those are the jobs of which I have personal knowledge. I would respectfully suggest that our Committee on Internal Economy and Contingent Accounts, when it convenes next session, should give some consideration to making an upward adjustment in this particular official's salary.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: It is drawn to my attention by the honourable senator from Ottawa (Hon. Mr. Lambert) that our Law Clerk was not mentioned in the Gordon report. However, I am not sure that the commission had power to make a recommendation regarding any of the parliamentary officers. Actually, I was a little surprised that the Gordon Commission presumed to make any recommendation regarding the clerks of the two houses. It would seem to me that the salaries payable to those officers should be left wholly to the jurisdiction of parliament itself.

Some hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: I will not tire the house with any further observations, beyond saying that it seems to me we lack courage in the matter of giving proper remuneration to the persons who, as civil servants, are serving the public interest. We in Canada seem to be afraid of some criticism from the left, and there was in fact some opposition to this very bill from the socialist group in the other house. I believe we should acquire a little more courage in such matters; we ought to put salaries up to a level which will attract to the executive and judicial branches of the government the finest talent available.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: I submit to honourable senators that the salary increase proposed by this bill is long overdue, and I respectfully recommend second reading. If the bill receives second reading it can be referred to the Committee on Banking and Commerce.

Hon. JAMES P. McINTYRE: Honourable senators, I agree in principle with the bill, but I do not think it goes far enough. We have in Canada another class of honourable gentlemen who are serving the different provinces and whose salaries are inadequate. I refer to the Lieutenant-Governors. In six of

the provinces these gentlemen receive salaries of $9,000; two provinces each pay $10,000; and one province pays $7,000.

We have in all the provinces a total of 272 judges, exclusive of the Chief Justice of Canada and the District Judges in Admiralty. The salaries of these 272 judges at the present rate total $1,895,000. The expenses incurred by the judges in the provinces amount to $156,800. When the salary increase of one-third is added to present figures, the federal treasury will be required to pay out $2,685,000. We have only nine Lieutenant-Governors, at a total cost to the dominion treasury of only $81,000. The cost of including these gentlemen in the salary increase would be $27,000, making the total cost of their services a little more than $100,000.

I submit that the Lieutenant-Governors of the provinces should benefit by the one-third increase in salaries. They each have to attend many functions in various parts of their province, and they are not allowed any travelling expenses. Furthermore, they are frequently called upon to make donations to programmes of various kinds throughout the province.

I realize that the Senate cannot amend a money bill, but I would ask the honourable leader of the house to suggest to the government the desirability of an increase of one-third in the salaries of the Lieutenant-Governors.

Hon. JOHN T. HAIG: Honourable senators, I do not think it worth while sending this bill to committee, unless some amendment is contemplated, because it simply deals with judges' salaries.

While listening to the remarks of my honourable friend from Lincoln (Hon. Mr. Bench) it occurred to me that most of his address was obiter dictum; it had nothing to do with the bill. I do not propose to follow him in that regard, because in doing so one is apt to get into difficulty. He challenged what the socialists said in another place, and yet he repeated the opposite side of the argument here. If the leftists in another place were not justified in talking from their point of view, then the honourable gentleman was not entitled to give the rightist view here.

Hon. Mr. MURDOCK: Hear, hear.

Hon. Mr. HAIG: I am not disturbed about the government asking for a one-third increase in judges' salaries, nor am I concerned about the necessity for it. As a matter of fact, the necessity is neither the increased cost of living nor the difficulty of getting able men to sit on the Bench. Money does not buy brains, and ever since Canada has been a country there have always been able men on the Bench. Money may buy ability in a lawsuit, or something of that nature; but very often men give their best brains and energy to doing things that bring them little reward. I have known the judges in the province of Manitoba for the last forty years, and while they may not have been leading members of the Bar when in practice, they were eminent jurists when they sat on the Bench, and they have given great service to the province in applying the common man's viewpoint to the administration of justice. But when it comes down to the crucial things of life, such as whether you or I or the accused, whoever he may be, shall live or die, it is the twelve men in the jury-box who decide.

I am quite willing to vote for an increase in the salaries of judges, but I wish to point out that the reason for the bill is not the inability to get able men to go on the Bench. Men have refused judgeships, but not because of the inadequacy of the salary. Some men prefer their own hearths and friends, and are not attracted by the isolation in which they find themselves as judges. I say, gentlemen, that the real reason for this bill is income tax, and nothing else. We must face that problem. We are suffering from strikes all over the country.

When one talks to men alone, they say they get a reasonable amount but too much is taken away in taxes. My honourable friend stated very clearly that a married judge with no dependents, who receives $10,000 a year, gets only a net of $6,821.

Hon. Mr. BENCH: That is at today's rate.

Hon. Mr. HAIG: Tax amounting to $3,200 has been taken off. Now we propose to give him back $3,333; but when he pays tax on the increased amount, he still will not have $10,000. That is the milk in the coconut; that is the problem on which the country should focus its attention.

I could say nice things about the Clerk of this house because I have every respect for him; our solicitor also is a very able chap. But the difficulty is that when you give a man an increase of $2,000 with one hand, with the other hand you take half of it back in income tax. When one talks to the government about what should be done in the matter of income tax, the answer always is to this effect: "We need a billion and a half dollars. How are we going to get all this money?" Our attention, gentlemen, has got to be directed to cutting down the cost of carrying on the government of Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: That is fundamental; otherwise we will have demands from everybody in the country. I do not want to pretend that I am a socialist—

Hon. Mr. HAYDEN: It would not do you any good.

Hon. Mr. HAIG: —and I do not intend to lead a socialist party; but I am disturbed—and I say it with all kindness—because we ask our old people in this country to live on $30 a month. The general old age pension at present is, I believe, only $25 a month, but some provinces supplement it with an additional $5. I know that is done in our province. As to the cost of living, $20 a month was worth more twenty years ago than $30 is now, in terms of what money will buy.

Honestly, I am disturbed. It is things of this kind that are responsible for our having socialists in this country. Make no mistake about that. I voted last year for an increase of $2,000 in the sessional indemnity of members of parliament. I do not think the indemnity is high enough yet, considering that the men and women who come here to the Senate and the House of Commons have to spend practically all their time on parliamentary work. It is all right to say that our sessions last only about six months, but during the other six months we are kept busy at the same kind of work practically all the time. No business man can afford to be a member of parliament unless his business is of such a kind that it requires from him only a general oversight, because practically his whole time throughout the year is taken up by official duties of one kind and another.

I am willing to vote for an increase in the salaries of judges, but I want the government to realize that our taxes must be cut down or there will be demands for increases all along the line. I will vote also for an expenditure to reward old age pensioners. I know it can be argued that men and women should not be on old age pensions, that it is their own fault if they need them. All that may be true; yet if we lose respect and love for our fathers and mothers, or the fathers and mothers of other people, this country will have got to a pretty sad state of affairs.

Hon. Mr. BENCH: Is that *obiter dictum* too?

Hon. Mr. HAIG: No. I am dealing with the question of judges' salaries, and the remarks I have just been making arise out of what my honourable friend from Lincoln (Hon. Mr. Bench) suggested was said by socialists in another place. I am not here to defend socialists, but on the other hand I am not here to criticize them when they have got a real ground for complaint. The only way of protecting the position that I hold in the economy of Canada is to say what I know should be done. That is the principle on which I am acting. I am not saying that I adopt the socialist policy, but I do say that when a socialist is right I am going to get behind him and support him.

I repeat that I am in favour of an increase in the salaries of judges. I do not have very much to do with judges now, but it would not make a bit of difference to my attitude if I did. In fact, if it was within my power to vote the increase, and I did so, our judges in Manitoba would probably lean over backwards to give judgment against me the next time I appeared before them. There is no doubt that judges are not paid as well as they were some years ago, and that many are having quite a struggle to carry on.

Some men say to me, "Why do judges need more money?" Well, I venture to say that if we had a vote by secret ballot every lawyer in this and the other house would vote for the bill, for one reason if for no other. The abler, the more intelligent, the better the men we get on the Bench, the better the administration of law in this country. That is the fundamental reason for giving judges an increase in salary, and I am for it. I do not want anybody to think that I am for it just because I happen to be a lawyer and judges were formerly lawyers. Not at all. My reasons are as I have stated. And I say again that we should admit to the public that unless taxation is cut down salaries and wages will have to be increased through the whole piece.

I do not think it is necessary to have this bill sent to committee. Perhaps it might go to the committee of the whole, where everybody would have a chance to discuss it.

Some Hon. SENATORS: Question.

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

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

CANADIAN NATIONAL RAILWAY (BARRAUTE TO KIASK FALLS) BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 345, an Act respecting the construction of a line of railway by Canadian National Railway Company from Barraute to Kiask Falls on the Bell River, in the province of Quebec.

He said: Honourable senators, the purpose of this bill is to obtain authority from parliament to construct a branch line from

Barraute, a point on the National Transcontinental Railway, to Kiask Falls, on the Bell River. The projected line, 55 miles in length, is in the Abitibi country about 400 miles north and west of the city of Quebec. The cost of this line is estimated to be $4,125,000, which figure is arrived at by calculating at the rate of $75,000 per mile.

The railway has made a careful study of the natural resources of the area to be tapped, the cost of constructing the line, and the traffic likely to be derived from the projected line. It has concluded that on all three counts the construction of the line will be profitable.

From the point of view of the natural resources in the area to be served by the railway, aerial survey has disclosed great possibilities for the development of agriculture and forest products. Some 275,000 acres of arable land in the clay belt area have been discovered, lying mainly in the valley of the Bell River. It is estimated that within ten years this land could support an agricultural population of 15,000 people. In the area served by the proposed line there are some 940 square miles of timber, containing an estimated 6,200,000 cords of pulpwood.

Seven hundred square miles of this timber have been granted by the Quebec government to the Canada Paper Company, in view of the fact that the timber resources of the Eastern Townships have become practically exhausted. Unless the company is able to obtain timber elsewhere, there is a strong possibility of its mills at Windsor Mills and elsewhere having to close down. Of the 6,200,000 cords of pulpwood within economic reach of the line, 4,480,000 cords lie within the grant made to the company.

The traffic possibilities of the area to be served by the projected line will be mainly confined to the transportation of pulpwood during the early years of operation, until the agricultural portions are colonized. In order to ensure sufficient traffic to meet operating expenses and the interest on the cost of construction in the first six years, the Canada Paper Company has given a guarantee to the Canadian National Railways, such guarantee covering an aggregate traffic of 330,000 cords of pulpwood to be taken out of the area at the rate of 40,000 cords for the first year and 45,000 cords for succeeding years. In the event that the pulpwood shipped from the area is under 330,000 cords in six years, the Canada Paper Company will pay the Canadian National Railways $3 per cord on any deficiency between the actual amount transported and the 330,000 cords. The guarantee extends only to the 43·7 miles of line from Barraute to a point at the southeast extremity of the township of Laas. The estimated cost of this 43·7 miles is $3,300,000. During the first six years of operation the gross operating revenue on this section of the line is estimated to be $3,007,000. Deducting out of pocket expenses of $2,316,000 and six years' interest on capital, namely $594,000, the estimated surplus at the end of the six-year guarantee period is $97,000.

At the present time the line is projected only to the southeast corner of Laas township, a distance of 43·7 miles. The bill also seeks authority for an additional 11·3 miles in order to bring it to Kiask Falls, although it is not the intention of the railway to construct this section at present. It is hoped that future development of the timber resources of the area will make possible the location of a pulp mill at Kiask Falls, and it is for this reason that authority is being sought from parliament to build the line.

To sum up, this railway is essentially an industrial spur, the costs of which in the early years of operation are guaranteed. The line runs through an agricultural, timber, and mineral area. It is being built with second-hand material; no new material or rolling stock will be required in its construction.

I am also advised that the Minister stated that about 75,000 people are already living in the broad area served by the line, and that there is no possibility of the wood being stripped, as the company plans to cut only two per cent per year, or a maximum of 100,000 cords.

Hon. Mr. HORNER: I notice your figures refer to estimated interest on capital. The railroad is ours, the natural resources are ours, so why pay interest to the bank or any other institution? Why not issue the money·

Hon. Mr. ROBERTSON: My honourable friend may devise a system for the purpose, but up to the present moment nothing of the sort has been adopted in this country, and I fancy there is considerable opposition to any attempt to put it into effect.

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

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. HORNER: Why not refer it to the Railway Committee? The Banking and Commerce Committee is receiving many bills, but the Railway Committee has not had any work to do.

Hon. Mr. ROBERTSON: For the simple reason, as I have already stated, that it would facilitate the business of the Senate if at this

late stage of the session we referred all bills to the Banking and Commerce Committee.

The motion was agreed to.

INCOME WAR TAX BILL

SECOND READING

On the Order:

Second reading of Bill 368, an Act to amend the Income War Tax Act.

Hon. Mr. ROBERTSON: I have asked the honourable senator from Toronto (Hon. Mr. Hayden) to handle this bill.

Hon. SALTER A. HAYDEN moved the second reading of the bill.

He said: Honourable senators, the changes which were made in this bill during its progress through the Commons were few in number. I do not propose to go through the various amending sections in detail. I shall simply point out some of what I regard as the more important changes which this bill seeks to effect.

In the Senate committee on taxation there was considerable discussion on the question of assessments and interest, and the committee dealt with it in their report. As you know, sometimes the Income Tax Department has made an assessment increasing the tax payable three or four years after the taxpayer filed his return, and when it did this interest was piled on as a penalty from the date of filing the return. By section 14 of the bill, section 54 of the act is amended by the addition of a new sub-section providing that no interest shall be chargeable for a period beginning twenty months after the day fixed for filing the return and ending one month from the day of mailing the notice of assessment.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. HAYDEN: This amendment applies in respect of unpaid taxes for the taxation year 1945 and subsequent years.

A second item which I think is of interest to senators is the amendment which provides that the expense allowance to members of provincial legislatures shall, within certain limits, be an item of expense, and therefore deductible from income.

Hon. Mr. HORNER: What about the Senate?

Hon. Mr. HAYDEN: I shall mention that in a moment. The proposed amendment permits a member of any provincial legislature to deduct any expense allowance which may be paid to him by the legislature, with this limitation—that he may deduct that expense allowance up to one-half of his remuneration as a provincial member.

Of course, you have now the rather anomalous situation that members of the House of Commons, other than ministers and the leader of the official opposition, have a non-taxable expense allowance of $2,000; and if this section is accepted, members of all the provincial legislatures, other than members of the Legislative Council of Quebec, will also be entitled to an expense allowance within the limitation stated; but the members of the Legislative Council of Quebec and members of the Senate will enjoy "splendid isolation", they being the only ones serving the public in the legislative field who are permitted to pay their own expenses and income tax on them as well.

Hon. Mr. HOWARD: Wonderful!

Hon. Mr. HAYDEN: Another amendment is of interest to authors of literary, dramatic, musical or artistic works. An author may have spent two or three years in writing a book or developing an artistic work, yet the consideration for his copyright has been regarded as income for the year in which it was received. By subsection 10 of section 2 he will be allowed to make an election. For instance, if it took him twenty-four months to produce his work he may elect to treat half of the consideration as income of the taxation year in which it was received, and to include the other half in his income for the preceding year. If he spent three years on his work he may treat one-third only of the consideration as income of the taxation year in which he received it, and divide the other two-thirds between each of the two preceding taxation years.

Although there is no particular reference to it in the report, our committee on taxation heard representations with respect to the fixing of something other than an annual basis for determining the taxable income of farmers and fishermen. By the amendment in section 8 an attempt is being made to reach what might be called a cumulative basis for determining their taxable income. By this amendment it is provided that a farmer or a fishermen who has already filed his return as such for the two preceding years, may when filing his return for the current year calculate what his tax would have been on the basis of his average income for the three years; then he may deduct the tax paid in the preceding two years, and what is left represents his tax for the current year. As honourable members are aware, the income of farmers and fishermen may fluctuate violently from year to year. This is an attempt to iron out the hills and valleys and to get a little smoother basis for determination of their taxable income.

Part VIIIA is new and provides machinery for appeal from assessments. Section 69A,

and particularly sections 69B and 69C, provide for the setting up of what is called an Income Tax Appeal Board.

The Income Tax Appeal Board will be a court of record, with power to hear appeals from assessment and to determine questions of law and fact. If a taxpayer is dissatisfied with his assessment, he shall serve a notice of objection on the minister within the time limit provided. The minister then has power to reconsider, vacate or confirm the assessment. If the minister does not recognize the validity of the objection made, the taxpayer may go to the Income Tax Appeal Board, following the procedure outlined in the bill and in the schedule. The appeal board may hear cases at the instance of the taxpayer or the department. It may then make one of the following decisions: dismiss the appeal, make a proper assessment, or vacate the assessment and refer the whole matter back to the minister. There is a provision whereby the minister or the taxpayer may appear before the board by counsel. If both parties consent, the board may consider written submissions; and if the taxpayer insists, the hearing must be held in camera. There is also the important provision that the decisions of the board shall be published. The only fee payable by the taxpayer in going to the board is $15. The board has no power to award costs to either of the parties.

The board is constituted under the provisions of section 69B, and by virtue of the third schedule to the bill as set out at pages 31 to 35. The Governor in Council shall make appointments to the board, which shall consist of a chairman and two assistant chairmen. The qualification for appointment is that the appointee shall be either a judge of a superior court of Canada or of a province of Canada, or a barrister or advocate of at least ten years' practice in any province. The board shall consist of not less than six members, and not more than twelve. The age limit for appointment is sixty-five, and the members are appointed for ten years. A member can be removed only for cause upon address of both houses of parliament. The salary of the chairman shall be $12,000 a year, and of the two assistant chairmen $10,000 each. Every member shall be allowed his travelling expenses.

Hon. Mr. DAVIES: Will he still continue to be paid as a judge?

Hon. Mr. HAYDEN: If a judge is appointed, he must resign that office within a period of three months or forfeit his appointment to the board.

The quorum is to consist of the chairman, or an assistant chairman, and half the number of the other members of the board. For the purpose of facilitating appeals, there is provision for appointing a hearing officer, who need not necessarily be a member of the board. He may hear a case or class of cases, and will report to the board, which may act upon the report or hold a hearing upon the case. Provision is also made under which the chairman can designate several members of the board to conduct a hearing and make a report. The board may act upon this report or hold a further hearing. This Income Tax Appeal Board has all the powers of a court of record, and provision is made for a registrar and staff so that it will function as a regular court. There is a right of appeal from this board to the Exchequer Court of Canada, either at the instigation of the minister or a taxpayer. If a taxpayer launches such an appeal he must within thirty days deposit security in the amount of $400 or his appeal is of no effect.

Provision is made also for the setting up of an Income Tax Advisory Board. This is dealt with at pages 27 and 28 of the bill and in the fifth schedule. The authority of this board is to review the exercise by the minister of the various discretions in the act. Opposite page 27 of the bill, in fine print, is an extract from the Income War Tax Act covering the various discretions which form the subject matter this board may deal with under section 69E. I shall not read the list because honourable senators who were members of the Special Committee on Income Tax are familiar with the extent and scope of these discretions.

The procedure of the advisory board is as follows: When the taxpayer is notified of the decision of the minister in the exercise of a discretion he may, if not satisfied with the ruling, express his dissatisfaction, and if the minister does not see fit to change the ruling the taxpayer can then require that the matter be referred to the advisory board for hearing, consideration and advice. The bill does not say specifically that on the hearing of the application the board shall have the power to do thus and so; it merely provides that the matter be referred for hearing, consideration and advice.

Section 69E (5) reads as follows:

> Where an objection has been referred to the board, the minister shall again reconsider his decision after receiving the report and advice of the Income Tax Advisory Board with reference to the objection.

There is no provision by which the minister is forced to accept the decision of the advisory board. The board, as the name implies, is an

advisory board for the purpose of reviewing the exercise of discretion by the minister and making a recommendation to him. The minister may then reconsider his decision, or he may accept the advice of the board and act upon it.

It has been stated that the question of exercise of discretion by the minister is a matter of government policy, and that the minister should assume the responsibility for it and be answerable in parliament for the proper exercise of that discretion. That is why there is no delegation of authority to an independent board to exercise discretion. The minister is the person responsible, and he should deal with it. The statement by the government with respect to this particular board indicates that in dealing with matters of depreciation, depletion and salary the exercise of discretion involves the question of government policy.

While I am giving an explanation of the bill, and therefore attempting to give an impartial exposition of what it purports to do, I go no further than that. I must, however, point out my own views with respect to this exercise of discretion. I am committed beyond recall to do so because when the Special Committee on Income Tax was dealing with the recommendation that there should be a board beyond and above the control of the minister to hear appeals from assessments, even those involving the exercise of discretion, the remarks I made related to this very question. I supported the recommendations of the Senate committee at the time, and suggested that because of the great number of discretionary powers, involving depreciation and similar matters, which cut into public business and commercial life of the people, the board would require commercial experience as a guide in determining what should be allowed. I am committed in my own views as to the type and jurisdiction of the board, and I have pointed out to honourable members the extent to which the bill provides for review of discretions exercised by the minister, however I will add something that has been said by the minister himself. If a board such as the one suggested advises the minister that he was wrong in his exercise of discretion in relation to a problem of depletion or depreciation allowance, he would be very bold indeed to fly into the face of such advice and risk public criticism, even in the other place, for adopting such a course of action.

Hon. Mr. VIEN: How is the board constituted?

Hon. Mr. HAYDEN: The constitution is outlined in the fifth schedule, at page 37 of the bill. The board is made up of a chairman plus at least two and not more than six other members. The age limit of the members is sixty-five years. The chairman and the two assistant chairmen need not be judges, or have had a definite period of legal experience. They may be removed for cause at any time by the Governor in Council. The members of the appeal board also may be removed for cause, but only on a joint address of both houses of parliament. The salaries of the advisory board are not set out in the act, but are to be determined by the Governor in Council. I might also say that the quorum is the chairman or a member designated by him and not less than one half the other members of the board.

Hon. Mr. VIEN: Where are the members drawn from?

Hon. Mr. HAYDEN: There is no statement as to the qualifications required, except that the members must be under 65 when appointed, and that their appointment is for ten years.

Hon. Mr. VIEN: There is nothing in the bill to prevent the advisory board being composed of members chosen from the staff of the Department of National Revenue?

Hon. Mr. HAYDEN: The bill contains no provision against having the board made up entirely of departmental officers. The framework of this part of the bill indicates that it is to be a departmental board. I have no comment on that.

Both these boards will deal with assessments in respect of the 1946 taxation year and subsequent years. An objection was made that if assessments are not speeded up considerably the boards would have no work to do for two or three years. The government's answer to that was that after the boards have been appointed they will require some time to meet and study the act from which they derive authority, in order to get a proper appreciation of their job, and that by then some work would be available for them. It was estimated that the better part of a year might be required for the members of the board to familiarize themselves with the law and the decided cases applicable to the interpretation of the act.

Hon. Mr. ROEBUCK: May I ask if there is a time limit on the origin of the cause that may be laid before either of these boards?

Hon. Mr. HAYDEN: As I say, they will deal only with assessments for the taxation year 1946 and subsequent years.

There may be some question as to what happens to Part VIII of the act, which has to do with appeals and procedure. That is left there. It provides for an appeal from an assessment to the minister, and from the minister to the Exchequer Court. That procedure will not be followed in respect of assessments for taxation periods after December 31, 1945. Section 69F states that the new procedure applies only to assessments of income of the 1946 and subsequent taxation years.

I do not think there is anything else I can say with regard to the advisory board.

Hon. Mr. VIEN: Will the members of the board be able to carry on any other duties? If departmental officials are appointed to the board, will they be able to carry on in their departmental capacities, or will they have to give all their time to the board?

Hon. Mr. HAYDEN: The fifth schedule, which deals with the constitution of the advisory board, contains no prohibition against employment of the members on other work. It is not stated that membership on the board is a full-time job.

Hon. Mr. CRERAR: May I ask my honourable friend what are the functions and powers of the appeal board as distinct from those of the advisory board.

Hon. Mr. HAYDEN: As I explained earlier, the appeal board will hear appeals by taxpayers who are dissatisfied with their assessments. Therefore, the function of the appeal board will be to deal with law and fact in relation to assessments.

Hon. Mr. CRERAR: Will the board's judgment be final?

Hon. Mr. HAYDEN: Its judgment will be final unless within a certain time an appeal is made to the Exchequer Court. An appeal may be made by either the minister or the taxpayer.

Hon. Mr. VIEN: Could an appeal be made to the appeal board from an exercise of ministerial discretion?

Hon. Mr. HAYDEN: No, not according to the bill as drawn.

Hon. Mr. CRERAR: If an appeal to the appeal board arose out of the exercise of a discretionary power, would the board not have any power to hear it?

Hon. Mr. HAYDEN: No. In that regard the appeal board would be in the same position as the Exchequer Court is now, under Part VIII of the present act. At present, if a taxpayer is dissatisfied with his assessment he may appeal to the minister, who will affirm or amend the assessment. If the taxpayer is still dissatisfied he forwards to the minister a notice of dissatisfaction, and then the matter is appealed to the Exchequer Court. Where the only point involved in the appeal is an exercise of ministerial discretion, and the evidence shows that the minister has exercised a discretionary power given to him by the act, the Exchequer Court will refuse to interfere with the minister's decision. The appeal board, as I say, would be in the same position. Its jurisdiction would be confined to questions of law and fact.

I will now pass to another section, which deals with the taxation of mines. The section reflects the effect of the recent restoration of our currency to dollar parity with United States currency. The bill as originally introduced in another place provided that from the 1st of January, 1947, new gold mines would during the first three years of their operation be subject to 50 per cent of the going rate of income tax. That was the only concession to gold mines, notwithstanding the recommendations by the special committee of the Senate on metalliferous mines. After our currency was brought to parity with that of the United States the bill was amended, and honourable senators will see it now provides that new gold mines are entitled to income tax exemption for a period of three years from the date of their going into production, which date will be certified to by the minister. In other words, section 89 of the act, which was made inoperative after the end of 1942, is put back into effect. In addition, there is an allowance for expenses in connection with prospecting and exploring. That also was in the act before, but the rate is now different. Under this bill the taxpayer will be entitled to deduct 20 per cent of such expenses from the aggregate of his income taxes and excess profits taxes, if any. In 1946 the allowable deduction was twenty-six and two-thirds per cent. I am not in a position to say why the change was made.

If honourable members are interested I will refer to another concession which has been made to the gold mining industry because of the restoration of our currency to dollar parity with the United States currency and the consequent loss of $3.50 per ounce on all the gold we sell. The mines are required to ship their gold to the mint at Ottawa for refining, and the charge made by the mint for this service has been 35 cents an ounce. That covered a variety of things and was considerably in excess of actual cost. One of the recommendations of the Senate committee was that the mint should bill the mines with only

the actual cost of these services, and the charge has now been reduced to 20 cents an ounce.

The Senate committee also recommended that the depletion allowance for the exhaustion of a mine should be increased from the present rate of thirty-three and one-third per cent of its operating profit to 50 per cent. The government as a matter of policy has so far refused to adopt that recommendation, but there is this change: in future the operators of marginal properties will be entitled to a depletion allowance of either thirty-three and one-third per cent of their operating profit or two dollars per ounce of gold produced during the year, whichever amount is the greater.

The bill also contains some changes with respect to the taxation of co-operatives and mutual insurance companies. As honourable senators know, a mutual insurance company has no shareholders, but is owned by its policyholders. Heretofore such a company has been exempt from income tax, provided that savings out of its premiums accrued to the benefit of the policyholders and were used to reduce the cost of insurance. As to stock insurance companies operating in the life field, the portion of their income set aside for shareholders has been taxable, but the portion set aside for policyholders has been exempt. A couple of years ago a royal commission was appointed, under the chairmanship of Mr. Justice Errol McDougall of Montreal, to inquire into the taxation of co-operatives and mutual insurance companies. A report was made, and this bill implements its main recommendations. One of the proposed amendments will subject mutual insurance companies, other than life, to income tax unless their premium income is derived exclusively from insurance on church properties, charitable institutions and similar risks. There is no difficulty in following the provisions so far as the mutual companies are concerned. Mutual companies now pay income tax on their net income, less deduction of dividends paid to policyholders. In order to avoid discrimination, a similar provision is now made for stock fire and casualty insurance companies; if they choose to return some portion of their underwriting gain to their policyholders rather than pay it to their shareholders, to that extent it may be deducted from what otherwise would be their taxable income.

Hon. Mr. EULER: Is it not a fact that the mutual life insurance companies which also do a casualty or health and accident business are not subject to income tax on their investment income, whereas mutual fire and casualty companies are subject to income tax on everything earned, including investment income?

Hon. Mr. HAYDEN: My friend raises a question which involves a lot of explanation. I will try to deal with it very briefly. Heretofore foreign stock fire and casualty insurance companies operating in Canada paid no income tax upon their investment income. As I stated in explaining another bill the other day, that was the result of an arrangement or an informal convention which, I understand, goes back to the introduction of the business profits tax. There were difficulties in arriving at how much of the investment income of a foreign company could be related to its operations in Canada. So a "saw-off" was arranged; the foreign company agreed to pay income tax on its gross profits; that is, it made no deduction for any portion of the head office expenses attributable to its operations in Canada, nor for loss of profits on the reinsurance outside of Canada of risks taken in Canada. Apparently the situation was satisfactory until this change took place in the law. But now Canadian mutual insurance companies will be hit by the change because, earning their investment income as well as their profits from operations in Canada only, there is no way in which they can get the benefit of any such convention, formal or informal as it may be. Now you will have mutual insurance companies in the fire and casualty field paying income tax on all their premium income less deductions for dividends paid back and on their investment income; and, if this convention holds, you will have foreign stock fire and casualty insurance companies and foreign mutual companies not paying income tax on their investment income. Whether the tax from these sources which Canada might gain under the "saw-off" would be offset by additional head office expenses and losses on reinsurance abroad, I am not in a position to say. There are the facts; the problem remains.

Hon. Mr. EULER: My honourable friend spoke of a convention, presumably between the government and these foreign insurance companies. Has he absolute knowledge that there is such a convention in existence, whether it is a formal document, and when it was arranged? I am informed that nobody can find any such document at all.

Hon. Mr. HAYDEN: I called it an informal convention. I do not know whether there is anything in writing. I do know that it started

at the inception of our business profits tax and was confirmed again in 1931 or 1932. Apparently there was some understanding or arrangement—

Hon. Mr. EULER: I know.

Hon. Mr. HAYDEN: —as the result of which the foreign stock insurance companies operating in the fire and casualty field paid income tax on their gross profits in Canada and no tax upon their investment income at all. The existence of an agreement and the difficulty of finding it—

Hon. Mr. EULER: There is none.

Hon. Mr. HAYDEN: Very well. Coming back to co-operatives, I might point out that the commission which was set up to inquire into the whole question of co-operatives was quite impartial. It consisted of one member named by the Co-operative Union of Canada, another nominated by the Canadian Chamber of Commerce, two economists of established reputation, and the chairman, Mr. Justice McDougall. The commission recommended that the exemptions to mutual insurance companies and to co-operatives should be removed on the principle that as a matter of public policy no class of enterprise should be given exemption from income tax, and that in any event the sections of the Income War Tax Act relating to co-operatives were indefinite in form and uncertain in their implications.

Hon. Mr. HORNER: Was that a unanimous report?

Hon. Mr. HAYDEN: Yes, it was. Something had to be done about the co-operative provisions in any event, because for years the Income Tax Department had proceeded on the basis that co-operatives were not subject to income tax, and then in 1942 or 1943 the law officers of the Crown gave an opinion that they were subject to income tax. So the government has accepted the recommendations of the commission with respect to co-operatives as well as mutual insurance companies, and this bill provides for their taxation on the basis of treating the taxable income of a co-operative in the same way as that of any other company. This means that, charging expenses against income, you arrive at a net figure, from which you deduct patronage dividends paid to members and even to non-members. Then what is left is subject to income tax. It might be said that if a co-operative paid out all its profit by way of patronage dividends it could evade income tax. But the government takes the position that some portion of the earnings which goes into the operation of the business must be treated as capital, so the bill provides that any co-operative qualifying itself for the payment of patronage dividends may not pay out the whole of its earnings in this form; and an amount calculated at three per cent on the capital employed in the business, as determined under the provisions of the Excess Profits Tax Act, is treated as taxable income.

Hon. Mr. HORNER: A co-operative might be carried on in such a manner that there would be no profit and therefore no patronage dividends.

Hon. Mr. HAYDEN: Then there would be no income tax.

Hon. Mr. KINLEY: Is the tax on co-operatives retroactive?

Hon. Mr. HAYDEN: No, its application starts only in 1946. Where you have a new co-operative coming into being on the 1st of January, 1947—following the procedure for the incorporation of co-operatives—it is entitled to exemption from income tax for a period of three years, on the theory that it takes that length of time to get going, and that co-operatives generally make some contribution to the commercial, and social life of some sections of the country and therefore have a community value.

I should add that the right to deduct patronage dividends is not granted exclusively to co-operatives. Any company may pay patronage dividends if by its letters patent there is provision for such dividends, or if by advertising it holds out a prospect that it will pay them to its customers or its shareholders or members within the limitations provided in the act. In other words, the company has to get into a proper uniform to be admitted into the society of these co-operatives and other companies which are entitled to deduct patronage dividends from their earnings for income tax purposes.

Hon. Mr. KINLEY: There is no restriction on the amount of salaries paid to employees?

Hon. Mr. HAYDEN: The general principle of law would apply. The Minister of National Revenue can disallow any portion of a salary or an expense which, in his opinion, is not proper.

Hon. Mr. MORAUD: Can a company pay out patronage dividends in addition to the regular dividends?

Hon. Mr. HAYDEN: If a company, co-operative or otherwise, does not put on that uniform by holding out the prospect that it will pay patronage dividends, it does not come within the section.

Hon. Mr. MORAUD: But a joint stock company could pass a by-law that in future the regular dividend would become a patronage dividend. Then it would be exempt from taxation?

Hon. Mr. HAYDEN: Only to this extent, that the patronage dividend is payable to customers.

Hon. Mr. MORAUD: To shareholders?

Hon. Mr. EULER: To shareholders who are customers.

Hon. Mr. HAYDEN: Yes. The McDougall Commission recommended that patronage dividends be paid at the same rate to customers and members alike. The government did not entirely accept this recommendation. The bill provides that if, for instance, you have a certain amount of trading profit resulting from business done with non-members, and a certain portion of trading profit resulting from business done with members, then you cannot pay to members any part of the trading profit resulting from your operations with non-members without first paying income tax on it.

I realize that I have taken considerable time with my explanation, but there are still one or two matters I should like to call to the attention of honourable senators; I shall then have touched upon what might be regarded as the high spots in this bill.

At page 18 there appears a section bearing the marginal note "Deductions from tax". It provides that a taxpayer other than a corporation may deduct from the tax that would otherwise be payable, the amount of income tax paid by him to the government of the province in which he lives or earns his income. This provision anticipates the possible return of personal income tax in the various provinces, and permits the deduction of the amount paid to the province, or 5 per cent of the tax otherwise payable, whichever is the less.

Hon. Mr. LEGER: It does not include the amount which might be paid to a municipality or city?

Hon. Mr. HAYDEN: No, only to provinces.

Section 7A on page 19 covers a situation that in my experience has heretofore been covered by departmental practice. It relates to a person who has been resident in Canada for part of the year and leaves this country to become a resident of another country, or a person who has been a resident of another country and comes to Canada for part of the year. A basis has been established whereby the tax payable bears the same relation to the whole tax as the period during which he was a resident bears to the whole year.

Provisions are made with respect to single payments on retirement, loss of office and so forth. A further interesting feature is exemption allowed to married persons. During the war exemptions were allowed to married women who were working. Now a married person is entitled to the exemption of $1,500, but the other party to the marriage may only have an income up to $250 before the $1,500 starts to be reduced by whatever amounts, up to $750, the spouse may receive. In other words, a married man has an exemption of $1,500, and if his wife earns $250 or less he retains that exemption.

Hon. Mr. EULER: More complicated than ever.

Hon. Mr. HAYDEN: If the wife has an income of $350 then the husband's exemption would be $1,400.

There are some further variations with respect to exemptions for children and dependents. This requires a little study. There is an exemption of $100 for each child, who was or may be qualified under the Family Allowance Act. The effect of this provision is to force all parents to register their dependent children under the Family Allowance Act. There is an exemption of $100 for each child that may be registered, and $300 for every other dependent not qualified to register under the act. It more or less requires everyone to register his children under the Family Allowance Act in order to qualify for the exemption.

Hon. Mr. GOUIN: What is the age limit for exemption under the Income Tax Act?

Hon. Mr. HAIG: Sixteen years.

Hon. Mr. GOUIN: This is no change in that?

Hon. Mr. GOUIN: There is no change in the law.

Hon. Mr. HAYDEN: May I mention one or two other features? It is obvious that an attempt is being made by the government to change the basis for the exercise of

ministerial discretion. A number of amendments have been made to the Income Tax Act whereby the words "in the discretion of the minister" are deleted wherever they occur and the discretion is placed with the Governor in Council. I would refer honourable senators, to the paragraph on page 7 of the bill dealing with depletion. The same provision applies to depreciation.

Honourable senators, I have by no means dealt with all the provisions of this bill, but I think I have touched on the important items. I have moved that the bill receive second reading, and I intend to ask that it be referred to the Committee on Banking and Commerce for consideration and the hearing of evidence.

Hon. JOHN T. HAIG: Honourable senators, allow me to congratulate the gentleman who has just taken his seat (Hon. Mr. Hayden). I presume it was necessary for him to take the time he did, but in doing so he has reduced the time available to others. The honourable gentleman has fairly stated the provisions of the bill, I think, and I do not intend to go into its details.

In my judgment this is the most important piece of legislation that has come before us this session, and this has been a very heavy year as far as legislation is concerned. Income tax in all its ramifications is the real problem in our country today. I referred to this subject earlier this afternoon and I will repeat my remarks. No greater contribution can be made to our country by this house than to make an exhaustive examination of this bill and, if necessary, amend it in accordance with our wishes.

The first criticism I offer is that the provisions of this bill become effective as of the 1st of January, 1947. Because the budget was brought down prior to the 1st of July, 1946, I think the bill should have become effective on that date.

My second criticism is that the tax exemption of $750 for a single person is too low. We talk about a higher standard of living. The standard cannot be very high on an income of $750 a year. Reference has been made to Australia, New Zealand and other places where it is said that taxes are heavier than in Canada. I always take those remarks with a grain of salt for the reason that some of these countries have only a municipal tax, a provincial tax or a federal tax. We have all three. To arrive at an accurate comparison one would have to compute all the taxes an individual in this country is required to pay. I think $1,500 is too low an exemption for married people, and I certainly object most strenuously to the reduction of the exemption on a wife's earned income from $650 to $250. It means that married women are much more dependent on their husbands for support. If the wife takes a job, that is her business. It is not for us to say that she shall not do so. In my opinion that amendment should never have been made.

The proposal regarding mining is in my opinion not sufficient. I have no expert knowledge of the mining industry, but it would seem to have prospects of becoming the greatest industry in Canada in the years to come. For that reason I believe taxes on mines should have been further reduced.

My next criticism of the bill concerns farmers and fishermen. I believe that the three-year period for the spreading of profits should have been extended to five years. It must be remembered that no allowance is made to farmers to compensate for the work done by the wife and the other members of the family in earning the income.

It is my intention when this bill is in committee to move two amendments to it. The first deals with the appeal board. The honourable gentleman from Churchill (Hon. Mr. Crerar) raised the point—and the Special Committee on Income Tax passed a unanimous recommendation with regard to it, which was accepted by this house—namely that there should be set up an appeal board similar to the one constituted by this bill. It was recommended that this board should hear appeals on not only questions of fact and law but on questions of discretion. This bill recognizes that discretion is an important feature, because it creates a board to deal with it. I cannot understand why the government should object to appeal from ministerial discretion. Such a provision would not interfere with ministerial responsibility any more than our courts of law interfere with some person's responsibility. It would simply mean that if a minister exercises certain discretions under the act there shall be an appeal board consisting of three, four, or five members to listen to argument and decide whether the discretion was improperly exercised. That decision would be no reflection on the minister, but simply the judgment of three or four men as to how the discretion ought to be exercised. This is the amendment I propose—

Hon. Mr. HAYDEN: Is the honourable senator giving notice of an amendment?

Hon. Mr. HAIG: I am only giving notice, honourable members, of an amendment that I propose to move in committee. I want honourable senators to hear the amendment so

that no one will come to me afterwards and say, "If I had understood your amendment, I would have voted for it."

I would ask honourable senators to turn to section 69B, page 26 of the bill, because that is the section which I shall propose to amend. Here is the amendment:

(3) Upon any appeal, the Income Tax Appeal Board shall have power to determine all disputes between taxpayers and the Department of National Revenue with respect to taxes payable under this act, and in determining any question before it shall have and may exercise all the powers and discretions vested in the minister by this act and, notwithstanding any previous exercise or purported exercise thereof by the minister, shall exercise such powers and discretions in the manner in which, in the opinion of the board, the minister should have exercised the same in the first instance.

Hon. Mr. CAMPBELL: May I ask the honourable gentleman if he proposes that there should be no advisory board?

Hon. Mr. HAIG: I gave that matter some consideration, and it seems to me that if my amendment is accepted the advisory board will be as useless as a fifth wheel on a coach. To be quite frank, I will say that even if my amendment is not accepted, and the bill passes at it is, the board can serve no good purpose. If the minister declined to follow the advice of the board, there might be a clash which would lead to friction. It seems to me that a board which was not entirely independent of the department and the government would be just a rubber stamp.

Hon. Mr. EULER: May I ask the honourable gentleman a question? Does he not consider that instead of having two boards, as proposed in the bill, it would be advisable to have only one—the appeal board—with jurisdiction to hear appeals on matters of fact, law and discretion?

Hon. Mr. HAIG: That is exactly what I am suggesting.

Hon. Mr. EULER: Does the amendment state that?

Hon. Mr. HAIG: Yes.

In answer to the question of the honourable gentleman from Toronto (Hon. Mr. Campbell), I may say that I refrained from recommending deletion of the provisions for the appointment of an advisory board, because I did not want to start discussion on that matter.

Hon. Mr. HAYDEN: The amendment would involve that deletion.

Hon. Mr. HAIG: Yes. If my amendment were accepted, someone would probably then move that the provisions respecting the advisory board be stricken out. I cannot understand why the amendment should not be acceptable to the government. It is absolutely no reflection upon the minister to have the exercise of his discretion made appealable. Take a lawyer: he is asked for an opinion on a case and gives one, but later the case goes before a court, which decides that he was wrong. His client does not think any the worse of the lawyer for that; he knows the lawyer gave his best opinion at the time. I assume that when the minister exercises his discretion he acts properly and gives the best judgment of which he is capable. But he may be wrong. He is the collector of revenue and, as we found in our committee, he is influenced in spite of himself. Human nature being what it is, it would be pretty hard for him to consider a taxpayer's appeal with absolute impartiality. During my years in the Manitoba legislature I noticed that whenever we were considering a matter affecting municipalities, any member of the house who had been a reeve or warden was always sticking up for the municipality, whether it was right or wrong. I used to do the same thing whenever there was any question concerning the school board on which I had served. I would put up a fight for the board, whether it was right or wrong, until perhaps I found that I was in error, and suddenly realized why. I assume that the minister's intentions are of the best, but he may sometimes be wrong in his judgment. My amendment asks that the appeal board be given the powers recommended for it by the special committee of the Senate.

Another amendment that I shall propose is:

Page 2. Delete lines 48 and 49 and substitute the following:

(9) Where a member of a provincial legislature is, under an act of the provincial legislature.

The purpose of this is to exempt from taxation the expenses of every member of a legislature—of the legislative council, if there is one, as well as of the legislative assembly.

I have a third amendment to propose:

Page 3. Line 10. Insert the following as subsection (9A):

(9A) Notwithstanding the provisions of the Senate and House of Commons Act or any other statute or law, the allowance paid to the members of the Senate under subsection four of section forty-three of the said act shall not be taxable as income for the purposes of this act.

I do not know why the expense allowance to senators should be treated differently from the allowance to members of the other house. There may have been some reason for making a distinction last session, when the members of that house were required to remain at Ottawa more continuously than we were, but

there is no longer any such reason. During the war years the legislative programme consisted principally of war measures and there was not much we could do; but this session, except for one or two short adjournments, we have been here as long as the other house. Our work on the large volume of peacetime legislation has been heavy, and there is every reason to believe that in future it will continue to be heavy. With our growing interest in international affairs and the inevitable increase in domestic legislation, we are likely to be required at Ottawa at least five or six months every year.

The bill exempts the expense allowance to members of provincial legislatures, and my amendment asks that the allowance now being paid to senators, presumably for expenses, be also exempted from income tax. Having sat in a legislature for 17 years, I know something about the expenses of members of the provincial houses. My own expenses were practically nil. True, I lived at the provincial capital, but had my home been anywhere else in the province my expenses would still have been very small. The sessions lasted seven or eight or nine weeks—

Hon. Mr. HOWARD: The Quebec legislature sat nine weeks last year.

Hon. Mr. SINCLAIR: May I ask the honourable senator if his amendment would place the members of both houses on the same footing?

Hon. Mr. HAIG: Yes.

A question may arise in the minds of some honourable members as to whether it is within my right to move, or within the right of the Senate to pass, the second and third amendments, which have to do with the voting of money. In my opinion there could be no objection on this ground to the first amendment, for it deals simply with a matter of procedure; but in case there may be any question as to the others, I ask permission to read the conclusions of the special committee appointed in the first session of the 13th Parliament of Canada, 1918, to consider the Senate's rights in a matter of this kind. The committee, which was under the chairmanship of the late Honourable W. B. Ross, K.C., reported as follows:

The Special Committee appointed to consider the question of determining what are the rights of the Senate in matters of financial legislation, and whether under the provisions of The British North America Act, 1867, it is permissible, and to what extent, or forbidden, for the Senate to amend a bill embodying financial clauses (money bill), have the honour to make their second report, as follows:

Your committee beg to report that in the latter part of the last session of parliament a similar committee was appointed, but owing to the late date of appointment opportunity was not afforded the committee for a full consideration of the order of reference. During the recess the Honourable W. B. Ross, a member of this committee, prepared a memorandum dealing with the question, copy hereto attached, which memorandum has been carefully considered and adopted by this committee. The following summing-up thereof is submitted as the conclusions of your committee on the rights of the Senate in matters of financial legislation:

1. That the Senate of Canada has and always had since it was created, the power to amend bills originating in the Commons appropriating any part of the revenue or imposing a tax by reducing the amounts therein, but has not the right to increase the same without the consent of the Crown.

2. That this power was given as an essential part of the confederation contract.

3. That the practice of the Imperial Houses of Parliament in respect of money bills is no part of the Constitution of the Dominion of Canada.

4. That the Senate in the past has repeatedly amended so-called money bills, in some cases without protest from the Commons, while in other cases the bills were allowed to pass, the Commons protesting or claiming that the Senate could not amend a money bill.

5. That Rule 78 of the House of Commons of Canada claiming for that body powers and privileges in connection with money bills identical with those of the Imperial House of Commons is unwarranted under the provisions of The British North America Act, 1867.

6. That the Senate, as shown by The British North America Act as well as by the discussion in the Canadian Legislature on the Quebec Resolutions, in addition to its general powers and duties is specially empowered to safeguard the rights of the provincial organizations.

7. That besides general legislation, there are questions such as provincial subsidies, public lands in the western provinces and the rights of the provinces in connection with pending railway legislation and the adjustment of the rights of the provinces thereunder likely to arise at any time, and it is important that the powers of the Senate relating thereto be thoroughly understood.

Your committee are indebted to Messieurs Eugene Lafleur, K.C., Aimé Geoffrion, K.C., and John S. Ewart, K.C., prominent constitutional authorities, of Montreal and Ottawa, who have been good enough to forward their views on the question under consideration by your committee. These opinions are appended hereto and form part of the committee's report.

All which is respectfully submitted.

W. B. ROSS,
Chairman.

I should also like to put on record the joint opinion given by Eugene Lafleur and Aimé Geoffrion referred to in the report. It is as follows:

Montreal, April 30, 1918.

The Honourable W. B. Ross,
The Senate, Ottawa, Ont.

Dear Sir,—We have been asked if in our opinion the Senate has the power to amend money bills.

Sections 17 and 91 of the British North America Act place the Senate on exactly the same footing as the House of Commons as respects all legislation.

The only material derogation to this general rule is contained in section 53 which provides that bills for appropriating any part of the public revenue or for imposing any tax or impost shall originate in the House of Commons.

The denial of the right to originate money bills does not involve the denial of the right to amend them. Nothing therefore in the text of the British North America Act takes away the latter right from the Senate.

The first paragraph of the preamble where it is stated that the provinces desire to be united federally with a constitution *similar in principle* to that of the United Kingdom is relied on.

These words being in the preamble have much less importance than if they were in the text. Further it is obvious that similarity in principle does not mean identity in detail; the Canadian constitution differs from the British constitution in many and important respects; the similiarity in principle referred to in the preamble is intended to exist only to the extent stated in the text.

The third paragraph of the preamble states that it is expedient not only that the constitution of the legislative authority in the dominion be provided for but also that the nature of the executive government therein be declared, and the text of the act contains many sections which merely restate rules of the British constitution such as section 53 already referred to.

If the above-mentioned words of the preamble meant that the British constitution applies to Canada except in so far as the text of the act expressly derogates therefrom the third paragraph of the preamble and all those sections particularly section 53, would be useless or meaningless.

The consideration of how the rule limiting the powers of the House of Lords in the United Kingdom came to be adopted affords an additional argument in support of the view suggested by the text of the British North America Act.

In the early days there was a conflict between the British House of Commons and the House of Lords on this question of the powers of the House of Lords in respect of money bills.

In 1678 the Commons resolved:

> "That all aids and supplies and aids to His Majesty in Parliament are the sole gift of the Commons and that all bills for the granting of any such aids and supplies ought to begin with the Commons and that it is the undoubted and sole right of the Commons to direct, limit and appoint in such bills the ends, purposes, considerations, conditions, limitations and qualifications of such grants which ought not to be changed or altered by the House of Lords."

In 1693 the Lords resolved:

> "That the making of amendments and abatements of rates of bills of supply sent up from the House of Commons is a fundamental, inherent and undoubted right of the House of Peers from which their Lordships can never depart."

It is true that the Lords did not act in accordance with this resolution and tacitly submitted to the claim of the Commons, obviously to avoid a conflict with the latter House, but this practice was not the law, and this appears from the preamble of the House of Commons resolution of 1910 which announced the proposed legislation curtailing the powers of the Lords. (May's Parliamentary Practice, 12th edition, p. 518.)

It is remarkable that of the two restrictions on the rights of the Lords which the Commons by its resolution of 1678 tried to impose, namely: the denial of the right to originate and the denial of the right to amend money bills, the British North America Act while mentioning the first in section 53 should not mention the second against which the Lords had specially protested.

If it had been the intention of the British Parliament to impose the two restrictions on the Senate it surely would have mentioned them both or if content to rely on the preamble as incorporating the whole British constitution, it would have mentioned neither.

To those reasons might be added this further consideration that there is very little analogy between the Lords and the Senate. The Lords represent themselves, the Senate represents the provinces. The Lords are not in an independent position as the House of Commons can use its influence over the Crown and induce it to add as many members as are needed to the House of Lords to obtain a favourable majority.

It is probably for that reason that section 18 of the British North America Act when dealing with the privileges, immunities and powers of the Senate refers as the maximum for such privileges, immunities and powers to those held, enjoyed and exercised by the Imperial House of Commons (and not by the House of Lords) at the passing of the act.

Under the circumstances, we are of the opinion that the Senate of Canada may amend a money bill originating in the House of Commons as fully as the House of Commons can do. Of course the powers of the Senate are limited to the same extent as those of the House of Commons by the fact that money bills must be recommended by a message of the Governor General.

Yours truly,

(Sgd.) E. LAFLEUR
AIME GEOFFRION

There is attached to the report a memorandum of some eleven pages. I intend to move those two amendments when we are in committee on the bill, or if I am absent, I shall ask one of my colleagues to move them for me. Unquestionably we have the right to amend money bills.

Hon. Mr. VIEN: Undoubtedly.

Hon. NORMAN P. LAMBERT: If the honourable senator suggests an amendment whereby members of this chamber shall be exempt from taxation on a portion of their indemnity or salary, is he not thereby transgressing the rule which precludes the Senate from initiating a measure involving expenditure of money?

Hon. Mr. HAIG: The Ross report is exactly along the lines I am suggesting. That, together with the opinion of two very eminent lawyers of that day, fully covers the point I am raising.

Hon. Mr. LAMBERT: From my reading of the opinion I gather that the Senate has a right to reduce expenditures, but not to initiate money bills.

Hon. Mr. HAIG: I am not seeking to initiate anything.

Hon. Mr. LAMBERT: I think you are.

Hon. Mr. HAIG: I do not think so.

Hon. Mr. LAMBERT: Honourable senators, I should like to refer to the section of the bill on page 2 relating to indemnities of the members of provincial legislatures. In view of the very definite decision that I, together with other senators, took a year ago in relation to the bill that came from another place to amend the Senate and House of Commons Act, I have no alternative but to oppose this amendment and the relative section of the bill. It will be recalled that the bill to amend the Senate and House of Commons Act provided that the indemnities of members of parliament should be increased by $2,000, but it exempted from taxation the increase to be received by members of the other House. At the time I opposed this exemption very strongly, on the ground that it established a special-privilege group at a time when this was not desirable, and on the further ground that it was discriminatory against the membership of the Senate and was being effected through an amendment of the Senate and House of Commons Act instead of the Income War Tax Act. For these reasons I am strongly opposed to the provision referred to and also to the suggested amendment of the honourable senator from Winnipeg (Hon. Mr. Haig).

Hon. Mr. VIEN: The honourable senator referred to a decision made at that time. What decision?

Hon. Mr. LAMBERT: The vote in this house defeated the amendment to reject the bill. I want to make my own position clear because I think it is a question of how we are to find a common measuring rod to apply to the sessional indemnities of all members of parliament or of provincial legislatures. At that time I forecast that the repercussions on the passing of the bill would be felt very shortly. The first repercussion is this bill to extend the principle of tax exemption to members of the provincial legislatures. I submit that the most consistent course to pursue in relation to this matter, and certainly the most politically advisable, is to do what some of us wanted to do last session that is, by amendment of the Income War Tax Act, to treat the sessional return of members of parliament as an indemnity, subject to an allowance for expenses involved in earning it.

That was the only issue at stake a year ago. There was no objection to increasing the indemnities, but there was very definite objection by a strong group in this chamber to exempting any body of members from taxation. On the other point—it does not apply to members of the provincial legislatures—it was felt that the Income War Tax Act rather than the Senate and House of Commons Act should be amended. By subsection 5 of section 2 of the bill it is sought to amend the Income War Tax Act for the sole purpose of providing exemption from taxation. To my mind this simply aggravates the complicated situation that developed last session when we followed the discriminatory course of amending the Senate and House of Commons Act instead of the Income War Tax Act. Personally, I object strenuously to the suggestion that any group of people sitting in parliament or in provincial legislatures should have any portion of their indemnity—wrongly called indemnity now—exempt from taxation.

Hon. W. D. EULER: Honourable senators, when last week I moved adoption of part II of the final report of the Senate Committee on Taxation, I made certain observations which I do not intend to repeat now. At the time I did express my disappointment and regret—as the committee itself did in the report—that the government had not seen fit to adopt our recommendation that there should be a taxation appeal board on matters of ministerial discretion and that its decisions should be final. I therefore agree entirely with the amendment that the leader of the opposition has stated he will move when the bill is in committee.

I must congratulate the senator from Toronto (Hon. Mr. Hayden) on his very clear exposition of the bill. The other day we had a little discussion with regard to the taxation of mutual insurance companies, and others, and I tried to make two points. I urged that as the mutual fire and casualty insurance companies and others were taxed on their premium income only, and paid no income tax whatsoever, and the government now proposed to subject those companies to income tax on their profits and perhaps on excess profits tax as well, it was not fair that, in contradistinction to every other business concern, they should have to pay premium tax also.

Let me give the house an example. Here is a mutual fire insurance company which has, we will say, a premium income of $1,000,000, and a profit of $100,000—perhaps most of it derived from investment income. If the premium tax is continued—and, by the way, by this bill it is to be reduced from 3 per cent to 2 per cent—that company would pay $20,000

premium income tax and an additional corporation tax of 30 per cent, or approximately $50,000 on a profit of $100,000. That is discrimination against insurance companies as compared with any commercial or industrial companies. I said then that it was an entirely unsound principle. I claimed that it was double taxation, although that view was resisted by one senator. I say now it is not double, it is treble taxation. Take the case of a joint stock fire insurance company: it will pay the premium tax of 2 per cent, another tax on its profits; perhaps another tax on excess profits, and then its shareholders will pay individual taxes on their dividends. I say that is threefold taxation, and in my opinion it is a little too much.

My other point is that discrimination is shown as between taxes paid by foreign and by Canadian companies. My honourable friend and I pretty well agree that that is the case.

Another point I wish to raise is the exemption of mutual life insurance companies from income tax on earnings from casualty business. I happen to be connected with a company that will be obliged to pay not only the premium tax but a tax on all its profits, including its income from investments, while foreign companies will pay no tax on income from investments. I do not wish to make it unpleasant for mutual life companies who do casualty insurance business also, as do some of the fire insurance companies; but I point out that they will be exempted from paying taxes on the profits they make on their casualty insurance business. I say that is unfair discrimination in favour of one Canadian company as against another engaged in exactly the same kind of business on a competitive basis.

May I mention another point in which I am interested as a representative of the Canadian taxpayer? It relates to the fact that foreign marine insurance companies pay no taxes of any kind. My honourable friend referred to the Royal Commission on Co-operatives presided over by Judge McDougall. The honourable gentleman stated, and I think he was putting it fairly as far as he knew the situation, that the government had followed out the recommendations of that commission with regard to the taxation on co-operatives and mutual insurance companies.

Hon. Mr. HAYDEN: I said co-operatives; I did not add insurance companies.

Hon. Mr. EULER: A statement was made by the Acting Minister of Finance when this measure was under discussion in the House of Commons. He may have read the report I have before me. I propose to read from the report of the commission concerning certain recommendations that these companies should be taxed.

Hon. Mr. HAYDEN: You refer to the mutual companies.

Hon. Mr. EULER: To the mutual companies. The report reads:

> Before giving effect to the foregoing recommendations the incidence of the tax on net premiums of mutual insurance organizations under this Special War Revenue Act, the exemption from taxation granted to marine insurance companies, and the treatment for income tax purposes of investment income in Canada accruing to British and foreign insurance companies, should be reviewed by the government.

There is no indication that the recommendation of the commission in that regard was followed.

Anything further that I might say, honourable gentlemen, would be better said in committee. I believe that the Special War Revenue Bill and the measure now under consideration should be considered together.

Hon. THOMAS VIEN: Honourable senators, speaking to the question raised by the leader opposite, there is no doubt as to the jurisdiction of the Senate. Section 18 of the British North America Act gives this house the same jurisdiction that it gives to the House of Commons. The only limitations are contained in sections 53 and 54. Section 53 provides that money bills shall be introduced in the House of Commons; and section 54 states that even in the House of Commons a money bill must be preceded by a recommendation of the Governor in Council. That limitation refers not only to money bills but also to tax bills. When the measure has been introduced by a minister of the Crown, with the approval of the Governor in Council, it is submitted to both houses of parliament, each of which has exactly the same power. There is no restriction placed on the powers of the Senate as compared with the House of Commons. In the past we have amended money bills and the Commons have accepted our amendments with certain limitations as expressed in their debates. I would suggest that we would do well to assert our jurisdiction when the occasion arises.

When the Income War Tax Act was before us for second reading last session we discussed the question of exempting the indemnities of members of parliament. The opinion was expressed by ministers of the Crown that it had always been a mistake to tax indemnities. The indemnity is neither a salary nor an income; it is an amount of money voted by parliament to indemnify members of both houses for the time con-

sumed and the expense incurred in attending to their legislative duties. The question which arises, therefore, is not one of privilege, but of fundamental right; and if the whole of the indemnity were exempted, members of parliament would be placed on the very same tax basis as the average taxpayer in Canada, who can deduct from his income all the expenses incurred in earning it. I would suggest, therefore, that the indemnity should never have been taxed in the first place.

Hon. Mr. HOWARD: Hear, hear.

Hon. Mr. VIEN: The exemption discussed last session should have been made effective by an amendment to the Income War Tax Act, and not an amendment to the Senate and House of Commons Act. I recall that at a conference we had with the Minister of Finance, he objected very strongly that such an amendment would shatter the whole economy of the act. He said the act had been built up in such a way that it was not possible for him to agree that it should be amended in that way. This year, however, the Income War Tax Act is being amended by a government measure, and it appears that the economy of the act is not being shattered for all that.

I therefore suggest that when this bill reaches committee stage the exemption which has been extended to legislators throughout Canada, except for members of the Senate and of the Legislative Council of Quebec, should be made applicable to all legislators. Even then it will be only a half-measure of justice, because the whole indemnity should be tax-free. I suggest that the Senate has the power to amend this measure in committee, and that it should be amended in that respect.

I agree with the remarks of the senator from Waterloo (Hon. Mr. Euler). I think that in the present structure of the Income War Tax Act and its incidence there is an anomoly that should be removed. I do not understand why domestic mutual insurance companies should have to pay tax on income derived from domestic investments when foreign companies do not have to do so. I would support an amendment in committee to correct that situation, because I believe it is not justified.

Hon. R. B. HORNER: Honourable senators, I have a few remarks which I should like to make. First, I am opposed to the tax on co-operatives. It has come to my attention that in the other place there was some question raised as to who favours the co-operatives in the province of Saskatchewan. If honourable senators will bear with me I shall try to put both the C.C.F.'ers, and the Liberals right on that question. May I be pardoned for making a personal reference in connection with the Co-operative Elevator Company, which was taken over by the pool? I well remember that, as Chairman of the Co-operative Elevator and delegate to the annual meeting, I was able to render some assistance when the pool was attempting to organize on what was said to be a purely co-operative basis. I attended the meeting in Regina. The report presented to the delegation at that meeting started off something like this: "The affairs of the company have been conducted on a sound business basis, and in true conformity with co-operative principles." When this statement was made I looked around to see if any of the delegates wished to speak to it. As no one appeared to be rising, I jumped up and said, "Mr. Chairman, I object to that line about true conformity with co-operative principles. The only particular in which the organization is co-operative is in name; it conducts its business like any other company. As a producer I merged with it and agreed to take my grain to my own elevator; but if my neighbour is offered a fraction of a cent more he can take his grain to a line elevator, and yet he will receive his dividend cheque if he delivers only one bushel. Men who have long since ceased to grow grain receive dividend cheques just the same. That is not the true principle of co-operatives." One fellow sitting near me in the meeting said, "Why didn't you move to delete that line from the report?" I asked, "Is that the proper procedure?" He said, "Yes". So I got up and requested that that line be deleted from the report. Well, gentlemen, it was an all-day battle. Mr. Riddell, who was general manager of the Co-operative Elevator Company at the huge salary for that time of $18,000 a year, was allowed half an hour on the platform while I was given only five minutes. However, my resolution to delete that line carried. Also that day I took part in securing the sale of the Co-operative Company elevator to the pool, and ever since then we have had a true co-operative. The C.C.F. can boast as much as it likes, but the fact is that when the pool made a mistake by advancing a large overpayment in 1929 it went to the government of the province of Saskatchewan—a Conservative government—and got assistance to the tune of $13,000,000. I am quite liberal—

An Hon. SENATOR: Oh.

Hon. Mr. HORNER: —but I have never belonged to the Liberal party. I am the person responsible for helping to bring about a true co-operative in the province of Saskatchewan. My remarks cannot be refuted. The elevator and the pool were initiated without any assistance from the C.C.F.—and, I may say, without any assistance from the Liberals either.

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

REFERRED TO COMMITTEE

Hon. Mr. HAYDEN moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, August 22, 1946.

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

Prayers and routine proceedings.

CANADIAN NATIONAL RAILWAY (BARRAUTE TO KIASK FALLS) BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 345, an Act respecting the construction of a line of railway by Canadian National Railway Company from Barraute to Kiask Falls on the Bell River, in the province of Quebec.

He said: Honourable senators, the committee have examined this bill, and now report the same without amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

Hon. L. MORAUD: Honourable senators, I intend to vote for third reading of this bill, but not for the reasons given in committee this morning by the representative of the railway. For years I have considered that the Canadian National railway is a public service—

Hon. Mr. HOWARD: Hear, hear.

Hon. Mr. MORAUD: —and that is why I will vote for the third reading. I am convinced that this branch line cannot be operated at a profit for years to come. The railway's representative told us that under a contract with the railway the Canada Paper Company has agreed to ship 40,000 cords of pulpwood a year over this branch line at the rate of $6 per cord, and that this will be the line's main source of revenue. The fact is, though, that the $6 will cover the haul not only over the proposed branch but over the line from Barraute to Windsor Mills, and that the branch line will earn about one-tenth of the $6, or some 60 cents per cord. The railway official added that no mines are operating in that part of our country, so this 60 cents per cord on 40,000 cords of pulpwood will be practically the railway's only source of revenue from which to pay the amortization cost of the branch line and interest on the investment and the rolling stock.

In the past the Canadian National Railway Company has been severely reprimanded for having opened unprofitable branch lines. Well, this is a branch line which will not be profitable in the ordinary sense of the word, but it will be profitable to that part of the country and to the settlers there. As I consider the Canadian National Railway to be a public service, I am in favour of the opening of the branch; but I warn this chamber that a time may come when we are accused of having authorized the building of an unprofitable branch. In voting for third reading of this measure we must understand that we are authorizing the construction of a line that will be operated at a loss, but for the benefit of the country.

Hon. R. B. HORNER: Honourable senators. I regret not having said more when this bill was before the committee. as it seems to me that we should have given more careful consideration to the proposed branch line. The line will be about 55 miles long, and as the railway's representative told us this morning, it is likely to be paralleled for its full length by a highway.

The E. B. Eddy pulp mill across the river is receiving its pulpwood by truck operating on the highway parallel to the railway. As the honourable senator from LaSalle (Hon. Mr. Moraud) pointed out in committee, part of the pulpwood in the area referred to will be loaded on trucks ten miles from the proposed branch line, in most cases the highway freight rate will be lower than the railway rate, and anyway the greater part of the wood will be hauled to the main transcontinental line.

There has been a great agitation in western Canada for transportation facilities. In the line from Prince Albert to Edmonton, which runs through a beautiful farming area, there are two fifty-mile gaps, and had it not been for the development of trucking we should have had to build branch lines to serve that country. We have been told there is no money for capital expenditures on our railways. But we all know that at the present time the Canadian National Railway system is in great need of capital expenditures for

equipment of all kinds. I think it would be better for this chamber to postpone the passing of this measure for at least another year.

Hon. L. M. GOUIN: Honourable senators, I believe that the railway mileage in the province of Quebec is less per capita than that in any other province. Furthermore, it is only fair that we should be given an opportunity of opening up our northern regions. That part of the province is much less developed than—may I say?—the northern part of the prairie provinces. I do not say that in a spirit of jealousy, but because I am anxious that the people in my province should have this fifty miles of railroad in a region which is most promising for colonization. The soil in northern Quebec seems to be somewhat "unthankful", as we say, and living conditions are very rigorous, but it has always been a characteristic of our hardy people not to be afraid to face—and to overcome—the hardships incident to pioneering. On the whole, I believe the proposed line will prove a blessing for the district to be served; it will open up a belt of territory at least twenty-five miles wide on each side, and will encourage a continuation of the northward push of colonization.

Hon. G. G. McGEER: Honourable senators, I rise to support this bill for several reasons. I certainly agree with the last speaker that in the province of Quebec there lies probably one of the most valuable and least developed areas in Canada.

An Hon. SENATOR: Hear, hear.

Hon. Mr. McGEER: I believe that in the vast forest areas of Quebec we have a supply of products sufficient to satisfy the demands that are crowding upon us—demands for lumber, and pulp and paper; I believe that the demand for forest products to supply our now fast-developing plastic industry will in a very short time exceed the present demand for both pulp and paper and lumber.

Another feature of the province of Quebec that we have neglected to our great national disadvantage is the large and attractive area available for tourist trade, now one of the most important items in the foreign trade of our nation. No man in Canada today should hesitate over an expenditure of the size proposed by this bill. We, who have been able to finance a war and out of our own resources give to our allies four thousand million dollars in goods and services, and then carry through a programme of loans to foreign countries amounting to two thousand million dollars, must have the financial means to build the railways and highways needed for the development of our own country.

I say to my friends in Quebec, as I have said to the people of British Columbia: You are partly to blame for the lack of attention you received from the national parliament. The authorities in Ottawa are too much given to concern about the big things, international affairs, and are content to leave local matters to the provinces. At the same time they have encroached upon the revenues of the provinces so that they have not the means to carry on the development to meet their local needs.

This is a very important measure because it brings into active operation a very large area of the province of Quebec. Too great a portion is idle and in a state of wilderness. I hope that, when we come to build the Pacific and Great Eastern Railway, a project which has hung like a millstone around the neck of the people of British Columbia for the last twenty or thirty years, we will receive the same co-operation as we are willing to give the province of Quebec today. The time has come when our Peace River country should be connected with the Pacific Ocean. That vast territory of land is needed for settlers, and its outlet is on the Pacific Coast. Let us realize that out of this last great martyrdom of man has come a power which is ours—a power to supply the financial needs of our allies. Surely, if we can finance countries abroad to the extent of six thousand million dollars, we can at the same time find the way to finance Canadian expansion and development.

Some Hon. SENATORS: Hear, hear.

Hon. JOHN T. HAIG: Honourable senators, I am supporting the bill. This proposed railway line is about fifty-five miles long, and is to be built largely for the purpose of transporting pulpwood down to Windsor Mills. A shipment of 300,000 cords of wood is guaranteed—40,000 cords the first year and 45,000 each year thereafter; and if there is a shortage on that estimate the sum of $3 is to be paid for each cord short of the guaranteed quantity.

I think that my honourable friend from Vancouver-Burrard (Hon. Mr. McGeer) lost sight of one important feature. This proposed line is in the nature of a feeder, and in my opinion that type of line is of more use to the country than long stretches of railway. The evidence given before the committee of the other house indicated that the land over which this railway would be laid was of second or third quality and not fit for settlement. In my province the experience of putting settlers on second or third quality land has been very unfavourable. The report in the other place showed a cost of $75,000 per mile, or about three-quarters of a million dollars,

for the construction of this railway, and indicated that the total revenue over the first six years would show a small favourable balance. I believe that feeders are good for the railways if there is a future for them at all. But as the honourable member from Saskatchewan North (Hon. Mr. Horner) has said, the problem of the railway today is the competition by trucking companies. Forty years ago this Senate turned down a large number of branch line bills presented by both the C.P.R. and the then Canadian Northern Railway. Ever since then this house has been credited with that saving. As a matter of fact, the treasury of this country was saved enough money to pay the salaries of the senators for the ensuing hundred years. Forty years have gone by, gentlemen, and we still have sixty to go, which should satisfy most of us.

Some Hon. SENATORS: Question!

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

FOREIGN EXCHANGE CONTROL BILL

SUBJECT MATTER—REPORT

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on the subject-matter of Bill 195, an Act respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents.

He said: Honourable senators, the Standing Committee on Banking and Commerce beg leave to report as follows:

By order of reference made on Thursday, the 15th August, 1946, the subject matter of Bill 195: "An Act respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents", was referred to your committee for consideration and report.

In view of the importance of this matter, all honourable members of the Senate, whether members of your committee or not, were invited to attend our sittings and to participate in our proceedings, to examine or cross-examine the witnesses, the right to vote being reserved to members of your committee. This invitation was generally accepted and acted upon.

Your committee have held six sittings and have heard the following witnesses:

The Hon. D. C. Abbott, P.C., M.P., Acting Minister of Finance.

Mr. Graham F. Towers, C.M.G., Governor of the Bank of Canada and Chairman of the Foreign Exchange Control Board.

The hearing of these witnesses and the discussion which ensued have disclosed the necessity of amending the said Bill 195 in several important respects, and they have also revealed the necessity of continuing a modified form of foreign exchange control for a limited period of time.

Your committee are therefore of the opinion that, with the information now available, the Senate proceed to the second reading of the said Bill 195, with the understanding that the bill itself will then be referred to your standing committee to be amended in such respects as your committee may deem advisable.

SECOND READING

The Senate resumed from Wednesday, August 14, the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill 195, an Act respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents.

Hon. WISHART McL. ROBERTSON: Honourable senators, the order for resumption of this debate stands in the name of the honourable gentleman from Wellington (Hon. Mr. Howard), the chief Government Whip, who it will be recalled adjourned the debate at my suggestion. Before the debate is continued I think I should say a few words in respect to a specific question that was asked of me in committee, namely, whether, if the Senate should see fit to give the bill second reading, I would do all in my power to have it referred to the Standing Committee on Banking and Commerce for consideration in detail. My answer is, unequivocally, yes.

Perhaps I should also say a word with respect to another matter. As honourable senators who attended the committee know, the Acting Minister of Finance was present. While of course the bill itself was not before the committee, there was considerable discussion not only of its general principle but of its details; and as I recall it, the attitude of the Acting Minister of Finance was that if the committee, after having the bill referred to it and giving it detailed consideration, felt that any clauses should be amended in a way which would better serve the public interest and at the same time not seriously interfere with the efficiency of the act to accomplish the purpose intended, the government would carefully consider any recommendations the committee might make.

More specifically, and by no means restricting that general suggestion or evidence of willingness to co-operate as far as possible with the committee, the Acting Minister of Finance made a statement as to the government's attitude towards the setting of a time limit on the act. As I recall, up to the time when the Acting Minister last attended the committee there had been considerable discussion of a proposal to limit the operation of

the act to the end of the first session after the 31st of December, 1948, and the Acting Minister intimated that if the committee inserted an amendment to that effect in the bill the government was prepared to recommend to the House of Commons that the amendment be accepted.

Another matter discussed was the obligation on the part of individuals to sell United States currency to authorized dealers. As I understand it—I have not as good a grasp of the matter as have some other honourable senators—any individual who comes into possession of even a very small amount of American currency, say $2 or $5, would break the law if he failed to turn that currency in to an authorized dealer. The minister said, as I recall, that should the Senate see fit to amend the bill by putting a reasonable floor under the amount of currency one might legally have in his possession—I believe the figure suggested was $100, and if I am wrong honourable senators will correct me—that amendment would favourably be considered, subject to the proviso that if an emergency arose in the future the floor could be lowered or entirely eliminated by order in council.

There was some discussion also of sections 25 and 26 of the bill, which require permits for the export or import of property. I regret that I have not a clear recollection of exactly what the minister said on that point, but my feeling is that he suggested the possibility of meeting, in part at least, the views of the commitee.

Hon. Mr. McGEER: Was the suggestion not that the word "property" be changed to "goods"?

Hon. Mr. ROBERTSON: As I say, I am not clear as to just what was said, but my feeling is that it indicated a willingness on the part of the government to give favourable consideration to the commitee's views.

Another matter that came under discussion was the clause empowering the board to determine the fair value of any property. That is section 36 (1) (c) (iii). If I remember correctly, it was intimated that it might be possible to consider an amendment with respect to transactions between parties at arm's length—I think that was the expression used—that is, ordinary business relations between residents and non-residents.

The matters that I have mentioned were by no means the only ones discussed in committee, but to the best of my memory they were the matters with respect to which specific amendments were suggested. I understood the Acting Minister to intimate that he would be most willing to consider any amendments proposed by the committee—that is, not only those which had already been suggested to him, but any others which might arise out of detailed consideration of the bill.

I believe the honourable senator from Wellington (Hon. Mr. Howard) does not intend to speak.

Hon. Mr. HOWARD: That is right.

Hon. Mr. ROBERTSON: Therefore any other honourable senator who wishes to continue the debate now is entitled to do so.

The Hon. the SPEAKER: The question, honourable senators, is on the motion for the second reading of the bill.

Some Hon. SENATORS: Carried.

Hon. ARTHUR W. ROEBUCK: No, it is not carried. I have an amendment to offer. I may say that I was not much convinced by the evidence given before the committee, as the honourable leader (Hon. Mr. Robertson) seems to have been. Honourable members will recall that when this matter was referred to committee I said I was opposed to the principle of the bill. I do not believe in fetters and gags and halters on the business activities of our country. My own view is that business men carrying on their own affairs, to make money for themselves, incidentally make money also for the country generally; but clerks sitting behind desks and saying "No" do not contribute very materially to the final success of our business enterprises.

In committee I listened to the evidence of the Governor of the Bank of Canada, and the more I listened the more firmly convinced I became that the great success of Canada's war effort was not the result of petty interference by himself and his officials, or the vast expenditures for which he was responsible, but rather of the enterprise and industry, and the power of thought and the muscle of the Canadian people. Today, with the war over, I would rely far more upon our industry and enterprise than upon the restrictions of officials. The two are mutually antagonistic; one is the antithesis of the other. Restrictions do one thing only—they interfere with industry. I say, let us depend upon the broad principles of trade and commerce which, if unhampered and energetically applied by our business people, will bring about the equilibrium which the Governor of the Bank of Canada proposes to enforce by control.

His evidence before the committee was largely based on fear. He was a very merchant of fear, and did his best to bring the committee to the same condition of apprehension

with regard to the future as possessed him, and upon which he based his arguments. As I listened to him I could not help recalling the passage in "Through the Looking Glass." While walking along a forest path Alice met a knight armed cap-á-pie. He was strangely equipped, and around the fore feet of his charger were steel bands out of which projected heavy spikes. Alice asked him what the spikes were for. "To guard against the bites of sharks," he said. So she inquired if he expected to go to sea. He told her he had not thought about that, but should he go swimming these things would come in handy. Here we have a gentleman who, figuratively, wishes to place, not steel bands around our feet, but rather a chain around our necks, on the off-chance of preserving the equilibrium of trade between ourselves and the United States, which he forecast may be so disturbed that we shall lose $600,000,000 in exchange in the next twenty-four months. That was his prognostication. He himself admitted that it was a mere statement of opinion, and when asked by the cross-examiners to furnish substantial grounds for such an opinion, he had virtually none to give.

Now, I recall to the minds of honourable members that Canada's indebtedness to the United States was no greater at the end of 1945 than it was at the commencement of the war. Notwithstanding the fact that in the six years from 1940 to 1945 we purchased from the United States merchandise to a value in excess of six thousand million dollars, at the end of the period the balance was fair between us and the honours were even.

We did not accomplish that great result by having clerks sit behind desks and say "No" to our business men who were seeking to carry our their transactions. We did it by enterprise and industry, and in a number of other ways that I can mention, and will—not that I want to thresh over old straw but rather that in the future, to some extent at least, we may be guided by what has taken place in the past.

Hon. Mr. DUPUIS: May I ask the honourable gentleman a question to clarify this point? He has said that during these last six years Canada's trade with the United States amounted to some thousands of millions of dollars. Is it not a fact that the Foreign Exchange Control Board was operating during that time?

Hon. Mr. ROEBUCK: It certainly was operating, and in some respects it stood in the way of the result which I have stated. It did its best to stop any freedom of trade. It did not do one single thing, even to dotting an "i", to bring about that result.

Hon. Mr. DUPUIS: Would the honourable gentleman state how the Foreign Exchange Control Board injured our trade?

Hon. Mr. ROEBUCK: Yes. It stopped the flow of foreign exchange; at great expense—and I will come to that—it maintained officers all over this country examining into what the people were doing, and telling them they could not do this, that and the other thing, in that way tying up business and blunting its transactions. Let me see if I cannot answer further what my honourable friend has asked, because this question is my thesis.

Hon. Mr. BENCH: May I interrupt the honourable gentleman on that same point? Were not the lease-lend purchases which the United States made in this country during the period referred to largely responsible for the high level of trade?

Hon. Mr. ROEBUCK: Of course—not the efforts of the Foreign Exchange Control Board at all. That is what I propose to speak on at the moment.

Hon. Mr. BENCH: How did the board interfere with that?

Hon. Mr. ROEBUCK: Let me go back for a moment, and I will come to what my friend is asking me. Up to the end of 1941, as honourable members will recollect, we were buying more from the United States than we were selling to them, because at that time the United States was not in the war. By the end of 1941 Canada's debtor position had worsened by more than $350,000,000, as can be seen by reference to page 22 of the last report of the Foreign Exchange Control Board. It will be remembered that we were worried at the time, but there was not very much we could do about it except to increase the efforts we were putting forth to maintain our position in the world. This we did heroically; we relied upon ourselves. You will remember that in June of 1940 the budget provided for an exchange war-tax of ten per cent for the purpose of discouraging purchases in the United States. It applied to everybody and to everything, because it was levied upon dutiable and free goods, and I have no doubt that it played its part in bringing about the final result. We raised the excise on automobiles and one or two items of that nature, because we were relying on our business sense and not on the blocking ability of a dictatorial board.

In 1941 the United States came into the war and then things happened. . In April, 1941, there was brought about between the Prime Minister of this country and the President of the United States, what is known as the Hyde Park Agreement, under which Can-

ada sold to and bought from the United States by way of simple commercial transactions between the two countries. I point out to honourable senators that that was not a restrictive arrangement; rather it was the reverse. It was the doing of business, not the stoppage of business.

Hon. Mr. BENCH: Will the honourable gentleman forgive me if I interject? What I fail to understand is how the operations of the Foreign Exchange Control Board interfered with the functioning of that agreement. That, indirectly, is what my honourable friend suggests.

Hon. Mr. ROEBUCK: I did not make that suggestion—certainly not in those words. I said that the Foreign Exchange Control Board's operations were restrictive, and so doubt interfered with the carrying out of this agreement, as they have done with all our commercial transactions. People are sticking their noses into this and that, and they are in the way. The board was in the way. It does not know about the problems, because it takes no part in commercial or manufacturing transactions. I do not say that it specifically interfered with this particular Hyde Park Agreement, but it did it no good.

Next followed the building of the Alaska Highway, a project in Canada, financed by the United States at very considerable cost. There was a chain of air fields built in Canada by United States funds. There was also the Canol oil project near Alaska. We sold gold and U.S. dollars, and for goods sent to the United Kingdom we received back gold and U.S. dollars to the extent of $485,000,000. We sold some of our own securities in the United States, and sold some current securities. Further, and this is a most important feature, we had heavy sales of wheat and other grains to the United States—to the extent of $150,000,000 in 1943, $300,000,000 in 1944, and $100,000,000 in 1945. I suggest to my fellow members of this house that it was that commercial activity on our part, not the board's chains around our hands and feet, which enabled us after we made our purchases to achieve a balanced trade position between Canada and the United States.

Hon. Mr. CAMPBELL: May I ask the honourable member a question?

Hon. Mr. ROEBUCK: I do not know that it will help any, but go ahead.

Hon. Mr. CAMPBELL: Does the honourable gentleman not admit that had there not been foreign exchange control, requiring payment in United States dollars for all the commodities we were sending to that country, the probability is that payment would have been in Canadian dollars and that we would not have benefited in our U.S. dollar account?

Hon. Mr. ROEBUCK: I suppose I could answer that question by a counter question. How would the people of the United States get Canadian dollars with which to buy Canadian goods unless they secured them by giving us American dollars? They are not printing Canadian dollars in the United States. So, gentlemen, nearly all the problems of that kind answer themselves if you only get out of the way and let business carry on in a normal fashion. Government interference with private affairs is always illusive and mystifying, because the transactions are never carried through to their conclusion, or they are put half way through and the conclusion is drawn from the wrong premise.

I wish to refer to the dealings with the United Kingdom because the same line of experience is drawn from our trade with that country as is drawn from our trade with the United States. By reference to the figures given by the Foreign Exchange Control Board I find that in our trade with the sterling area, Great Britain—which is the sterling area—received from Canada merchandise to the amount of $10,971,000,000, and that the returns offsetting that amount were only $5,124,000,000. That is the outline of our trade with Great Britain.

The question may be asked as to how that great deficit is made up. I will give you chapter and verse, if you care to have it from the records of the board itself. To begin with, we repatriated Canadian funds to the amount of one billion and forty-three million. As I have already stated, we received gold and U.S. dollars to the value of $504,000,000. There was Canada's loan to the United States of $700,000,000, which boiled down in actual practice to $561,000,000. Then there was our billion dollar gift; and what we call mutual aid —which the United States refers to as lend-lease—to an amount of $2,175,000,000. There was the interim advance to the United Kingdom of $164,000,000 and the total of all other capital transactions was $411,000,000, with a small sterling balance of $11,000,000. With all those operations the two sides of the book balanced as between Canada and the sterling area, so there was no need there for foreign exchange control interference.

Honourable senators in reply to my proposition may say that the United Kingdom had a Foreign Exchange Control Board. My answer is that it played little part in the results. My authority for that statement is to be found at

page 31 of the report of our Foreign Exchange Control Board dated March, 1946, in these words:

At the outbreak of war it was necessary for the United Kingdom and other sterling area countries to introduce exchange control and husband their United States dollar resources. As the table shows, a relatively small proportion of the deficiency was covered in this way during the war.

That is not my opinion, gentlemen, but the opinion of Graham Towers, Governor of the Bank of Canada. The Foreign Exchange Control Board played a negligible part in the transactions between Canada and the sterling area.

But that is all behind us; the great difficulties of the war have gone, and natural forces have balanced the trade between our countries. I ask you, gentlemen, to rely in the future, as we have done in the past, upon the courage, judgment, enterprise and ability of business to balance trade as between the United States and Canada, for I am convinced that if we do this we will meet with less difficulty than we have previously encountered.

The great authority in matters of international finance is the late Lord Keynes. He was the intellectual father of all economists and the grandfather of Graham Towers, Rasminsky and the other economists of the Foreign Exchange Control Board. He was the man Britain chose to send to the United States to help negotiate the $3,750,000,000 loan, and has been probably the most outstanding political economist in the world. I have in my hand a copy of a posthumous article by Lord Keynes, taken from the Economic Journal of London, England, which has just arrived in this country. In the editorial footnote the late Lord Keynes is described in these words:

Britain has lost the architect of the economic policy which made victory possible . . . the brain which more than any other was shaping her economic future.

Gentlemen, I wish to call your attention to what Lord Keynes, the father of our orthodox economy, says about the situation today. But first may I say that this bill is advocated by the philosophy of fear and the idea that American dollars are to be scarce in the coming years. The trembling ones have already lost confidence, notwithstanding facts that must be plain to their sight, and are afraid that our dollars are going to succumb to the American dollars.

In a statement written just before his death, and published since he died, Lord Keynes said:

—if the two conditions are fulfilled that British exports of goods and services to the rest of the world as a whole reach an appropriate level and that American imports of goods and services from the rest of the world as a whole reach an appropriate level. If these conditions are satisfied, there will be no necessity for a strictly bilateral balance between the two countries taken in isolation.

May I re-phrase that statement and apply it to Canada rather than the United Kingdom? Given the sale of goods from Canada to the world at large, and the free purchase of goods without these objectionable petty interferences of a board of civil servants, a strict bilateral balance between Canada and the United States taken in isolation is not necessary. Honourable gentlemen know, and it was referred to in evidence before the committee, that Canada has bought more from the United States in the years gone by than she has sold to the United States; on the other hand, she has sold to Great Britain more than she has purchased from Great Britain. Lord Keynes' statement is that, given a general world balance, a strictly bilateral balance between each of the countries taken in isolation is not necessary. That theory applies to Canada and her balances today. Be they with the United States or Great Britain, all play their part in that great general balance which has seen us through in the years gone by, and will not forsake us in the years to come, even without the interference which this bill proposes.

Lord Keynes further says this:

Perhaps the most mistaken and most prevalent delusion relates, however, to the creditor position of the United States today in relation to the rest of the world. It is commonly believed that the end of the war has left the United states in a strong creditor position, in addition to her large gold reserves. How many people are aware that apart from her gold holdings, which do not, of course, represent an undischarged claim on the rest of the world, the United States was a debtor country on balance at the end of 1945?

At the end of 1945 the United States was not in the strong creditor position that she was prior to the war; in fact, in the world at large she was in a net debtor position to the extent of two billion one hundred million dollars.

Lord Keynes has this to say about the United States:

After she entered the war, the net short-term position of the United States deteriorated substantially; so much so that by October, 1945, she had dissipated by far the greater part of her large gains from ourselves and others in 1939, 1940 and 1941 before she entered the war.

The United States dissipated all that she accumulated in the early stages of the war.

The learned author has this to say:

If the figures are restricted to the more or less liquid reserves of foreign countries held in the United States at the end of the war in the shape of ear-marked gold, bank balances and market securities, the aggregate is of the order of $15 billion, and has increased since the end of 1938 by some $9 billion.

This huge movement, most of which represents a gain by foreign countries at the expense of the United States, has been largely overlooked by commentators in this country.

And it has been totally overlooked by those who today are attempting to gauge the position of Canada twenty-four months hence and, as opposed to the United States, show us down by $600,000,000—which is a pure guess unfounded in fact.

Let us see what Lord Keynes' advice is. I think this is addressed to us as well as to his fellow-citizens of the United Kingdom:

Putting one thing together with another, and after pondering all these figures, may not the reader feel himself justified in concluding that the chances of the dollar becoming dangerously scarce in the course of the next five to ten years are not very high?

He is speaking of the American dollar. The chances of Canada finding the United States dollar scarce and hard to get during the next five years, according to Lord Keynes—and with him I completely agree—are not very high. Our position in the world today, honourable senators, is as strong as that of the United States, if not stronger, and we need none of the artificial protections of these superior men who draw large salaries for saying "No" in the city of Ottawa.

It is the long run that I am thinking of. It is the operation of natural forces upon which I rely. I ask honourable senators to pay particular attention to this sentence by Lord Keynes:

In the long run more fundamental forces may be at work if all goes well, tending towards equilibrium, the significance of which may ultimately transcend ephemeral statistics.

Lord Keynes continues:

I find myself moved, not for the first time, to remind contemporary economists that the classical teaching embodied some permanent truths of great significance, which we are liable today to overlook because we associate them with other doctrines which we cannot now accept without much qualification. There are in these matters deep undercurrents at work, natural forces, one can call them, or even the invisible hand, which are operating towards equilibrium.

May I pause here to interject one remark? In trade matters, as in others, let us not underestimate the force of the invisible hand.

If it were not so, we could not have got on even so well as we have for many decades past.

I come now to Lord Keynes' concluding sentences, which I consider masterly and very applicable to the great matters we are now considering.

Meanwhile for us the best policy is to act on the optimistic hypothesis until it has been proved wrong. We shall do well not to fear the future too much.

These men who have been giving evidence to us are pessimists of the worst kind. They are building their interests on the pessimism with which they try to infect us, and using the idea of fear and the mystery of money to drive us along to actions which we know are wrong—for it is wrong to put these men in command. Fancy, honourable senators, fancy placing in control of the financial life-blood of this country a man who within the last few months has made the greatest error in foreign exchange ever known in the history of this or perhaps any other nation, and who, out of the favourable balances which he had collected from the people of Canada, made a loss which on very good authority is placed at $150,000,000 and which he tried to justify before our committee by referring to gains made by a board that was operating before he and his board were in existence. Are we to place the flow of the life-blood of this country in his hands, as we have in the past?

Lord Keynes continues:

Preserving all due caution in our own activities, the job for us is to get through the next five years in conditions which are favourable and not unfavourable to the restoration of our full productive efficiency and strength of purpose, of our prestige with others and of our confidence in ourselves.

I call the attention of honourable senators to those words. He would give us in Canada, as he tried to give his people in the United Kingdom, a reasonable and proper self-respect, and confidence in ourselves.

He ends with these words:

We shall run more risk of jeopardising the future if we are influenced by indefinite fears based on trying to look ahead further than any one can see.

That is a great argument. I commend it in all its detail to my fellow senators before we take the step that we are asked to take.

What is proposed in the motion before the house? It is that we place this objectionable measure on the statute books of Canada. Honourable senators, we should never do anything of that kind. Furthermore, it is proposed that we should do it blindfold, for we have not today the information which we should possess before we pass this bill, regardless of what time limitation may be placed upon it. We have heard evidence from an interested party endeavouring to jam through a bill which he knows is objectionable to our moral perception. He has done the best he could—he is pretty smooth, I grant you; a very likeable and very fine fellow—but his arguments are based on what Lord Keynes' calls indefinite fears, fears of things of which we have no knowledge and therefore cannot refute.

Now, honourable senators, before we act on this measure we ought to have evidence not only from these interested civil servants of ours, but from the business interests of Canada. True, the bankers do not want to come. Certainly not.

Let me digress for a moment right here. What has been the cost of this Foreign Exchange Board in the past? I cannot perhaps get at this nearly as well as can the honourable senator who conducted the cross-examination in committee, but as I look through the board's report for 1946 I find that, in addition to its expenses, the board paid year after year some $4,000,000 in what is euphoniously called commissions to bankers. For 1943, 1944 and 1945, I think it adds up to some $13,750,000.

Hon. Mr. McGEER: It is $25,000,000.

Hon. Mr. ROEBUCK: I agree with the honourable senator from Vancouver-Burrard (Hon. Mr McGeer). The total cost of the commissions from the board to the bankers was some $25,000,000 or $26,000,000 during those war years. But that is not all, because the charges made by the bankers to the individual customer when he changes his money from Canadian into United States currency go into their pockets, and there is no record of what those charges amount to in the aggregate. So to begin with you have some $25,000,000 of commissions paid to the bankers. Of course they wrote a letter saying they did not wish to give evidence! They were the only ones invited to appear before the Commons committee. If the bankers do not wish to come, we should subpoena them. We should have evidence not only from them, but from those engaged in lumbering, mining and manufacturing. We should also hear from the various societies and institutions of this country as to how they look upon these restrictions which tie their hands. It is not possible for us to do this now, and that is another reason why we should at this time resist and refuse to be dictated to by anybody.

This bill comes to us in the dying days of the session, at a time when it is impossible for us to give it the thorough investigation which is necessary, and which it is our duty to subject it to before it is enacted. So I say the inquiry of the last few days should continue. It should be resumed, not in 1949, as somebody has suggested, after the manacles are riveted on our people, but at the very next session of parliament. Under the order in council the board can carry on the controls and make all the modifications now suggested by way of a further order in council, if it is thought right to do so. There is nothing to stop the board for a minute. But we are not responsible for that order in council, we never passed it; others have taken that responsibility. Let them continue to bear it. Let us understand what this thing means before we plunge hastily into it, and let us discharge the duty which rests upon the Senate of protecting the liberties of our citizens at all times. Let us exercise wisdom as "elder statesmen", a term which is perhaps wrongly applied to us.

For the reasons I have stated, honourable senators, I offer this amendment, seconded by Honourable Senator Hushion:

That the bill be not now read a second time, but that it be deferred for consideration to the next session of parliament, and that pending such consideration, parliament extend to the Governor in Council the authority to continue the existing powers, control and regulations of the Foreign Exchange Control Board.

I commend this amendment to the favourable consideration of my fellow members. It is not drastic; it is a motion for delay; a refusal to be rushed and gagged; a demand that we know where we are going before we start; an attempt on our part, vigorously to examine this matter and see if we can be right and not wrong. I commend the motion to my fellow members with all the force of which I am capable. Let us give this bill that much of a hoist, realizing that the control board men have no real complaint, because in the meantime their powers remain in force, and that by taking this course we reserve to ourselves the right of judgment, and action after knowledge is obtained.

Some Hon. SENATORS: Question!

The Hon. the SPEAKER: Honourable senators, the motion is for the second reading of Bill 195, an Act respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents.

An amendment has been moved by Hhn. Senator Roebuck, seconded by Hon. Senator Hushion, "that this bill be not now read, but that it be deferred for consideration to the next session of parliament, and that pending such consideration, parliament extend to the Governor in Council the authority to continue the existing powers, control and regulations of the Foreign Exchange Control Board."

The question is now on the amendment.

Hon. W. RUPERT DAVIES: Honourable senators, I knew nothing about the amendment until it was read by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), but I had intended to vote against the second reading of this bill. I am voting

against it because I do not like to extend the controls now being exercised under an order in council which has the force of an act of parliament—controls which are enlarged and made more stringent in this bill.

I am not a member of the Banking and Commerce Committee, but I have attended every meeting and listened very carefully to everything that has been said. I have not been convinced by the proponents of the bill that it is necessary to enlarge and continue the present measures of emergency control. I am always afraid that when a bill is put on the statute books those administering the act will find that it gives them fuller powers than are possible under an order in council. It seems to me that an order in council will be administered with a great deal more care than an act of parliament.

The bill provides very severe penalties for trivial offences. Sometimes I wonder just where we are heading in the British Commonwealth of Nations. As I said the other day, I have just returned from Great Britain, where I attended an Imperial Press Conference. There were sixty representatives in attendance from all over the British Commonwealth of Nations and the British Colonial Empire. We learned that newsprint was controlled in Australia, New Zealand, India, South Africa, and in all the British colonies. We learned also that in some of the colonies a newspaper publisher would on certain days be told by telephone that he could have a few extra tons of newsprint, because next day the government wanted him to publish a very important statement. That is what we are heading into. I do not like controls of any kind. We got rid of newsprint control in Canada, and up went the price, but I am quite sure every newspaper publisher would rather pay $15 a ton more for his newsprint and be free.

These controls in the hands of bureaucracy can be exercised very severely. It might surprise honourable senators to know that today in Great Britain a builder or owner of a house who transgresses the building controls to a very minor degree, is liable to be sentenced to penal servitude for seven years. Does anyone think that five or six years ago the British people would have submitted to any such regulation? Of course they would not. But they have become so accustomed to controls that they regard them as innocuous. If you write a member of the government you do not get a reply from him; his secretary writes that the matter will be brought before the minister —but it seldom is.

I shall vote for this amendment and against the motion for second reading of the bill. I think the penalties prescribed for a lot of trivial offences are altogether too severe. I am not at all convinced that we need foreign exchange control at the present time; but admitting that we do, even if the bill is rejected the Foreign Exchange Control Board will still function, but it will not be by virtue of approval of the Senate of Canada.

Hon. T. A. CRERAR: There is, I take it, no doubt in the mind of any honourable senator that this bill confers on the Foreign Exchange Control Board very extraordinary powers. I have read the bill, and I find the principle of power runs right through it from the preamble to the last section. As I said when I spoke before, unless there is a very clear and very urgent need for it, we should not pass legislation of this kind based on the principle implicit in the bill. We are in peace time now.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: In wartime when the country's whole effort was dedicated to its very preservation, restrictions and controls were necessary in certain directions, and because of the emergency our people accepted them, often under much irritation. It is time for the Canadian people to ponder and think very seriously upon the principles that should guide democratic government in this country. During the latter part of the eighteenth or the beginning of the nineteenth century, there was in Britain a great political philosopher by the name of Lord Acton, who understood and analyzed the principles underlying democratic government. He made the statement, which has been accepted by Liberals everywhere in the world, that "all power corrupts, but absolute power corrupts absolutely". We have seen some evidence of that truth in the administration of the controls throughout the war.

I do not wish to question for a moment the good intentions or good faith of the government or of the men who will form the personnel of this board should the legislation go into effect. It is necessary however to recall that we are conferring enormous powers. If the legislation passes the board will have to appoint agents in every part of Canada. Who are the agents that will be appointed? The legislation indicates that they will be the managers of the banks and the postmasters throughout the country. During the war it was necessary for the Oil Controller, for instance, to have agents stationed everywhere throughout the country. It was necessary also, in connection with the stabilization policies, to have these agents. If the board could ensure that the agents it appoints will be endowed with wisdom and a sense of fairness and good judg-

ment, my objection to this measure would be lessened very considerably. But no board can guarantee that.

Hon. Mr. ROEBUCK: The objections would not be removed, just lessened.

Hon. Mr. CRERAR: May I give one instance with which I am familiar in the control of the sale of gasoline? The Oil Controller, perhaps for very good reasons, issued a directive that no farmer operating a truck could carry passengers. A farmer in the constituency that I represented in the other house was one day driving his truck from Swan River to another town and going about his legitimate business. He picked up a few young lads he knew personally, and who were going to work several miles away, along the road he was travelling. Unfortunately for him he was met by a policeman and stopped. He was charged with a violation of the act, haled before a magistrate and fined $10. This man, to my certain knowledge, was subscribing to war loans; he was a farmer and he was working from daylight to dark to increase the production of food so necessary at that time.

I am sure it never was in the mind of the Oil Controller or those at the head of the administration that such petty tyranny as this would take place. But it did take place. And honourable senators know that what I have just cited is only one of thousands of instances throughout this country. Only a few days ago I received a letter which was a comment on a speech I made to the Senate a week ago.

Hon. Mr. HOWARD: That is fan mail.

Hon. Mr. CRERAR: It is from one whom I judge to be a small business man in Toronto, and I should like to read it.

Hon. Mr. HAIG: Honourable senators, I do not wish to object, but I think the honourable gentleman should give the name of the man who wrote the letter.

Hon. Mr. CRERAR: If my honourable friend will permit me—

Hon. Mr. HAIG: The name must be given before starting to read the letter. The honourable gentleman from Churchill may stop reading before he reaches the signature. It is a rule of the house that he must give the name.

Hon. Mr. CRERAR: Honourable members, if it satisfies the sensibilities of the honourable leader opposite I will give the name. I was going to give it in any case.

Hon. Mr HAIG: Honourable gentlemen, speaking to a point of order, if I let the matter pass and the honourable gentleman does not read the name, I am powerless, and I do not want such a situation to become a precedent. I do not care what the senator reads, but I think it should be made clear that he cannot read it without first saying who is the author.

Hon. Mr. EULER: You can always object in important instances.

The Hon. the SPEAKER: Honourable senators. I think the honourable gentleman addressing the house is familiar with the rule, and I have no doubt he will not transgress it. The member speaking is required, as has been stated, to give the name of the writer.

Hon. Mr. LACASSE: He said that he would give it.

Hon. Mr. HAIG: Not until I raised the question.

Hon. Mr. LACASSE: He always intended to give it. One signs not at the top of a letter but at the bottom.

Hon. Mr. CRERAR: Mr. Speaker, this is an unpleasant interruption. May I say to the honourable leader opposite that I had intended to give the name signed to the letter.

Hon. Mr. HAIG: You did not say that you would until I asked you to do so.

Hon. Mr. CRERAR: Was it necessary?

Hon. Mr. HAIG: Yes.

Hon. Mr. CRERAR: Then why did you not wait to see whether I was going to give it or not?

Hon. Mr. HAIG: Under the rule you are required to give it, as you know.

Hon. Mr. CRERAR: I know the rules as well as my honourable friend.

Hon. Mr. HAIG: Well you ought to.

Hon. Mr. EULER: He only gives the name if demanded.

Hon. Mr. HAIG: Yes, on demand.

Hon. Mr. LACASSE: This objection is becoming amusing.

Hon. Mr. CRERAR: The letter is not marked in any way to indicate that it is to be regarded as personal, and I am sure the gentleman in question will have no objection to my reading it and giving his name. The name is F. A. Robinson. The letter reads as follows:

Dear Senator Crerar:

Many who may not take the trouble to write you will appreciate very sincerely your attempt to prevent further official shackling of those in business who are often irritated beyond endurance at the red tape and delays—and being

referred from one official to another over the most trivial business transactions. One could give details but it would not help matters.

Sometimes it seems as if the government was paying men big salaries to make life hard for us, and we have to sweat to pay our own appointed taskmasters. Again thanking you for your efforts to save us a few remnants of personal liberty.

Yours faithfully,

F. A. Robinson.

Honourable senators, the sentiment expressed in that letter is the sentiment of tens of thousands of little business men, farmers, and others throughout this country.

Hon. Mr. McGEER: Hundreds of thousands.

Hon. Mr. CRERAR: They have no way of presenting their case to parliament. I make a plea on their behalf against the imposition of this kind of regimentation, which in my judgment is at this time quite unnecessary.

I listened, as did the other members of the committee, to the arguments presented by the Governor of the Bank of Canada, and I give him full credit for good faith. I listened honestly to the arguments he presented as to why this measure should be passed, and I am bound to say that in my judgment they were not convincing.

Hon. Mr. ROEBUCK: Hear, hear.

Hon. Mr. CRERAR: Today we have a billion and a half dollars in gold and U.S. dollars to meet any emergency that may come. Where then is the urgency to pass this bill, when we have not had time to examine it fully? The government has the power today to carry on its foreign exchange control and, according to the statement of the minister who appeared before us, will have that power for at least sixty days after the beginning of the next session of parliament.

Honourable gentlemen, these are my reasons for supporting the motion moved by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). It is a motion for delay, and for a further examination into this measure. It does not deprive the government of any power that it requires to carry on its operations for a considerable period of time; but it does in effect enable the government, if it is considered necessary, to bring this measure back and give the legislators time to fully consider and examine it. I say that no further power should be given at this session of parliament.

This is a matter upon which I have very strong feelings. I do not want to put hundreds of thousands of good honest citizens in a position where they may be under the tyranny of some petty official, simply because there is a fear that at some indefinite period in the future the government may need these extraordinary powers. I submit that that is not proceeding in a sensible way.

We are today living in very disturbed times. The upset created by the war has made a terrific impact upon the material well-being of the world. But the war made a greater impact upon the qualities of mind and character that are the basis of our civilization. War is a terribly demoralizing, disintegrating and degrading thing. Now if we are to maintain our free institutions, based as they are on the consent of the people, it is our responsibility, and we cannot escape it, to see that we do nothing to unnecessarily disturb and irritate and confound them.

In my judgment this measure is unnecessary at the present time and will simply serve to discourage our people throughout every part of this country. Many will be subjected to all the petty irritations that officious and even stupid agents of the board may put upon them. This is a good reason why we should be very careful about putting legislation of this kind on our statute books.

As honourable senators know, I served in the government during the war, and I will take a back seat to no one in expressing my admiration for the manner in which the civil service of this country assisted in the war effort. But I fear that as a result of six years of war and six years of much control, there is still too much of a control-complex in the governing circles of this country.

If there is any danger to the external value of the Canadian dollar, that danger can be met in other ways than that proposed by the bill. Let us develop the resources of our country. I am in support of the views expressed by the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) in that respect. He cited before the committee yesterday instances where fifteen million dollars will be brought into the province of British Columbia to further assist the industries of that province to develop their products for shipment to the United States. That is one way to increase our supply of U.S. dollars. In my province an American concern is now planning, and has taken the initial steps to develop a mining property that will require an investment of at least five or six million dollars. That is of course going on all the time. Take our tourist traffic. If we want to develop our tourist traffic with vision and intelligence, it is quite possible within a few years to make that business worth to us $300,000,000 a year. Almost the whole of that $300,000,000 would be United States dollars which would help protect our balance of international payments.

So for the reason that in my opinion there is no urgency for this measure, and that it should be further examined and scrutinized before we impose these suggested restrictions on our people, I am going to support the amendment moved by the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck).

Hon. WISHART McL. ROBERTSON: Honourable senators, I am sure that no one could have listened to the admirable addresses of the honourable senators from Toronto-Trinity (Hon. Mr. Roebuck) and from Churchill (Hon. Mr. Crerar) without being greatly interested. The eloquent expressions of their deep-seated aversion to what they referred to time and time again as bureaucracy are, I believe, sincere. But I suggest to you, honourable senators, that everything they said has been applicable to every control that it was found necessary to put into effect during the war. I am certain that the people of this country have a natural aversion to controls in any form—price control or any other—and if they supported them it was only because of the results that they expected to flow from these controls. I imagine there is not any person in this country who likes price control, but on the other hand I do not suppose any person would say that we should not have had price control during the war. So the point is: What is the issue which honourable senators say will involve sacrifices and inconveniences, which I am bound to say I think they are inclined to over-emphasize.

Hon. Mr. HOWARD: Hear, hear.

Hon. Mr. ROBERTSON: Honourable senators, with the amendment which I understand will be made in committe if the bill is given second reading, and which I am advised the government will consider accepting, this bill in essence contemplates an extension for something more than two years of legislation under which we have been living and doing business for the past seven years.

Hon. Mr. HOWARD: With success.

Hon. Mr. ROBERTSON: I repeat for my honourable friend from Kingston (Hon. Mr. Davies), legislation under which we have been living and doing business for the past seven years.

The severest critic of government policy in general, in so far as foreign exchange control is concerned during the period from the outbreak of war to the present, has found little if anything to complain of, either in the over-all results achieved or in the methods adopted to achieve them. I do not say that there was nothing to complain about or that there were no complaints, but I say that in general—and I speak only from my own experience--I have heard very little complaint about the operations of the Foreign Exchange Control Board.

Hon. Mr. McGEER: The honourable gentleman has not been in touch with the gold mining industry lately.

Hon. Mr. ROBERTSON: I am speaking only for myself, which is my privilege. In the community in which I live, though I was engaged in the business of importing goods, I was never subjected to any inconvenience. I might say that in the winter of 1941 I felt on account of my health that I should like to go to the Southern States. I must confess that my condition was not very serious, but under normal conditions I probably would have gone. The exchange control officer said to me: "It is a matter for you and your doctor. If you will produce a certificate from him, you will be able to get the money." However, my case was not so serious that I could conscientiously ask for the money. Instead, I went to New York with $50, as so many others have done. I did not indulge in any great celebration, but I felt that under the circumstances the sacrifice was small.

I know of no one among my own friends who suffered any great inconvenience. But I heard that a person of whom I know—not a friend—had been tremendously annoyed on one occasion. It was not until a year afterwards that I discovered that the trouble he got into was occasioned by the fact that he had neglected to get a permit for a $1,000 bill that he had with him when travelling to the United States. He also had neglected to put the bill in his wallet, but had it in his shoe.

I heartily agree with the honourable senator from Churchill (Hon. Mr. Crerar) that people do not like controls, but I believe that perhaps less annoyance has been caused to the public by the foreign exchange control than by any other. How doubtful a compliment that is, honourable senators will have to decide. Seriously, though, I think that when we look at the over-all picture, the efforts and accomplishments of the Foreign Exchange Control Board will rank among Canada's great achievements. We emerged from this war, as was pointed out by my honourable friend from Vancouver-Burrard (Hon. Mr. McGeer), in a marvellous position. Of all the United Nations, we were practically the only one which did not have to go to the United States for either lend-lease or a loan from Congress. While, as my honourable friend said, no one individual or group is entitled to all the credit for our strong

economic position, I believe that in years to come, when it is possible to get a proper perspective, it will be found that the foresight exercised by the Foreign Exchange Control Board will rank high among the reasons for Canada's achievement in the economic field.

It is interesting to recall what happened. In the years immediately prior to the war, favourable trade conditions had resulted in a credit balance on current account. On September 15, 1939, Canada's holdings of gold and United States dollars from all sources amounted to the then relatively high sum of $393,000,000. Though our position then was, as it is today, relatively strong, fortunately Canada had in authority persons who exercised wise forethought. It was apparent to those who took any thought for the morrow that though we were then in a strong position conditions might rapidly change. Anyone could see that there would be an increasing deficit in our balance of trade with the United States. That it might assume large proportions was quite probable. The need for consumer goods and capital goods from the United States might well increase, while our own production would in ever-increasing degree be needed for the purpose of our war effort, either at home or across the Atlantic.

But there was another factor. What would be the attitude of the holders of Canadian investments in the United States, which then totalled more than four billion dollars, of which more than half was in negotiable securities? Would they, for any of the various reasons which influence people in such circumstances, become alarmed and try to withdraw their capital? There is no need to dwell on the serious disturbance of our economy which would have resulted from a situation of that kind. With this danger in mind, the government instituted a control of foreign exchange.

I should like here to say a word as to the qualitative nature of the controls. Certain foreign exchange demands which were of a more pressing nature than others were freely granted. I have a great respect for the knowledge of my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) as to these matters, but I understand that during the war the board sought—as it will seek in the future—to avoid interference with the flow of import and export trade. The function of the board was then, as it is now, to control the withdrawal of capital in such a way as to run the least possible risk of injuring our economy for the time being.

The early fears in connection with our financial position were amply justified, though not at once. For three months our balance of $393,000,000 remained relatively steady,

but at the end of 1940 it had dropped to $332,000,000. On the favourable side were our increasing gold production and, as was pointed out by my honourable friend from Toronto-Trinity, the United States dollars received, directly or indirectly, from the United Kingdom. The serious pressure developed when Canadian war production got into its stride. By the end of 1941 our balance had dropped to $187,000,000. Purchases from the United States increased, as had been predicted; tourist travel fell off; and by 1941 the situation had become very serious. Despite the measures of exchange conservation then taken, in our transactions with the United States, we were running a deficit of more than $300,000,000 a year. Clearly, new sources of receipts in order to secure United States dollars were necessary. The United States introduced their lend-lease programme in 1941, but Canada never would avail herself of it, and I for one am proud of the fact.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: At this time, in April, 1941, the Prime Minister of Canada and the President of the United States entered into the Hyde Park agreement, which my honourable friend has referred to—not to enable us to take advantage of lend-lease, which was just another form of borrowing from the American government, but as an agreement by which the American government, as a war measure, would increase its purchases in Canada of such goods as were required for their various types of lend-lease. As my honourable friend has pointed out, this arrangement was of very great advantage to Canada. Trade flowed back the other way as the result of the American government placing orders for goods to be produced in Canada and shipped to the United States or on United States account.

This proved to be the turning point, and as a result of these orders combined with the other factor my honourable friend has pointed out—the export of $550,000,000 worth of wheat and coarse grains—we steadily improved our position in foreign exchange balances with the United States, until at the end of the past year they had increased to $1,500,000,000.

As honourable members have already pointed out, that represents a great gain, just as the 1939 figure of $400,000,000 shows a relatively strong position. It is not, however, as much stronger as the difference between $1,500,000,000 and $400,000,000 would seem to indicate. It must be remembered that the flow of Canadian securities purchased by Americans has been a one-way traffic, for under our

foreign exchange control agreement their money must stay here, and it has to an amount of more than $480,000,000. There is another factor too. I do not know just exactly what the position is in regard to the board, but in addition to that American capital there are the accumulated profits of American companies in this country to the very considerable sum of $263,000,000. That is an offset to this apparent strength. Nevertheless, thanks I believe to our foresight, we are in a very strong liquid position as regards our holdings of foreign exchange.

Now, honourable senators, with the amendments which are contemplated, we are proposing to extend this machinery for a period of more than two years. Let us review the probable position in the future. I appreciate the argument of the honourable senator from Churchill (Hon. Mr. Crerar) that the war is over. But the effects of the war are not over by any means. I suggest to honourable senators that the situation Canada faces at this moment is almost a deadly parallel in the economic sense with that which prevailed on the outbreak of war.

Hon. Mr. HOWARD: Right.

Hon. Mr. ROBERTSON: I hope we shall have the wisdom to look ahead this time, and not, as my honourable friend from Toronto-Trinity suggests, throw the bill to the winds.

Hon. Mr. McGEER: He never said that at all.

Hon. Mr. BALLANTYNE: Inasmuch as the Foreign Exchange Control Board now has authority to carry on until sixty days after the next session of parliament, and in view of rapidly changing world-conditions not only in regard to currency but everything else, why the hurry to pass this bill? Why not defer it until next session?

Hon. Mr. ROBERTSON: I will come to that.

Hon. Mr. McGEER: May I ask a question? Does not the honourable leader of the government realize that the amendment of the honourable senator from Toronto-Trinity proposes that parliament extend to the Governor in Council the authority to continue the existing powers, control and regulations of the Foreign Exchange Control Board until the end of next session? In view of that how can he say that the honourable gentleman from Toronto-Trinity would "throw the bill to the winds"?

Hon. Mr. ROBERTSON: I referred to the remarks of the honourable senator from Toronto-Trinity the other day on the motion to have the subject matter referred to the Banking and Commerce Committee. He said—and he will correct me if I am wrong—that he had as much information as he wanted on the subject and would take action at once. He was not very much concerned about details, because he was opposed to foreign exchange control in any way, shape or form. If I have misrepresented what he said I will certainly make a withdrawal; but I thought he was thoroughly consistent, and I admired him for it.

Hon. Mr. ROEBUCK: I had better state my position. I do not rise to object to my honourable friend saying I would "throw this bill to the winds," but I think he should have mentioned certain qualifications. I am opposed to control. But control is now in effect. The proposal I made was that this bill be thrown to the winds—if you like to use that picturesque language—and the order in council continued for a time. One should always get out of a position slowly rather than rapidly and drastically. Accordingly I was prepared to allow the order in council to remain in force so that these controls might be removed in a natural and orderly way. That is the effect of my present amendment. But my honourable friend the leader has not misrepresented my position in general: I am opposed to this kind of interference with trade.

Hon. Mr. ROBERTSON: Well, to the extent that I may have misrepresented my honourable friend I am very happy to withdraw anything I said.

I want to point out to honourable senators that our position today, as at the outbreak of war, is relatively strong. There is another parallel between then and now in that today those in authority again anticipate a large difference on current account between our exports to and imports from the United States; although, mark you, honourable senators, for the fiscal year just ended we are almost in balance. The figures which my honourable friend gave of our total purchases in the United States were absolutely right. There was a time when we had an annual deficit of from $300,000,000 to $400,000,000. That has gradually decreased until in 1945 there was only a difference of about $6,000,000—imports and exports almost in balance. That position is encouraging today, just as the relative position was encouraging before the war. And if we took no thought of the morrow we might say, "Our current balance position is good, 1945 is a wonderful showing. Don't let us do anything about it."

Now, what has happened already? For the first six months of this year that position is entirely reversed; there is a deficit of over

$222,000,000. There is nothing very strange about that, because current conditions almost parallel those in the early days of the war. The great purchasing power of the Canadian people makes an ever-increasing demand for goods. The fact that the price level has gone up raises the quantity of goods to a higher level. On the other hand, while we have tremendously increased our production of goods, that production is partly utilized, as during the war years, for our increased consumption, but more particularly as the result of trade agreements entered into, by which we agreed to supply goods to England and the continent of Europe to the amount of $2,000,000,000. There is the channeling of a tremendous quantity of our production across the Atlantic, just as there was during the war —but, thank God, for a much better purpose.

With our dollar on a parity with the American dollar, the desire of American companies to refund their bond issues in Canada, despite the fact that we have restrictive controls on capital movement, may well reduce this $1,500,000,000 to some $600,000,000 or $750,000,000. My honourable friend says, "But that is still ample." Yes, assuming that control remains. What if it does not? That is a very grave question. Had there been no control, I suppose no one will be able to determine what might have happened so far as the withdrawal of American capital in the early stage of war is concerned. We hope that nothing would have happened. I believe that because during the war we had the foresight to provide against these situations, and today are contemplating doing the same again, American investors will have even greater confidence in Canada. So it may never be necessary to invoke the restrictions on the withdrawal of capital.

No man can say with any certainty in the perplexed condition of the world today that the possibility does not exist. Under those circumstances, honourable senators, it is natural and logical for us to exercise the same prudence and foresight now as we did at the beginning of the war and, for the same economic reasons.

The charge was made that the board is unnecessarily cautious. Honourable senators, who would say that they are not right in that? Suppose that more favourable conditions than we now anticipate do develop, that Britain will be in a position to buy goods from us and pay for them with U.S. dollars, or sterling convertible into U.S. dollars, the result will be that much the better for us. Suppose that money unexpectedly flows across the border into this country in such proportions that our position will never be as serious as the chairman of the board suggested, the net result is all to the good. In the meantime, by this measure, we will have guarded against possible effects the other way.

I think that is in keeping with ordinary good business practice, and should appeal to every sound business man in this country who bears in mind the experiences of the war.

For argument's sake may I reverse the proposition? I listened in committee to the discussion of what happened in the past, of the marvelous conditions that existed before the war, when there was no foreign exchange control, and of the conditions which might arise in the future. As some honourable senators pointed out, under order in council there is authority to continue control. Let us assume that we operate under that authority for another six months, and that at the end of that period we do not have foreign exchange control. What then? Let us look into the future and the chances we might take.

Hon. Mr. DAVIES: Would the honourable senator permit a question? Could the foreign exchange order in council not be continued as long as the Governor in Council felt necessary, and could not the control be exercised under that authority?

Hon. Mr. ROBERTSON: I think the question asked by the honourable senator is an excellent one, and it brings to my mind a feature I had intended to refer to and had overlooked.

Honourable senators will recall that during the war Great Britain and all the dominions exercised some form of control over foreign exchange. They were all alike in one respect, that the control was effected by order in council under the War Measures Act. In Great Britain, when the war was over, a year ago, the emergency powers were extended for a period of five years, and powers given under order in council were continued. In Australia the emergency powers have been continued under the Bank Act, and as an additional means of controlling foreign exchange, authority has been given to direct what shall be exported from and imported into that country.

Reflecting the spirit voiced by the honourable senator from Churchill (Hon. Mr. Crerar) and the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) the people of this country, through their members of parliament, have said in no uncertain manner that they want to see the end of government by orders in council as quickly as possible. They said in effect: "We will not extend the War Measures Act, but we will continue some of the lesser powers under a new act to be called the National Emergency Transitional Powers Act, which will mean that the government

has got to get to work. You must go through your orders in council, make up your mind which ones you are going to require and let the others lapse." The government then had to come to parliament and put its needs down in black and white, so that the people of the country could review them.

Hon. Mr. HORNER: May I ask a question? Why was this bill not introduced two months earlier in the session?

Hon. Mr. ROBERTSON: The minister in committee told us that the government had intended introducing this bill last session, but that owing to pressure of work it was held over. He announced last March that it was to be introduced this session. It was given no priority, but was presented in the House of Commons on June 7th, over two months ago. That it did not come to this house more expeditiously is the result of a condition about which we have always complained—that these measures remain in the other place too long and come here too late in the session.

The people have demanded that the government come out from behind the curtain of legislation by orders in council, and put the laws in the statute books. In effect they said to the government, "We are giving you a year to do it." The Emergency Transitional Powers Act provided that these powers should continue until the end of the year, if parliament met in November or December; otherwise until fifteen days after the opening of the next session. As honourable senators know, an amendment has been proposed to extend the period to sixty days after the opening of the next session of parliament.

The government must decide what orders in council passed under the War Measures Act are now required, and allow the others to lapse. The policy has been to look to future requirements, and to put the provisions contained in orders in council into statutory form. The provisions embodied in the veterans legislation passed in this house recently were previously contained in regulations authorized by orders in council. These orders in council were tabled in this house from time to time, and were available to everyone who wanted to see them. The publicity this bill has received and the opposition which it has met justify the government in acceding to the public demand that such measures be brought before parliament so that it may decide whether the authority will be continued or not.

Hon. Mrs. FALLIS: Will the honourable leader permit a question? Is there not a difference between placing in the statutes veterans legislation, which is of a permanent nature, and a measure such as this, which we hope will last only a few years? It occurs to me, and I know it is in the minds of many others, that the putting of the provisions of orders in council into statutory form gives them a permanency. That is the feature we are trying to get away from in this bill.

Hon. Mr. ROBERTSON: I know of only two methods of legislating. If parliament had said to the government, "Do not bring in any details at all and we will extend these powers for five years", this measure would never come before us. My friend and I would then have to operate under the present regulations, and be subject to just as many inconveniences as during the past seven years.

Hon. Mr. BALLANTYNE: Why bring the bill in now?

Hon. Mr. ROBERTSON: At this session?

Hon. Mr. BALLANTYNE: Yes.

Hon. Mr. ROBERTSON: Because the government has to decide what measures it will deal with. Honourable senators must realize that there will be a great volume of business at the next session. In the opinion of the government this is one measure that it will be necessary to continue after the end of March 1947, which is the deadline under existing conditions. Under the circumstances it has decided to go ahead with this bill and get it out of the way. If there is not sufficient time now to properly consider it, as my honourable friend suggests, it will presumably come up at the next session with all the other business. It may be that we will then have more time to consider it; but from the little I know of parliamentary procedure I predict there will be less time next session. This bill has already been before parliament for a period of more than sixty days when the Speech from the Throne was not being discussed. I ask my honourable friend who sits in the seat of the leader opposite (Hon. Mr. Ballantyne) how much time we are likely to have for this measure next session after we have disposed of the Speech from the Throne and dealt with all the emergency legislation that will result from the conversion of orders in council to statutory legislation.

Hon. Mr. BALLANTYNE: I am bold enough to say that if I were the Prime Minister, sitting in another place, I would give this bill precedence over all other bills.

Hon. Mr. ROBERTSON: That would all have to be done before the deadline. However, this is mere speculation.

Hon. Mr. McGEER: Would it be improper to suggest that all those veterans bills were

dealt with as though they were one bill, and that they passed the other house in a very short time, and took only a few minutes in this chamber?

Hon. Mr. ROBERTSON: I was replying to a pertinent question as to why the government did not leave this control measure in order-in-council form, at least for the present. I am sure my honourable friend realizes that at the end of a certain period the measure would either have to be dropped or converted into statutory legislation.

Hon. Mr. McGEER: May I ask whether this bill, in its urgency, has any relation to a similar bill in the Parliament of the United Kingdom? The Governor of the Bank of Canada, Mr. Towers, rather surprised me when he said he had been informed that a similar bill was about to be passed in the United Kingdom parliament. Have any communications passed between this parliament and that of the United Kingdom with reference to the kind of legislation we are now considering? Is there anything of that nature which would create this extraordinary and unusual urgency?

Hon. Mr. ROBERTSON: As far as I know there is nothing of the nature suggested by my honourable friend. I may say, however, that we have been so successful in legislation of this kind that from time to time both the United Kingdom and the United States have copied what we have done, and I have no doubt they will follow in this instance.

Hon. Mr. HOWARD: Hear, hear.

Hon. Mr. ROBERTSON: I have not the slightest doubt that they might consider it in this case as well.

Now, what would be our position if we had no controls at all? No one will suggest that if we abolished all controls the world would come to an end.

Hon. Mr. BALLANTYNE: But probably the government would.

Hon. Mr. ROBERTSON: Perhaps so, but let us come back to the question before us. We are told that even with restricted control on the withdrawal of capital from this country, the likelihood is that our present reserve will be reduced by half, that is, by something like $750,000,000.

Hon. Mr. McGEER: How much would that leave?

Hon. Mr. ROBERTSON: $750,000,000. But the question is, with no control whatever over the withdrawal of capital, what might happen? Nobody can prophesy what actually will happen. We can only play safe by trying to guard against what might happen. Remember, as compared with pre-war days, there are additional holdings by American companies of $500,000,000 of negotiable securities in this country, and there are $230,000,000 of profits accumulated by American companies in this country during the war. Now that the American dollar is no longer at a premium in this country, suppose there were a serious withdrawal of capital. That kind of thing has happened before. As my honourable friend from Vancouver-Burrard (Hon. Mr. McGeer) pointed out, the supply of our American dollars might dwindle to such a point that there would be competition to get them. On a free market the price of the Canadian dollar might drop five, ten or fifteen per cent below the price of the American dollar. He went on to say that in time a situation of that kind is corrected by the law of supply and demand. Discount on our currency is virtually an additional tariff which tends to decrease our imports. The man taking capital out of the country at a discount of 15 or 20 per cent, whatever it may be, gets tired of doing that, and decides to leave here what he has. Importers buy less and exporters sell more.

Hon. Mr. McGEER: Can the honourable gentleman state a single reason why within the next two years American investors should lose confidence in the Dominion of Canada?

Hon. Mr. HOWARD: He has not said that.

Hon. Mr. McGEER: Give me one reason.

Hon. Mr. ROBERTSON: I can give no specific reason, but I would suggest that foresight is as desirable in the conduct of public affairs as in the conduct of private affairs. And I suggest that confidence in the country is inspired by the knowledge that somebody is in control of foreign exchange today.

Hon. Mr. McGEER: Will the honourable gentleman say—

Hon. Mr. ROBERTSON: I did not interrupt my honourable friend. He has made speeches enough.

Hon. Mr. McGEER: He is going to make some more.

Hon. Mr. ROBERTSON: That is his privilege, but I am trying to make one now and he should allow me to go ahead without interruption.

Let us look at the difference between our present situation and that of pre-war days. We have agreed with other nations to try to stabilize exchange in order to encourage international trade.

Hon. Mr. HOWARD: Hear, hear.

Hon. Mr. ROBERTSON: International trade, in my humble opinion, is vitally necessary for the peace and prosperity of the world today, and there is no country for which it is more necessary than Canada. It is only natural that we were among the first to collaborate in a world effort to free the channels of international trade. Traditionally there have been two obstacles to international trade: first, violent fluctuations of exchange rates; and, secondly, quotas and tariffs. The International Monetary Fund, set up at the Bretton Woods conference, was designed to maintain some stability in international exchange; and in due course there is to be a world conference which will deal with the other factor, namely, quotas and tariffs.

We are members of the International Monetary Fund. Now let us see what would happen if we dispensed with all control over the withdrawal of capital, and the value of our currency in relation to United States currency fell considerably. In pre-war days, when we were under no such obligations as we now are, that would not have been of much importance, because when the rate fell low enough certain forces would come into effect and cause it to swing back again. But our membership in the International Monetary Fund makes a difference. Article 14, section 4 (a) of the agreement states:

> Each member undertakes to collaborate with the fund to promote exchange stability, to maintain orderly exchange arrangements with other members, and to avoid competitive exchange alterations.

That is what we have agreed to do so long as we remain a member of the fund—and I take it honourable senators, that there is not much difference of opinion as to the desirability of our remaining and contributing to the worthy objectives of the fund. Now, suppose we abolished exchange control and the value of our dollar in relation to the American dollar fell so low that we found it necessary to appeal to the fund for assistance. We might be met with this reply: "You are in a bad situation, but you did not attempt to do what you agreed to do."

Hon. Mr. McGEER: When we have one billion five hundred million dollars in gold and United States currency?

Hon. Mr. ROBERTSON: If we got into that situation the fund could say to us: "You did not do what you agreed to do. We expected you to exercise ordinary foresight, as you did under war conditions." Indeed, they could go further and refer us to another section in the agreement—I will give the reference, because lawyers like to have this information—article 6, section 3, which provides:

> Members may exercise such controls as are necessary to regulate international capital movements.

Hon. Mr. McGEER: May I ask one question?

Hon. Mr. ROBERTSON: Will the honourable gentleman please not interrupt me?

Hon. Mr. McGEER: May I ask a question?

Hon. Mr. ROBERTSON: All right; go ahead.

Hon. Mr. McGEER: How could it possibly become necessary for Canada to appeal to the Bretton Woods institution for assistance within the next two years, when today we have one billion five hundred million of gold and United States dollars, and we are told by the expert who wants to have this bill passed that there is no danger of our losing more than half of that sum at the most?

Hon. Mr. ROBERTSON: That is, if this bill is passed. My honourable friend knows what was said. Why does he endeavour to give the house incomplete information? Will my honourable friend contain himself for a minute or two? The International Monetary Fund could reasonably say to us: "We cannot give you help, for that is not one of our purposes. You yourselves will have to get out of the position that you got into. We would like you to stay as a member of this fund, but you will have to put your house in order without delay."

What then would we do? When we were in a situation of that kind before, we borrowed money in the United States, and we might again try to borrow from private sources, such as banking institutions, in that country. But, mind you, such a serious situation might have developed that private sources would not lend to us, and it might finally be necessary for Canada to do what so many other countries have already done, namely, ask the Congress of the United States for a loan. I have the greatest respect for the Congress, and I feel certain that if we ever got into financial difficulties it would assist us. But I hope it may never become necessary for us to ask it for assistance. I may say, honourable senators, that one of the things of which I feel most proud—and I believe my pride in this respect is shared by Canadians generally—is that we in this country, despite the tremendous obligations we assumed, have been able by foresight to maintain so strong a position that we alone, of all the United Nations, are the

one which has not got or does not hope to get a loan from the United States Congress. And, what is more, we have given considerable assistance to other countries.

This legislation, together with the amendments which we contemplate, and the continuance of the administration, which has been the same for seven years, will constitute a reasonable guarantee that we shall never be placed in any humilitating position, and should be a source of satisfaction to everyone in this country. I am glad to think that those in control are exercising the same foresight in these respects as they did during the war, and for my part I feel that the passing of this legislation is a means to accomplish the same purpose. I should feel very much more confident about the future if this legislation were passed, and ordinary foresight exercised, than I would if we were careless about the matter and trusted to luck. I believe that every honourable member on careful consideration will share my opinion.

Hon. Mr. CRERAR: I wish to ask the honourable leader a question.

Hon. Mr. HARMER: It is six o'clock.

Hon. Mr. ROBERTSON: Go on.

Hon. Mr. CRERAR: His very eloquent speech was of course an argument to justify the passing of this measure for permanent control. Is he in favour of limiting the application of the bill?

Hon. Mr. ROBERTSON: I am.

Hon. Mr. LAMBERT moved adjournment of the debate.

At six o'clock the Senate took recess.

The Senate resumed at 8 p.m.

Hon. J. J. BENCH: Honourable senators, in the temporary absence of the honourable senator from Ottawa (Hon. Mr. Lambert), who adjourned the debate, may I be permitted to say a few words?

If this measure had been voted upon when it first came before us for second reading, I should most certainly have been among those opposing it. One of my objections to it was that it had been brought here at a stage of the session when it could not possibly receive the consideration it deserved. My second objection was that it proposed to incorporate as part of our permanent statutes a system of control to which I could not completely subscribe. And finally, I shared the view expressed by the honourable senator from Churchill (Hon. Mr. Crerar) and the Honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) that it seemed to offend all of the fundamental principles of freedom and, shall I say, of the Liberalism to which, as long as I can remember, I have given my personal allegiance.

Hon. Mr. HARMER: Liberalism spelled with a small "l"?

Hon. Mr. BENCH: With a capital "L".

In the last-mentioned respect it seemed to me that the bill was the best possible illustration of the growing and objectionable tendency in government circles to concentrate tremendous power in the hands of a coterie of senior civil servants. It appeared to me to be the kind of thing about which Lord Chief Justice Hewart protested most vigorously in a work published some ten years ago, *The New Despotism,* in which he dealt with the ruling of the lives of the people by boards, commissions and departments.

Along with all honourable senators who sit on this side of the house—and I should like to think with all honourable senators who sit on the opposite side—I entertain strong objections as a matter of fundamental principle, to that sort of thing. I subscribe whole-heartedly to all the complaints which have been so eloquently voiced against this measure by the honourable senators from Churchill (Hon. Mr. Crerar), Vancouver-Burrard (Hon. Mr. McGeer) and Toronto-Trinity (Hon. Mr. Roebuck).

But the subject-matter was referred to our Standing Committee on Banking and Commerce for consideration, and I had the privilege of attending the sittings of that committee and of hearing what was said in support of the measure; and while still opposed to the type of thing which this bill represents —that is, the delivery to a small specified group of civil servants, or to any group, of the control of the every-day economic life of this country—I must recognize that, as I ventured to state at the sitting of the committee last evening, we live under a system of legislation by persuasion. After listening to the evidence of the Honourable the Acting Minister of Finance and of the Governor of the Bank of Canada, and having heard them very ably cross-examined, particularly by the honourable gentleman from Vancouver-Burrard, I found myself reposing, shall I say, in a substantial area of doubt as to whether or not at the present time a measure of foreign exchange control is necessary.

I think that in consideration of all matters which come before them all honourable members of this chamber as well as those of the other house, try to bring to bear the best endeavour of their conscience. I went to the sittings of this committee violently opposed to this measure. As I have already said, had the

vote been taken before the subject matter was referred to the committee I would have voted against the bill. So I could not be considered as in any way friendly to the principle of the bill or readily seducible by the advocacy of the "merchants of fear", as they have been described by the honourable gentleman from Toronto-Trinity.

I must honestly acknowledge that when the committee's long sittings were completed I still could not say positively to myself that a measure—a measure, I repeat—of foreign exchange control was not necessary at the present time in the interest of this country.

If honourable senators will concede the fact that I am trying to reach a conclusion as honestly as I can, I should like to say to them that I found myself weighing the practical advantages and disadvantages of the rejection of this bill. When I reached that stage of analysis in my own thinking I was compelled to recognize that we have today, entirely independently of this bill, a foreign exchange control by virtue of order in council. Then I said to myself, that in view of the existence of this order in council, even if the bill is now rejected we still are going to have foreign exchange control until some time after the beginning of the next session. If at that time the government is of the considered view that foreign exchange control should continue, along with other measures of emergency controls, it will come to parliament and ask for—indeed, shall I say, demand—an extension of the National Emergency Transitional Powers Act; and in my humble opinion parliament will not be able to refuse. If I am right in that premise, then automatically the existing foreign exchange control order will be extended for at least another year.

Hon. Mr. HARMER: By order in council?

Hon. Mr. BENCH: Yes. That will take us into 1948. Now, what will happen after the first of January, 1948, I cannot predict with any degree of certainty. Having regard to the unsettled state of world affairs, which necessarily is reflected in our own internal situation, I think it is not unreasonable to suggest that the government may be justified —indeed, required to come back to parliament in 1948 and ask for a further extension of the Emergency Transitional Powers Act. And if even only one further extension of that legislation were granted, we would have foreign exchange control continuing until probably 1949, entirely beyond the direct supervision of this parliament.

I do not want to see foreign exchange control continue without limitation as to time. Therefore it seems to me that from the practical point of view the question is this: Is it better to pass this measure in statutory form after limiting its life to a definite period, or to reject the measure and risk having foreign exchange control extended indefinitely by order in council?

Hon. Mr. CRERAR: May I ask the honourable senator a question? If we pass this measure, and if the National Emergency Transitional Powers Act is continued from year to year as he suggests, then even though we limit the life of this measure to, say, some time in 1948, immediately upon its expiry could not the government re-enact it under the Emergency Transitional Powers Act?

Hon. Mr. HARMER: It would have to come before parliament.

Hon. Mr. CRERAR: No. The government would have the power under that act.

Hon. Mr. HAIG: Mr. Speaker, we are unable to hear what is being said.

Hon. Mr. BENCH: As I understand it, my honourable friend from Churchill in the question he has just put to me has wrapped up a statement of the very principle upon which I am basing my argument.

Hon. Mr. HAIG: Pardon me, on this side we were unable to hear what the question was.

Hon. Mr. CRERAR: I will state the question again. My honourable friend says that by passing this bill and limiting its life to a definite period we can determine when foreign exchange control will end, whereas if we do not pass the bill but from time to time extend the life of the National Emergency Transitional Powers Act, the government by virtue of the authority given to it under that act will be able to continue foreign control indefinitely. My point is this. If we did pass this measure, subject to a time limit of, say, two years, and if the National Emergency Transitional Powers Act were extended for, say, five years, then on the expiry of this measure the government could have recourse to the National Emergency Transitional Powers Act for continuing foreign exchange control.

Hon. Mr. BENCH: I am grateful for the interruption which came from the honourable leader opposite (Hon. Mr. Haig) because, frankly, I did not understand the question. Not having the experience in legislative matters which the honourable senator from Churchill (Hon. Mr. Crerar) has enjoyed, I would not venture to predict what may be required two or three years from now. All that I have been saying is that should this bill fail to be enacted, under the terms of the existing order in coun-

cil the government would be able to continue foreign exchange control, assuming of course that the National Emergency Transitional Powers Act will be further extended next session, which I suggest is a reasonable assumption.

Let us concede for a moment that the National Emergency Transitional Powers Act will not be further extended next session. The only result of the rejection of this measure in some form—and, mind you, I do not agree with its present form—would be that it would have to be reintroduced next session.

Hon. Mr. BALLANTYNE: What harm would it do if the legislation had to be enacted at the next session of parliament? The controls would be in effect until sixty days after parliament convened.

Hon. Mr. BENCH: I acknowledge to the honourable senator from Alma (Hon. Mr. Ballantyne) that that was my original approach to the bill. I argued to myself that there was no reason for passing it at this late stage of the session when the powers sought by it could be continued by order in council—

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. BENCH: —and that it would be reasonable to suggest to the government that it allow the bill to stand over until the beginning of next session and then, if necessary, introduce it in this chamber so that it might be dealt with expeditiously. However, the reverse side of the coin is that to continue foreign currency control by order in council may be to continue it indefinitely, and that is a feature I do not like. I am opposed to this type of control, and I do not want to see it as a part of our law beyond a definitely set period.

Hon. Mr. BALLANTYNE: I am sorry to interrupt my honourable friend's remarks. At first he was of the opinion that the bill could be deferred until next session and sixty days afterwards, and that the government could, if necessary, bring down the bill again. Now he says, "Oh no, that would have to be done by order in council." But he does not like it to be done by order in council. I cannot follow his argument.

Hon. Mr. BENCH: Having regard to what the honourable gentleman has said, I recognize that I have not made myself clear. It has been explained with some measure of force that there may not be time for the government to enact this measure within sixty days after the commencement of next session. If there should be failure to enact it in statutory form within that sixty day period, the government would be obliged to have recourse to the National Emergency Transitional Powers Act in order to extend the control. My respectful suggestion is that to drive the government into such a course would inevitably lead to an undefined extension of this type of control to which I strongly object. I would much sooner see an act of parliament which in effect says: "You, the Foreign Exchange Control Board, shall have these powers for a definite period of time, and on and after such and such a date those powers shall expire, unless parliament in its good judgment shall specifically extend them." I submit that that is the situation which honourable senators should consider, particularly those who are desirous of unburdening our people of this type of control. In my judgment it becomes a question of the time within which the country can be relieved of this control.

Hon. Mr. HAIG: What is the honourable gentleman's view on the suggestion made by the leader of the government, that the operation of the act should be extended to December 31, 1947, instead of December 31, 1948?

Hon. Mr. BENCH: I was coming to that—

Hon. Mr. HAIG: All right. Pardon my interruption.

Hon. Mr. BENCH: —but I am grateful to the honourable gentleman for having raised the specific point. I propose giving my acquiescence to the second reading of this bill, but upon certain specific conditions, one of which relates to the length of time this control should survive. Personally, as I now view the matter, I do not think this legislation should extend into 1949. I think it should die a natural—I hope, a permanent—death before December 31, 1948. My first impression was that it would be reasonable to enact the legislation for a term of one year. But after hearing the evidence in the Banking and Commerce Committee, I came to the conclusion that perhaps a year was not a sufficiently long period within which to test whether or not the control should be further continued. I rather anticipate that if we gave it only a year's test, at the end of that time these gentlemen from the Bank of Canada and the Foreign Exchange Control Board would come to us saying: "We have not had sufficient experience under peacetime conditions upon which to found an opinion as to whether or not a further extension of this measure is necessary." So, reluctantly, I had to conclude that the period should extend to two years. But I do not think it should go beyond that. Subject to what may be argued in committee at a later stage, my own idea is that the life

of this measure should end with the last day of the session of 1948. That would give it virtually two years of life, during which time the government could gain additional experience as regards the need of foreign exchange control, and upon that experience parliament could then pass its judgment as to whether the operation of the act should be still further extended.

The honourable leader has stated that the government would consider—and, I assume, would favourably consider—a time limitation being put upon the life of the bill. Presumably the bill, if it gets second reading, will go back to our Banking and Commerce Committee, where there will be written into it a section definitely providing a date upon which the act shall expire. On that point alone, it seems to me that those of us who have been violently opposed to this measure—and I am one of them—have had complete success. In that concession—if it is a concession—we have won the substance of our fight, and my respectful submission is that in arguing now for the hoisting of this measure for six months we are only arguing over the shadow, the simple fact of the matter being that, whether we pass this bill or not, the country for many months to come is going to have foreign exchange control by order in council.

There are other details of the bill with which I am in disagreement. For instance, there is the provision that the Minister of National Revenue may hand over to this board information from the income tax returns of individual taxpayers. While I believe that that provision actually appears in the present order in council, it revolts my concept of what heretofore has been the confidential treatment accorded to income tax returns. I cite that merely as one instance of a provision in this legislation which I would want deleted. Then of course there is the circumstance, so well pointed out in committee, that this measure as now framed bears very heavily upon the individual who may have a dollar, or five dollars, or ten dollars of United States currency in his pocket. I have heard some examples given of the hardship caused to various individuals through the exercise of this and other powers by the Foreign Exchange Control Board.

Hon. Mr. DUFFUS: Mostly under war conditions.

Hon. Mr. BENCH: Yes, almost entirely under war conditions. But notwithstanding that, I think that in certain respects the board has been very unreasonable in the enforcement of the provisions of the order. When the honourable gentleman from Churchill was citing the instance of the truck operator I was reminded of a taxi-driver in my home city, St. Catharines, who received a ten-dollar American bill in payment for a trip, and put it away in a small compartment in his wallet.

Hon. Mr. HOWARD: Not in his shoe?

Hon. Mr. BENCH: No, not in his shoe. A day or two afterwards he took on a fare to drive him across the Niagara River to the state of New York, a matter of only ten miles, entirely forgetting that he had the American currency in his wallet—which I suggest in the circumstances is quite understandable. He proceeded across the border at Queenston, Ontario, intending to enter the United States at Lewiston, New York. The customs officer accosted him and asked what exchange he was carrying. He answered that he was carrying thus and so, not disclosing that he had the ten-dollar American bill in his wallet. The customs officer thereupon required him to submit to a search, and the taxi-man produced among other things his wallet. The customs officer, having gone through it with the long fingers that customs officers have, found the ten-dollar bill and charged the taxi-man with wilfully refusing to disclose the circumstance that he had the money on his person. The man protested that he was innocent of any such wilful non-disclosure; nevertheless, he was hailed before a police magistrate and fined. I do not recall the exact amount of the penalty, but in the circumstances it was substantial.

Hon. Mr. HARMER: Was the American money confiscated?

Hon. Mr. BENCH: According to the report made to me, it certainly was confiscated. The taxi-driver complained bitterly; he was convinced that he had been the victim of injustice. It is the continuation of that sort of thing which I hope may be prevented under this legislation.

Hon. Mr. MURDOCK: Do you believe the story that he had a ten-dollar bill and forgot about it?

Hon. Mr. BENCH: I most assuredly do.

Hon. Mr. MURDOCK: Well I don't.

Hon. Mr. BENCH: This is not the first time that I have failed to convince the honourable gentleman from Parkdale.

Hon. Mr. MURDOCK: Let us have a little less bunk, like the thousand-dollar bill in the shoe which the fellow forgot about. We need somebody to maintain a timely supervision over some of us.

Hon. Mr. BENCH: I hope I have not offended the sensibilities of the honourable gentleman from Parkdale in my remarks about the ten-dollar bill. I had no desire to annoy him.

To return to the merits of the measure, it is my humble opinion, based on what the honourable leader of the government has indicated, that the Senate has won a fight for the right in connection with this measure.

An Hon. SENATOR: Hear, hear.

Hon. Mr. BENCH: If it is limited as to time, that is all that really matters. I cannot vote in favour of the motion, which in effect is the six months hoist, because I believe that in doing so I would simply be running around in a circle—we would still have foreign exchange control.

Now may I speak directly to the amendment proposed by the honourable senator from Toronto-Trinity? As I understand it, he is asking that this measure be deferred for consideration to the next parliament, and that in the meantime, by some special measure of this parliament, the Governor in council be authorized to ratify a continuance of the powers of the Foreign Exchange Control Board. I cannot quite follow how that proposal squares with the honourable senator's declared opposition to any control of this kind whatsoever. In my opinion it would be preferable to give this bill second reading and refer it to committee for the purpose of having some of the objectionable features deleted. We should provide a floor below which its provisions should not apply, and limit its life to a reasonable period of time.

On the assumption that the treatment I suggest will be accorded the bill in committee, I am prepared to vote for the second reading. If it fails to get that treatment in committee, I will most certainly vote against third reading. For the reasons given, I must vote against the amendment.

Hon. JOHN T. HAIG: Honourable senators, I do not intend to take much time at this stage of the debate. I would only be voicing a truism if I said that the Canadian people as a class are violently opposed to all controls. They resent this control system, lock, stock and barrel. A great deal of credit should go to the boards, which during the war have done so much—and I am not detracting from that—but, fundamentally our people do not like controls anywhere.

I say quite candidly that my objection is not directed to this particular control alone. There are others that I hate much more. It is the principle that does not satisfy me. Yet I recognize the problems the government has to face in these changing times. I suggested in committee this morning that the government should fix some limitation as to time. I favour the end of the session of 1948—and I adhere strictly to that position. In the committee we heard a very able cross-examination of Mr. Towers by the honourable member from Vancouver-Burrard (Hon. Mr. McGeer), and I could not fail to appreciate that Mr. Towers was putting up a pretty good defence. I do not propose to go into the details, for if I were to do so I would spend too much time talking about where controls have landed us. I attempted a year ago to get this house to realize what rent control meant to building conditions in this country. Having won the support of only one member on the other side of the house, I failed utterly at that time, and conditions now are just as bad as they were a year ago.

As to the bill before us, the members on this side of the house have honestly tried to reach a conclusion that will be in the best interests of Canada, and we have agreed to vote for the bill provided we have some assurance that the controls will end with the session of 1948. I listened with keen interest to the remarks of the honourable senator from Lincoln (Hon. Mr. Bench). I have always admired his legal mind, and even though the conclusion he has reached is different from mine, I am of the opinion that he should be Chief Justice in one of the provinces instead of a senator, because he does not like the rough and tumble of this house. But the only one who can give us the assurance we ask is the honourable gentleman who sits opposite me (Hon. Mr. Robertson). I asked him for such an assurance in committee. He has made an able address today, but the assurance has not been forthcoming. I do not like the proposal for the extension of power to sixty days after the opening of the next session. I would prefer the six months' hoist. If the other house were to send another measure to us we would be confronted with the same problem. We would be consenting to all the controls.

Hon. Mr. BENCH: That is right.

Hon. Mr. HAIG: That is one thing I do not want to see. My party, and I share its view, is against controls. We recognize the responsibility the government is carrying on, but we also recognize that after the last election it had a majority in the house, and that controls played a part in that election. We appreciate that the government has had a relatively short time to carry out its responsibilities in that respect. However, we will not accept this bill unless we are assured that its provisions will end with the session of 1948. If in that session

the government can satisfy us that the measure should be extended by statute for another limited period, well and good.

I entirely agree with the honourable senator from Lincoln (Hon. Mr. Bench) when he says that government by order in council is bad. Let the government put its measures on paper, so that he who runs may read, and all may understand what is being done. I agree with him entirely in his opposition to control by civil servants. This morning in committee one of these senior civil servants delivered a lecture which made my blood boil. That is the kind of thing that we must not and will not stand for in this country. The civil servant may be ten times as clever as any man in this or the other house, but the responsibility is ours.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: We come here with a very definite responsibility, and we are accountable for our actions. I agree with the honourable senator from Waterloo (Hon. Mr. Euler) that we are not elected; but we are appointed by a responsible government and under the constitution are obliged to do certain things.

I wish the leader of the government could give me the assurance I have asked for. If he cannot, all I can say is, speaking for my associates, that we will vote for the amendment.

Hon. Mr. ROBERTSON: Honourable senators, since the honourable leader opposite has raised the question of assurance, I should make myself clear. I should not like the house to feel that I have ignored his request.

In the Banking and Commerce Committee the question of a time limit was discussed at considerable length, and it was specified that the limit should be the end of the first session of parliament after December, 1948. The matter was debated back and forth, and I understood from the members of the committee, including the leader opposite, that that date was satisfactory. The Honourable Mr. Abbott, Acting Minister of Finance, said that he would consult the government in the matter. He came back and said that the government would be agreeable to the date suggested. About twenty minutes to three this afternoon I heard for the first time that there was a difference of opinion regarding the time limit, and that some question had been raised as to whether we should go back to the government and tell them that the committee, including the honourable leader opposite, had changed its mind and asked for another date.

Now, honourable senators, I have tried to be reasonable in this connection, and have attempted, on behalf of the government, to meet any reasonable proposal to amend this bill. If my honourable friend had objected in committee, or had spoken earlier than a few minutes before the house opened this afternoon, I might again have consulted the government on the point. I do not think the position taken is very dignified. As far as giving any guarantee, I can only say that the government has shown a willingness to meet honourable senators.

The question before us is a difficult one, and there may be other amendments that have not been discussed. If any honourable senators are dissatisfied with the bill as amended in committee, they will have the right to vote against it on third reading. Surely if my honourable friend feels that there is any need at all for foreign exchange control, he will agree that the bill should not be thrown out because of any question as to the suggested time limit. No one can deny that for two days there was no suggestion of any other date than December, 1948. Nothing other than that was suggested to me until a few minutes before I came into the house. I cannot say that I have consulted with the government since. That would not be in accordance with the fact, for I have been here constantly ever since.

Hon. Mr. HAIG: May I interrupt on a question of privilege? I asked the Acting Minister of Finance what he would think of limiting the life of the bill to the end of the first session after the first of January, 1949.

Hon. Mr. HAYDEN: You asked him what would be the attitude of the government if such an amendment were made.

Hon. Mr. HAIG: Yes. I did not say I was in favour of that date or any other. In asking that question my idea was to suggest a date sufficiently far ahead that he could not say to me, "That is too short; I could not consider that." I simply asked him the question. The record will show that I never said I was for or against that date. I apologize to the honourable leader (Hon. Mr. Robertson) if I misled him in any way, for I had no such intention. I will state quite candidly that I voted for the reference to committee with some misgivings. When I put the question to the minister I wanted to be sure of mentioning a date which would be far enough ahead for him to consider. Today, after consultation with our party, it has been decided that the first of January, 1948, is the proper date.

Hon. G. P. CAMPBELL: Honourable senators, I have a few observations to make with respect to the amendment proposed by the honourable member from Toronto-Trinity (Hon. Mr. Roebuck). It seems to me that

substantially all the arguments so far advanced in this chamber have been against the perpetuation of any form of rigid foreign exchange control. I entirely agree with that point of view. It is my hope, and the Chairman of the Foreign Exchange Control Board said it was his hope, that the day will come when we can discontinue foreign exchange control entirely. But judging by the arguments that have been expressed here, I feel that very few if any members of this honourable house would be willing to vote today for the discontinuance of foreign exchange control as at the end of this session of parliament.

Hon. Mr. DUFFUS: Hear, hear.

Hon. Mr. CAMPBELL: I sincerely believe we are agreed on one point—that so long as the government, which has the responsibility in the matter, says to parliament that it believes some form of foreign exchange control is required, honourable members will be prepared to grant control in such form as they consider to be sufficient to meet the conditions that might arise within any given period of time.

Each and every one of us must be aware of the splendid work that was done by the Foreign Exchange Control Board throughout the war. I speak with some experience in this matter. I came into contact with the board in a professional way and through business institutions with which I am connected, and I say without fear of challenge that no control board or organization gave greater satisfaction to or was more co-operative with the professional and business life of this community than the Foreign Exchange Control Board. I have complete confidence in the board as at present constituted, and while it remains under the jurisdiction of the present government. Therefore I say without hesitation that I am prepared to give the board that measure of control which in my opinion is sufficient to enable it to carry on through this transitional period.

I submit that the question before us is this: What control should be continued for a limited period of time? There are two ways of answering that question. The first way is by permitting the board to continue to operate as it now does, under order in council. Like other senators, I have stated on previous occasions—and I take the same position today—that we should get away from government by order in council as soon as possible. I feel that the government is taking a step in the right direction when it brings down a bill setting forth in some detail the powers that it is proposed the Foreign Exchange Control Board should have for a certain time in the future.

If we vote in favour of the amendment, the foreign exchange control regulations made by orders in council will continue in force. After listening to what has been said here, I do not think that honourable members would like to have the present strict regulations of the board continued.

The second way to answer the question is by passing this bill, first amending it as we see fit. Control under the bill would not be as stringent as it is under the existing orders in council, and we could, if we deemed it necessary, limit the operation of the bill to a fairly short period. Even for a short period of time it is not necessary, in my opinion, to have such strict control over foreign exchange as has been maintained in the past. There should be some relaxation of the control over holdings of small amounts of foreign currency. When we go to committee I shall be open to argument as to whether the amount that an individual may have in his possession should be limited to $100 or $500 or more. But I do say, honourable senators, that as people from one end of the country to the other commonly receive American currency in change when making purchases, and in all good faith carry that currency in their pockets along with the currency of this country, there should not be on our statute books a law making that an offence. If the bill is amended in committee, as I assume it will be, so as to permit residents and non-residents to have in their possession foreign currency up to a stipulated amount, that I believe will be a step in the right direction, and will be appreciated by the people at large.

I feel that there are many other respects in which the bill should be amended. It should be most carefully examined in the Banking and Commerce Committee, where amendments can be proposed and discussed, and we should be able to report it from the committee in such form that it will provide for a less stringent control of foreign exchange than there is under the present regulations, but a control ample enough to meet the needs of this period. In its present form the bill provides for the continuance of some powers which in my opinion should be revoked.

As regards trade, the provision for the issuance of a permit for the export and import of goods is different from the regulations under the orders in council. That is all to the good; but if some refinements are necessary, we can see that they are made in committee.

The only other matter I wish to mention is the limitation of the life of the bill. I would not want a measure of this kind on our statute books permanently. We should

make clear that it is to be temporary. I am inclined to agree that the time limit suggested by the honourable leader opposite (Hon. Mr. Haig) would be sufficient for a test of the bill in operation, and I feel sure that if at the expiration of that time the government of the day considered that the life of the measure should be extended, this honourable chamber would be agreeable to that.

I should not like to see the amendment adopted and the bill thrown out. In committee we can amend the bill to ensure that it embodies all the provisions we regard as necessary and has none that are objectionable, and in particular we can ensure that the control will not be continued indefinitely. I am not at all concerned as to whether or not the government has indicated any willingness to accept the time limit suggested by the honourable leader opposite.

We should make whatever stipulation we wish as to time limit, and if it or any other amendment is rejected by the other house, the responsibility for such action will not be ours. We should not inquire of the government whether any amendment proposed in committee is acceptable to it. This measure should be dealt with in the same way as any other. In committee we ought to be able to make this a workable piece of legislation, and so do away with the necessity for the present orders in council.

Hon. W. J. HUSHION: Honourable senators, as the seconder of the amendment, I should like to say a word or two. I have read the bill carefully, and I have followed what has been said about it in the Senate and in the Banking and Commerce Committee. In discussing the bill when the motion for second reading was first before us, the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) went into a lot of detail, and as he proceeded he frequently referred to the extraordinary powers the bill would give to the Foreign Exchange Control Board. I was much impressed by his remarks. Then there was a most excellent speech by the honourable senator from Churchill (Hon. Mr. Crerar)—I consider it the best speech I have heard in this chamber in a long time. I listened with close attention also to what was said by the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer).

I am not a lawyer or a banker, honourable senators, but an ordinary business man, and in the committee I found it a little hard to comprehend this legislation and the large figures that were mentioned. However, what caused me to second the amendment was an answer made by Mr. Towers. He was asked if it was necessary that this important bill—and it is important—be passed right now. He said: "No, it is the wish of the minister that the bill should be put through now." I think it would be a shame to pass a bill of this importance at this time, but apparently some honourable members wish to do it. Personally, I am very much surprised that some of the lawyer-members of this honourable senate, who started off by seeing nothing but danger in this bill, see another angle of it to-night. I cannot quite follow this sudden and surprising change of view. Really, I am astonished to see how legal lights can wiggle around any subject. Surely they must think the ordinary man in the street is a fool. I would like to ask honourable gentlemen on this side to be mindful that the people are not quite so soft as, apparently, they thought them to be.

If this bill means what we think it does, then it is only right that it should be thrown back to the government for reconsideration. We should be given plenty of time to study a measure which confers such unlimited authority on the Foreign Exchange Control Board. A bill of this magnitude should not be presented to us in the last hours of a dying session. There is no occasion for hurry. The Foreign Exchange Control Board can still operate under the order-in-council, and the government will have a year and sixty days within which to prepare a satisfactory bill. This would give the people of Canada time to know something about the details of the proposed legislation. I could tell you about a lot of fellows whose business has been crippled by these controls. Let me remind the members of this honourable house that it is not they alone who will have the worry and tribulation incident to the operation of this bill; the children of our children will carry the burden of these controls. So let us get this thing right at the start.

I hope those honourable senators who had not the opportunity of listening to the speech delivered by the honourable gentleman from Churchill (Hon. Mr. Crerar) will read the report of it in the Senate *Hansard*. The spirit of Liberalism runs through that speech, and it is timely that we should be reminded of what that word means. I congratulate the honourable gentleman on his very fine contribution to this debate.

I repeat, I see no reason for rushing this bill through, adding an amendment here and an amendment there. Let it go back from where it came; let the Acting Minister of Finance prepare a suitable measure and present it to this house, and I am sure it will be treated properly. The honourable leader has urged that the bill be given second reading, and that it would not have this or that effect.

I still say the bill should be thrown back, so that it may be revised and introduced in proper form.

Honourable members, I have tried to say a lot in a few minutes. I am not like some who talk often and long. I have tried to say as plainly and as briefly as I can what I mean. Once more I submit that it does not behoove this house to rush through so important a bill to please anybody, and it should not be done. I therefore have much pleasure in seconding the amendment, and I hope it will receive your favourable consideration.

Some Hon. SENATORS: Question!

Hon. NORMAN P. LAMBERT: Honourable senators, within the space of a few minutes I should like to summarize the position of this bill as I see it, and in doing so I hope I shall not be deemed guilty of repetition if I emphasize some of the points raised by my honourable friend from Lincoln (Hon. Mr. Bench). I regret I was not in my seat when he rose to speak.

I think the issue before this house on the amendment moved by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) is not so much exchange control as the element of permanency in the bill. This house embarked upon a certain course of action when it established a precedent by referring the subject-matter to the Committee on Banking and Commerce before giving the bill second reading. When the question was discussed and decided upon it was quite competent for the Senate to have taken the action which my honourable friend from Toronto-Trinity now proposes. The honourable senator from Churchill (Hon. Mr. Crerar) also had the opportunity to insist that the subject-matter be not referred to the Banking and Commerce Committee before second reading of the bill.

Hon. Mr. CRERAR: I was not in the house at the time.

Hon. Mr. LAMBERT: I remember that in his speech he said he thought the bill should be rejected. His position then was the same as it is tonight. After the committee had been in session the honourable senator from Toronto-Trinity moved an amendment and took a strong position on the subject—and he does still. I do not quarrel with him. I merely want to direct attention to the logic of the present situation. This house decided to refer the subject-matter to the Banking and Commerce Committee for consideration before second reading of the bill. In adopting that course the Senate acted wisely. As a result of the discussion before the Banking and Commerce Committee this week we are all a great deal better informed on the bill today.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LAMBERT: In that connection I gladly pay my tribute to the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) for enlightening us on many points of the bill. But having followed that course, and the committee now reporting in favour of the bill being given second reading subject to certain conditions, I think logically and morally we are almost bound to proceed with second reading and then refer the bill to the Banking and Commerce Committee for consideration of the amendments proposed.

At this stage I want again to emphasize that so far as I am concerned the issue at stake is not exchange control as a general proposition; it is the fixing permanently upon the people of this country of the controls specified in the bill. That is the issue. As a result of the discussion in the Banking and Commerce Committee on the subject-matter that issue has been dealt with very adequately. I have a very definite idea of what should be the life of this bill. When the Banking and Commerce Committee considers the bill, if the time limit suggested is not satisfactory, I am assuming that whatever is recommended by way of compromise may be made the subject of approach to the Acting Minister of Finance, in the hope that it will be acceptable to the government. I may say to the house now that while I am prepared to support second reading of the bill, if the proposed amendments which have been referred to in a general way tonight and provisionally accepted by the honourable leader on this side are not written into the bill, I reserve my right to vote against its being given third reading.

As to the point raised by the honourable senator from Alma (Hon. Mr. Ballantyne) about utilizing the present order-in-council to deal with this situation instead of by statute, I would remind him that the view expressed by friends of the honourable gentleman has been very definitely in favour of doing away with order-in-council government as well as with controls. The two go together. I agree with that view.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. LAMBERT: I submit therefore that the leader of the government in suggesting now that these controls should be put into statutory form and thus have the full authority of parliament behind them is at least beginning to adopt the oft-repeated recommendations of honourable members opposite

for doing away with order-in-council government. I hope they will not overlook that very important point.

As to the principle of this bill, I say again that the vital point is the element of permanency. I think the discussions before the Banking and Commerce Committee on the subject-matter have finally decided that point.

Some Hon. SENATORS: Question.

Hon. JOHN J. KINLEY: Honourable senators, the honourable member from Victoria (Hon. Mr. Hushion) said that he was not a lawyer and did not as a rule deal in theory. Like him, I am a plain industrialist and all my life have been trying to make industry work for me and my associates. When the subject-matter of this measure was before the committee I was very critical of some sections of the bill. For that reason I desire the attention of the house while I clarify and state my present position.

I need hardly say that I do not like the bill. It represents legislation that under ordinary conditions and in ordinary times is too restrictive, too arbitrary in its control and too drastic in its enforcement provisions. In the long run it would likely do more harm than good to our trade and our people. It is not complimentary to our productive capacity or our financial strength. It conveys a message to our people and to the world at large that we need protection, that we fear the threat of competition, and that we cannot stand the stimulating breezes of economic freedom.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. KINLEY: We naturally ask from where and from whom comes the threat. Surely its source is not in Great Britain, because we have loaned that country billions of dollars, and we have proven our strength to the world by the fact that we could send abroad immense sums of money and at the same time finance our own war effort. Surely the threat does not come from Europe, because Germany, one of our great competitors of other days, is destroyed; and not from Asia, because Japan, a great competitor of all the North American continent, has now no industrial activity for external trade. There can be nothing to fear from those sources—the danger, it appears, comes from our good friend and neighbour the United States of America.

In the United States there are 130,000,000 people, and because of their proximity to us along our 3,000 miles of undefended border, they are all potential customers of Canada. In this country we have 12,000,000 people. Surely if 12,000,000 people are efficient and industrious they can sell to 130,000,000 people more than they need to buy from them. So under ordinary conditions we have very little to fear in the matter of trade from the 130,000,000 people of the United States.

The honourable leader of the government (Hon. Mr. Robertson) told very well the story of the principle of supply and demand. In my opinion we treat that great principle too lightly. In trade between two countries the exchange of goods and money always creates a condition which is a balance. If currency is depreciated, we naturally buy less abroad. On the other hand we profit more by exports, thus getting the supply of the currency we need. The converse is true when the currency is high. So in the long run external trade finds its level. The way in which this operation works is a good indication of the strength of a country without control.

The threat to our financial position cannot be very severe at the present time, because we arbitrarily raised our currency ten per cent within the past few weeks. When our money was depreciated ten per cent we got a ten per cent advantage on all we sold to the United States. No weak country would arbitrarily raise its currency ten per cent. There must be an economic reason for doing that. I tried to learn from the Governor of the Bank of Canada what the reason was, but he did not give the economic reason. Naturally we are glad that we are in this strong position.

The threat cannot be very serious, because we have been told that at the present time Canada has a billion and a half dollars in U.S. currency and gold. That is more than we ever had before in the whole history of our country. There is therefore no great danger or hazard now, and we all look forward to the time when we will have economic freedom of action.

It seems to me, honourable senators, that this measure interferes with the natural flow of trade, but it may be appropriate under present circumstances. These are the circumstances: Europe needs food and help, and we are sending to that continent all we can produce, even to the extent of depriving ourselves of many things. If we shipped to the United States all the commodities that they have the capacity to buy, I do not think there would be any balance of trade in favour of the U.S.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. KINLEY: We are in the unusual position of sending our goods to Europe when the natural channel of trade is to our great customer to the south of us.

Honourable senators, I am not convinced of the need of this legislation. I am a Nova Scotian, and we like freedom of trade.

Joseph Howe, who has been quoted by some honourable members in this house, asserted that a high tariff makes smugglers. A control of this nature will not have a salutary effect on the trade and actions of the people of the Maritimes. However we are told that as wartime legislation it worked well. I submit that anything will work under the proper pressure, and today under conditions of scarcity of material and abundance of money it should not be difficult to control balances between countries. The fact that control worked well during wartime does not mean that it is practical in peacetime. We do things in wartime that we would hesitate to do under conditions of peace. We were told that for a time we must put our liberties on the shelf and that when the war was over—subject to the one condition that we must have victory—we would again enjoy the freedom that we as citizens of this great country value so highly. Now the war is over, and we look forward to the fulfilment of that promise and the return to the freedom of democratic institutions.

I am not an expert in the matter of finance, but I find—as was stated by the financial critic for the opposition in the other house—the experts do not agree. Therein lies the safety of the nation, because when the experts disagree it becomes the duty of men of common sense to bring about the results that we desire. I do not think that my convictions could prevail without the support of others—I may be wrong in that—but I look for a practical way to move forward to the things I want. I must look around and find the truth. As reported in *Hansard,* the financial critic of the other house said yesterday that there must be a limit to the measure of control in this country. He wanted to limit it to one year; the C.C.F. party was all out in favour of this legislation.

Hon. Mr. CRERAR: Hear, hear.

Hon. Mr. KINLEY: The measure which is proposed came to us and we referred its subject-matter to the Banking and Commerce Committee. There we heard our best expert, Mr. Graham Towers, Governor of the Bank of Canada, who told us this control was needed in the interest of the country. Gentlemen, I heard the discussions before that committee and I listened to the speech by my honourable friend from Toronto-Trinity this afternoon. Even his amendment has a tail to it. He moves in this language:

> That the bill be not now read a second time, but that it be deferred for consideration to the next session of parliament, and that pending such consideration, parliament extend to the Governor in Council the authority to continue the existing powers, control and regulations of the Foreign Exchange Control Board

It seems to me, gentlemen, that the situation has developed to the point where it is a matter of mechanics. What is the best way to get the results we desire?

My opinion is that we should get clear of government by order in council. I think that practice was sensible during wartime, because the administration had to act quickly, and to create and destroy. The lawyers tell us that we should be governed by the rule of law—not by order in council—and that the rule of law should be contained in the statutes of the country. For that reason, if this law is necessary I am prepared to take my responsibility in helping to put it on the statute books.

The discussion in committee revealed the fact that the government was willing to surrender many of the provisions of the bill and to do many of the things we advocated if we gave it second reading. The government is willing to consent to the removal of the provision whereby a man in this country who wants to send $100 to another country, or to have $100 in American funds, must go to his bank and get a permit in order to do so. While we might need control of exchange for the real business of the country, it seems to me that these petty interferences with the liberties of the common people might very well be done away with.

On the question of fair value I pointed out to Mr. Towers that under this bill one could not export or import without a permit, and that a permit could be withheld if the price was not considered fair or if you gave credit for more than six months. I also pointed out that the fundamentals of any deal were price and the time of payment; and that in the last analysis the two men who made a bargain would have nothing to do with the deal, because they did not control the price. The government agreed to do something about that provision.

The Dominion of Newfoundland, in which we in Nova Scotia are greatly interested, is considered a part of Canada for currency purposes. This, I think, is a good provision, for it will permit a free flow of money between that dominion and this country.

Then as to the question of a time limit: if the people responsible for this bill are in earnest I would say that one year is plenty to enable them to decide whether or not a permanent measure is necessary. I will support the bill on condition that we give the government one year to make up its mind whether it is going to ask for control, and whether this legislation will cease after the first session of the parliament of 1948.

Mr. Towers told us what he intends to do by regulations. Well, he is an official and he may not be here next year. But in any event

the question is not so much whether we may trust him to see that the legislation is not enforced in an improper way. We are not concerned with an official, or with regulations, or with the board. What we are concerned with is the making of statute law. The real protection the people will have is what we give them in the statute. Therefore we must make sure that nobody is delegated enough authority to do what we do not want to have done.

To prevent the withdrawal of too much capital we may need a screen. We certainly should not make Canada a financial concentration camp, nor an air-tight financial compartment. This bill looks to me like a degree of economic nationalism, which Liberals should discard.

This is restrictive legislation. Parliament tells the people what they cannot do. This bill on the other hand, would empower the Foreign Exchange Control Board to tell the people what they can do.

The excuse for continuing foreign exchange control at all is that it will allow conditions to adjust themselves gradually from a wartime to a peacetime basis. But we should get rid of the control as quickly as possible.

Money will find its level in every country where there is a free market. It will flow to wherever it is worth the most. The law of supply and demand, together with the industry and productivity of a people, are the safest ramparts against the things that would make the people poor. Supporters of this bill may try to frighten us by saying, "If you do not have this control you will be poor." Well, honourable senators, some people would rather be poor but free. There is no price for freedom.

It seems to me that it is not necessary to keep our people in a strait-jacket of financial control. If it continues the day is not far distant when they may look to the United States not only for friendship but for support that would weaken Canada as a nation.

Hon. G. G. McGEER: Honourable senators, there is one chief reason why I rise to support the amendment of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). When this bill was first before us for second reading I complained that it had not been brought down until the 17th of June, which was months after the opening of parliament; that some additional weeks elapsed before it was referred to the Banking and Commerce Committee of the other house; and that it did not come over to the Senate until the dying days of the session, when there was no longer sufficient time to give it proper consideration. That situation has since been intensified rather than relieved. We have adopted the extraordinary and unusual procedure of referring the subject-matter of the bill to our Banking and Commerce Committee before the bill has had second reading. That procedure was criticized—properly, I believe—by the honourable the Speaker of this house as one that we should never allow to develop into a regular practice.

What went on in that committee? We called the plaintiff as a witness to support his own case. We called nobody else. We did not call any person representative of Canada's international trade. We did not call the Deputy Minister of Finance, who presumably would be responsible for the administration of this bill. The strange thing to me and every other honourable senator who attended the committee was that you could not get anybody to acknowledge the parentage of this extraordinary and unusual child. You could not find out who was responsible for drawing the bill. And no wonder! You could not find out who was responsible for the elimination on July 5 of the 10 per cent premium on American currency. The only answer we could get was, "Well, that has been explained in a statement that was made at the time." But the statement that was made at the time contained just about as much information as you could get by looking at the moon on a very dark and cloudy night. It was no information at all.

Certain matters in connection with that committee should be placed on the record. We were not able to secure even the typewritten copies of the evidence. Nothing came out of the typewriting machines in time for consideration in the committee. Not a single word of that record has been printed or is available.

Hon. Mr. HOWARD: Terrible.

Hon. Mr. McGEER: The honourable the whip for the government party in this house giggles and says "Terrible." He may think this is a matter of no concern to either the Senate or the people of Canada. Well, I do not agree with that idea.

A number of honourable senators have told us that we are justified in passing this bill because it satisfies not only the wishes of honourable members of another place, but a universal demand to change from government by order in council to government by legislation. No such change would be effected by this bill. It would result in government by regulation of a board, which is infinitely worse than government by order in council.

To see what government by regulation of a board means, I ask honourable senators to look at section 36 of the bill:

36. (1) Subject to the provisions of this act and the regulations and under the control and direction of the minister, the board may

(a) grant, refuse to grant, revoke or vary permits under this act;

(b) in particular cases or classes of cases, from time to time prescribe terms and conditions for permits additional to those prescribed by regulation or prescribe special forms of permits in cases where none is prescribed by regulation;

(c) subject to an appeal as hereinafter provided, determine for the purposes of this act or any proceedings under this act,

(i) whether any person is a resident or non-resident and the time at which any person became or becomes a resident or a non-resident and the country of residence of any non-resident;

(ii) that a person who on or after the fifteenth day of September, one thousand nine hundred and thirty-nine was or is ordinarily resident in Canada has ceased to be a resident; or

(iii) the fair value of any property or of any debt, obligation or claim, or of any services.

It goes on in similar vein to deal with a great many subjects.

It was generally objected that the board, if given power to fix fair values, would be an unfortunate duplication of the Customs Division of the Department of National Revenue, which over a long term since the introduction of dumping duties and other trade practices has built up a staff experienced in valuing goods from all countries. It was suggested by the minister that he would change that general power which the bill seeks to give the board. I have here a memorandum which I think was read to the committee by the Acting Minister of Finance to indicate in what way the power would be limited. In paragraph 3 he says:

Determination of fair value. Section 36 (1) (c) (iii).

It has already been indicated that the necessity for the exercise of the authority of the board to determine, subject to an appeal to the Exchequer Court, the fair value of property, services, etc., is in practice limited to transactions between related companies whose dealings with each other are not arms length, and that it would be unlikely to prejudice the effective administration of the act if the power of determining fair value were limited to such cases.

I would ask the honourable the Chairman of the Banking and Commerce Committee (Hon. Mr. Beauregard) if that is not a correct statement.

Hon. Mr. BEAUREGARD: Correct.

Hon. Mr. McGEER: I would ask also the honourable senator who explained the bill on behalf of the government (Hon. Mr. Hayden) if that is not a correct statement.

Hon. Mr. HAYDEN: Yes.

Hon. Mr. McGEER: The honourable senator answers in the affirmative. He apparently does not consider the matter to be important.

Hon. Mr. HAYDEN: I do not think you have any right to say that.

Hon. Mr. McGEER: I wondered why you were smiling about it.

Hon. Mr. HAYDEN: I was smiling at being cross-examined.

Hon. Mr. McGEER: If I had the printed record before me I would not need to go through this procedure of checking on what was said. I do think that we should have a clear understanding of what amendments are proposed. My honourable friends across the way to whom I have spoken are heartily in agreement with me on that. I do not agree that we should by legislation give power to a board to make regulations. I think it is a mistake to confer that power on any board. If regulations must be made for the administration of an act they should be made by the Governor in Council. Let me put this straight proposition to honourable senators who understand the legal meaning of this legislation. If we give to that board power to pass regulations, subject to the approval of the Governor in Council, once the Governor in Council approves those regulations they become part of the act for administrative purposes. Now, unless there is an express provision defining such power, I believe that the Governor in Council would not be able to rescind or amend those regulations after they had been approved —unless they come back. They may never come back.

Hon. Mr. HAYDEN: Is my friend suggesting that if the Governor in Council wished to make a change in the regulations, and the board opposed, the change could not be made? How long do you think the board would last in that event?

Hon. Mr. McGEER: This board is appointed for an indefinite period of time.

Hon. Mr. HAYDEN: Indefinite? It can be removed.

Hon. Mr. McGEER: That would not give the Governor in Council power to change the regulations. But why depend upon the exercise of any such power as that? Why not legislate here that the Governor in Council shall make the regulations? I think the Governor in Council, making the regulations and being directly responsible for them, would probably not be so likely to be a rubber stamp of approval.

Hon. Mr. HAYDEN: I agree with my friend.

Hon. Mr. McGEER: Then there can be no question that if the Governor in Council makes the regulations, he can rescind or change or extend them. So I say that while you are legislating the Governor in Council into the administration of the tremendous field of activities contained in this bill, you are doing worse than governing by order in council; you are giving those powers to a board. But there is nothing in the bill which reduces government by order in council that is not contained in the order in council under which the board is operating. By the National Emergency Transitional Powers Act we have given the Governor in Council power to make these very same regulations, and in these powers the whole bill is to be found. Turn to Section 35 and look at the clause contained there:

The board may make regulations

(a) prescribing forms of applications for permits, declarations and permits, including different classes of permits;

(b) prescribing terms and conditions to be inserted in applications and permits;

(c) prescribing the procedure to be followed by applicants for permits or in other applications to the board under this act;

(d) prescribing that persons who would otherwise be residents shall be deemed to be non-residents or that persons who would otherwise be non-residents shall be deemed to be residents for any of the purposes of this act;

The board can tell a man living here that he does not live here, and that a man not living here does live here. But listen:

(e) notwithstanding anything to the contrary contained elsewhere in this act, exempting any person or any class of persons or any transaction or class of transactions from any provision of this act;

That is not done by order in council, it is done by regulation of the board, and once approved by the Governor in Council it becomes part of the law of the land, only changeable if the board recommends a change.

(f) prescribing the manner in which the provisions of this act shall apply in respect of transactions between branches or agencies of any business or undertaking outside of Canada and branches or agencies of the said business or undertaking in Canada;

(g) providing for any matter which under this act may be provided for by regulation; and

(h) generally with respect to any matter arising in the course of or connected with or necessarily incidental to the board's operations, or necessary for the efficient administration or enforcement of this act and for carrying out its provisions according to their true intent, meaning and spirit and for the better attainment of its objects.

2. No regulation shall be effective until approved by the Governor in Council and published in the Canada Gazette.

I am in favour of that sub-section; but I ask the leader of the government if he sees any objection to having those regulations made by the Governor in Council direct?

Hon. Mr. ROBERTSON: My answer at the moment is that I do not, and I certainly hope that will be done. But that is another good argument for giving the bill second reading, which apparently my honourable friend is against. When the bill has been referred to committee it can be amended.

Hon. Mr. McGEER: I asked the Acting Minister of Finance that question before the committee, and he informed me he was going to take it up with the Justice Department. I assumed he might have done so and reported to his leader in this house, but apparently not. Most certainly I am glad to hear from the leader of the opposition that he agrees—

Some Hon. SENATORS: Leader of the government

Hon. Mr. McGEER: I have always been on the side of the government in politics, and so for the last thirty-five years I have been referring to the leader of the opposition. I always wanted to be in opposition.

An Hon. SENATOR: You are.

Hon. Mr. McGEER: I made that mistake because I happen to be in the right party, but on the wrong side of the house on this particular subject.

Hon. Mr. ROBERTSON: I can assure my honourable friend that as I understand this bill the board can do nothing without the authority of the Governor in Council. If such is not the case, or there is something the board can do that cannot be undone by the Governor in Council, I would welcome the honourable senator's pointing it out when the bill goes to committee.

Hon. Mr. McGEER: I am pointing it out now, and I hope it will get the attention which it deserves when the bill goes to committee.

Now, it may surprise some honourable senators to observe that I find something in this bill with which I most heartily agree.

Some Hon. SENATORS: Oh, oh!

An Hon. SENATOR: It must be pretty good.

Hon. Mr. McGEER: I refer to section 71 (2). It reads:

(2) Notwithstanding anything contained in section 26 of the Bank of Canada Act, the Bank of Canada shall not, unless the Governor in

Council otherwise provides, be required to maintain a minimum or fixed reserve ratio of gold or foreign exchange to its liabilities.

I am in favour of that section, but I think it should go further and segregate forever our gold reserves from our internal currency. In 1937 we passed an act of parliament—probably most honourable senators have forgotten it—called the Gold Clauses Act. I want to recall that statute because of this proposed extension to the law. It is chapter 33 of the Statutes of Canada, 1937. Let me read a few of the sections:

2. The expression "gold clause obligation" in this act means any obligation heretofore or hereafter incurred (including any such obligation which has, at the date of the commencement of this act, matured) which purports to give to the creditor a right to require payment in gold or in gold coin or in an amount of money measured thereby, and includes any such obligation of the government of Canada or of any province.

3. In the case of any gold clause obligation payable in money of Canada, tender of currency of Canada, dollar for dollar of the nominal or face amount of the obligation, shall be a legal tender and the debtor shall, on making payment in accordance with such a tender, be entitled to a discharge of the obligation.

6. Every gold clause obligation is hereby declared to be contrary to public policy and no such provision shall hereafter be contained in, or made in respect of, any obligation.

Here is another absurdity in the face of a declaration that in Canada a gold obligation is against public policy and it is illegal to carry a fixed reserve of gold in the Bank of Canada, because no one can ask the Bank of Canada for gold in settlement of its promises to pay on its printed currency. We should do away with the nonsense of the Bank of Canada's promise to pay, for example, the holder of a two dollar bill the sum of $2. The fiction of the promise to pay ought to be wiped off our Bank of Canada bills forever. I mention that because more than passed immediately before the eye turned up in the committee. We learned that the people of Canada were financing this Foreign Exchange Control Board to the extent of $1,300,000. The board got the money from Canada, and is paying the Department of Finance—the Government of Canada—the same rate of interest that it is costing Canada to raise that money, one-half of one per cent. I do not know what thought came to other members in the committee when the Governor of the Bank of Canada disclosed the rate of interest the Foreign Exchange Control Board was paying, but I asked myself: Why is it that this repressive and restrictive board should be able to get its finances at a rate of one-half of one per cent, while a great Canadian corporation like the Canadian National Railways System, hopelessly in need of new roadbed, new rails and new rolling stock, has to pay two or three times that much for its money.

Hon. Mr. KINLEY: Call loans.

Hon. Mr. McGEER: Call loans, nothing! You can make call loans on the Canadian National Railway itself; they can be converted into cash just as quickly as this stuff can. What about our cities today? They are bankrupt.

Hon. Mr. DUFFUS: Not all bankrupt.

Hon. Mr. McGEER: You say not?

Hon. Mr. DUFFUS: I certainly say they are not. My city is not bankrupt; in fact, it is in very splendid financial condition.

Hon. Mr. McGEER: Do you mean the city of Peterborough?

Hon. Mr. DUFFUS: I mean the city of Peterborough.

Hon. Mr. McGEER: Well some of the smaller towns may not be bankrupt, but I know the position of my own city of Vancouver, and that of Montreal and Toronto. I know the deferred maintenance that these cities have accumulated.

Hon. Mr. DUFFUS: Maybe the city of Vancouver was very incompetently managed under my honourable friend.

Hon. Mr. McGEER: That may be true.

Hon. Mr. CAMPBELL: I should like to say something in support of the city of Toronto. It now has the lowest debt in twelve or fifteen years.

Hon. Mr. McGEER: I agree, but it has a very large accumulation of deferred maintenance, and certainly the municipalities around Toronto are in need of a great many things. In any event, I know what happened in the Dominion-Provincial Conference. The provinces' demands were flatly refused by the national government, which creates a serious crisis in the Dominion of Canada today.

It is very well to say that our cities are in good shape, but look at the slum areas and ask any leaders in the larger cities about the unlimited amount of money that should be spent for the slum clearance, beautification and the improvement of general accommodation for the benefit of health and education. The need is the same in all the cities across the dominion.

Hon. Mr. BENCH: As far as Vancouver is concerned, there is the rumour around that my honourable friend intends in the near future to take some steps to bail it out of its difficulties.

Hon. Mr. McGEER: There may be a good many people who want that.

Hon. Mr. ROEBUCK: My friend should withdraw the statement that the cities are bankrupt. I contend that the city of Toronto is not bankrupt. No city in Canada is bankrupt while land values remain untaxed. I think my friend should delete the word "bankrupt".

Hon. Mr. McGEER: Probably you are right.

Hon. Mr. VIEN: I rise to a point of order. Under the rules of the Senate, on second reading we discuss the principle of a bill; then we refer it to committee, where it is taken up section by section. I admit that in discussing the principle of a bill some indirect reference to the details of the measure is almost necessary. I do think, however, that the discussion for the last few minutes is clearly out of order, and that the constant references to sections of the bill are also out of order.

The Hon. the SPEAKER: As honourable senators know, this house is very liberal in its application of the rules. Senators are men of experience in the matter of rules of procedure, and guard themselves accordingly against transgression.

I would ask the honourable senator, who is well versed in parliamentary practice, to confine his remarks to the principle of the bill and his reasons for supporting the motion for delay, and to refrain from discussing the various sections of the bill, a practice which makes for continuous debate on subjects which are not relevant on the motion for second reading.

Hon. Mr. McGEER: I quite agree with my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) that my statement regarding the cities was probably inappropriate at the moment.

Hon. Mr. ROEBUCK: I objected to only one word.

Hon. Mr. McGEER: I do say that I know the need for the things I have spoken of, and I think they are worthy of our attention.

What we are discussing now is the question of whether we should have control of foreign exchange, whether we should give the exercise of control to a board, and what amendments would justify us in giving this measure second reading. As I have said, we are not passing legislation to get away from orders in council. There is no justification for voting for the bill on that ground. We are voting for administration by rule and regulation, and for administration by a board, with the approval of the Governor in Council. I suggest that it would be better to stick with the principle of approval by the Governor in Council, provided we are to amend the sections accordingly.

Hon. Mr. DUFFUS: We have agreed to that, generally speaking.

Hon. Mr. McGEER: Then I hope it will be attended to.

A good deal has been said about the Bretton Woods Agreement. I should like to draw the attention of honourable senators to section 1 of article IV of this agreemnt, which reads as follows:

> The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

Then I would refer honourable senators to the qualification contained in section 6, which says:

> If a member changes the par value of its currency despite the objection of the fund, in cases where the fund is entitled to object, the member shall be ineligible to use the resources of the fund unless the fund otherwise determines; and if, after the expiration of a reasonable period, the difference between the member and the fund continues, the matter shall be subject to the provisions of Article XV, Section 2 (b).

Article XV provides the penalty.

What all this really means is that Canada is now dealing with the United States—also a member of the fund—with a guarantee of protection from the fund itself. One must recognize that we have today in the provisions of the Bretton Woods Agreement a security that we never had before. Add to that the expanding trade possibilities between Canada and the United States, and further add the huge reserve of $1,500,000,000. Then let me ask any honourable senator: Where on the horizon is there anything to indicate that within the next two years, or within any reasonable time, we are going to be short of U.S. dollars, U.S. investments, or gold reserves? How could we be short?

Hon. Mr. DUFFUS: The general condition of the world today would indicate anything, and that controls that we employed during the war to the great advantage of this country may go on again.

Hon. Mr. McGEER: Even before the war there was the most complete co-operation between the United States, Canada and Great Britain. I believe that long before Pearl Harbour we were able to secure co-operation of the United States and all the financial powers the government of that country could extend to us. I believe that after the attack

on Pearl Harbour in December, 1941, the entire resources of Canada, the United States and the United Kingdom were pooled in one common fund, and that the services of the Foreign Exchange Control Board, or anybody else, were not really required.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: What nonsense it is to think that a group of men in Canada had anything to do with influencing the spirit of co-operation that existed between government authorities in London, Ottawa and Washington at a time when we were fighting desperately to preserve the lives of the people of those countries. What nonsense it is to talk about men in the Foreign Exchange Control Board exercising any power, or being required to exercise any authority, to help out that international situation. Nothing could be more absurd; nothing could be more ridiculous. The interferences that occurred were in many instances very great; but do you mean to tell me that President Roosevelt and his financial department, and Prime Minister Mackenzie King and his organization for war production needed any assistance from a foreign exchange control board to build the Canol pipe-line, the Alaska Highway, or to carry on the huge shipping and munitions production programmes that had been undertaken? Why, we were dovetailed together as one country.

Hon. Mr. DUFFUS: My honourable friend usually gets off on a great, broad scale. I believe, and my opinion is shared by many honourable members in this house, that the Foreign Exchange Control Board has done a wonderful service for the Dominion of Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: Honourable senators are entitled to their opinion. We heard about the thousand-dollar bill in the shoe and the ten-dollar taxi-cab fare, but I wonder how much those items affected the billions of dollars which were interchanged in the development of the things that were necessary for war. Do you think that that kind of administration was necessary?

Let me add an illustration to those already given. In the province of New Brunswick, where the people cross the border as easily as they do in Quebec and at other places where the boundary is closely settled, there was a farmer named Kennedy. He was going across the border to visit a friend, as he had been doing all his life. He had $95 in his pocket. He was picked up and $90 was confiscated, and he was left with $5 with which to proceed. Later he was prosecuted, haled before a magistrate, and fined $10. He appealed the case to Judge Hayward of the Carleton County Court; the conviction was quashed, and his money was returned. The Foreign Exchange Control Board took an appeal to the Supreme Court of Canada. The case is known as Rex vs Kennedy, and I have this memorandum with regard to it:

Mr. Bishop who defended the appeal on behalf of Mr. Kennedy, the respondent, took the preliminary objection that the order in council authorizing the appeal was not retroactive, and that the case was instituted before the change was made. Mr. W. P. Jones, who appeared for the crown, asked for time to meet this objection, and requested that the matter be stood over until the next court. Baxter, C.J. and Grimmer, J., relying upon Doran vs Jewell, refused to allow further time. Richards, J. was in doubt. Further time was therefore refused and the case ended there. There was just the one appeal, and it was not reported.

Hon. Mr. DUFFUS: Will the honourable gentleman give the date of the alleged offence?

Hon. Mr. McGEER: The case is Rex vs. Kennedy and it was heard in Fredericton by Judge Hayward in 1943.

Hon. Mr. DUFFUS: Right in the heat of the war.

Hon. Mr. McGEER: Maybe the farmer was wrong in not leaving his $95 at home, but, as was held by the court, he did not intend to commit any offence. That is the kind of thing that goes on. How much of it do you need to win a war? How much of it do you need to save Canada from a shortage of financial means to carry on the affairs of the nation?

I will give you another instance. A woman who lives near the town of Woodstock drove in to town to pay a $300 note at the bank. She got there before the bank was open and decided to run across the border to the town of Houlton. She did not think that she was committing any offence, but her $300 was confiscated. An appeal was made to the Minister of Finance, and I understand that he in turn appealed to the Chairman of the Foreign Exchange Control Board and the board paid the note at the bank.

I know of another case. A boy, who had just earned his first $90 in war work went across the boundary line without knowing anything about the regulations. The $90 was confiscated.

When powers such as those set out in this bill are placed in the hands of run-of-mine inspectors and others who are appointed to carry out such laws, that is the kind of thing you get; you cannot escape it—and that kind of thing does not help to win wars or to preserve economic security.

Hon. Mr. BENCH: Will the honourable gentleman permit an interruption? Assum-

ing that this bill is given second reading, does he not agree that matters of the kind he now refers to can be dealt with in committee, and that such of the board's powers as permit of these petty annoyances to our citizens can be deleted from the bill? As I sense the opinion of honourable senators, all are anxious to have the law so changed as to prevent annoyances of the type which he has cited and of which I gave an example earlier this evening.

Hon. Mr. McGEER: I quite agree. In this big, broad measure to govern our relations with the United States there are a number of sections designed to give the Foreign Exchange Control Board jurisdiction over petty amounts.

Hon. Mr. DUFFUS: We can amend the bill to take care of those.

Hon. Mr. McGEER: I know we can amend the bill, but I want to be reasonably sure that if I make representations to the committee they will be heard and accepted.

Hon. Mr. ROBERTSON: If my honourable friend is looking at me, I will tell him that I do not think anything could be more ridiculous than that statement. I suppose he is asking me, as the government leader in the Senate, if I will guarantee to him that any amendments he may propose in committe will be concurred in by the government, whether the Senate accepts them or not. I never heard anything so ridiculous in my life.

Hon. Mr. McGEER: I did not say that at all.

Hon. Mr. ROBERTSON: That is what I understood from my honourable friend's remarks.

Hon. Mr. McGEER: I was not looking at my honourable friend, and I did not even have him in mind. An honourable senator said we could amend the bill in committee. I want to be sure that if the bill goes to committee my amendments will at least be considered there, and that if they are not adopted by the committee they will be considered here on the motion for third reading.

Hon. Mr. VIEN: When the bill comes back from the committee everything can be further considered on the motion for third reading; and even after the third reading is given, on the question whether the bill shall pass.

Hon. Mr. McGEER: I quite agree. But I would like to have it made clear that the board's power to confiscate amounts under $100, without approval by any other authority, will be stricken from the bill. I hope that the sections which require the postmaster and the customs officer in every town and village to take a look into every letter and parcel to make sure that nothing is being sent abroad without a permit—

Hon. Mr. MURDOCK: The honourable gentleman is telling the Banking and Commerce Committee what it has got to do, is he?

Hon. Mr. McGEER: No.

Hon. Mr. MURDOCK: He is not a member of the committee, but he is serving notice of what it has got to do.

Hon. Mr. McGEER: The suggestion has been made here that if we will vote for the second reading of this bill it will be amended in committee. The usual procedure is that if you vote for a bill on second reading you approve its principle, and then in committee you cannot make any amendment which would change that principle.

Hon. Mr. MURDOCK: Why don't you admit that if we argued here till Christmas you would not agree with the principle of the bill?

Hon. Mr. McGEER: I am trying to get agreement, not with my way of thinking or yours, but as to the best way we can amend the bill after discussing it. I do not admit that I cannot be convinced on anything. As a matter of fact, I am highly pleased that I made the attack which I did when the motion for second reading of the bill was first before us, because we have already secured concessions which far more than justify the time spent on discussion. I believe there are still other concessions to be fought for and to be made in the name of Canadian liberty. What are we coming to—

Hon. Mr. MURDOCK: That is what I would like to know.

Hon. Mr. McGEER: —when even a discussion on a matter of this kind is condemned? That is what I would like to know. Why is it condemned?

Hon. Mr. VIEN: I should like to point out that so far as I am aware no honourable senator is criticizing discussion of the principle of the bill. But I think it is the consensus of opinion that under our rules detailed discussion of the bill, section by section is out of order at this stage.

Hon. Mr. HOWARD: That is going to be done in committee.

Hon. Mr. McGEER: I would agree with the honourable gentleman from De Lorimier (Hon. Mr. Vien) if we were following ordinary procedure, but surely when we are asked to give a bill second reading on the understanding that it will be amended, the question of what those amendments are to be is important.

Hon. Mr. VIEN: The understanding also is that in voting for second reading we are not committing ourselves on the principle of the bill.

Hon. Mr. HOWARD: Question.

Hon. Mr. McGEER: The bill contains one other provision that I think is erroneous, and that is the one giving the board power over the provinces. Does anyone suggest that in order to get our provincial prime ministers and provincial governments to co-operate in the best interest of the nation it is necessary to put them under the control of this board? Suppose the Prime Minister of Quebec, or of British Columbia or any other province, could go to the United States and borrow money on better terms than in Canada, is there any objection to his doing that? There never has been in the past.

Hon. Mr. HAYDEN: Maybe the board would give him a permit.

Hon. Mr. McGEER: It might or it might not. But why should the sovereign authorities of the provinces have to ask a board of the national government for a permit?

Hon. Mr. HAYDEN: Why not?

Hon. Mr. McGEER: Within their respective jurisdictions the provinces have constitutional sovereignty equal to that of the federal government.

Hon. Mr. HAYDEN: Currency is a federal matter, is it not?

Hon. Mr. McGEER: Section 92 of the British North America Act gives to each of the provinces exclusive jurisdiction to borrow money on the sole credit of the province.

Hon. Mr. HAYDEN: That is for its own needs. But currency is a federal matter, is it not?

Hon. Mr. McGEER: But borrowing at home is under the control of the board.

Hon. Mr. HAYDEN: Does my honourable friend say that borrowing at home is under the control of this board?

Hon. Mr. McGEER: The board could declare a province to be a non-resident.

Hon. Mr. HAYDEN: I am aware of my honourable friend's power to dramatize, but that is going pretty far.

Hon. Mr. HOWARD.

Hon. Mr. McGEER: I was, of course, dealing with the matter of borrowing abroad.

Hon. Mr. HAYDEN: There is nothing in the British North America Act saying that the provinces have exclusive authority to borrow abroad, is there?

Hon. Mr. McGEER: No; but each of them has an exclusive jurisdiction to borrow on the credit of the province. That is an unqualified jurisdiction, which means that each province has exclusive jurisdiction to borrow money on the credit of the province in any money market of the world.

Hon. Mr. HAYDEN: No.

Hon. Mr. McGEER: There may be a difference of legal opinion on that, but I do not think there is any question as to what the interpretation would be if the question were submitted to our own Supreme Court.

There is one statement that I cannot accept. We were told that without this control the Government of Canada would probably have difficulty in sustaining the financial and economic security of the nation over the next two years. Now, in committee I questioned Mr. Towers on a chart in the board's report, and was able to demonstrate that although in the twenty-six years from 1920 to 1946 we had gone through the worst boom and the worst depression, and the worst war the world had ever known, we wound up with five times as much gold and United States cash reserves as we had ever had in our history; and that after every serious boom and depression Canada had more gold and United States dollars than she had at the beginning of the depression; and that there had never been a time when we had to withstand a flight of United States dollars or investments from Canada. What is going to happen to us in the next two or three years to cause that? It has never happened before. Why should it happen now? I asked the Governor of the Bank of Canada to give me the reason, and he could give none. Now, this was the best bit of evidence I have ever seen come out in an inquiry or a trial. He said to me: I am not able to sustain the demand for this position that we need this thing now because of there being any danger in sight of an actual flight of United States dollars or gold or investments. He could not stand on that ground in face of the record, so he switched. To what? To the trade statistics of the Bank of Canada or the trade statistics of the Foreign Exchange Control Board? No, not at all. He went to the Department of Trade and Commerce.

Hon. Mr. MURDOCK: He would have been silly if he had given you the answer you wanted to get from him.

Hon. Mr. McGEER: He might have been. But I asked him for a true answer, and surely he would not have been silly if he had told the Banking and Commerce Committee the truth. I asked him: "What danger do you see ahead?" He pointed out the deficiency of American dollars on these trade statistics as they appeared in 1946, and built upon that foundation an assumption that we were going to have a deficit of trade dollars in 1947. Now, what were the facts? He told me in the committee that at the end of 1945 there was $1,500,000,000 of gold in United States dollars. I asked him if the gold and United States dollar reserves as of this date were the same or approximately the same as they were at the end of December, 1945. His answer was that they were.

Hon. Mr. ROBERTSON: Was there not a very heavy inflow of American capital during that period?

Hon. Mr. McGEER: Of course there was. That is what I say; it was in balance. Why should there not continue to be the same inflow? Oh, the reason we all know, but you cannot blame that on the Americans. But I am saying to this house that he told me we had a deficiency in dollars as indicated by those trade statistics. I am saying the actual position of American dollars and gold was just as great in August, 1946, as it was in December, 1945.

Hon. Mr. ROBERTSON: One offset the other.

Hon. Mr. McGEER: There had been no drain at all. The only thing that may have changed that position was the action of the board itself, because I have not any doubt that the government acted on the advice of the Foreign Exchange Control Board when it took away the premium on Canadian exchange. Of course, that reduced the price of Canadian gold to the United States by ten per cent. It repressed the production of gold in Canada. It took away from a great many people who were exporting to Canada a ten per cent profit, which reduced our holdings of American cash. It took away a measure of the incentive to American capitalists to invest in Canada. But that was done by the board—by the government. Why? We have never been able to find out, never once. Why was it done? If we are in danger of losing our secure position in the possession of reserves of American dollars and gold, why was not that flow allowed to continue, and why was not that position allowed to become more and more secure? We were told that it was not so easy to convert sterling balances into gold and into United States dollars as it was before the war or during the war period.

But the fact is that there is another tremendous security to the Canadian position in relation to its United States dollars, and it is to be found in the terms of the agreement between Great Britain and United States on the loan of $3,750,000,000. Here is a summary of the terms of that loan:

Never in history has so large a credit been granted by one nation to another at one time. In return, the British, in addition to espousing the liberal trade principles, agree:

1. To abolish at once any exchange controls affecting United States exports to the United Kingdom, thus assuring American exporters of payment in dollars.

2. To abolish within one year the wartime "dollar pool" of the sterling area, comprising countries which with Great Britain normally account for about half of all world trade. Under the "dollar pool," formed to conserve dollars, these countries were required to turn the dollars into London and thus restricted purchasing power in the United States.

3. To make agreements as expeditiously as possible with commonwealth and sterling area countries, to which Britain owes about $14,000,000,000 on account of "blocked sterling," settling this indebtedness, and to make convertible into dollars and other currencies any of such sterling balances thus released. This means that these countries will have extra dollars to spend in the United States.

And also to spend in Canada.

The terms of that agreement provide for these broad things:

(1) The government of the United Kingdom agrees that after the effective date of this agreement it will not apply exchange controls in such a manner as to restrict (A) payments or transfers in respect of products of the United States permitted to be imported into the United Kingdom or other current transactions between the two countries, or (B) the use of sterling balances to the credit of residents of the United States arising out of current transactions. Nothing in this paragraph (1) shall affect the provisions of article VII of the articles of agreement of the International Monetary Fund when those articles have come into force.

(11) The governments of the United States and the United Kingdom agree that not later than one year after the effective date of this agreement, unless in exceptional cases a later date is agreed upon after consultation, they will impose no restrictions on payments and transfers for current transactions. The obligations of this paragraph (11) shall not apply:

(a) To balances of third countries and their nationals accumulated before this paragraph (11) becomes effective; or

(b) To restrictions imposed in conformity with the articles of agreemeint of the International Monetary Fund.

You have in that agreement a huge fund made available to all the countries of the world.

Hon. Mr. DUFFUS: I am wondering what we are gaining by taking up all this time, when it is our duty now to give this bill second reading and refer it to the Banking and Commerce Committee, where it can be discussed in every detail. We are taking up a lot of time in the dying hours of this session.

Hon. Mr. McGEER: Nobody has given the bill any consideration. I venture to say very few persons in the Senate have read the agreement between the United States and the United Kingdom on that loan, having in mind its relation to Canada's monetary position. It may be that these things are of no concern to us; that we do not care about them. But you cannot afford to put too much confidence in these so-called experts. I have some very interesting material on that subject. I think that one of the things we are asked to do here, is to set up a body of men and say to them, "You are supposed to know." I do not think they did know when they lost nearly $150,000,000 in one move they made. You may say that this is all right, but do not forget that this Foreign Exchange Control Board made one move, and the result was that $150,000,000 of their own assets vanished.

Hon. Mr. SINCLAIR: A move by the government.

Hon. Mr. McGEER: On the advice of the Foreign Exchange Control Board.

Hon. Mr. SINCLAIR: You have no right to say that.

Hon. Mr. McGEER: Do you mean to tell me the Government of Canada, having a Foreign Exchange Control Board, would act contrary to the advice of the very board that was doing the work of controlling and regulating foreign exchange?

Hon. Mr. MURDOCK: That is quite possible.

Hon. Mr. SINCLAIR: The whole authority was in the government to fix the exchange rate, not in the Foreign Exchange Control Board.

Hon. Mr. McGEER: On the Foreign Exchange Control Board are the Governor of the Bank of Canada and the Deputy Minister of Finance. The board works under the direct observation of the Minister of Finance. Surely the Minister of Finance and the government would not act without the advice of the board?

Hon. Mr. VIEN: Whether the board acted or not, the government could always consult the same officials and receive the same advice. But the honourable gentleman seems to suggest that senators have not considered the question from the angle that he is discussing. All members now in the chamber were in the committee, where discussion was wide open, and the very thing he is dealing with now was threshed out there—and will be again. What the Senate is anxious to do now is to refer the bill back to the committee to have these things investigated.

Hon. Mr. McGEER: Some of us are anxious that we should not go back into committee, but should set this bill over until next session, and so give us enough time to consider and deal with it fully and fairly. This could be done without any loss to Canada or the board.

Hon. Mr. VIEN: Let us determine the question.

Hon. Mr. McGEER: We are discussing whether or not this bill should be deferred until the next session of parliament, as proposed in the amendment to the motion for second reading. I am giving reasons why I think there are many things to investigate and consider before we adopt the principle of the bill.

Hon. Mr. HAYDEN: Have you any more reasons?

Hon. Mr. McGEER: Yes.

Hon. Mr. HAYDEN: All right, let us have them.

Hon. Mr. McGEER: One of the reasons is that you cannot depend on these experts. The greatest experts in the world probably are in the Bank of England.

An Hon. SENATOR: Or dead.

Hon. Mr. MURDOCK: Are we to understand that you are the only man we can depend on?

Hon. Mr. McGEER: No, I do not say that you should depend on me at all.

Hon. Mr. MURDOCK: You have taken up time enough to convince us of that fact.

Hon. Mr. McGEER: That may be true, but I do not think we will lose anything by taking a little time on this bill, and I am sure the freedom of Canada will not be lost by reason of our doing so.

Hon. Mr. BEAUREGARD: Let us proceed.

Hon. Mr. HOWARD: It will soon be eleven o'clock.

Hon. Mr. McGEER: It may be that we should not go into all these things, but I know that in the Banking and Commerce Committee in the United States such matters as these are thrashed out for months on end, and every single phase of the legislation is thoroughly and exhaustively examined.

Hon. Mr. HAYDEN: But time is only one element in the consideration of a problem, is it not?

Hon. Mr. McGEER: If you are so brilliant and so magnificently understanding that you can take these problems and in a few minutes understand—

Hon. Mr. HAYDEN: Are you suggesting that the rest cannot?

Hon. Mr. McGEER: —and pass upon them, then of course argument means nothing. Like the honourable senator from Victoria (Hon. Mr. Hushion) I am a little surprised how easily some people's minds can be changed.

Hon. Mr. HAYDEN: You are not suggesting that mine has been changed?

Hon. Mr. McGEER: I am not suggesting that you have changed, although I think you are to blame more than anybody else, because of the warnings that you hung out when you introduced this "unusual" and "extraordinary" monstrosity to the house. If you were not hanging out warnings of the danger and dynamite loaded into this thing you were explaining, then I do not understand anything of the technique or the tactics of a counsel pleading a case that he does not like and does not wish to be responsible for.

Hon. Mr. HAYDEN: Would my friend permit a question? Is he suggesting that other honourable senators—notwithstanding the fact that I went so exhaustively into this whole measure and, as he puts it, hung out all the danger signs,—were not able to appreciate them as well as he? Is that the reason for his lengthy explanation?

Hon. Mr. McGEER: Absolutely. One honourable senator came to me and said, "When the honourable senator from Toronto was through explaining that bill, I thought it was all right; but after I heard what you said about it, I completely changed my mind, and have decided to vote against it"—and he is still voting against it.

Hon. Mr. HAYDEN: Then you do not need to talk any more for him.

Hon. Mr. DUPUIS: It is not a crime to change one's mind.

Hon. Mr. McGEER: Not a bit.

Hon. Mr. DUPUIS: On either side.

Hon. Mr. McGEER: Or both ways. I think it was Churchill who said something to this effect: To change is to improve; to change often is to become perfect; to change often enough is to achieve perfection.

Hon. Mr. MURDOCK: Why do you not change?

Hon. Mr. McGEER: It is not in me to change. I want to point out that men smarter than anyone in this house can be fooled by experts of this particular type. They can even fool themselves.

Hon. Mr. HORNER: They often do.

Hon. Mr. McGEER: Back in 1925 England faced a situation of this kind; she was looking into an unknown future; and I think we can take cognizance of her experience. Winston Spencer Churchill was then Chancellor of the British Exchequer, and in a speech to the British House of Commons he said:

> A return to an effective gold standard has long been the settled and declared policy of this country. Every expert conference since the war —Brussels, Genoa—every expert committee in this country, has urged the principle of a return to the gold standard. No responsible authority has advocated any other policy. No British government—and every party has held office—no political party, no previous holder of the Office of Chancellor of the Exchequer has challenged, or so far as I am aware is now challenging, the principle of a reversion to the gold standard in international affairs at the earliest possible moment. It has always been taken as a matter of course that we should return to it, and the only questions open have been the difficult and the very delicate questions of how and when.

England, on the advice of the experts, returned to the gold standard and went into one of the worst disasters it has ever known. That is exactly the course proposed to us now. Let us see what happened. Speaking again in the House of Commons after that crash Mr. Churchill said:

> When I was moved by many arguments and forces in 1925 to return to the gold standard I was assured by the highest experts, and our experts are men of great ability and of indisputable integrity and sincerity—that we were anchoring ourselves to reality and stability; and I accepted their advice. I take for myself and my colleagues of other days whatever degree of blame and burden there may be for having accepted their advice. But what has happened? We have had no reality, no stability.

Why do we not call some other witnesses besides the Governor of the Bank of Canada—

Hon. Mr. ROEBUCK: Hear, hear.

Hon. Mr. McGEER: —and the Acting Minister of Finance? Upon what grounds can this Senate say that it has investigated this measure, when the only witnesses it has heard are the Acting Minister of Finance and the man who is to be the chairman of this board to be set up, and is to enjoy more power over the people of Canada than any other man in the whole dominion, not excepting the Prime Minister himself. How could any senator say he has given fair judgment on this matter when he has heard no evidence from the other side?

Hon. Mr. HOWARD: Question!

Hon. Mr. McGEER: You ask me the question, do I think I am the only one who knows anything about this business. I have never made that suggestion, but I know that to learn about these things we should certainly call more than two witnesses.

Hon. Mr. HOWARD: Question!

Hon. Mr. McGEER: I think something better than that should come from the Senate on a measure of this kind.

Hon. Mr. HUSHION: Right.

Hon. Mr. McGEER: As I read it, the Fathers of Confederation had this to say about the Senate:

> The provision in the Constitution that the Senate shall consist of a limited number of members—that each of the great sections shall appoint twenty-four members and no more, will prevent the Upper House from being swamped from time to time by the ministry of the day, for the purpose of carrying out their own schemes or pleasing their partisans. The fact of the government being prevented from exceeding a limited number will preserve the independence of the Upper House, and make it, in reality, a separate and distinct chamber, having a legitimate and controlling influence in the legislation of the country. There would be no use of an Upper House, if it did not exercise, when it thought proper, the right of opposing, or amending, or postponing the legislation of the Lower House. It would be of no value whatever were it a mere chamber for registering the decrees of the Lower House. It must be an independent house, having a free action of its own, for it is only valuable as being a regulating body, calmly considering the legislation initiated by the popular branch, and preventing any hasty or ill considered legislation which may come from that body.

I think the Senate must at all times depend upon the favour of public opinion for its own life and security; but it will never lose the support of the vast majority of the Canadian people as long as it exercises the power to guard and protect the property and liberties of the people and the privileges of every minority in the land. The Senate is not doing that by passing this bill.

Hon. Mr. ROEBUCK: It is now eleven o'clock.

Hon. Mr. McGEER: I wish to register my opposition to the bill again, and to say that I am glad to be able to support the motion of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck).

Some Hon. SENATORS: Question! Question!

The Hon. the SPEAKER: The question, honourable senators, is on the motion for second reading of Bill 195.. In amendment it is moved by Honourable Senator Roebuck, seconded by Honourable Senator Hushion, that the bill be not now read a second time, but that it be deferred for consideration to the next session of parliament, and that pending such consideration, parliament extend to the Governor in Council the authority to continue the existing powers, control and regulations of the Foreign Exchange Control Board. Those in favour of the amendment will indicate by saying "content".

Some Hon. SENATORS: Content.

The Hon. the SPEAKER: Those opposed to the amendment will say "non-content".

Some Hon. SENATORS: Non-content.

The Hon. the SPEAKER: In my opinion the "non-contents" have it.

Hon. Mr. ROEBUCK: I ask for a recorded vote.

The Hon. the SPEAKER: Call in the members.

The amendment of Hon. Mr. Roebuck was negatived on the following division:

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The Hon. the SPEAKER: The question, honourable senators, is now on the motion for the second reading of the bill.

Hon. Mr. BALLANTYNE: I take it that the second reading will be carried on the same division, reversed.

The motion was agreed to, on division, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. HAYDEN moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, August 23, 1946.

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

Prayers and routine proceedings.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 346, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1946, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable senators, the committee report this bill without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

DOMINION SUCCESSION DUTY BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 373, an Act to amend the Dominion Succession Duty Act.

He said: Honourable senators, the committee have examined this bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

EXCESS PROFITS TAX BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 370, an Act to amend the Excess Profits Tax Act, 1940.

He said: Honourable senators, the committee have examined this bill, and now beg leave to report the same with the following minor amendments:

In the second schedule:

Page 3. In line 2 of new section 6. (1), leave out the words "subsection two of".

Page 3. In line 1 of subsection (3) of new section 6, for "subsection two of section" substitute "section."

The Hon. the SPEAKER: When shall the amendments be taken into consideration.

Hon. Mr. ROBERTSON: Now.

Hon. Mr. BEAUREGARD moved concurrence in the amendments.

The motion was agreed to.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill, as amended.

The motion was agreed to, and the bill, as amended, was read the third time, and passed.

SPECIAL WAR REVENUE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 372, an Act to amend the Special War Revenue Act.

He said: Honourable senators, the committee have examined this bill, and now beg leave to report the same with the following amendments:

Page 1, line 15. After "dividends" insert "paid or credited to policyholders."

Page 3, line 33. After subsection (2) of new section 59, insert the following as subsection (3):—

"(3) Where the excise tax imposed by subsection 1 of this section upon an agreement for sale of a bond or share or of the right to receive

a bond or share has been paid, no tax shall be payable thereunder upon a transfer or assignment made pursuant to the agreement for sale."

The Hon. the SPEAKER: When shall the amendments be taken into consideration?

Hon. S. A. HAYDEN: Honourable senators, before the report is considered I would move, with leave of the house, that the report be not now received, but that the bill be referred back to committee for consideration of a point upon which Mr. Tolmie, who appeared for some of the companies affected, did not have the opportunity of being heard this morning. I make this motion so that we may maintain the reputation enjoyed by Senate committees of hearing all the representations that are to be made.

May I explain the point involved? We were told during the course of the consideration of the bill that all the companies affected by the subject-matter of the bill paid income tax, and that the same rate of premium tax was being applied to all. It appears, however, that certain companies are being charged a higher premium tax rate on the basis that they do not pay income tax, and Mr. Tolmie wants to submit, for the information of the committee, that his company is in fact subject to income tax. I am asking, therefore, that the matter go back to committee for consideration of that one point.

Hon. Mr. MORAUD: Honourable senators, I agree to the suggestion of the honourable senator from Toronto (Hon. Mr. Hayden), on condition that Mr. Finlayson also be heard. We gave these gentlemen a very fair hearing—

Hon. Mr. HAYDEN: That is true.

Hon. Mr. MORAUD: —and we came to the conclusion that the Superintendent of Insurance, Mr. Finlayson, was right in his opinion. If a new point is to be raised, I think it is only fair that the committee should also hear Mr. Finlayson.

Hon. Mr. HAYDEN: That is quite satisfactory.

Hon. Mr. LEGER: Honourable senators, I suggest that the procedure would be simpler if we were to adopt the report as far as it goes, and then on third reading the honourable senator from Toronto were to move that the bill be not now read a third time but be referred back to committee. We now have the report of the committee, and there is nothing wrong with it. I suggest, therefore, that we accept the report and refer the bill back to the committee on the motion for third reading.

Hon. Mr. HAYDEN: That is satisfactory.

Hon. Mr. BEAUREGARD.

The Hon. the SPEAKER: When shall the amendments be considered?

Hon. Mr. ROBERTSON: Now.

Hon. Mr. BEAUREGARD moved concurrence in the admendments.

The motion was agreed to.

REFERRED BACK TO COMMITTEE

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

Hon. Mr. HAYDEN: I move that the bill be not now read a third time, but that it be referred back to the Committee on Banking and Commerce for the consideration of one point on the question of the rate of premium tax.

The motion was agreed to.

TOURIST TRAFFIC

REPORT OF COMMITTEE CONCURRED IN

The Senate resumed from Monday, August 19, consideration of the second report of the Standing Committee on Tourist Traffic.

Hon. THOMAS A. CRERAR: Honourable senators, a few days ago the honourable senator from Lethbridge (Hon. Mr. Buchanan), who was chairman of the Committee on Tourist Traffic, presented a report for our consideration. It is my intention to speak only briefly on the subject matter of the report and the importance of the tourist traffic generally to this country.

If seven or eight years ago, when our national debt was slightly in excess of three billion dollars, someone had forecast that by this date it would have reached the sum of sixteen or seventeen billion dollars, the prediction would have created very great concern in the minds of the people of this country. We have passed through the experience of war; we have added tremendously to the financial burden of the country, and the part of wisdom now is to search out how we may most effectively meet this burden with the least possible hardship to our people. I need not refer to the taxation load carried today by Canadians; unfortunately, in our personal experience we are all acutely conscious of that load.

If we look at the matter aright, Canada has great resources, and I am persuaded that the most effective means of overcoming our financial difficulties is an intelligent and wise development of these resources. I would point out to the house that in respect of these resources we have certain very definite advantages. We are capable of producing gold in quantities which are worth large amounts

in dollar value. We have important nickel mines which provide a necessary commercial metal that is coming into increasing use throughout the world today. We have resources in other useful commercial metals, such as lead, zinc and copper, and we have recent evidence to warrant the assumption that we shall find large deposits of iron, which of course is one of the most useful and necessary materials in our modern civilization. A wise and prudent development of these resources will create new wealth, give employment to our people and raise the total amount of the national income, so that the financial burdens which the federal, provincial and municipal governments have to carry will be more easily met.

But we have in this country another resource, a peculiar resource, honourable senators, which I submit is capable of almost indefinite expansion. That is the tourist industry, to which this report relates. We are fortunate also in respect of this resource. Alongside of us is a country of 140 million people who live in a temperate and sub-tropical zone. Our American friends are great travellers. Among their other admirable qualities is that of curiosity, the desire to inform themselves, to see new lands and new scenes, and to experience new adventures. The population of the United States is a vast reservoir from which tourists will come to Canada to get acquainted with the Canadian people and, incidentally, help us in our national economy.

What attractions have we to offer? I need not speak to honourable senators particularly on this point. We have the great Rocky Mountain ranges in western Alberta and on the Pacific coast. We have the prairies, with their northern lakes, their forests and their fishing. We have Ontario, whose northern parts are in many respects a tourists' paradise. We have the province of Quebec, which in my humble judgment may prove the strongest attraction to our American visitors. The French-Canadian civilization, if I may so describe it, varies a little bit from that of the rest of the country. One can travel in the province of Quebec and see villages and ancient churches that remind one of the France of several hundred years ago. That is an attraction which is peculiarly tempting to our American friends. Then we have the Maritime Provinces. It was my good fortune a few weeks ago to spend a week with some friends on the island of Cape Breton. There we have scenery that appeals in all its attractiveness as effectively as do the highlands of Scotland.

Hon. Mr. ROBERTSON: Hear, hear.

Hon. Mr. CRERAR: Its lakes and its streams, the character of its people, the sea—all these things have a powerful attraction for our American friends. There is an additional reason for this: in the New England states there are descendants by the tens of thousands of Canadians from the Maritime Provinces, who within the last fifty or sixty years emigrated to the United States. Naturally these people desire to visit the country of their parents and grandparents.

What at the moment the tourist business is worth to Canada in dollars and cents may be somewhat difficult to estimate. I am afraid our tourist statistics are not as complete as they might be; but anyone who has travelled across this country in the last two months must have been struck by the fact that American tourists are to be found everywhere. I have observed their presence particularly in this city of Ottawa. I am told that my home city of Winnipeg has had the greatest influx of American tourists in its history, and that these tourists are constantly in the jewellery and general-merchandise stores buying souvenirs of Canada to take home.

The American tourist who comes to Canada leaves some good American dollars with us, which, by the way, if effectively marshalled, would help materially in maintaining our international balance of payments. I would estimate that this year's tourist business may be worth at least $250,000,000, and it must not be forgotten that we derive that benefit from tourists without sending out anything in exchange. When we develop the attractiveness of our mountain scenery, build good roads and provide accommodation, what we are doing, in effect, is exporting our scenery without in the slightest degree lessening its future value or attractiveness.

Some Hon. SENATORS: We are increasing it.

Hon. Mr. CRERAR: I would say a word or two about the recommendations in the report. My observation has led me definitely to the conclusion that the great bulk of our American tourist traffic comes in by motor car. If we are to reach the maximum of possibilities of this traffic we must pay attention to a few things at least, and the recommendations in the report direct attention to them. The first requisite is good hard-surface roads. It was interesting to hear the remarks of the honourable chairman of the committee (Hon. Mr. Buchanan) in support of his motion for adoption of the report. What he had to say of the money being spent by Britain and Switzerland

and France to attract tourist traffic was very significant and, if we give it due weight, very important.

Some of our provinces are not financially in a position to carry out a policy of road expansion as rapidly as they would like to do. I think it would be the part of wisdom for the federal government to assist these provinces—not by handing out money here and there, but by sitting down with the provincial authorities and getting their co-operation in the development of this great tourist industry, and saying to them: We will assist you financially in the building of tourist roads under agreement as to where they will be located, and how they will be constructed. A policy intelligently planned and carried out in that way would within the next five or six years add hundreds of miles—yes, probably several thousand miles—to our total mileage of good hard-surface roads. These roads, as the report recommends, should commence at strategic points along the international boundary, and link up with roads into the northern parts of Quebec, Ontario and, indeed, all the provinces.

If I am not trespassing on the time of the house—

Some Hon. SENATORS: No, no.

Hon. Mr. CRERAR: —I will give an illustration which I think pretty clearly indicates the possibilities of such a policy. Up until 1938 there was no highway connecting the southern part of Manitoba with the mining area in the north. One of the things for which I take some credit is that in 1936, when I was a member of the government, I was instrumental in bringing about the development of tourist-road and mining-road programmes. These programmes were continued until the outbreak of the war. As the result of the co-operation of the federal government with the government of Manitoba, a good gravel highway was built from Swan river to Le Pas, a distance of a hundred and fifty miles. This road was opened for traffic in June or July of 1938. Towards the end of August of that year I was in Le Pas. I was not there on political business, but I freely confess that as a member of the House of Commons I was also looking after my political fences. As I walked down the main street of that little town I counted twenty American cars parked by the curb, some from points as far distant as California and Alabama.

Hon. Mr. HAYDEN: Their owners were not your constituents?

Hon. Mr. CRERAR: No. But believe me—and I confess this now that I have been summoned from the other place—the building of that road did not do me any harm politically.

Some Hon. SENATORS: Oh! Oh!

Hon. Mr. CRERAR: We can also develop our winter tourist traffic. A great many of our American friends love skiing and other winter sports, and if we go about the matter intelligently and provide proper accommodation, we can offer inducements that will keep them satisfied and make them eager to return for these winter sports. In this connection I wish to pay a tribute to the province of Quebec. From what knowledge I have, I think the authorities in that province are going about the business of giving comfortable accommodation and good meals to tourists in a better way than any of the other provinces.

There is another suggestion in the report—that by every means we should endeavour to get into the minds of our people the possibilities of this tourist business. We should encourage them to play their part in its successful development by being courteous, providing good accommodation and good food at reasonable charges, and making our visitors feel they are welcome guests. That will happen if the suggestion is intelligently conveyed to our people. I am certain, if we go about it in the right way, that it is quite possible within seven or eight years to make the tourist business of Canada worth $500,000,000 a year. For that reason I support the recommendations of this committee.

From my observations, and I have had some years experience, there is today in the minds of a great many Canadians a feeling of doubt and uncertainty about the future; in many cases it is a sense of frustration. Honourable senators, that is not a healthy state of mind for the people of a democratic country. I am convinced that if we could get some definite and sensible plan for the development of our resources, and go out and tell our people about it and invite their co-operation, we would bring a new faith and hope to Canadians everywhere in this country. The psychological effect of such a project would be felt from one end of the country to the other.

Canadians are a fine people; they demonstrated that during the war. They still possess the pioneer spirit that opened up half a continent in the face of great hardship. By a sensible policy of immigration and sensible policies in the development of our natural wealth we can create immense opportunity for the employment of labour, and thereby increase our national income and lighten the heavy burden of taxation that now rests upon our people.

Some Hon. SENATORS: Hear, hear.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in the second report of the Standing Committee on Tourist Traffic?

Hon. Mr. ROBERTSON: Honourable senators, before the question is put, I should like to pay tribute to the work of the committee under the chairmanship of the honourable senator from Lethbridge (Hon. Mr. Buchanan), and the excellent report which has been presented to this house.

The report was concurred in.

The senate adjourned until Monday, August 26th, at 3 p.m.

THE SENATE

Monday, August 26, 1946.

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

Prayers and routine proceedings.

SPEECHES IN THE SENATE

PROPOSAL FOR TIME LIMIT

On the Order:

That the time has arrived when the Senate should place a time limit on the length of speeches in the Senate.

Hon. Mr. MURDOCK: Stand!—for the consideration of our distinguished colleague, the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer).

TOURIST TRAFFIC

NEWSPAPER ARTICLE

On the Orders of the Day:

Hon. IVA CAMPBELL FALLIS: Honourable senators, before the orders of the day are called, I should like to draw attention to the subject-matter of an article which appears in this morning's Globe and Mail under the heading "Lack of Food at Lodges Threat to Tourist Trade." In view of the splendid report presented to this house by the honourable senator from Lethbridge (Hon. Mr. Buchanan), chairman of the committee which recently carried on investigation into the tourist traffic, and the very able address of the honourable senator from Churchill (Hon. Mr. Crerar), who predicted that enormous benefits would come to Canada from the tourist traffic during the next few years, I was very much concerned when I read this article.

According to the article, which applies particularly to northern Ontario, many tourist-camp operators are closing their camps or offering them for sale at bargain prices. The camp managers claim that they are being discriminated against. It is said that although restaurants in the vicinity are able to get all the food they require, the camps, because of strict rationing, cannot get the supplies necessary to feed the tourists who come to them, and as a consequence hundreds of United States tourists are being turned away and are going home dissatisfied.

It is all very well for Canada to spend five or six hundred thousand dollars on publicity in the United States for the purpose of attracting tourists to this country, but I maintain that the best publicity agent we can have is a satisfied tourist. In my opinion the adverse publicity we get by reason of dissatisfied tourists will be very detrimental to our tourist trade in the future, and I think those responsible for our tourist publicity programme should give serious consideration to the situation I have referred to, and see if it is not possible to correct it before the next tourist season rolls around. As one who lives in a city in the heart of the tourist area at the entrance to the Kawartha Lakes, I was so impressed by this article that I was prompted to bring it to the attention of the Senate.

Some Hon. SENATORS: Hear, hear.

EMMA WOIKIN

MAGAZINE ARTICLE

Hon. R. B. HORNER: Honourable senators, before the orders of the day are called, I would direct your attention to an article appearing in the September 1st issue of Maclean's Magazine under the heading "Backstage at Ottawa". It refers to Emma Woikin, and is in the following words:

Last January, before she knew she was in this trouble, Emma Woikin went to the Soviet Embassy and applied for Soviet citizenship—she wanted to go to Russia to live. A month later, when she was under detention, the Royal Commission tried to find out why she made the application.

"Maybe it was just from the kind of life I had, maybe," she said. "Just that I look to that country for security, and I would like to live there."

Counsel asked: "What do you mean by security?"

"Well, there was a time when I was quite poor, I guess, and my baby died because we had no medical care and nobody seemed to care. My husband was sick, and to such a stage where nobody seemed to intervene at all."

"There was no public health service where you were living?"

"No, there was not."

These things do not excuse what any of the 17 people did, nor will they stay punishment.

But they may have some bearing on the problem of how to make sure that nothing of the kind ever happens again in Canada.

Having lived in the same community as Emma Woikin for thirty-five years, and having known her father, mother, and brothers, I feel that it is my duty to bring this article to the attention of the Senate. For many years I was reeve of the municipality in which Emma Woikin lived, and Dr. Batanoff, the same doctor who attended my five children, was available to her. He was a man who had to make his escape from Russia merely because he favoured a minority party. Dr. Batanoff was one of the finest men I have ever had the privilege of knowing. He worked himself to death.

I cannot imagine the family of Emma Woikin suffering any hardship whatever; they were well-to-do people and were settled on the very best of land. If any people in the community required medical assistance, and cars were not fast enough, I know that during the years when I was reeve airplanes were secured to take them to hospital, and that when necessary doctors performed operations whether the patients had money or not.

I believe it would be wrong to allow the impression given in this article to go unchallenged.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, August 27, 1946.

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

Prayers and routine proceedings.

NATIONAL EMERGENCY TRANSITIONAL POWERS BILL

FIRST READING

A message was received from the House of Commons with Bill 253, an Act to amend the National Emergency Transitional Powers Act, 1945.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Honourable senators, I would ask that this bill be placed at the foot of the order paper, for second reading at a later stage of this sitting.

Hon. Mr. HORNER.

Hon. Mr. CRERAR: I have not seen the bill, but I understand there are some amendments. May we have an explanation?

Hon. Mr. LEGER: The only amendment I can see in the bill is the substitution of the word "sixtieth" for the word "fifteenth"—that is, it provides that the act shall expire on the sixtieth day after parliament meets next year, instead of the fifteenth day thereafter. It does not seem to be contentious.

The Hon. the SPEAKER: Ordered that the bill be placed at the foot of the order paper, to be considered later in the sitting.

MILITIA PENSION BILL

FIRST READING

A message was received from the House of Commons with Bill 392, an Act to amend the Militia Pension Act.

The bill was read the first time.

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

Hon. Mr. ROBERTSON: Honourable senators, I would ask that the motion for second reading of this bill be proceeded with later in the sitting.

FOREIGN EXCHANGE CONTROL BILL

SUBJECT-MATTER—RECOMMENDATION OF COMMITTEE FOR PRINTING OF EVIDENCE

Hon. Mr. BEAUREGARD presented and moved concurrence in the following recommendation:

The Standing Committee on Banking and Commerce, to whom was referred the subject-matter of Bill 195, entitled an Act respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents, beg to recommend that authority be granted for the printing of 600 copies in English and 150 copies in French of the evidence adduced before the committee on the 20th and 21st August instant on the said subject-matter, and that Rule 100 be suspended in so far as it relates to the said printing.

The motion was agreed to.

BRITISH NORTH AMERICA ACT

PROPOSAL TO AMEND—MOTION—DEBATE CONTINUED

The Senate resumed from Tuesday, August 20, the adjourned debate on the motion of Hon. Mr. McGeer:

That in the opinion of this house, a special committee consisting of six senators from Ontario, six senators from Quebec, six senators from the Maritime Provinces and six senators

from the Western Provinces, to be selected by the Speaker of the Senate, the Leader of the Government and the Leader of the Opposition in the Senate, should be set up to study and report on the best method by which the British North America Act may be amended or changed so that while safeguarding the existing rights of territorial, racial and religious minorities and the autonomy reserved to the provinces in the said act of 1867, the Dominion Government and the provincial governments may be given adequate powers to deal effectively with the economic, interprovincial, internal and international problems now demanding urgent, just and effective settlement and that the committee be empowered to study and report on the best method by which the British North America Act may be amended or changed to meet every and all situations now existing.

Hon. A. MARCOTTE: Honourable senators, when this motion was before us a week ago, the honourable senator from De Lorimier (Hon. Mr. Vien), adjourned the debate. He is unavoidably absent to-day, but instead of asking that the motion stand over, he has very kindly suggested that I continue the discussion, on the understanding that later on he may have an opportunity of making his contribution to the debate.

First of all, may I congratulate the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) on the able and eloquent manner in which he presented this resolution. I regret that delay in proceeding with it resulted in the most important part of the resolution being withdrawn—the proposal that the special committee should study the redistribution bill which led to the last amendment of our constitution. I was under the impression that the resolution itself would be postponed until next session. I am satisfied, however, that the matter will then come before us again, and I do not intend at this stage of the session to discuss the resolution at any great length. The question of how best to amend the constitution is of such importance that no one could be expected, within a few days, to give it the study and consideration it deserves.

Honourable senators who were here in 1936, when we studied the report made by the special committee of the other place in 1935, will remember that I then expressed the opinion that the time had not come for us to change our way of securing amendments to the British North America Act. At that time I was convinced that by leaving the act in trust with the Imperial Parliament we were safeguarding our last recourse in case of disagreement between the federal and provincial authorities, or an encroachment by the federal government on provincial rights. But what has recently occurred in the Imperial Parliament, and the citation of the declarations of Lord Bennett in the House of Lords and of Mr. Beverley Baxter in the British House of Commons, have convinced me that I was mistaken. Those gentlemen stated that once the necessary resolutions are passed by the House of Commons and the Senate of Canada, it becomes a mere formality for the Imperial Parliament to amend the British North America Act in the way requested.

On reviewing the past we find that the provinces cannot and will not be heard by the Imperial Parliament, because the only channel through which they can reach that parliament is our federal government. This being so, the time has come for us to decide the procedure for amending our own constitution. We could have taken steps to this end years ago, and it was only by reason of our request that the parliament at Westminster continued to act. This is clearly demonstrated in the evidence given before the special committee of 1935.

The amending of our constitution is not a new subject of discussion and study by our best authorities on constitutional law. I do not believe for one moment that the appointment next session of the committee now proposed—and I hope it will be appointed—will solve the problem. I do think, however, that such a committee will be of great value in bringing this matter before Canadians and eliciting public opinion, and that as a consequence—if it be true that from discussion comes light—our federal and provincial governments will be better informed on the problem and better able to deal with it when they get together.

Please remember that although in 1935 all nine provincial governments were invited to send representatives to appear before the House of Commons committee, not one of them did so; neither did any of them submit memoranda, briefs or recommendations. One has only to read the answers to the invitations forwarded to each of the provincial governments to learn that they were definitely opposed to coming forward and giving their views. It is necessary to read only one answer to establish the ground on which the provinces stood, for it epitomizes the reasons of all. I cite part of the answer sent by the Government of the Province of Saskatchewan as it appears in the report of the special committee. It is as follows:

> Referring to your telegram of the twenty-seventh day of March wherein you request the government of the province to make representations, either orally or by written memoranda, as to the methods of procedure which this province would suggest in connection with amendments to the Canadian constitution, I would say that I have been following with intense interest the proceedings of your committee. The ques-

tion of what if any provision is to be made for amendment of the Canadian constitution from time to time is a question which ultimately must be decided by conferences between the governments of the provinces and the Government of Canada, with the possibility of a previous preliminary interprovincial conference. In view of this fact it would appear to be unwise for the provinces to be giving their views before a committee of the House of Commons. With deference might I be permitted to suggest that the proper procedure is for your committee to pursue its present enquiry and to make a report to the House of Commons which I presume will either be accepted or amended or merely received without binding the government to accept the proposals of the committee, and with this report available the provinces could then give consideration as to what attitude they desired to take and perhaps discuss the matter amongst themselves, and thereafter join with the federal government in a general conference. The report of your committee would serve as the basis of discussion around which would take place the ultimate solution of this problem. We realize that the question is one of great national importance and should be decided in the welfare of Canada free of all political considerations, and we are certainly prepared to do our share towards the facilitating of a solution, but we feel that we must look after the interests of the province, and think that the procedure I have outlined would be the proper course for us to adopt at this time.

T. C. Davis,
Attorney-general.

I call particular attention to these words:

The report of your committee would serve as the basis of discussion around which would take place the ultimate solution of the problem.

No doubt the same attitude will be taken by the provinces before our committee, but in spite of that the committee will prove its utility. Great events have taken place since the enactment of the Statute of Westminster. Canada has attained in world affairs a prominence almost undreamt of ten years ago. She is fulfilling the prophecy of that great Canadian, Sir Wilfrid Laurier, when he said the twentieth century would be Canada's century.

The remarks of the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) on the menace of autocratic bureaucracy and too much centralization of power in the federal government should open the eyes of our people. I believe there is a still greater danger —that too much paternalism by the government of this country will destroy the spirit of free enterprise and private initiative. Truly, I believe our committee would do a very useful work.

The most recent amendment to the constitution is not the first as to which some of us have thought the consent of the provinces should have been secured. Honourable senators will recall that when the Unemployment Insurance Act was passed our constitution was amended, and that the consent of the provinces was then required. But how was it given? Honourable senators need only read the *Votes and Proceedings* of the House of Commons of Tuesday, June 25, 1940, a copy of which was tabled in the Senate, to be convinced that there is urgent need for the study of these problems. What is meant by the consent of the provinces? Is it just the nod of a friendly premier or of the government of a province? Would it not be, rather, consent as expressed by the provincial legislature?

When the Unemployment Insurance Act was enacted, only two of the nine provinces had passed resolutions approving the proposed amendment to the British North America Act. Honourable senators will remember the discussion which then took place. I took up the matter before the Senate, but the late Senator Dandurand, who was then leader of the government, claimed that the consent given was sufficient. I do not know how many senators would agree to that proposition today, but I have no hesitation in saying that I do not share that view today any more than I did then. This is a question for discussion before the proposed committee.

At the outset of my remarks I stated that I would not deal at length with the subject-matter of this resolution, but it is imperative that I make one further citation and comment on something that was said by the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer). The Right Honourable Minister of Justice, speaking in another place, used these words:

If this thing goes through, it will be the last of the contention that the provinces have to be consulted, and then there is no protection for the rights of the minorities! If it is to be the last of the contention that the constitution of this nation cannot be amended in respect of national matters unless the proposal be subjected to the veto of the great powers who sit in the provincial capitals, then I think this is a happy day for Canada. This veto business is something which is proving very difficult in the Assembly of the United Nations, and if in this assembly of the representatives of the Canadian people we can down it forever we shall be performing a service to the Canadian nation.

I think all honourable members who have participated in the debate have brought forward all the arguments that could be used for or against such a contention. I agree with the honourable member for Stanstead that there will be no occasion hereafter to say that the decision which is to be made on this resolution is an obiter dictum. It is a thing which will have been argued and which will have been considered and about which the will and judgment of the representatives of the whole of the Canadian people will have registered their finding. May it be a finding that will endure.

If this statement had been made prior to 1867, and there had been added to it the statement made by the same minister about the

right of this parliament to abrogate section 133 of the British North America Act, which authorizes the use of the French language, who will say that the province of Quebec would have entered into confederation?

Now let us hear what the honourable mover of the resolution said in his address:

We have gone to the very limit of making amendment easy. We do not even have to pass an act of parliament. All that is necessary is a resolution of the other house, endorsed by this chamber, and it will be rubber-stamped into the constitution by the British Parliament. That is not good enough for Canadians. We are without a constitution which guarantees to our people and our nation the essential and fundamental securities of a federal union. I can state the situation in one sentence: Canada, one of the great nations of the world, is drifting under a colonial constitution, without the securities that go with such a constitution when the Mother Country maintains it for a colony. Anyone who dreamed or thought that because our constitution was an act of the British Parliament, federal union was a guarantee of the rights of the provinces and of minorities, or of the integrity of the nation, must realize today that there is no such guarantee. It has gone. So if we are going to have those fundamental securities that are essential to stability, we must have a new constitution, and it must be written by Canadians and held in trust for the Canadian people by the Canadian Parliament.

In speaking about this method of securing amendments to our constitution, the honourable senator in his eloquent way said, "Shade of Henri Bourassa!" If we have come to the stage where the guarantees of certain rights given us by the Fathers of Confederation are guarantees no more, can we not say with much more force: Shade of Sir John A. Macdonald! Shades of Sir George Cartier and the other Fathers of Confederation.

This is one of the reasons that I support the resolution for forming a committee of the Senate to study this problem. The honourable senator has cited with well-deserved praise the work of Dr. Ollivier on our constitution and its problems. Read the report of the 1935 committee of the House of Commons and you will find there other memoranda and briefs of great merit. The argument of Mr. W. E. Edwards, the then Deputy Minister of Justice, is a memorable one. This witness was a firm believer in the British North America Act, in the flexibility of our constitution and in the present way of securing needed amendments. Would he be of the same opinion today, after the declarations lately made in the English House of Commons and the House of Lords? I do not think so.

Honourable senators, this is an occasion for the Senate to do a splendid and useful work for the benefit of our country. I am convinced that you will approve this resolution, and that when the time comes for the study of this grave problem the Senate will give to it the same earnest attention which has earned the respect and praise of people who know of its work.

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

NATIONAL EMERGENCY TRANSITIONAL POWERS BILL

SECOND READING

On the Order:

Second reading of Bill 253, an Act to amend the National Emergency Transitional Powers Act, 1945.

Hon. Mr. ROBERTSON: Honourable senators, I have asked the honourable gentleman from Inkerman (Hon. Mr. Hugessen) to explain this bill.

Hon. A. K. HUGESSEN moved the second reading of the bill.

He said: Honourable senators will recall that parliament, at the second session of 1945, passed an act known as the National Emergency Transitional Powers Act, for the purpose of extending for a certain period beyond the termination of the war various special powers conferred upon the government under the War Measures Act. It is provided in the National Emergency Transitional Powers Act that it "shall expire on the 31st day of December, 1946, if parliament meets during November or December, 1946, but if parliament does not so meet it shall expire on the fifteenth day after parliament first meets during the year 1947." The bill now before us proposes to amend that legislation by extending the period to which I have referred from fifteen days to sixty days after parliament first meets in 1947, or to the 31st of March, 1947, whichever date is the earlier.

I have in my hand a statement relating to the large number of orders in council that have been passed from time to time, first of all under the War Measures Act, and subsequently under the National Emergency Transitional Powers Act. Honourable senators will be aware that on the 5th of July the Prime Minister stated in the other place that a committee of the Department of Justice and other departments had all the orders in council under close scrutiny, with a view to reducing to a minimum the number of such orders in actual operation.

A short history of what has happened to these orders in council may interest the house. The total number of orders passed under one or other of the emergency powers was 7,187. Of this number, 4,207 have been revoked or have expired; 26 are in process of

being revoked; 616 will be allowed to expire with the expiry of the National Emergency Transitional Powers Act, and some 100 can be re-enacted under the authority of existing statutes which are not of an emergency character. That totals slightly under 5,000 orders.

Of the remaining orders in council, some 1,500 odd deal with war-duty supplemental pay for government employees. These are being examined individually with a view to terminating the supplements where the special war duties have come to an end, reclassifying the civil servants where the special duties will continue indefinitely, and having bills ready for consideration next year in cases where the government feels it might be proper to recommend legislation to parliament to take the place of the orders.

That accounts for about 6,500 out of the 7,187 orders in council. The remaining ones are those which the Prime Minister indicated as constituting the real body of the government's existing emergency powers. They number 709. Of this number, approximately 225 have already been placed before parliament at the present session in the form of draft legislation relating to such subjects as war crimes, unemployment insurance, control of atomic energy, veterans affairs, demobilization and rehabilitation of our service men.

There remain 484 orders in council, and it is these which may continue to be classed as conferring emergency powers at the close of this session. They include some which are merely minor amendments of other orders appearing in the same group. It is not possible to state for what period of time each of the powers conferred by this group may be required while world conditions remain critical, or what statutory authority may have to be sought in some cases at the next session. So far as is known at present, about 268 of the orders fall within this latter category. They relate to such subjects as the labour code, the Wartime Prices and Trade Board, rent control, and so on.

As I said, the purpose of the bill is to extend to sixty days after parliament meets in 1947 the period within which these orders in council shall continue in force. In other words, parliament must enact legislation to replace them within sixty days after the next session of parliament begins. I suggest that under these circumstances this house can be of very considerable service. Honourable members are aware of what normally happens at the opening of parliament: the other house takes several weeks to debate the Address in Reply to the Speech from the Throne, and if the new legislation were to be introduced there in all probability it would not reach finality within the sixty-day period contemplated by this bill. I venture ,therefore, to suggest to the government that it may be wise to have some of that legislation introduced in this chamber at the beginning of next session, so that we may deal with it in such way as to permit of its being presented in the House of Commons as soon as that house has concluded the debate on the Address.

I move the second reading of the bill.

Hon. C. C. BALLANTYNE: Honourable senators, I am sure it will be very welcome news, not only to members of parliament but to Canadians generally, that the National Emergency Transitional Powers Act will terminate on the 31st of March, 1947. This is the statute which continues in effect the emergency powers contained in the War Measures Act of 1939. During the war no one could reasonably object to the government taking advantage of this emergency legislation, but with the end of hostilities considerable regret was expressed that the government still felt it necessary to carry on by order in council rather than by a return to peacetime procedure. I certainly have no objection to the bill as outlined by the honourable gentleman.

He has made an excellent suggestion—that much of the legislation proposed for next session to give statutory force to the remaining orders in council might well be introduced in the Senate. It could be dealt with much more expeditiously here than in the other house, due to the fact, as he has stated, that so much time there would be devoted to debate on the Speech from the Throne.

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

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

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

MILITIA PENSION BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 392, an Act to amend the Militia Pension Act.

He said: Honourable senators, the purpose of this bill is to bring the present Militia Pension Act into conformity with the Civil Service Superannuation Act. The bill was drafted by a committee established by the Treasury Board to bring the provisions of the Militia Pension Act more into conformity with those

of other long-service pension plans of the government. The committee included representatives of the three services—the Financial Superintendent of the Department of National Defence, the Director of the Superannuation Division of the Department of Finance, members of the staff of the Treasury Board—and was presided over by the Superintendent of Insurance.

Sections 1 to 5 bring up to date the provisions of the Militia Pension Act so as to permit time served on active service during the present war to be included in the pensionable term of service of persons appointed to the permanent force prior to April 1, 1946; and also to provide for minor amendments necessary because of certain administrative changes in the naval service.

The remaining section adds part V. This is new, and applies to all persons joining the permanent force after March 31, 1946, and to all those in the permanent force prior to that date who elect to come under the new pension scheme. It provides that these persons shall contribute a percentage of their pay and allowances towards making good the specified pensions, gratuities, and allowances. It also provides for the payment of allowances and gratuities to dependents. Its main feature is the extension of the benefits of the Militia Pension Act to other ranks besides officers and warrant officers. In general, part V conforms in principle to the Civil Service Superannuation Act, with such modifications as were necessary to fit the peculiar circumstances of the armed services.

It has been brought to my attention that the Law Clerk is of opinion that certain changes in phraseology would materially improve the bill. If it meets with the approval of honourable senators, I would suggest that after second reading the bill be referred to the Banking and Commerce Committee, not only for the purpose of considering the Law Clerk's suggestions, but also in order that officers of the department may be in attendance to answer in detail any points on which you may require further information.

Hon. Mr. C. C. BALLANTYNE: Am I to infer from the remarks of the leader of the government that if we give the bill second reading now we are presumed to have approved its principle; or is it understood that we reserve our full rights in this respect?

Hon. Mr. ROBERTSON: I think that would be a perfectly reasonable position for any honourable senator to take.

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

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REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, August 28, 1946.

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

Prayers and routine proceedings.

BUSINESS OF THE SENATE

BANKING AND COMMERCE COMMITTEE—VISIT OF FIELD MARSHAL MONTGOMERY

On the motion to adjourn:

Hon. Mr. ROBERTSON: Honourable senators, before we adjourn I would remind the house that the Standing Committee on Banking and Commerce will meet at 3.45 this afternoon. That hour has been set in order to accommodate members who may care to participate in or witness the greeting to Field Marshal Montgomery.

I wish to take this opportunity of apologizing to the members of the committee for the reference to them of such a mass of legislation, and at the same time to express thanks for their careful and continuous attention to it. For some time they have been holding three meetings a day—morning, afternoon and evening. According to the best information I have, there is every possibility that the other house will complete its work by the end of this week, and I believe honourable senators will approve if the Senate also can finish its work so as to make possible the prorogation of parliament by that time.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, August 29, 1946.

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

Prayers and routine proceedings.

SPECIAL WAR REVENUE BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN (on behalf of the Chairman) presented the report of the Standing Committee on Banking and Commerce on Bill 372, an Act to amend the Special War Revenue Act.

He said: Honourable senators, your committee have again examined this bill, as amended, and now beg leave to report the same without any further amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill, as amended.

The motion was agreed to, and the bill, as amended, was read the third time, and passed.

MILITIA PENSION BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN (on behalf of the Chairman) presented the report of the Standing committee on Banking and Commerce on Bill 392, an Act to amend the Militia Pension Act.

He said: Honourable senators, the committee have examined this bill, and report the same with three minor amendments of draftsmanship. I move concurrence in these amendments.

The motion was agreed to.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill as amended.

The motion was agreed to, and the bill, as amended, was read the third time, and passed.

FOREIGN EXCHANGE CONTROL BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN (on behalf of the Chairman) presented the report of the Standing Committee on Banking and Commerce on Bill 195, an Act respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents.

He said: Honourable senators, the committee have examined this bill, and now beg leave to report the same with 67 amendments. I do not propose to read the amendments at this time.

The Hon. the SPEAKER: When shall the amendments be taken into consideration?

Hon. Mr. ROBERTSON: Now.

Hon. Mr. LEGER: Honourable senators, without hearing the amendments read, what indication have we that they are exactly as we intended them to be? It seems to me that if they are to be taken into consideration—and I have no objection to the amendments—they should at least be read.

Hon. Mr. McGEER: One could not follow them even if they were read.

Hon. Mr. ROBERTSON: Honourable senators, I am completely in the hands of the house in this matter. There are a great many amendments to the bill, and while I have no personal knowledge that they are all contained in the report, I am morally certain that they are.

Hon. Mr. McGEER: When will the bill be printed?

Hon. Mr. BALLANTYNE: Honourable senators, I would ask the honourable senator from L'Acadie (Hon. Mr. Leger) not to press his request that the amendments be now read. This important bill has been before the committee for many days, and most honourable members are familiar with the amendments that have been made. I should think it unnecessary to review them again at this time.

Hon. Mr. LEGER: I think I made it clear that I was not objecting to any of the amendments. It occurred to me that they could be read in seven or eight minutes, or in ten minutes at the most; but if it would take longer than that I will withdraw my objection.

Hon. Mr. ROBERTSON: I am in the hands of the house. There is this point to be considered: while the committee meetings were largely attended, some senators were not able to be present. Perhaps, if the house does not object, it might be well for the Clerk to read the amendments.

Hon. Mr. BALLANTYNE: There are 67.

Hon. Mr. ROBERTSON: Some of them are very brief. However, it is entirely a matter for the house.

Hon. Mr. McGEER: Dispense.

Hon. Mr. ROBERTSON: Perhaps the honourable the Acting Chairman of the committee (Hon. Mr. Hugessen) might give a brief summary of them.

Hon. Mr. MORAUD: That would take more time.

Hon. Mr. MacLENNAN: Honourable senators, I should like to see the amendments, or at least have them explained. I certainly object to having them concurred in before we are given an opportunity of knowing what they are.

Hon. Mr. HUGESSEN: I was about to make a brief explanation of the principal ones.

Hon. Mr. MacLENNAN: A running commentary on important amendments does not register with me at all. Perhaps for a good many senators who are more acute of hearing than I am that would be sufficient, but I must say that reports from important committees are mumbled in the house, and running commentaries on amendments are also mumbled. A number of members—I am not the only one—do not know the first thing about these amendments.

Hon. Mr. MURDOCK: Hear, hear.

Hon. Mr. MacLENNAN: I really object to this idea of a committee of the intelligentsia being the only ones who know about important amendments that are made.

Hon. Mr. DUPUIS: Honourable senators, I concur in what has just been said by the honourable gentleman from Margaree Forks (Hon. Mr. MacLennan). We are a body of responsible people, the highest court of the land, the judges of legislation coming from the House of Commons, and I say that before we approve or disapprove of anything it is our duty to know what it is. As I am not a member of the Banking and Commerce Committee I was not at its meetings. May I suggest that this bill stand until the amendments are printed? The printing would probably be done by tomorrow, and the bill could be dealt with then just as well as today. In accordance with the principle of responsible government I humbly suggest that the bill stand until tomorrow.

The Hon. the SPEAKER: Honourable senators will recall that a few days ago the house passed a motion proposed by the honourable the leader, that the rule requiring notice for the different stages of bills be suspended in so far as government bills were concerned. The present motion for concurrence in the committee's amendments to this bill is therefore in order.

Hon. Mr. BALLANTYNE: In view of what has just been said by two honourable members, I am perfectly willing that the amendments be read, or at least the important ones. There is no desire on my part nor, I am sure, on the part of the leader of the government (Hon. Mr. Robertson), to withhold from the house any information relating to these important amendments.

Hon. Mr. MURDOCK: I second the proposal to defer concurrence.

Hon. Mr. ROBERTSON: I have no desire whatever to take refuge behind the motion passed a few days ago, whereby we decided to dispense with the customary notice before proceeding with the different stages of government bills. It seems to me—and I must say this even though the majority think differently—that we owe a certain obligation to the senators who for one reason or another did not attend the meetings of the committee, and I would feel better about it if one of two things were done—or perhaps both; namely, that the Clerk read the amendments and that the Honourable the Acting Chairman of the Committee (Hon. Mr. Hugessen) explain them. In my opinion the amendments should be read, so that all honourable senators will know just what they are; and secondly, they should be explained briefly for the benefit of those who were not at the committee. I do not think that even a majority of the house could reasonably and fairly deny to senators who were not at the committee the right to have the amendments read and explained.

The First Clerk Assistant thereupon read the amendments, as follows:

1. Page 3, line 5: Leave out "a written".

2. Page 4, line 6: For "Board" substitute "Governor in Council".

3. Page 6, lines 36 and 37: For "the House of Commons" substitute "Parliament".

4. Page 7, line 15: For "A member" substitute "The members".

5. Page 7, lines 19 to 22; both inclusive: For subclause (4) of clause 11 substitute the following:—

"(4) The Governor in Council may at any time and from time to time appoint an alternate to act in the place and stead of any member of the Board and the alternate shall have the same powers when so acting as the member."

6. Page 8, line 7: Leave out "and to control".

7. Page 8, lines 9 and 10: Leave out "to control exports of property by mail and".

8. Page 8, line 13: For "Board" substitute "Governor in Council".

9. Page 8, line 16: For "it" substitute "he".

10. Pages 10 and 11: For clause 22(1) substitute the following:—

"22(1) Every resident, other than an authorized dealer, who has or acquires the ownership or possession of foreign currency or is or becomes entitled to a right to payment of foreign currency under a negotiable instrument payable either on demand or otherwise immediately payable, or by reason of a deposit, shall forthwith declare to an authorized dealer that he owns or possesses the said currency or is entitled to the said right, provided that this subsection shall not apply in respect of

(a) foreign currency having a value not exceeding one hundred dollars in the ownership or possession of a resident, unless otherwise required by regulation; or

(b) foreign currency or any right to payment thereof acquired or held by a resident

under a regulation or permit while it is required by the resident for the purpose, and held within the time, specified by the regulation or permit."

11. Page 12, line 17: For "Board" substitute "Governor in Council."

12. Page 12, line 46: For "Board" substitute "Governor in Council".

13. Page 13, line 10: For "Board" substitute "Governor in Council".

14. Page 13, lines 21, 22 and 23: For clause 25(1), paragraph (a), substitute the following:—

"25. (1) Subject to subsection three of this section, no person shall, except in accordance with a permit,

(a) export from Canada any goods, securities or currency or any negotiable instrument prescribed by regulation;"

15. Page 13, line 32: For "the Board" substitute "regulation".

16. Page 13, line 42: For "the Board" substitute "regulation".

17. Page 14, line 3: For "the Board" substitute "regulation".

18. Page 14, after line 14: Add the following as new subclause (3) to clause 25:—

"(3) No permit shall be required for the export from Canada by any non-resident tourist or temporary visitor to Canada of

(a) personal baggage and effects, vessel, aircraft, automobile or other vehicle and travelling, camping and sporting equipment brought into Canada by him:

(b) goods purchased by him while in Canada for personal or household use and not being exported for sale; and

(c) unless otherwise provided by regulation, foreign and Canadian currency not exceeding in value the amount of foreign and Canadian currency brought into Canada by him.

19. Page 14, lines 15, 16 and 17: For clause 26(1), paragraph (a) substitute the following:—

"26. (1) Subject to subsection three of this section, no person shall, except in accordance with a permit,

(a) import any goods into Canada; or"

20. Page 14, line 23: For "the Board" substitute "regulation".

21. Page 14, line 29: For "the Board" substitute "regulation".

22. Page 14, after line 30: Add the following as subclause (3) to clause 26:—

"(3) No permit shall be required for the import into Canada of personal baggage and effects, vessel, aircraft, automobile or other vehicle and travelling, camping and sporting equipment brought into Canada by a non-resident tourist or temporary visitor to Canada for his own use and not for sale in Canada."

23. Page 15, line 26: For "Board" substitute "Governor in Council".

24. Page 16, line 12: For "the Board" substitute "regulation".

25. Page 16, line 17: After "32" insert "(1)".

26. Page 16, lines 22 and 23, For "the Board" substitute "regulations".

The First Clerk Assistant.

27. Page 16, after line 23: Add the following as new subclause (2) to clause 32:—

"(2) This section shall not apply to any personal services performed in Canada for the comfort or convenience of a non-resident tourist or temporary visitor to Canada, nor unless otherwise provided by regulation to professional services rendered in Canada for a non-resident."

28. Page 17, line 7: For "the Board" substitute "regulation".

29. Page 17, line 22: For "the Board" substitute "regulation".

30. Page 17, line 24: After "34" insert "(1)"

31. Page 17, line 26: Leave out "manages".

32. Page 17, after line 37: Add the following as new subclause (2):—

"(2) Nothing in this section shall authorize the Board to require a resident to procure any payment or distribution out of income earned by a company, partnership, firm business or undertaking prior to the date on which this Act comes into force."

33. Page 17, after line 37: Leave out the cross-heading "Powers of the Board".

34. Page 17, line 38: For "Board" substitute "Governor in Council."

35. Page 18, lines 22 and 23: Leave out "approved by the Governor in Council and".

36. Page 18, lines 50 and 51: For sub-paragraph (iii) of paragraph (c) of clause 36(1) substitute the following:—

"(iii) the fair value of any property exported, transferred, received or imported by a resident company, partnership or branch to or from any non-resident parent, subsidiary, affiliated or associated company, partnership or branch, or of any debt, obligation or claim owing by or to a resident company, partnership or branch to or by any non-resident parent, subsidiary, affiliated or associated company, partnership or branch, or of any services performed by or for a resident company, partnership or branch for or by any non-resident parent, subsidiary, affiliated or associated company, partnership or branch;"

37. Page 21, line 25: For "commanded" substitute "required".

38. Page 21, line 27: After "fails" insert "without lawful excuse".

39. Page 21, line 30: After "refuses" insert "without lawful excuse".

40. Page 21, lines 47 and 48: Leave out "or at such other place as the Board may designate".

41. Page 22, lines 23 to 36: both inclusive. Leave out clause 43.

42. Page 23, lines 32 and 33: Leave out "present himself before a Customs Officer and shall".

42a. Page 23, line 34: For "the said" substitute "a Customs".

43. Page 23, after line 47: Add the following as subclauses (3) and (4) to clause 48:—

"(3) Before any person may be searched by a Customs Officer under this section, such person may require the Officer to take him before a police magistrate or justice of the peace, or before the Collector of Customs or chief officer at the port or place, who shall, if he sees no reasonable cause for search, discharge such person, but, if otherwise, he shall direct such person to be searched: Provided that if such person is a female she shall be searched by a female, and any such magistrate, justice of the peace, Collector of Customs or chief officer may, if there is no female

appointed for such purpose, employ and authorize a suitable female person to act in any particular case or cases,

(4) Every officer required to take any person before a police magistrate, justice of the peace, Collector of Customs or chief officer under this section, shall do so with all reasonable despatch."

44. Page 24, lines 10 and 11: Leave out ", at any time before such person is adjudged a bankrupt under section fifty-two of this Act,"

45. Page 24, lines 13 and 14: Leave out "upon being satisfied that no reasonable grounds exist for the making of the prohibition,".

46. Page 25, lines 16 to 34, both inclusive: Leave out clause 52.

47. Page 26, line 20: For "reason to suspect" substitute "reasonable and probable grounds for believing".

48. Page 27, line 23: After "who" insert "knowingly and wilfully".

49. Page 27, line 44: Leave out "in proof of the offence".

50. Page 28, line 1: Leave out "in proof of the offence".

51. Page 28, line 14: Leave out "in proof of the offence".

52. Page 28, after line 31: Insert the following as new clause A:—

"No prosecution for an offence under this Act shall be commenced after the expiration of three years from the time of its commission."

53. Page 28, line 36: Leave out "such".

54. Page 28, line 42: Leave out "such".

55. Page 28, line 43: Leave out "such".

56. Page 28, line 49: After "both" leave out "such", and after "and" leave out "such".

57. Page 29, line 13: After "detained" insert "by any Inspector or Officer".

58. Page 29, line 25: After "under" insert "subsection one of".

59. Page 30, line 15: For "thirty" substitute "ninety".

60. Page 30, line 20: For "thirty" substitute "ninety".

61. Page 31, line 21: After "under" insert "subsection one of".

62. Page 32, lines 1 and 2: Leave out "and the estimated costs of proceedings for forfeiture of the property".

63. Page 32, line 33: For "conclusive" substitute "prima facie".

64. Page 32, line 39: For "conclusive" substitute "prima facie".

64. Page 32, line 39: For "conclusive" substitute "prima facie".

65. Page 34, line 20: After the first "the" insert "Governor in Council or the".

66. Page 34, lines 29 and 30: For clause 74 substitute the following:—

"74. (1) This Act shall come into force on the first day of January, one thousand nine hundred and forty-seven, or such earlier date as may be fixed by proclamation and shall continue in force and have effect until sixty days after the commencement of the first session of Parliament commencing in the year one thousand nine hundred and forty-nine.

(2) Section nineteen of the Interpretation Act shall apply upon the expiry of this Act as if this Act had then been repealed."

67. Renumber clauses and change references thereto in accordance with amendments.

Hon. Mr. DUPUIS: Honourable senators, I am reluctant to allow this opportunity to pass without making a further remark. No member of the legal profession who is honestly discharging his responsibilities would pass judgment on or give an opinion with respect to such an important document as this report after merely hearing it read, and without having more time to study it thoroughly.

As a senator who knows his colleagues well, I realize that the members of the committee have studied this measure thoroughly, and as long-experienced members of a democratic assembly must have taken the precaution to protect the liberties of the people and the good government of this country. If I allow this legislation to pass without objection, it is not because I have a thorough knowledge of all the amendments—some of which are very long and important—but because I have confidence in the members of the Standing Committee on Banking and Commerce.

Hon. A. K. HUGESSEN: Honourable senators, I think the only useful function I can perform at the moment is to underline, for the benefit of the house, the more important amendments made to the bill by the Banking and Commerce Committee. Before I do that, however, I should say that the committee considered this bill at great length: sessions were held, morning, afternoon and evening for three days, during practically the whole of which time the committee had the benefit of the assistance of the Acting Minister of Finance and the Governor of the Bank of Canada. In my slight experience of committee work of the Senate, extending over the last ten years, I have never known a bill to receive more careful scrutiny than this one.

The most important amendment suggested by your committee would impose a time limit upon the operation of the bill. The bill contained so many clauses which might interfere with the ordinary liberties of the subject that it was thought advisable to make it effective for only a comparatively short period of time, until parliament could again consider it and decide whether or not it should be re-enacted. We therefore proposed to limit the time of operation of the legislation to a date sixty days after the first session of parliament in the year 1949; so under no circumstances will the measure be in operation for more than three years from the present time. It will have to come back to parliament to be re-enacted to whatever extent parliament in its wisdom may then consider necessary.

The purpose of the second amendment or series of amendments recommended by the committee is to make certain that the foreign exchange control restrictions shall not apply to tourists coming into or leaving this country. We thought this was important from a general point of view, and also having regard to the great value of our tourist industry, which was so ably demonstrated in the report of our Standing Committee on Tourist Traffic. We thought it important to make it quite clear in the legislation itself that none of these foregn exchange control restrictions should apply to money or securities or property brought into the country temporarily by tourists, and removed by them when they return home, nor to articles purchased by them in this country for their personal use and taken home with them.

The third amendment which we made was to eliminate from the bill as it came before us a clause permitting the Foreign Exchange Control Board to have access to the secret income tax returns filed by individuals and corporations with the Commissioner of Income Tax. We considered that clause to be a bad precedent.

The fourth important amendment which we made was to permit a resident in Canada to hold foreign currency, up to the sum of $100, without a permit or authority from the board. We felt that in the normal course of business, particularly the tourist business, residents of Canada often come quite innocently into possession of American funds—as, for instance, when paid to them by American tourists. It would be rather absurd to insist that a gasoline-station owner, say, who in the normal course of business received from a tourist an American $50 bill in payment for gasoline, should immediately have to report it to the board or otherwise be subject to the penalties prescribed in the bill.

The fifth amendment deals more with matters of administration, but is nevertheless very important. The bill as it came to us empowered the Foreign Exchange Control Board to make regulations covering a vast number of subjects. The committee felt it was highly advisable that the regulations under the act should be made, not by the board but by the Governor in Council, and we incorporated the necessary amendment to that effect.

Another amendment inserted by the committee provides that no prosecution under the act shall take place after the lapse of three years from the date of the alleged commission of the offence.

These are the more important amendments recommended by the committee. There are, as honourable senators know, a number of other amendments of a more minor character. I must say that I think the bill as it comes to the house now is in much more acceptable form than when it was referred to the committee. Whatever doubts I may have had as to the wisdom of enacting this legislation in the form in which it originally came to us have been largely dissipated, and I am quite willing to support the measure with the amendments now proposed.

Hon. G. G. McGEER: Honourable senators, in opposing this motion and in opposing the bill generally I want to say that the consideration extended to the bill by the Banking and Commerce Committee in the time available to it was most complete and thorough. I also want to express my sentiments of appreciative thanks to the members of that committee for the open-handed and generously co-operative way they received those who were opposed to the bill and those who proposed amendments to it. Certainly the committee is composed of senators of great experience in public life and commercial affairs, and in my long experience in public life, and with courts and other public bodies, I do not know of anything more pleasant than the opportunity of appearing before the tribunal presided over by the honourable senator from Rougemont (Hon. Mr. Beauregard). He is a most efficient chairman, and rules most effectively with a smile and courtesy typical of the people of French Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: I want to be very brief in offering my reasons for opposing the bill. I do not think it came over here in time for the Senate to give it the consideration it should have. Except for the minister, the only persons from whom we heard evidence were the proposed chairman of the board—that is, the Governor of the Bank of Canada—and his assistant. We were compelled to rely upon our own information. To my way of thinking, we should have called not only people representative of the tourist trade, the foreign exchange trade, and the foreign trade generally, but someone from the United States who could speak on the matter from the American point of view with the same authority as the Governor of the Bank of Canada spoke on it from the Canadian point of view.

The next serious objection I have to the legislation is that it imposes the authority of the federal parliament over the authority of the provincial governments. We are taking jurisdiction to say to the provincial governments: Without a permit you cannot borrow abroad, and you cannot re-finance abroad.

True, a letter was produced from the Department of Justice expressing the opinion that that jurisdiction is intra vires of parliament, but my examination of the cases on the British North America Act leads me to the conclusion that in none of them was the specific point decided; it is on the border line.

Hon. Mr. DUPUIS: Similar control was first exercised under the War Measures Act. Were any protests then received from the provinces?

Hon. Mr. McGEER: My information is that there was at least one protest, although the Governor of the Bank of Canada stated before the committee that none was received.

Hon. Mr. DUPUIS: Was there any objection?

Hon. Mr. McGEER: I understand there was objection from the premier of British Columbia. I have written to him, but there has not yet been time for me to get a reply. In any event, the situation between the provinces and the dominion is such that I do not think this is the time to press what I believe to be a wholly unnecessary legislative authority. As I say, I regard this as a border-line point.

My next objection to the bill is that in many cases it puts upon the citizen who is charged with an offence, or whose goods or property are forfeited, the onus of proving his innocence. A number of similar provisions in the Excise Act and the Customs Act were cited to us in support of this departure from the usual procedure, but if I remember correctly, those provisions were incorporated in those acts during the years 1930 to 1935, when we suffered from a peculiar form of democratic dictatorship. But you all know what happened to the right honourable gentleman responsible for that kind of legislation when the people got an opportunity to say what they thought about it; and I do not think I am going too far when I suggest that that right honourable gentleman—now in the House of Lords—met a similar fate at the hands of the members of his own party, for when he tendered his resignation as leader it was gladly accepted.

Hon. Mr. BALLANTYNE: Oh, no; I would not say it was "gladly" accepted.

An Hon. SENATOR: That was not the only reason.

Hon. Mr. McGEER: Certainly that was one reason, and I believe quite an important one. In any event I do not think that today the leader of the Liberal party or the party itself will ever go so far in following that precedent as to suffer the fate that overtook the previous regime.

Now, I believe that in both trade and exchange we require some measure of regulation; but in granting regulative powers we have a special responsibility to see that those who are to administer them do not have the authority to make their administration a nuisance to our people or an unnecessary invasion of their liberties.

As I say, I felt violently opposed to the bill when it was introduced. It contains the sort of powers which, exercised by civil servants, would be almost sufficient to cause the kind of annoyance that would induce a monk to commit the sin of violent anger.

Some Hon. SENATORS: Oh! Oh!

Hon. Mr. McGEER: However, the amendments have greatly improved the measure, and I believe that when the time comes for us to reconsider the bill the experience we have gained in the meantime will warrant us in substantially reducing those objectionable powers. To me the most important thing in the future of our life on this continent is that the bond of friendship and neighbourliness which today exists between the people of the United States and the people of Canada may never be broken. And may Canada long remain what Winston Churchill described her to be: The linch-pin between the United States and the British Empire.

Some Hon. SENATORS: Hear, hear.

Hon. JAMES MURDOCK: Honourable senators, I was not able to attend all the meetings of the Banking and Commerce Committee, but as I have followed the progress of the bill, I am convinced that the amendments made to it are splendid—

Hon. Mr. McGEER: Hear, hear.

Hon. Mr. MURDOCK: —in meeting the wishes of some of those who so strenuously objected to it as it reached us from the House of Commons. For example, 12,000,000 Canadians can now possess a $100 American bill without having to put it in their shoe.

Hon. Mr. McGEER: Hear, hear.

Hon. Mr. MURDOCK: Then we have opened up a grand new field for prospective law evaders. All they have to do now, whether Canadians or Americans, is to put on a good—

An Hon. SENATOR: Front.

Hon. Mr. MURDOCK: —good act and look as though they are from South Carolina or Texas, and they can come into Canada as tourists practically without an investigation or any questions asked. A grand new class of law evaders is established and confirmed, and they are prevented from incriminating themselves. That result, in my humble judgment, is what some of the objectors to the original bill wanted, and their purpose has been fully met.

Hon. J. J. BENCH: Honourable senators, may I say a brief word on the life of this measure? When the bill was before the Senate for second reading, several of us expressed the view that it should expire some time in 1948. However, when that point was discussed in committee it was intimated that the legislation would not be likely to come into force prior to the 1st of January, 1947—

Hon. Mr. HUGESSEN: Much before that.

Hon. Mr. BENCH: —or, as my honourable friend says, much prior to that time. The reason given was that there are certain administrative details to clean up, new regulations to make, and so forth. It was also felt that two years would be the shortest reasonable time within which to gain the experience necessary in order to determine whether the measure should be extended. For those reasons it became necessary to extend the time into 1949. I wanted to state this point, because some of us had very strongly expressed the view that the legislation should terminate in 1948.

Hon. JOHN A. McDONALD: Honourable senators, I think it is only fair to express our appreciation to the members of the Banking and Commerce Committee for their splendid work generally, and especially for the long and careful consideration they have given to this particular bill. Two or three other senators who were not members of the committee have also rendered notable service.

Hon. Mr. HUGESSEN: Hear, hear.

Hon. Mr. McDONALD: I should like to ask the acting chairman of the committee why, by the amendment to subsection 4 of section 11, the Governor in Council is substituted for the minister in the appointment of alternates?

Hon. Mr. HUGESSEN: In answer to my honourable friend from King's, I may say that the committee considered section 11 very carefully, and the Acting Minister of Finance himself suggested that the amendment be made. Perahps I should explain that as originally drafted the section permitted any of the designated members, with the consent of the minister to appoint their own alternates. But it was thought that this might be too rigid; that if, for instance, the minister found one of the seven designated members was not performing his duties properly, the minister himself should have the power of designating the alternate.

The motion was agreed to and the amendments were concurred in.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill, as amended.

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

An Hon. MEMBER: On division.

The motion was agreed to, and the bill, as amended, was read the third time, and passed, on division.

INCOME WAR TAX BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN (on behalf of the Chairman) presented the report of the Standing Committee on Banking and Commerce on Bill 368, an Act to amend the Income War Tax Act.

He said: Honourable senators, the committee have examined this bill, and now beg leave to report the same with four amendments, which I suggest the Clerk should now read.

The First Clerk Assistant thereupon read the amendments as follows:

1. Page 19, after line 24. Add the following as subclause (3) to new clause 7A:—

"(3) Any insurance company, liable under this, or any other Act, for full tax on its profits, including interest on investments, may deduct from such tax the amount of tax on premium paid, or payable."

2. Page 26, after line 31. Add the following as subclause (3) to new clause 69B:—

"(3) Upon any appeal, the Income Tax Appeal Board shall have power to determine all disputes between taxpayers and the Department of National Revenue with respect to taxes payable under this Act, and in determining any question before it shall have and may exercise all the powers and discretions vested in the Minister by this Act and, notwithstanding any previous exercise or purported exercise thereof by the Minister, shall exercise such powers and discretions in the manner in which, in the opinion of the Board, the Minister should have exercised the same in the first instance."

3. Pages 27 and 28. Leave out new clause 69E.

4. Pages 37, 38, 39 and 40. Leave out the Fifth Schedule.

The Hon. the SPEAKER: When shall the amendments be taken into consideration?

Hon. Mr. MURDOCK: Honourable senators, I understand that we are now due in committee. Would there be any objection to this measure being printed and dealt with tomorrow?

Hon. Mr. BALLANTYNE: It certainly will not take very long.

Hon. Mr. ROBERTSON: Honourable senators, as there is some question about these amendments, I intend to move at the appropriate time that they be not now concurred in but be committeed to the Committee of the Whole, to be dealt with presently.

Hon. Mr. McGEER: If the bill is to be dealt with clause by clause in Committee of the Whole, the amendments should be printed.

Hon. Mr. ROBERTSON: Honourable senators, this same question arose as to the amendments to the Foreign Exchange Control Bill. Honourable senators have a right to ask that the amendments be printed, but I would ask that they be dealt with now. They are short, and can be read carefully and discussed at this time. The amendments, if passed in their present form, will undoubtedly require some consideration in the other place. It is desirable, therefore, that we consider them now in Committee of the Whole.

Hon. Mr. MURDOCK: All I can say is that we are dealing with something we have not got before us. If the Senate of Canada is to continue doing that kind of thing, my vote will not change.

AMENDMENTS CONSIDERED IN COMMITTEE

On motion of Honourable Mr. Robertson the Senate went into Committee on the amendments.

Hon. Mr. Sinclair in the Chair.

On amendment 1—

The CHAIRMAN: Honourable senators, this amendment reads as follows:

Page 19, after line 24: Add the following as subclause (3) to new clause 7A:

"(3) Any insurance company, liable under this, or any other act, for full tax on its profits, including interest on investments, may deduct from such tax the amount of tax on premium paid, or payable."

Hon. WISHART McL. ROBERTSON: Honourable senators, considerable discussion has arisen concerning this particular amendment which deals with the 2 per cent tax on premium income and the income tax payable by all Canadian insurance companies. The subject will be discussed by the proponents of the amendment and others more capable than I. It is my understanding that at the present time the premium tax is regarded as an expense of doing business, and that the companies in making up their income tax returns treat it as such. The proposed amendment contemplates that the 2 per cent tax will not be considered as an expense of doing business, but will be deducted from the amount of income tax paid.

Apparently under our tax structure there is no final authority as to fairness or equity in the very complicated question of taxation. I have not the slightest doubt that inequities do occur, but I would point out that the adoption of this amendment would mean a very serious reduction in the revenues of this country as contemplated under the Budget. It is estimated that the sum involved would be $700,000.

It is true, honourable senators, that the amount involved is unimportant if the principle of the bill is wrong; but I think I am reflecting the viewpoint of the Acting Minister of Finance and of the government when I say that the various phases of discrimination in taxation will soon be under consideration again. Even if there were some merit to the amendment, it throws out the whole of the government's calculations in relation to the financial proposals which have been placed before us. Admittedly, this amendment is not a solution of the problem of discrimination, and I think it is exceedingly undesirable at this time.

Hon. W. D. EULER: Honourable senators, I hesitate to rise on this subject because I already have spoken on it twice in this chamber, and at some considerable length in the Committee on Banking and Commerce. Perhaps I should review the subject for the benefit of those who are not members of the Banking and Commerce Committee or who may not have heard my remarks on the two previous occasions.

At the outset I must make a slight correction in what the honourable leader said a moment ago. He stated that it is proposed now to deduct from income tax the amount of the premium tax, and that the premium tax could not be regarded as an expense of doing business. The premium tax has always been regarded as an expense of doing business, and continues to be so regarded.

This bill does not affect all insurance companies. It does not touch the life insurance companies in any respect whatsoever. In explaining the purpose of the amendment, I may say that while another senator actually moved the amendment, I was its instigator. The honourable leader has said that there have been in the past, and are at the present time, two taxes—the tax on prem-

iums and the tax on income. That is not the case. In the past mutual insurance companies, and also the stock, fire and casualty insurance companies—in fact all insurance companies, including the life companies—have paid what I call an arbitrary tax on the premiums received from their policyholders. As I have said before, I have always felt that there is no logical reason why the premiums received by these insurance companies should be taxed. There should be some relationship, one would think, between profits and taxes.

These small companies—mostly mutual companies doing fire, casualty and other insurance—do not for one moment object to being taxed on their profits. I would like honourable senators to bear in mind that while these companies have been so far subject to a tax on their premiums only and have paid no income tax at all, they never thought that was a right procedure. They have always felt that they should be subject to income tax on their profits, just as any other business concern is, but because the tax on premiums was practically the same in amount as the income tax would have been, they raised no particular objection. The government now proposes, in this bill, to subject these companies to the income tax on their profits while continuing the tax on their premiums. This would mean practically doubling their taxes. My contention has always been that the premium tax should be wiped out altogether, because no such tax is paid by other concerns, and that these companies should pay a straight income tax on profits, as all other companies do. They are quite willing to pay that. Why they should be subjected to income tax on their profits and also to an arbitrary tax on premiums, and thus have their taxation practically doubled, I cannot comprehend.

It has of course been brought out that this additional tax is another way of getting revenue for the country. True, if this bill does not go through the government's revenue may be some $800,000 less than it would be otherwise. But if it is merely revenue that the government wants, it can get scores of millions more by subjecting all businesses to an arbitrary tax of 2, 3 or 4 per cent, as it may choose. Why should the small insurance companies be singled out for this one arbitrary tax?

The reason the amendment proposes that these companies be entitled to deduct their premium tax from their income tax is simply that we do not desire foreign insurance companies to obtain an advantage over Canadian insurance companies. Under this bill the small mutuals, like other Canadian insurance companies, will pay a tax on all their profits, including interest on investments. These small companies make very little money out of underwriting, their chief income being derived from interest on investments. I might add that their investments are largely in Victory bonds, and have been of some assistance to the country. The foreign companies are taxed on nothing but their underwriting profits and their premiums. In other words, they are not taxed on profits from investments, and in that respect there is a discrimination in their favour and against our companies. Therefore it seems to me only fair to have the premium tax levied on the foreign companies as a sort of recompense, if you like, or balance, to make up for the fact that our companies pay income tax on all profits, including interest on investments.

That, briefly, is the story. The objection is to double taxation. As a matter of fact, in respect of some of our Canadian stock companies—and an honourable senator who is not here today knows very well whereof I speak—there is triple taxation. In the first place, there is the tax on premiums, then there is the tax on the company's profits, and then the individual shareholders are taxed on their dividends. I say that is unjust.

Of course the country needs money, but I am sure that no senator would say there should be any discrimination against small mutual insurance companies as compared with any other business concerns, whether in the mercantile, manufacturing, or any other line. Charge these insurance companies income tax on all the profits they make, but why subject them to this other arbitrary tax as well?

Under the law as it stands these companies will be compelled to pay the tax on their premiums. My suggestion is that the amount they pay in this way should be deductible from their income tax. In that way they will pay their full income tax, just as any other company does. As a matter of fact, even under this arrangement some of them might pay more than their full share of income tax, because if in any one year a company, after having paid the premium tax, happened to make no profit at all, there would be no income tax from which it could deduct the premium tax. And, for some of these small companies the premium tax might amount to a substantial sum.

A statement was made that the imposition of income tax on the profits of co-operatives and mutual insurance companies is in accordance with the report of the Royal Commission on Co-operatives. I will not burden the house with a discussion of that. I will simply say that while this one recommendation of the

commission's report has been carried out, no attention whatever has been paid to a number of other recommendations.

Hon. G. P. CAMPBELL: Honourable senators, having spoken on this question in committee, I perhaps should be consistent and put my point of view before the members of this chamber. I think the first thing we should realize in regard to this proposed amendment is that its effect would be to relieve from taxation certain corporations which under the law as it now stands are liable for the payment of a substantial tax into the treasury of this country. Another point that we should bear in mind is that the bill is in effect a bill based on budget resolutions, and whatever amendments are made to relieve corporations or individuals or business in general from taxation must necessarily have an effect upon the budget.

The amendment before us now is a rather involved one, which I feel should not be considered hastily at a time such as this: it is one that should be given careful study by the Senate in collaboration with the Department of Finance and others whose responsibility it is to find revenues to carry on the affairs of this country. Perhaps it might help honourable senators to reach a decision on the matter if I tried to picture the various types of fire and casualty insurance companies in this country which would be affected by the proposed amendment. First of all we have a class of companies known as Canadian joint stock companies. These companies have shareholders and are engaged in the insurance business for the purpose of making gain or profit. There are also British and foreign insurance companies, with head offices abroad, which are duly licensed to carry on fire and casualty insurance business in this country. Then there is another class, mutual insurance companies. These have no shareholders and are engaged in the general business of insuring and of making profit for the benefit of their policyholders.

I agree with everything that has been said by the honourable senator from Waterloo (Hon. Mr. Euler) with regard to the uniformity of taxation, but I submit that we should keep our minds on what is before us, namely, the proposed amendment to the Income War Tax Act, and not allow ourselves to be thinking of what other taxes may be levied on insurance corporations. The premium tax to which the honourable senator refers is a tax levied, under the provisions of the Special War Revenue Act, uniformly upon all these insurance companies doing business in Canada. In other words, the mutual companies, the Canadian joint stock companies and the British and foreign companies, all pay that premium tax. All the companies regard it as a cost of doing business. Whether or not the tax should be levied at all is something that I do not propose to argue at this time, but it can be compared in many ways to other taxes, such as the sales tax levied under the special War Revenue Act upon companies in other lines of business.

Hon. Mr. EULER: And passed on to the consumer.

Hon. Mr. CAMPBELL: There is no doubt that the insurance companies absorb this premium tax as part of their cost of doing business. It is deductible as a business expense, just as are other business expenses, such as office rent, wages, commissions and so on.

The present bill has nothing to do with the Special War Revenue Act. It is a bill to amend the Income War Tax Act, and the change it proposes with respect to mutual insurance companies is that their underwriting profits be made subject to income tax. As the law now stands, the mutual companies are the only insurance companies in Canada whose underwriting profits are exempt from taxation. So in the past these companies have had an advantage over the Canadian joint stock companies.

If the bill is adopted as it passed the other house, all Canadian insurance companies will become liable for income tax on the same basis, and there will be no discrimination.

Hon. Mr. EULER: Surely that is not correct.

Hon. Mr. CAMPBELL: I still maintain my statement is correct, that so far as Canadian insurance companies, mutual or joint stock, engaged in the casualty and fire insurance field are concerned, if this bill goes through without the proposed amendment there will be an equal tax imposed on all. As to British and foreign insurance companies, they have an advantage to some extent by being relieved of income tax with respect to income from investments; but, as was explained, head office expenses and certain other costs of operation are not deductible. There is a comparable situation in regard to foreign investment holding companies.

Hon. Mr. BALLANTYNE: The local company is liable.

Hon. Mr. CAMPBELL: Foreign insurance companies having investments in Canada, which they have to set aside with the Superintendent of Insurance, are not liable for income tax on the income received from those investments.

Hon. Mr. MacLENNAN: But they do pay tax on Canadian premiums?

Hon. Mr. CAMPBELL: Yes; so far as premium tax is concerned every insurance company is treated in the same way.

Hon. Mr. EULER: Marine insurance companies pay no tax whatsoever.

Hon. Mr. CAMPBELL: Marine insurance companies are not liable for tax on their investment income.

Hon. Mr. EULER: Nor on their premiums.

Hon. Mr. CAMPBELL: No.

Hon. Mr. LESAGE: Are the reciprocals from Boston in particular and from the United States generally affected by this amendment?

Hon. Mr. CAMPBELL: No.

Hon. Mr. DAVIES: The honourable senator said that mutual insurance companies are at an advantage under the act?

Hon. Mr. CAMPBELL: That is right.

Hon. Mr. DAVIES: Is it now proposed to place them at a disadvantage?

Hon. Mr. CAMPBELL: No. This bill brings them directly in line with Canadian joint stock companies. That is, all Canadian companies engaged in the fire and casualty field, whether mutual or joint stock, will be taxed on exactly the same basis; but, as the honourable senator from Waterloo (Hon. Mr. Euler) says, there is this difference so far as British and foreign insurance companies are concerned, that although they are taxed on underwriting profits, they are not taxed on investments.

Hon. Mr. DAVIES: I do not want to seem obtuse, but will all Canadian companies be subject to the same taxation, as has been pointed out?

Hon. Mr. CAMPBELL: Yes.

Hon. Mr. GOUIN: This double taxation does not apply to companies which are not insurance companies; that is the complaint.

Hon. Mr. CAMPBELL: My honourable friend is correct. By reason of the Special War Revenue Act there is a levy on premium income. By reason of that insurance companies pay two sets of taxes.

Hon. Mr. EULER: That is double taxation.

Hon. Mr. GOUIN: I submit that premiums are a form of income.

Hon. Mr. EULER: They go to make up the company's gross income.

Hon. Mr. CAMPBELL: But that is a burden of the business, and it is something insurance companies have had to pay for many years. It has nothing whatever to do with the provisions of the Income War Tax Act.

Hon. Mr. GOUIN: There is double taxation—the insurance companies pay a certain amount of tax on premiums, and in addition they pay a certain amount on income.

Hon. Mr. EULER: No matter what law it is under, it is double taxation.

Hon. Mr. CAMPBELL: I cannot argue that the tax imposed by the Special War Revenue Act is not a tax. It is a tax just the same as the excise tax, the sales tax or any other tax. The proposed amendment would permit anyone who pays that special war revenue tax to have it credited against his income tax.

Hon. Mr. BENCH: In much the same way you might suggest that a manufacturer be entitled to deduct from his income tax the amount of sales tax he has paid.

Hon. Mr. EULER: My honourable friend knows perfectly well that the manufacturer passes all that on to his customers.

Hon. Mr. BENCH: But it has not been shown to me that this premium tax is not passed on to policy holders.

Hon. Mr. EULER: No, those people do not make any money on their premiums.

Hon. Mr. CAMPBELL: The special war revenue tax has been in force for some time, and it has now been reduced from three per cent to two per cent.

Hon. Mr. DAVIES: On premiums?

Hon. Mr. CAMPBELL: Yes. But I do not see why that tax should be taken into consideration to lessen income tax any more than that sales tax should be taken off the net profit of a company in arriving at its income tax.

Hon. Mr. BENCH: Is there not an argument in favour of the amendment to this effect: that British and foreign companies doing business here have a competitive advantage in that they do not pay income tax?

Hon. Mr. EULER: Surely.

Hon. Mr. CAMPBELL: I submit they have no competitive advantage. They pay income tax on their underwriting profits, but they are not allowed to deduct certain items which Canadian companies are allowed to deduct—that is, head office expenses, reinsurance, and some other costs of that sort.

Hon. Mr. EULER: They deduct those in their own country.

Hon. Mr. CAMPBELL: They would also be taxed in their own country. So if you trace it through to its source, there is no advantage whatever. As Mr. Finlayson said this morning, the matter was most carefully considered, and it was felt that the disallowance against their profits was so great that it offset any advantage they had from income tax exemption on their investments.

Hon Mr. EULER: That is not what the royal commission said.

Hon. Mr. BENCH: I suppose if they did have an advantage that could be offset by increasing the tax on their premiums.

Hon. Mr. CAMPBELL: Yes, under the Special War Revenue Act. Whether or not there should be an income tax imposed on mutual insurance companies. I am free to feel that there are many small mutual companies throughout this country that might be entitled to some consideration in that respect. Mr. Finlayson said that if the proposed amendment is adopted the companies doing business in the casualty and fire field will be freed of about $700,000 tax. He did not say how much it would mean if the mutual companies alone were given this advantage. I cannot support the amendment. Corporations engaged in the general commercial field of underwriting for profit, which is passed on to their stockholders would be relieved of corporation tax to the extent that they would be entitled to deduct the premium tax, and we are told that in many cases this would exceed the income tax.

Hon. Mr. EULER: If the premium tax is greater than the income tax on the actual profits, then you cannot deduct something from nothing.

Hon. Mr. CAMPBELL: Frankly I do not consider the special war revenue tax levied under another act, and which is charged against profit, a part of the cost of doing business and therefore deductible from income tax.

Hon. Mr. DAVIES: Is not this premium tax virtually a tax on revenue?

Hon. Mr. EULER: Yes.

Hon. Mr. DAVIES: Does any other business pay a tax on its receipts.

Hon. Mr. EULER: No.

Hon. Mr. MURDOCK: Honourable members, I think the committee should be given information as to how this matter has developed. The Banking and Commerce Committee is composed of forty-eight members. Last evening this amendment was passed by a vote of five to four. It is true that two honourable gentlemen who are interested in the insurance business did not vote, although they made real contributions to the arguments; and one other distinguished senator did not vote because—I do not know why. What happened later? Superintendent Finlayson told us this morning that, if accepted, this amendment would encroach upon the revenue of Canada to the extent of $700,000 a year, and possibly $2,500,000 a year.

Hon. Mr. EULER: No, no; not under this amendment.

Hon. Mr. MURDOCK: He said the loss to the revenue of Canada might be as much as $2,500,000.

Hon. Mr. EULER: That is not the fact.

Hon. Mr. CAMPBELL: It applies to British and foreign companies.

Hon. Mr. MURDOCK: It applies to the insurance business. There are a lot of things about it that I do not know, but I do know that the great majority of those interested in the business, promoters and others, are fairly well off, and making a reasonably fair income. The Banking and Commerce Committee had before it provisions by which, in this Canada of ours, a single man or woman earning $75 a month would pay income tax on $150, and a married man maintaining a home would begin to pay tax if by any chance his income exceeded $125 a month. It seems to me that some of these cases are more deserving of the serious concern of the Senate of Canada than the lightening of what we are told is an unjust burden.

The burden may be unfair, but what has that to do with it? Where are we to get the money for war expenditures and post-war expenses? A few weeks ago we were told that American money and Canadian money had been placed on a par for the present and the future. That change cost me over $200, but I was tickled to death to take my loss when I heard the Vice-President of the Canadian National Railways say that the change had benefited that railway to the extent of a million dollars.

With all due respect to my distinguished colleague on my right (Hon. Mr. Euler), and the other honourable members who have so loyally boosted this amendment, I say to them: Dig down and help the government out; there will be no starving or distress amongst those who are behind the insurance companies if they continue to pay as the original bill proposes. With the benefit of this amendment the companies would be relieved

of from $700,000 to $2,500,000 a year in taxes. They are not the ones who are entitled to relief.

Hon. Mr. BENCH: May I ask the honourable gentleman from Toronto whether the mutual companies are relieved from income tax to the extent to which they disperse dividends to their policyholders?

Hon. Mr. CAMPBELL: Yes, that is correct.

Hon. Mr. BENCH: That applies to mutual fire insurance companies, and it is proposed to apply it to other companies?

Hon. Mr. CAMPBELL: Yes.

Hon. Mr. EULER: The mutual insurance companies, as I have said before, do not profit from underwriting to any extent. Their profits come from investments, and they apply them in any way they can to increase their reserves. I think it has been recognized throughout that these mutual stock companies have no capital stock, and that the reserves are built up for the benefit and protection of the policyholders. They must be maintained and increased each year as business expands and the number of policyholders increases.

Hon. Mr. BENCH: So far as investment income is concerned, the policyholders really cannot expect dividends from that source?

Hon. Mr. EULER: No.

The CHAIRMAN: Shall the amendment carry? Those in favour of the amendment will please say "content."

Some Hon. SENATORS: Content!

The CHAIRMAN: Those opposed to the amendment will say "non-content."

Some Hon. SENATORS: Non-content!

The CHAIRMAN: In my opinion the "non-contents" have it.

Hon. Mr. MORAUD: I call for a standing vote.

The amendment was negatived: contents 12; non-contents, 16.

On amendment 2—

The CHAIRMAN: The second amendment reads:

Page 26, after line 31: Add the following as subclause (3) to new clause 69B:—

"(3) Upon any appeal, the Income Tax Appeal board shall have power to determine all disputes between taxpayers and the Department of National Revenue with respect to taxes payable under this act, and in determining any question before it shall have and may exercise all the powers and discretions vested in the minister by this act, and, notwithstanding any previous exercise or purported exercise thereof by the minister, shall exercise such powers and discretions in the manner in which, in the opinion of the board, the minister should have exercised the same in the first instance."

Shall this amendment carry?

Hon. Mr. ROBERTSON: In opposing this amendment I would point out that the procedure under this bill is well in advance of past procedure in so far as it relates to a taxpayer who feels that he has not been fairly treated in the matter of assessment. A taxpayer who has reason to believe that his assessment is not as it should be, has the right to appeal to a tax appeal board on all matters of law and fact. If he is not satisfied with the decision of the board, he may go to the Exchequer Court and, I presume, from there to the Supreme Court of Canada, if he so desires.

There are matters which are hard to designate specifically, but as to which in countless cases in the past the minister has undertaken to exercise a discretion. Up to the present time no machinery has been set up providing for an appeal from this discretion. Section 69E, at page 27 of the bill, sets out provisions under which the minister is given discretion as to certain definite matters, and a taxpayer who objects to a decision of the minister made in the exercise of a power conferred by one of these provisions has a right to appeal to what is known as the Income Tax Advisory Board. Upon receiving the report of this board the minister must reconsider his decision. But while the minister is required to have the case referred to the Advisory Board, and must reconsider his judgment in the light of its recommendations, in the final analysis the minister is supreme and must take full responsibility for his actions.

As I understand the effect of this amendment, the Advisory Board is done away with, and so is the discretion of the minister. The amendment purports to substitute for the minister the Tax Appeal Board, which will be supreme in all matters relating to the Income Tax Act.

I do not know whether in due course we may hope to have an Income Tax Act so carefully framed that there will be absolutely no necessity for the exercise of discretion by the minister as to the reasonableness of the action of the department in any unusual or exceptional circumstance. This bill contemplates a reduction of the instances in which the minister may exercise his discretion; and I believe it is generally thought by those who are familiar with the subject that a careful review of the Income Tax Act in the future may eliminate such instances altogether. That would be a very desirable situa-

tion, and one which we, in varying degrees, anticipate will be accomplished. But honourable senators, if the act gives the minister the right of discretion—and in cases that are difficult to provide for by statute someone must exercise discretion—I feel that to set up a board which will be superior to the ministerial discretion is to strike at the very roots of government, one of the essential features of which is that the minister shall be responsible to parliament. I feel that the exercise of discretion should not be left to a board which is not responsible to parliament. The minister is subject to the Governor in Council and to parliament, and I do not think we should set up above him any board of what recently have been commonly referred to as bureaucrats.

Hon. Mr. DUPUIS: As I understand it, the bill sets up a board over and above the minister; and, according to section 69C (1), either party to a dispute may appeal from that board to the Exchequer Court of Canada.

Hon. Mr. ROBERTSON: According to my understanding—and if I am wrong I can be corrected by honourable senators who are more familiar with the subject—on all matters of law and fact there is an appeal to the Income Tax Appeal Board, and from that board to the Exchequer Court. The minister has nothing at all to do with such appeals. But in the past certain matters have been regarded as proper subjects for the exercise of ministerial discretion—perhaps because of the difficulty of framing the act so as to meet every possible situation—and the exercise of discretion has never been appealable to the Exchequer Court. The minister alone has taken the responsibility for whatever decisions were made with respect to such matters. Now an advance is being made in the setting up of an advisory board, which will advise the minister whenever a taxpayer appeals from the exercise of his discretion. The intention of the government, as explained to us, is not to make the members of this board civil servants. They are to be a representative group, who will travel around the country, review the minister's decisions that have been objected to, and advise him upon them. The act provides that in every such case the minister shall again reconsider his decision. Then he makes the final exercise of his discretion, from which there is no appeal. It seems to me that if there is to be any appeal at all from the exercise of ministerial discretion, the logical authority to whom to appeal is the Governor in Council. Why give the minister discretionary power and then set up a board with power to overrule him?

Hon. Mr. MORAUD: Honourable senators, although I am the mover of the amendment I am not its author, and I hope that some of the honourable members who drafted the report of the committee on income tax and explained it to this chamber will also explain the purpose of this amendment, which they can do much better than I. The committee's report recommending the erection of a board of tax appeals with power to revise any discretion exercised by the minister was unanimously adopted on the 30th of May this year. In presenting the report, on May 29, the chairman of the committee (Hon. Mr. Euler) said:

> I should add here that while our committee was unanimous that there should be no authority exercised by the minister or his deputy over the board itself, Mr. Elliott, the Deputy Minister administering the Act, was not in agreement with us. He felt that while there might well be an appeal board, its decisions should still be subject to the approval of the minister. However, the members of the committee remained unanimous in their support of the recommendation as it stands, and judging from the representations made by the various organizations that appeared before us, I believe all our suggestions and recommendations will meet the approval of the great body of them and of the people generally.

That recommendation was approved unanimously by the committee and, as I say, the committee's report was unanimously approved by this chamber. The only purpose of the present amendment is to give effect to that recommendation. There was a long debate here on the committee's report and able speeches were made in support of it by a number of members, including the honourable senator from Toronto (Hon. Mr. Campbell), the honourable senator from Inkerman (Hon. Mr. Hugessen), and the honourable senator from Lincoln (Hon. Mr. Bench), all of whom were in favour of doing away with ministerial discretion.

There seems to be a misunderstanding about ministerial discretion. Neither the tax committee nor this chamber recommended that the appeal board should have anything to do with the discretion of the minister in the administration of his department, as a member of the government responsible to parliament. What the committee and the house unanimously recommended was in accordance with a principle of British justice, namely, that any subject—in this case, any taxpayer—who considers that he has not been fairly dealt with by a decision of the minister shall have recourse to a court of law. There is such recourse when a matter of fact or law is in dispute, and there should be similar recourse when a taxpayer objects to the way the minister has exercised his discretion. As the

result of an exercise of ministerial discretion a taxpayer may have his tax increased by anything from one dollar to a million dollars; but it is the principle, not the amount, that is important. It is an elementary principle of British justice that the subject must be able to appeal to some court or tribunal for redress when he thinks he has not been treated fairly.

Hon. Mr. BENCH: Hear, hear.

Hon. Mr. MORAUD: If I correctly understand our constitutional procedure, in the administration of his department the minister is responsible to the cabinet, which in turn is responsible to the House of Commons or to the people. That constitutional principle is in no way affected by the unanimous recommendation of the tax committee and of this chamber that the minister should not have power to make any decision which the taxpayer affected cannot appeal. The purpose of the amendment before us is simply to give the taxpayer recourse to the Tax Appeal Board, as recommended in the tax committee's report.

Again I say that although I am the mover of this amendment I am not its originator, and I hope that some members of the committee will explain the reasons for the amendment better than I have been able to do.

Hon. Mrs. FALLIS: I was not a member of the tax committee and was not present at any of its deliberations, but I understand that it presented a unanimous report to this house and that several members of the committee strongly urged that it be adopted unanimously by the Senate. The Senate did adopt it unanimously. I should like to know what has happened in the meantime to make it necessary for us to revise our opinion.

Hon. Mr. ROBERTSON: The point raised by the honourable senator is a pertinent one, which I forgot to mention before. What my honourable friend says is perfectly true. When the matter was before us I said—at the moment I am unable to give honourable senators the exact reference in *Hansard*—that as to the subject-matter of the report I found myself in a difficult position, because in due course the government of the day would, in the exercise of its best judgment and after taking everything into consideration, bring down specific legislation. The tax committee's report having been unanimously agreed to, in that no one voted against it, we have, theoretically, to support every word of it. Subsequently another report was brought down recommending financial relief to the gold mining industry. That too was adopted, and, theoretically, we should vote against this bill because that recommendation is not incorporated in the budget.

Now I find myself in this position. At the time the report of the tax committee was presented and adopted I said I could not express any opinion as to whether I could approve it in every particular; but, as my honourable friend could rightly point out to me, I did not vote against it. This raises a question in my mind whether it would not be preferable that a report should be merely presented in order to give honourable senators ample opportunity of studying it thoroughly. Otherwise, if they are asked to concur in the report, they can only base their judgment on the confidence they have in the members of the committe, and by adopting the report they tie their hands for the future.

Hon. Mr. EULER: The report was printed. It was not adopted the same day it was presented.

Hon. Mr. ROBERTSON: Even so, I think in the ordinary course of events it would have been better to merely present the report. However, that is water down the brook. If by adopting a report we are expected to block any government legislation which does not implement its every recommendation, we may be placed in a very embarrassing position.

Hon. Mr. MORAUD: In adopting a report we make a distinction between procedure and principle. We have done so on many occasions prior to the presentation and adoption of the report referred to.

Hon. Mr. ROBERTSON: At any rate, I think it is dangerous for the Senate to concur in a report and thereby tie its hands in advance. I must say that at the time I had some doubt whether the government of which I am a member would adopt the particular recommendation contained in the report. On the other hand, I was not able to argue this or that specific point and, instead of voting against the motion for concurrence, I had simply to content myself by saying that I was not in a position to subscribe to any of the recommendations in the report.

Hon. Mr. BALLANTYNE: I think the honourable leader stresses the point too much. When a committee presents a report and the house concurs in it, this concurrence is not tantamount to accepting the principle of a bill on second reading. The report is merely a recommendation from a committee. I cannot share the honourable leader's view. I submit that neither he nor

the house is at all bound to give effect to the report.

Hon. Mr. ROBERTSON: I was simply answering my honourable friend from Peterborough (Hon. Mrs. Fallis). She suggested that we were committed to the report because we had not voted against it.

Hon. Mrs. FALLIS: I contend that if there was any objection to the report it should have been voiced at the time. The committee had Mr. Elliott before them; they formed their opinion on his evidence and brought in a unanimous report. I am wondering what in the meantime has changed the opinion of certain honourable members. If there is any real reason why the Senate should not stand behind the report, I think we should know it.

Hon. Mr. CAMPBELL: I suppose that, as sponsor of the special committee which was set up to consider the Income War Tax Act and to make recommendations as to its amendment, I should answer the question. As the honourable leader opposite (Hon. Mr. Ballantyne) has said, I do not consider that any member of this house is formally bound by all the details in the report. I think we have endorsed certain principles, including the principle of the constitution of a board of tax appeals. I made certain comments about this phase in the committee. I am wholly in accord with the principle of establishing an appeal board with full and complete power to review ministerial discretion, and to review anything in connection with assessments which may result in the levy of taxation upon an individual or corporation. The reason I have some doubts about the acceptance of the proposed amendment is simply this. When we started to study the Income War Tax Act we came to the conclusion that it should be completely revised. The act was designed to invest the minister with full discretion in exercising his administrative duties. It seems to me that until this thorough revision has been undertaken it would be wrong in principle to go against the judgment of those charged with the administration of the act and say that the minister should have no power to exercise his discretion.

Hon. Mrs. FALLIS: Did my honourable friend arrive at that conclusion when the committee was holding its meetings? If so, why was it not presented to the house when the report was presented? What was stressed very largely by the committee was this very necessity of an appeal board to review the discretion of the minister.

Hon. Mr. CAMPBELL: The matter was not discussed in this house, but I raised it in committee. I was quite prepared to go along with the other members of the committee—and I am still—that our objective is to set up an appeal board with power to review ministerial discretion; but I do not consider that the act is revised sufficiently at the present time to enable us to vest in the proposed board full and complete authority for this purpose. The government has said that it is prepared to revise the act, and I understand that already a committee is engaged on this work.

Hon. Mr. MORAUD: I do not want to hold my honourable friend to his word, but I would remind him that he definitely committed himself to this board of tax appeals. At page 388 of the Senate *Hansard* I find this statement by him:

> The committee, however, were of opinion that it was not desirable to deprive the taxpayer of the right of going before an independent board. The committee have recommended, therefore, that the Board of Tax Appeals should be empowered to review the exercise of ministerial discretion.

Nothing has happened since to change his viewpoint.

Hon. Mr. CAMPBELL: That is quite correct; the exercise of ministerial discretion should be subject to review. There is no doubt about that at all.

Hon. Mr. BALLANTYNE: Subject only to review?

Hon. Mr. CAMPBELL: No, review as is contemplated by the proposed amendment. But in the act there are so many discretions of a ministerial character that I question whether the whole machinery of income taxation would not be bogged down if any individual, no matter what the minister decided, could appeal from his decision to a court.

Hon. Mr. EULER: You have altered your position now.

Hon. Mr. CAMPBELL: I have altered my position to this extent, that until certain sections vesting powers in the minister are taken out of the act and put on a definite statutory basis, we should most carefully consider the procedure to be followed after an assessment is made.

Hon. Mr. MORAUD: I understood that you had carefully considered the procedure, otherwise you would not have recommended it.

Hon. Mr. CAMPBELL: Just so. As the act stands there is no appeal against an assessment which is made as a result of the minister

having exercised his discretion. In principle I think that is wrong. The alternative suggestion which has been put forward by the Department of Finance—and it is nothing more than a makeshift—is to constitute an advisory board. This would not be a judicial board in any sense of the word. In the case of an appeal to such an advisory board the minister would have the final say by exercising his discretion. I submit that is wrong in principle.

Hon. Mr. MORAUD: I hope you do not approve of that.

Hon. Mr. CAMPBELL: I do not in any sense of the word. This may be splitting hairs—

Some Hon. SENATORS: Oh, oh!

Hon. Mr. CAMPBELL: —but I suggest to the committee that that advisory board should be appointed from members of the court of appeal, so you would have an independent board, and I hope that within a year this legislation will be re-drafted in such a manner that the taxpayer will have an effective right of appeal on all matters of income tax assessment. There are sixty or seventy sections dealing with ministerial discretions, and the minister exercises his discretion in respect of almost every assessment. Under these circumstances, and before the act is revised and some of the recommendations which the special committee made in its second report are dealt with, I raise the question as to whether we should go so far as to say that the Income Tax Appeal Board shall have full and complete authority to review all matters relating to taxation.

Hon. Mr. BALLANTYNE: My honourable friend is a very capable lawyer. Why did not all these things occur to him when he sat for months in the Income Tax Committee? There seems to me to be a recent conversion on his part.

Hon. Mr. MURDOCK: He said the same thing in committee.

Hon. Mr. BALLANTYNE: At the time the committee was sitting why did he not say that there was no use making this report to the Senate because he was in favour of the minister's decision being final?

Hon. Mr. CAMPBELL: As far as I am concerned, I discussed this question at some length in committee in exactly the same way as I have here. In principle I am in favour of reviewing the ministerial discretion where it results in increased taxation; but I feel that we must take some precaution with respect to vesting power in this board.

Hon. Mr. MORAUD: What precaution?

Hon. Mr. BALLANTYNE: You are a little late with your remarks.

Hon. Mr. CAMPBELL: Let us consider a specific case in which the minister says that he disallows depreciation at a certain rate and an appeal is taken from that decision. The board, as proposed, would have to consider many things in order to determine whether the depreciation was proper and allowable; and in view of the fact that over a period of years the department has tried to fix a more or less uniform rate of depreciation, the board would get involved in the administrative practice of the department.

Hon. Mr. MORAUD: It would be necessary to choose between the administrative practice —which is wrong, and which we have denounced since the beginning of this session —and the right of the taxpayer to have his case adjudicated by some other body than the officials of the department.

Hon. Mr. CAMPBELL: That is quite right.

Hon. Mr. BENCH: Honourable senators, I am not very much impressed with the argument that the action contemplated by the amendment should be delayed until there has been an opportunity to generally revise the act. It seems to me that if we adopted this amendment setting up a board of appeal with jurisidiction to review the ministerial discretion, it might hasten the revision of the act and reduce the number of discretions now vested in the minister.

Further, the provisions as contemplated by the bill are not to become effective, except in respect to taxes beginning with the year 1946. So that in practice it will probably be late in 1947 or the beginning of 1948 before a board of appeal will be called upon to deal with the exercise of ministerial discretion in the reviewing of assessments.

The special committee set up at the instance of my honourable friend who has just taken his seat (Hon. Mr. Campbell), spent considerable time on this question. The Deputy Minister of National Revenue for Taxation was a witness before that committee, and this point was discussed with him at great length. The suggestion was put to him that the appeal board then proposed should have jurisdiction to review ministerial discretion as well as matters of law and fact not involving discretion. He was strongly opposed to that proposition, and suggested as an alternative that there should be constituted the Advisory Board which is now provided for in this bill. I have not the report of

the committee before me, but it is my recollection that we said in the plainest language possible that after careful consideration the Deputy Minister's viewpoint in that connection had been rejected.

My views have not changed since that report was made, and I most certainly intend to support this amendment. Unless we adopt the amendment we are simply leaving a situation which has existed for thirty years and about which there has been a great deal of complaint. The recourse from the ruling of Caesar will be an appeal to a greater Caesar. I am as much out of sympathy with that viewpoint now as I was when the special committee made its report.

Hon. Mr. DUPUIS: May I ask a question about a matter which I do not understand? Under section 69A of the bill a taxpayer who is dissatisfied with his assessment may send notice of objection to the minister within a period of two months after the day of mailing of the assessment notice. He may then appeal to the Appeal Board named in section 69B. The Appeal Board studies the assessment, and its decision is sent to both the minister and the taxpayer. The minister or the taxpayer, if not satisfied, may appeal—

Some Hon. SENATORS: No, no.

Hon. Mr. DUPUIS: But according to section 69C either the minister or the taxpayer may direct an appeal to the Exchequer Court.

Hon. Mr. MORAUD: No.

Hon. Mr. BALLANTYNE: On law and fact.

Hon. Mr. EULER: On law and fact—and with discretion to no one.

Hon. Mr. DUPUIS: They are free to do that; but in view of sections 69A, 69B and 69C, which would appear to provide the machinery for appeal from ministerial discretion, I should like to know the reason for this amendment.

Hon. Mr. BENCH: My answer is, firstly, that in this bill there is no right of appeal to the Appeal Board from an assessment based upon the exercise of ministerial discretion.

Hon. Mr. DUPUIS: Then where does the ministerial discretion come in?

Hon. Mr. BENCH: If my friend will look at the explanatory note to Section 69E of the bill he will see in the finest possible print a list of the discretions. First of all, there is no appeal to the board from the exercise of ministerial discretion. That is the only point involved in this proposed amendment and the discussion now taking place.

Under the law as it now stands, an aggrieved taxpayer can go to the Exchequer Court by way of appeal from assessment; but on numerous occasions that court has held that it has no jurisdiction to review the result of ministerial discretions properly exercised. The practical result is that under the present law, as my honourable friend who is an able lawyer, must know, there is no recourse for a taxpayer who is aggrieved by an assessment based upon ministerial discretion. To overcome that situation our committee made the suggestion that the Appeal Board should be divorced from the department, and should have the right to review assessments involving not only matters of law and fact but also the exercise of ministerial discretion.

Hon. Mr. DUPUIS: I am not here to criticize what this important committee has done, but I am asking myself this question: If the Exchequer Court has decided on many occasions that it cannot review ministerial discretion because of some lack of power under the act, why did not this committee give the power to that court instead of creating a new body?

Hon. Mr. BALLANTYNE: It had not the power to do that.

Hon. Mr. BENCH: That proposal was very carefully considered, but the prime objective of the committee was to provide an inexpensive means of appeal to an independent board.

Hon. Mr. CAMPBELL: Instead of to the minister.

Hon. Mr. DUPUIS: Or instead of to the Exchequer Court?

Hon. Mr. BENCH: My friend has asked why the committee did not broaden the powers of the Exchequer Court so that it could review ministerial discretions and substitute its own. I believe I am stating it fairly when I say the committee considered the matter and decided that it was more appropriate to set up a board of tax appeal, independent of the department, to which a taxpayer would have recourse in an inexpensive way. If my friend wants to go to the Exchequer Court he must first post security for costs in the amount of $400.

Hon. Mr. DUFFUS: If I remember correctly, the fee for the first appeal was to be $15.

Hon. Mr. DUPUIS: If it is necessary to create an appeal board beyond the Exchequer Court, is section 69E of the bill a dead letter?

Hon. Mr. BENCH: I should say it is not a dead letter.

Hon. Mr. DUPUIS: But the Exchequer Court has no power to review ministerial discretion.

Hon. Mr. BENCH: I will state the situation once more for the benefit of my friend. Under this legislation, apart from the amendment now proposed, there is an appeal on questions of law and fact not involving ministerial discretion, and a further appeal to the Exchequer Court. But I repeat that without this amendment there is no effective appeal and no right of redress for any taxpayer who may feel himself aggrieved by the exercise of ministerial discretion. That is the thing we have tried to get away from. I cannot therefore believe that the amendment is wrong in principle or that it will hamper or hinder the administration of the act. On the contrary, I am convinced that it will induce a great deal of public confidence in the administration of our income tax law.

I intend to support the amendment, and I am through answering questions.

Hon. Mr. DUPUIS: Does the amendment give the details of the powers of the new board?

Hon. Mr. MORAUD: They are in the law itself. If you read the bill you will see all the powers of appeal.

Hon. Mr. BENCH: In addition to the powers which the board would have under the bill, it is suggested that it have the power to review ministerial discretion in an effective way.

Hon. Mr. EULER: The honourable gentleman from La Salle (Hon. Mr. Moraud) referred to the first report of the Special Committe on the Income War Tax Act and the Excess Profits Tax Act, and quoted some remarks made by the chairman of the committee, who happens to have been myself, when the report was presented. Those remarks express pretty well what I thought then and what I think today. I have listened with considerable interest to my honourable friend behind me (Hon. Mr. Campbell). He describes himself as being in favour of the principle of this amendment, but for some obscure reason he is not going to vote for the amendment. I may say that earlier this afternoon I found a certain obscurity in his remarks on another amendment in which I was somewhat interested. But whatever the reason may be, he seems to have made a right-about turn. However, as one of the old hymns puts it, "While the lamp holds out to burn, the vilest sinner may return"—even at the eleventh hour.

To me the crux of the whole question is simple. This amendment proposes to give effect to what was recommended in the report of the special committee and adopted by the Senate. As has been pointed out, the committee's recommendations were supported by a number of senators, including the honourable gentleman from Toronto (Hon. Mr. Campbell). One of those recommendations was that the exercise of discretion by the minister should be appealable to a board, and that its findings should not be subject to review by the minister, which in these cases means the deputy minister. Though that was contrary to what the deputy minister advised, it was unanimously approved by the members of the committee.

There might have been reason for some members changing their minds after the government brought down the budget and announced what it was going to do. We knew then that the minister was not accepting our recommendation; we knew then that he was in favour of an advisory board, whose advice he could either accept or reject. But after that our committee met again and brought in another unanimous report, which also was supported by the honourable gentleman from Toronto (Hon. Mr. Campbell). In that report we commented on the proposal of the Minister of Finance, as indicated in his Budget Speech, for a certain limitation of the discretionary powers of the Minister of National Revenue, and we went on to say:

> Such a limitation of ministerial discretion becomes all the more necessary, since, much to the regret of your committee, the Minister of Finance has not seen fit to adopt the recommendations made by your committee in Part One of this report relating to the establishment of a Board of Tax Appeals with authority to review administrative discretions.

The point I want to make is that after it was apparent that the government had disregarded our recommendation for the appointment of a board to which the taxpayer could appeal from the exercise of ministerial discretion, our committee again considered the matter and reaffirmed its view that such a board should be appointed. As I say, that was a unanimous report of the committee, and it was unanimously adopted by the Senate.

The Hon. the CHAIRMAN: Shall the amendment carry?

Some Hon. SENATORS: Yes.

Some Hon. SENATORS: No.

The Hon. the CHAIRMAN: Those in favour of the amendment will please say "Content."

Some Hon. SENATORS: Content.

The Hon. the CHAIRMAN: Those opposed to the amendment will please say "Non-content."

Some Hon. SENATORS: Non-content.

The Hon. the CHAIRMAN: In my opinion, the Non-contents have it.

Some Hon. SENATORS: Vote!

The Hon. the CHAIRMAN: All in favour of the amendment will please stand.

The CLERK: Fifteen.

The Hon. the CHAIRMAN: All those opposed to the amendment will please stand.

The CLERK: Fifteen.

The Hon. the CHAIRMAN: I declare the amendment lost.

Hon. Mr. CRERAR: I do not quite understand, Mr. Chairman. I thought the number in favour of the amendment was fifteen, and the number opposed, fourteen.

The Hon. the CHAIRMAN: The number opposed was fifteen, counting the vote of the Chair.

Hon. Mr. MORAUD: With all due respect, Mr. Chairman, may I ask if a majority is not needed to reject an amendment? If the vote was 15 to 15, I do not see how the amendment can be declared lost.

The Hon. the CHAIRMAN: I understand the rule to be—I have not got it at hand just now—that the Speaker of the Senate or the Chairman of the Committe of the Whole has the same right to vote that any other senator has, and that in the event of a tie he has the casting vote.

Hon. Mr. MORAUD: There was no tie; it was fifteen to fourteen.

Hon. Mr. EULER: It was fifteen to fourteen until the Chairman voted, as he had a right to do, and that made it a tie.

Hon. Mr. MORAUD: Is it possible to have a second vote?

Hon. Mr. BALLANTYNE: Let us have the vote again. I am not satisfied with the decision, and I appeal to the Chair to have the vote taken again.

The Hon. the CHAIRMAN: If that is the wish of the committee, I will not raise any objection.

All those in favour of the amendment will please rise.

The CLERK: Fifteen.

The Hon. the CHAIRMAN: All those opposed to the amendment will please rise.

The CLERK: Seventeen.

Hon. Mr. BENCH: I understood that there were some pairs. In the light of information given to me in that regard, I was surprised to see certain senators vote on this amendment.

Hon. Mr. EULER: The same information was given to me, Mr. Chairman. A certain senator who could not be here said he had arranged with another member not to vote.

Hon. Mr. BALLANTYNE: Furthermore, may I ask the Chair if votes can be counted after the doors have been practically closed?

Hon. Mr. MURDOCK: So long as a senator is in when the vote is taken, surely he has the right to vote.

Hon. Mr. MORAUD: He has to hear the question, at least.

The Hon. the CHAIRMAN: I declare the amendment lost.

Hon. Mr. CALDER: On what vote?

The Hon. the CHAIRMAN: On the vote asked for by the leader of the Opposition (Hon. Mr. Ballantyne); on the second vote.

Hon. Mr. CALDER: If one or two members come into the house after a vote has been taken, as this first vote was, and for some reason or another a second vote is called for, surely those who came in after the original vote was taken and announced should not be counted.

Hon. Mr. MURDOCK: This was not a vote in which the names of the Contents and Non-contents were recorded. Surely any senator who comes into the house before a vote of this kind is to be taken—whether it is the first, second or third—should have a right to vote.

Hon. Mr. BALLANTYNE: Will the honourable gentleman from Parkdale (Hon. Mr. Murdock) tell me where the two additional members came from? They were not here when the first vote was taken. Where did they appear from?

Hon. Mr. MURDOCK: One distinguished senator walked in the door while we were arguing about the first vote, and another distinguished senator who did not vote the first time rose the second time.

Hon. Mr. DUPUIS: May I say, for the comfort of those who lost, that on the basis of the first vote, fifteen to fifteen, the Chairman's decision that the amendment was lost was a proper decision according to the rules

of this house. That could be substantiated by His Honour the Speaker to-morrow. Then another vote was taken, after one or more senators had come in. There is nothing to prevent a senator from casting his vote in such circumstances. And the second vote did not change the result.

Hon. Mr. MORAUD: Is it the opinion of my honourable friend that a senator can vote without having heard the question put?

Hon. Mr. BALLANTYNE: My honourable friend (Hon. Mr. Dupuis) was in another place for many years. Did he ever see such an occurrence as this, where a vote was called for and the doors were closed, and while the vote was being taken two members suddenly appeared and voted?

Hon. Mr. ROBERTSON: If my honourable friend will allow me, I think that has no bearing on the question. There was no formal calling in of the members, as when the bells ring and a certain time is allowed for members to reach the chamber, and the doors are closed after the whips come in. That is entirely different from a vote in committee.

Hon. Mr. BENCH: I would like to think that I am not a poor loser, but I must say that I did understand there were certain pairs. I do not know what the position is. There probably is no rule which binds anyone not to vote after he has agreed to pair with someone else. I should like to have an explanation some time, not necessarily now, of just what the position is in that connection.

The CHAIRMAN: I would remind members of the committee that section 36 of the British North America Act reads as follows:

36. Questions arising in the Senate shall be decided by a majority of voices, and the Speaker shall in all cases have a vote, and when the voices are equal the decision shall be deemed to be in the negative.

The amendment was negatived.

On amendment No. 3—

The CHAIRMAN: This amendment reads:

Pages 27 and 28: Leave out new clause 69E.

Hon. Mr. MORAUD: Mr. Chairman, since amendment No. 2 is defeated, I think we should restore the subsequent clauses, because they were deleted from the bill to give effect to the amendment.

The CHAIRMAN: The reference to the Committee of the Whole is of the amendments that were made to the bill in the report of the Banking and Commerce Committee. Amendment No. 3 I have already read.

Hon. Mr. MORAUD: That is in the same category. It should be rejected.

The amendment was negatived.

On amendment No. 4—

The CHAIRMAN: This amendment reads:

Pages 37, 38, 39 and 40: Leave out the Fifth Schedule.

The amendment was negatived.

The Chairman reported that the Committee of the Whole had considered the four amendments to the bill proposed by the Standing Committee on Banking and Commerce, and had rejected the same.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

Hon. C. C. BALLANTYNE: Honourable senators, I would not want the impression to prevail that, since little has been said on this side of the house the party I represent approves generally of the taxes covered by this bill and the budget generally. The budget has been unpopular, and has been received by the public, more particularly by the taxpayers, in a discouraging manner. The people of this country, rightly or wrongly, looked for a greater reduction in taxation than the budget provided. A further disappointment to the taxpayer is that the small reductions in taxation do not take effect until the first of January 1947. I have great sympathy for the taxpayers in the low income brackets. A single man is now taxed on all income above $750. I think a single person, male or female, should be exempted on at least $1,000, and a married man, on from $1,500 to $2,000.

Honourable senators, let me make a plea once more for the white-collar workers. I cannot understand why, a year and a half after the war is over, the government still maintains the ceiling on the wages of such people. The incomes of these people were frozen during the war. Nobody in Canada objected to paying taxes during the war. But now the war is over; yet tens of thousands of good, loyal hard-working people, because of the ceiling, are drawing salaries that are altogether too low. Why the Minister of Finance has seen fit to continue the ceiling is beyond my comprehension. I do not suggest for a moment that controls should be wiped out with one stroke of the pen, but I do say there ought to be careful investigation into the need of controls, and wherever possible they should be gradually reduced.

Another factor that is retarding production in this country is the ceiling on prices.

Because of strikes and disturbed conditions in the United States and Canada the price of coal, for instance, has gone up something like 70 cents a ton. The cost of labour has increased, but the price ceiling remains almost the same as it was during the war.

I agree with the government that three things are required—production, revenue and full employment. I would add another—morale. Why not offer some encouragement to everybody in Canada, whether they are employed in the production of goods or otherwise? At the last session of parliament I referred to the fact that the morale of the Canadian people was at a very low ebb. It is lower now than it was a year ago, all due to the restrictive measures I have mentioned.

The Excess Profits Tax in a modified form has been retained in Canada, while in Great Britain, the United States and New Zealand similar measures have been abolished. Our brain trust, the sole advisers to the Minister of Finance, always want to turn the screw of taxation one more turn to see what they can get out of the people. No doubt they have advised the Minister of Finance to continue the Excess Profits Tax.

This morning I had the great privilege of meeting Field Marshal Viscount Montgomery, and I was much impressed by his statement that the human element won the battle of El Alamein and all the other battles of his brilliant campaign. The government, it appears to me, does not pay very much attention to the human element. This element symbolizes enthusiasm and courage—qualities inherent in business enterprise. But to-day our people are discouraged and say: "What is the use of trying? We cannot save a dollar." Those in another category exclaim: "What is the use of developing our business? When we die the government will take away most of the results of our enterprise and labour."

If we live to see another budget brought down, as I hope we shall, I trust that it will present to us a much brighter picture than is reflected in the statement for the present fiscal year. My honourable friend from Churchill (Hon. Mr. Crerar) referred to the happy state of affairs thirty years ago—a period that I know so well—when government and free enterprise walked together in harmony. Then the government did not feel that its prestige would be lessened by asking people in all walks of life what changes they thought should be made in the tariff. As a matter of fact, the honourable member from Churchill will recall that in those days we used to have a tariff commission going about the country holding sittings at which the public were invited to present their views on tariff questions. I know that forty years ago—I can go back further than my honourable friend—our ministers of finance consulted their friends and the people from one end of the country to the other with respect to fiscal matters. Under the present bureaucratic system the Minister of Finance does not consult anybody outside his department. He leaves questions of finance and tariff to four specialists—very nice courteous fellows, all well versed academically, but not a single one with any business experience.

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

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, before moving the adjournment of the house I should like to refer to one or two matters.

The Committee on Banking and Commerce has one more bill to consider—the Canadian Commercial Corporation Bill. A meeting had been planned for 8 o'clock this evening, but in view of their recent arduous labours, I think the committee should not meet before 10.30 to-morrow morning. It is only fair to suggest that they take a holiday this evening.

Hon. Mr. MORAUD: May I ask the honourable leader of the government if it is indiscreet to inquire whether there are any other bills to come before us?

Hon. Mr. ROBERTSON: As far as I am advised, there are not.

Hon. Mr. LEGER: What about the supply bill?

Hon. Mr. ROBERTSON: Except the supply bill.

Hon. Mr. BALLANTYNE: Is the leader in a position to give us any further indication as to the possible date of prorogation?

Hon. Mr. ROBERTSON: As far as I have been able to ascertain, there is every hope and expectation that parliament will conclude its work this week, and that prorogation will take place by Saturday night.

I take this opportunity of asking as many honourable senators as possible to remain until Saturday evening. Many honourable members who come from a distance have been away from their homes for a long time. It is difficult for me to urge them to remain, but it is necessary that the business of this country be carried on as far as we are concerned. I hope, therefore, that all honourable members—particularly those who live in the vicinity of the capital, and who have been able to get

home every week-end—will seriously consider the convenience of members who live farther away, and will be on hand until Saturday night.

Circumstances beyond my control make it necessary for me to be absent from Ottawa to-morrow and Saturday. I have asked the honourable senator from Inkerman (Hon. Mr. Hugessen) to lead the house in my absence. In case parliament should be prorogued before I return, I take this opportunity of expressing my appreciation to honourable members for the courtesy they have extended to me. I refer not only to supporters of the government, but to members of the opposition, especially their leader (Hon. Mr. Haig) and the acting leader of to-day (Hon. Mr. Ballantyne). I realize that I am surrounded by men of great and long political experience. They have been most forbearing with regard to the sins of omission and commission which, due to inexperience, I have undoubtedly committed.

I hope honourable members will have a very happy sojourn, and will come back to the next session of parliament resolved to do even greater things.

Hon. Mr. FOSTER: And have a nice summer?

Hon. Mr. ROBERTSON: That is hardly possible.

Anyone who is under the impression that the Liberal majority in this house is a rubber stamp for the government would soon be undeceived if he occupied my position.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. BALLANTYNE: Honourable senators, I wish to thank the government leader for the very kind reference he has made to the members of this chamber, particularly to those who sit on this side of the house. We have been treated in a very courteous and fair manner by the leader on all occasions, and I believe that all through this long and arduous session the Senate has functioned with a great deal of cordiality. During the fifteen years that I have been a member of this house I have never known the Senate to work harder or do more efficient work than it has done this session. Notwithstanding the bit of fun that certain newspapers in this country choose to poke at us, I for one am very proud of the work this house has accomplished.

Some Hon. SENATORS: Hear, hear.

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

THE SENATE

Friday, August 30, 1946.

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

Prayers and routine proceedings.

CANADIAN COMMERCIAL CORPORATION BILL

REPORT OF COMMITTEE

Hon. J. E. SINCLAIR, Acting Chairman, presented the report of the Standing Committee on Banking and Commerce on Bill 251, an Act to establish the Canadian Commercial Corporation.

He said: Honourable senators, the committee have examined the said bill, and now beg leave to report the same with the following amendments:

1. Page 2, line 31. After "Canada" insert "and".
2. Page 2, line 32. Leave out "and".
3. Page 2, line 33. Leave out "(c) storing and processing goods or commodities".
4. Page 3, line 36. For "a statement of such accounts" substitute "his report".
5. Page 4, lines 18 and 19. Leave out "in such form as the Minister may prescribe".
6. Page 4, line 20. After "March" insert "containing its financial statements and such information as is required to be furnished to shareholders by a company incorporated under the Companies Act, and such other information as the Minister may prescribe".
7. Page 5, after line 39. Insert the following as clause 17:

"17. (1) This Act shall expire sixty days after the commencement of the first session of Parliament commencing in the year one thousand nine hundred and forty-nine.

(2) Section nineteen of the Interpretation Act shall apply upon the expiry of this Act as if this Act had then been repealed."

For the benefit of honourable members who did not have an opportunity to be present at the committee's meeting, I might explain that these amendments are mostly of a minor character, only two of them being of much importance. One of these refers to the making of financial statements by the company. The committee added a clause requiring the company to furnish financial statements and such information as is required to be furnished to shareholders by a company incorporated under the Companies Act, and such other information as the minister may prescribe. The other amendment limits the time that the act will remain in force. No limit is specified in the bill, and the committee added clause 17, which provides that the act shall expire 60 days after the commencement of the first session of parliament commencing in the year 1949.

I move that the amendments be concurred in.

The motion was agreed to.

THIRD READING

Hon. Mr. HUGESSEN moved the third reading of the bill, as amended.

The motion was agreed to, and the bill, as amended, was read the third time, and passed.

PROROGATION—BUSINESS OF THE SENATE

Hon. A. K. HUGESSEN: Since we have now completed the business on our order paper, I think that before moving the adjournment I should inform honourable senators as to the prospects of prorogation. The latest information I have indicates the possibility, perhaps rather remote, that the other chamber will conclude its work late tonight. On the other hand, it may not be able to do so until some time tomorrow. The only remaining legislation to come before us is the appropriation bill, which I imagine we shall be able to deal with fairly quickly.

Under these circumstances I would move that when the Senate adjourns this afternoon it do stand adjourned until tomorrow at 10.30 a.m.

The motion was agreed to.

The Senate adjourned until tomorrow at 10.30 a.m.

THE SENATE

Saturday, August 31, 1946.

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

Prayers and routine proceedings.

PROROGATION OF PARLIAMENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 4 p.m. for the purpose of proroguing the present session of parliament.

SPEECHES IN THE SENATE

PROPOSAL FOR TIME LIMIT

On the Order:

That the time has arrived when the Senate should place a time limit on the length of speeches in the Senate.

Hon. Mr. MURDOCK: Stand!—for the earnest consideration of the Rules Committee at the commencement of the next session of parliament.

Some Hon. SENATORS: Oh! Oh!

PROROGATION—BUSINESS OF THE SENATE

Hon. A. K. HUGESSEN: Honourable senators, we have now concluded the business on the order paper. As you are aware, the other chamber did not finish its work late last night, but it is fully expected it will do so within the next few hours. Then we shall have before us the supply bill. I hope it will reach us by three o'clock this afternoon, and in the meantime I would suggest that we adjourn during pleasure, on the understanding that the bell will ring at three o'clock. This will enable us to deal with the supply bill and be ready for prorogation by four o'clock.

As we have not the supply bill before us in its final form, may I take this opportunity to give you the following information? There will be, first, an appropriation of some $888,000,000 odd to cover the balance of the main estimates after taking into account the five interim supply bills passed at various times during the session; second, an appropriation of $142,000,000 odd, to cover the supplementary estimates, particulars of which were circulated among you a few weeks ago; and third, an additional supplementary estimate of $2,000,000 for a loan to the Canadian Broadcasting Corporation. Of course there may be other items, but this is very improbable.

Hon. Mr. CRERAR: What was the first item?

Hon. Mr. HUGESSEN: To be exact, $888,954,394.10.

If my suggestion meets with the approval of the house, I would now move that we adjourn during pleasure, to reconvene at 3 o'clock this afternoon.

Hon. L. MORAUD: I presume that my honourable friend, the acting leader of the government, does not anticipate any debate on the vote in respect of supply. A very large sum of money is involved, and at this late hour of the session it is impossible for the members on this side of the chamber to take cognizance of and study this important measure. My hope is that next session bills of such great consequence as the one yet to come will reach us in time to enable us to give them proper consideration.

Hon. Mr. HUGESSEN: I fully agree with the sentiment expressed by my honourable friend.

The motion was agreed to.

The Senate adjourned during pleasure.

The sitting was resumed.

APPROPRIATION BILL No. 6

FIRST READING

A message was received from the House of Commons with Bill 393, an Act for the granting to His Majesty certain sums of money for the public service of the financial year ending 31st March, 1947.

The bill was read the first time.

SECOND READING

Hon. A. K. HUGESSEN moved the second reading of the bill.

He said: Honourable senators, this bill, which has just reached us from the other place, covers the balance of supply for the current fiscal year. In section 2 it provides for a vote of $888,954,394.10, to complete the vote required for the ordinary estimates for the year, after taking into account the amounts already voted under five interim supply bills which have been passed by parliament during the course of the session.

Section 3 calls for a vote of $142,644,296.99 to cover the supplementary estimates, which have been in the hands of honourable members for some time.

Under section 4 a further vote of $2,000,000 is asked for to cover a loan to the Canadian Broadcasting Corporation.

The remaining clauses of the bill are in the usual form of measures of this character.

If honourable senators will turn to the summary of the estimates for the current year they will observe that the total amount to be voted is approximately $1,566,000,000. The difference between this sum and the $888,900,000 covered by this bill is the amount previously voted by interim bills.

As honourable members are aware, the expenditure of a considerable amount of money is authorized by statute and does not require an annual vote by parliament. The principal items under this head are an amount of $580,000,000 for the Department of Finance, representing, principally, the interest on the national debt, and approximately $285,000,000 for the Department of National Health and Welfare, representing the payment of family allowances and old age pensions.

The total required to be voted for the current year, plus the total authorized by statute, amounts to $2,769,000,000. This sum, together with the supplementary estimates now before us, makes the total estimates for the current year $2,902,000,000.

I have had a short tabulation prepared in compendious form giving a break-down of how this amount of $2,902,000,000 is to be expended. Honourable members will recall that when the Minister of Finance introduced his budget in the other place he stated that by far the largest single item of expenditures for the current year would relate to demobilization and reconversion resulting from the recent war. This will be apparent from the tabulation, which is as follows:

Breakdown of Estimates for 1946-47
(millions of $)

Demobilization and Reconversion:	Main Estimates	Supplementary Estimates	Total Estimates
War Service Gratuities and Rehabilitation Credits....	326	18	344
National Defence, including mainly pay of the armed forces, cost of equipment and supplies, upkeep and administration of military establishments.....	489	13	502
Veterans' Affairs, including $75 millions for pensions, $101 millions for post-discharge rehabilitation benefits, and $23 millions for hospitalization.....	199	13	212
Reconstruction and Supply, including mainly termination of war contracts ($80 millions), housing development ($42 millions), crown plants ($20 millions), coal production ($12 millions).....	184	37	221
Finance, including mainly price control and subsidies ($102 millions), wheat board ($18 millions).....	140	3	143
Agriculture, mainly food subsidies ($52 millions), and subsidies on feed grains ($25 millions).....	93	2	95
All other items, mainly vocational training ($18 millions), unemployment insurance ($12 millions), old age pensions ($9 millions) and civil aviation ($13 millions). Note: These figures represent only that part of the cost of old age pensions and unemployment insurance provided for under authority of the War Measures Act.....	88	8	96
	1,515	94	1,619

Breakdown of Estimates for 1946-47—*Con.*
(millions of $)

	Main Estimates	Supplementary Estimates	Total Estimates
Public Debt Charges	481	—	481
Subsidies and Special Compensation to Provinces	99	—	99
National Health and Welfare, mainly family allowances ($250 millions) and old age pensions ($35 millions)	285	—	285
			2,474
All Other, including mainly administration costs of regular departments	389	39	428
Grand Total	2,769	133	2,902

Hon. L. MORAUD: Honourable senators, there is an utter lack of proportion between the huge total of $2,900,000,000 that we are now asked to approve and the time left for studying the details. We on this side of the chamber have from year to year protested against the way in which the final appropriation bill is submitted to us at virtually the last minute of the session. In the very short time at our disposal we cannot adequately analyse these estimates. Had we the opportunity, we would scrutinize very closely in peace time the expenditure of $500,000,000 for the Department of National Defence and $35,000,000 for old age pensions. There are a good many other items that should be analysed, but simply because of this very unsatisfactory procedure of sending the supply bill to us at this late hour, this cannot be done. The only thing we can do is to repeat our protest against this unbusinesslike practice, which is unfair not only to the public but also to the members of this chamber, and to express the hope that this will be the last occasion on which we shall have to renew our protest. We on this side of the house will very reluctantly vote for the second reading of the bill.

Hon. VINCENT DUPUIS: Honourable senators, I think it is appropriate, even at this late hour, to correct some false impressions that might be left in the public mind by the remarks of the honourable senator who has just taken his seat (Hon. Mr. Moraud). It is of course the role of His Majesty's Loyal Opposition always to be reluctant to support anything that the government may do, but this struggle between parties is the very basis of our parliamentary system. May I compliment the honourable senator on the able way in which he has played his role in the short time at his disposal. However, I think it only proper that the public should know that these estimates have been subject to thorough investigation by all parties in the House of Commons, where, as we know, all expenditures are subjected to close study and keen criticism. Various sections of these estimates have for months been under discussion by committees of the other house, and we may rest assured that the supply bill is, if I may use the expression, already cooked and ready for our digestion.

If I were on the opposition side in this house—as I was for some years in the Commons—I would do exactly as the honourable senator opposite has done, I would make a few very strong remarks about the shortness of time, and so forth.

Hon. Mr. ST-PÈRE: Would that affect your stand?

Hon. Mr. DUPUIS: In a democratic country like ours the public is sometimes under the impression that towards the end of the session parliament votes in, figuratively, a few minutes, and without due consideration, billions of dollars for the public service. I think it is well that we should do our best to convince the public that this impression is erroneous, and that all expenditure is studied very carefully and discussed at length before it is approved.

Hon. W. RUPERT DAVIES: Honourable senators, while I do not wish to delay the passing of this bill, may I ask the leader of the government if he would explain the purpose of the $2,000,000 which we are now asked to vote for the Canadian Broadcasting Corporation?

Hon. Mr. HUGESSEN: If my honourable friend will refer to Schedule C of the bill he will observe that the $2,000,000 is to be voted by way of a loan to the Canadian Broadcasting Corporation. Frankly, I am not aware of the details of the expenditures for which this loan is required. It is therefore difficult for me to advise the honourable member of its purpose. He of course knows

that this item was considered in the other chamber only yesterday afternoon; and as yet I have not had the opportunity of reading the reasons advanced by the minister in charge of the Canadian Broadcasting Corporation when he asked for this loan. If I attempted to give more details I might fall into error.

May I say to my honourable friend from La Salle (Hon. Mr. Moraud) that I heartily agree with the substance of his observations. We should, however, bear in mind that we are not now being asked to vote these vast sums of money without any previous knowledge of what they are being spent for. The sum of $888,000,000 to which I referred a moment ago—which is the greater portion of the total amount—represents monies required for the various departmental activities specified in considerable detail in the estimates, which have been before us since the month of March. If any honourable member on either side of the house had objections, it would have been quite in order for him to have made his voice heard during the session, when we were passing the five interim supply bills.

Hon. Mr. SINCLAIR: Or in the Finance Committee.

Hon. Mr. HUGESSEN: I am sure the honourable gentleman does not wish to leave the impression that we are now asked to consider these amounts for the first time.

Hon. Mr. MURDOCK: Honourable senators, a printed record was given to us the other day explaining the loan to the Canadian Broadcasting Corporation. It reads:

Loans and Investments
Canadian Broadcasting Corporation

Vote No. 965. Loans to the Canadian Broadcasting Corporation repayable with interest at a rate to be fixed by the Governor in Council on such terms and conditions as the Governor in Council may determine and to be applied in payment of expenditures on the construction, extension or improvement of capital works of the broadcasting facilities of the Canadian Broadcasting Corporation in Canada. Such loans, with interest, shall be a charge on the revenues of the Canadian Broadcasting Corporation next after the charge imposed under the provisions of Section 17 of the Canadian Broadcasting Act, 1936..... $2,000,000.

Hon. Mr. MORAUD: Honourable senators, I understand that beyond the $2,000,000, we are asked to vote a sum of $3,500,000, making a total of $5,500,000 to the Canadian Broadcasting Corporation.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in the second reading of this bill?

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

Hon. Mr. HUGESSEN.

THIRD READING

Hon. Mr. HUGESSEN moved the third reading of the bill.

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

The Senate adjourned during pleasure.

PROROGATION

THE ROYAL ASSENT

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

An Act for the relief of Marie Olivette Marthe Pepin Giguere.

An Act for the relief of Evelyn Helen Deeb Kouri.

An Act for the relief of Rose Dawson Brady.

An Act for the relief of Shirley Boyd Fuller Dichow.

An Act for the relief of Beatrice Emily Young Crane.

An Act for the relief of Martin Thomas Walsh.

An Act for the relief of Anna Blumenthal Gillman.

An Act for the relief of Annie Solomon Birnbaum.

An Act for the relief of Katherina Demidovich Zouikin.

An Act for the relief of Herbert Beatson De Gruchy.

An Act for the relief of Luc Chadillon.

An Act for the relief of Mary Innocent Gorman Martin Gillean.

An Act for the relief of Maurice Olivier Singfield.

An Act for the relief of Myrtle Ethel Anderson Hamill.

An Act for the relief of Allan Reginald Duncan Woolley.

An Act for the relief of Ida Portnoff Clarke.

An Act for the relief of May Andria Thistle Shirres Richardson.

An Act for the relief of Florence Margaret Louise Jekill Wiggett.

An Act for the relief of Pauline Frances Beaton Bridgeman.

An Act for the relief of Mildred Helen Cavers Watson.

An Act for the relief of Paul Martial Chevalier.

An Act for the relief of Dorothy Catherine Benson Hunter.

An Act for the relief of Pauline Francesca Evans Gladwish.

An Act for the relief of Mary MacDonald Short Browne.

An Act for the relief of Solomon Shulman.

An Act for the relief of Robert Patrick Warren.

An Act for the relief of Elsie Alvina Hirsch Sidaway.

An Act for the relief of Sadie Joseph Saikaley Charles.

An Act for the relief of Arthur Corey Thomson.

An Act for the relief of Jean Wilbur Cassils Dawes.

An Act for the relief of Jean St. Claire Macdonald Routledge.

An Act for the relief of John Anderson Hutchins.

An Act for the relief of Ivy May Baylis Lariviere.

An Act for the relief of Muriel Gertrude McKnight Carroll.

An Act for the relief of Erminia Taccani Roncarelli.

An Act for the relief of Violet May Armour Smith.

An Act for the relief of Beatrice Caroline Lock Norman.

An Act for the relief of Blanche Belanger Mullin.

An Act for the relief of Alfred Goodman.

An Act for the relief of Charles Thomson.

An Act for the relief of Hannah Green Turton.

An Act for the relief of Ida Solomon Caplan.

An Act for the relief of Jessie Violet Louise Stargratt Burton.

An Act for the relief of Helen Louise Mitchell Meyer.

An Act for the relief of Donald Dale Carr-Harris.

An Act for the relief of Eugene Ernest Hubert George Colnaghi Williams Waterfield.

An Act for the relief of Gratia Lauzon Rousseau.

An Act for the relief of Laura Olive Byers Manley.

An Act for the relief of Vera Gertrude Horder Fournier.

An Act for the relief of Julia Patricia Byrne Cote.

An Act for the relief of Dorothy Adelaide Grace Vennor O'Toole.

An Act for the relief of Lillian Doris Howard Clark.

An Act for the relief of Helen Agnes Stuart Colt.

An Act for the relief of Alma Gosselin Carbonneau.

An Act for the relief of Florence Cleveland Smith des Baillets.

An Act for the relief of Florence Winnifred Dunlop Starkey.

An Act for the relief of Francis John Stone.

An Act for the relief of Mary McCallum McNamara.

An Act for the relief of Leah Helen Shute Main.

An Act for the relief of Cecile Simonne Robert Turgeon.

An Act for the relief of Edward Cotapschi.

An Act for the relief of Catherine Young Rivard.

An Act for the relief of Mary Jane Michelle Ahern de Brabant.

An Act for the relief of Jean Ethelwyn Marshall Ross.

An Act for the relief of Frank Ernest Smith.

An Act for the relief of Cleora Elizabeth Doyle Mastine.

An Act for the relief of Elizabeth Carr Johnstone.

An Act for the relief of Marie-Rose-Yvette Breton Philips.

An Act for the relief of Barbara Laing Robertson MacNab.

An Act for the relief of Anne Goldsmith Glick.

An Act for the relief of Jean Alexandra Oughtred Scott.

An Act for the relief of Charles Horatio Baldwin.

An Act for the relief of Mary Slobodzian.

An Act for the relief of Edward Charles McKerness.

An Act for the relief of Ivy Anderson Lobb.

An Act for the relief of Yvonne Rachel Mayer Richard.

An Act for the relief of Nellie Izbitsky Abracen.

An Act for the relief of Ellen Margaret Price Garvie.

An Act for the relief of Sophie Shoob Natovitch.

An Act for the relief of Madge Aileen Hunter Parker.

An Act for the relief of Claire Yaroslawa Lytwyn Pendiuk.

An Act for the relief of Henry Wallace Argall.

An Act for the relief of Mary Norma Wickens Baker.

An Act for the relief of Mildred Emily Rogers Thoms.

An Act for the relief of Pauline Gregoire Girard.

An Act for the relief of Marjorie Maxwell Cleghorn Pope.

An Act for the relief of Marie Charlotte Arsenault Leonard.

An Act for the relief of Joseph Alphonse Christen.

An Act for the relief of Edmund Lionel Hurd.

An Act for the relief of Gladys Elsie Lariviere Doyle.

An Act for the relief of Ernestine Anne Lothrop MacNaughton.

An Act for the relief of Irving Vengroff.

An Act for the relief of Robert Malcolm Dickenson.

An Act for the relief of Gwendolyn Edith Edson.

An Act for the relief of Bernice Mae Skidmore Weale.

An Act for the relief of George Christie Henderson.

An Act for the relief of Marie Lauretta Eliennette (Rita) Vallerand Barraclough.

An Act for the relief of William Thomas Bennett.

An Act for the relief of Edna Marjorie Pitts Wellington.

An Act for the relief of Josephine Isabelle Nicholls Broglie Geoffrion.

An Act for the relief of Rose Hannah Colbeck Grant.

An Act for the relief of Marie-Jeanne-Augusta Clement Lajeunesse.

An Act for the relief of Jeanne D'Arc Guilmette Henchey.

An Act for the relief of James Arthur Bellows.

An Act for the relief of Charles Howard Alexander.

An Act for the relief of Alfred Wade.

An Act for the relief of Inga Mary Frances Kitching.

An Act for the relief of Harold Clayton Webb Clout.

An Act for the relief of Phyllis Thorburn Rice Colby.

An Act for the relief of Fania Pustopedskaites Sobolevicius otherwise known as Fanny Pustopedsky Sobolevicius.

An Act for the relief of Frances Mary Fisk Irwin.

An Act for the relief of Lilias Clark Watt James.

An Act for the relief of Michael Gibson.

An Act for the relief of Azarie Trottier.

An Act for the relief of Elizabeth Sharp Hamelin.

An Act for the relief of Lucille Aimee Cadieux Lacombe.

An Act for the relief of Mary Wetstein Szabo.

An Act for the relief of Brandla Lylberberg Guz, otherwise known as Bertha Silverberg Gass.

An Act for the relief of Natalie Kathleen Fearon Kirouac.

An Act for the relief of Anita Spinner Starr.

An Act for the relief of Fay Podolne Litwin.

An Act for the relief of Gregoire (Hryhory) Hyss, otherwise known as Harry Hys.

An Act for the relief of James Lamb Runciman.

An Act for the relief of Joseph Wilfrid Lionel Anecie St. Denis.

An Act for the relief of Emily Kathleen Mennie Thissen.

An Act for the relief of Robert Frederick Ring.

An Act for the relief of Walter Vernon Lewis.

An Act for the relief of Leonard Ferdinan Raymond.

An Act for the relief of Mildred Cohen Share.

An Act for the relief of Muriel Elizabeth Clarke Gagnon.

An Act for the relief of Margaret Fern Hobbs Burns.

An Act for the relief of Joseph Euclide Beaudoin.

An Act for the relief of Mary Rose Ellement Boulet.

An Act for the relief of Jean Stewart Lavery Martin.

An Act for the relief of Catherine Edith Thompson Williamson.

An Act for the relief of Joseph McCaffery.

An Act for the relief of Marian Pearl Dunfield.

An Act for the relief of Dollard Charest.

An Act for the relief of Kerttu Helvi Helen Fascio.

An Act for the relief of Anne Shacket Payne.

An Act for the relief of Gaston Marcel Chapdelaine.

An Act for the relief of Ross David Chartier.

An Act for the relief of John Boosamra.

An Act for the relief of Dawz Sims.

An Act respecting the Canadian Indemnity Company.

An Act respecting the Canadian Fire Insurance Company.

An Act relating to the development and control of Atomic Energy.

An Act to amend the Export Credits Insurance Act.

An Act to amend the Meat and Canned Foods Act.

An Act to amend the Unemployment Insurance Act, 1940.

An Act respecting an Income Tax Agreement between Canada and the United Kingdom, signed at London, in England, on the fifth day of June, 1946.

An Act respecting a Succession Duty Agreement between Canada and the United Kingdom, signed at London, in England, on the fifth day of June, 1946.

An Act to amend the National Housing Act, 1944.

An Act to amend the Pension Act.

An Act to amend the Veterans' Land Act, 1942.

An Act to amend the Family Allowances Act, 1944.

An Act to amend the Veterans Rehabilitation Act. (University Grant).

An Act to amend the Veterans Rehabilitation Act.

An Act respecting civilian war pensions and allowances.

An Act to amend the Federal District Commission Act, 1927.

An Act to amend the Immigration Act.

An Act to amend the Customs Tariff.

An Act to amend the War Service Grants Act, 1944.

An Act respecting allowances for war veterans and dependents.

An Act respecting veterans of forces allied with Canada.

An Act respecting benefits to certain persons who were recruited in Canada by United Kingdom authorities for special duties in war areas.

An Act respecting compensation for merchant seamen.

An Act respecting benefits to fire fighters who served in the United Kingdom.

An Act respecting benefits to certain supervisors in the auxiliary services.

An Act to provide for the reinstatement in civil employment of discharged members of His Majesty's Forces and other designated classes of persons.

An Act respecting war crimes.

An Act respecting the Toronto Harbour Commissioners.

An Act to amend the Excise Act, 1934.

An Act to amend the Combines Investigation Act.

An Act respecting loans to veterans to assist in their establishment in business or professionally.

An Act respecting the Army and Navy Veterans in Canada.

An Act respecting Workers Benevolent Association of Canada.

An Act respecting judges of Dominion and Provincial courts.

An Act respecting the construction of a line of railway by Canadian National Railway Company form Barraute to Kiask Falls on the Bell River, in the Province of Quebec.

An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1946, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act to amend the Dominion Succession Duty Act.

An Act to amend the National Emergency Transitional Powers Act, 1945.

An Act to amend the Income War Tax Act.

An Act respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents.

An Act to establish the Canadian Commercial Corporation.

An Act to amend the Excess Profits Tax Act, 1940.

An Act to amend the Special War Revenue Act.

An Act to amend the Militia Pension Act.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1947.

SPEECH FROM THE THRONE

After which the Honourable the Deputy of the Governor General was pleased to close the Second Session of the Twentieth Parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate,

Members of the House of Commons:

A year has passed since hostilities ceased with the surrender of Japan. The world is but slowly emerging from the turmoil and ravages of war. The domestic problems of individual nations have become inseparably linked with the problems of all nations.

Of international problems, the world shortage of food has caused the greatest immediate concern. It is a source of gratification to the people of Canada to know that our country has provided over one-fifth of the supply of food to relieve the greatest famine in human history. The government has continued to give practical expression to the whole-hearted desire of the Candian people to relieve human suffering and to contribute to international tranquility.

My ministers are continuing their efforts to restore and expand peacetime markets for the surplus production of our country. In the period of transition, exports to our wartime allies have been financed in part by credits voted by parliament. In accordance with this policy, you have approved a financial agreement with the United Kingdom and made a further amendment to the Export Credit Insurance Act.

A bountiful crop, which will help in meeting the demand for food, now seems assured. An agreement has been made with the United Kingdom for the marketing of our wheat. The wheat agreement, with agreements for the marketing of other foodstuffs already in operation, will greatly assist the government in its policy of maintaining stable prices for agricultural products.

The demand, both at home and abroad, for Canadian manufactures has never been greater. Production at a high level is required both to meet this demand and to check inflationary pressure on prices.

The wartime battle against inflation has been continued with substantial success through the period of transition. Despite gradual measures of decontrol, and a shift to a selective price ceiling, the rise of prices has been held well in check. To this end, a most important step was the restoration of exchange parity with the United States dollar.

The conversion of our war industries to peacetime production has been achieved more smoothly and speedily and with less dislocation than might have been expected. Opportunities for employment have been maintained at a high level and the transfer to civilian occupations of displaced war workers and demobilized veterans is being accomplished swiftly and effectively.

In recent weeks essential production has been slowed down, and the dangers of inflation increased, by stoppages of work in certain key industries. My ministers endorse the view of the Standing Committee on Industrial Relations that continued price control is only possible with a reasonable measure of wage control. The government is firmly convinced that the exercise of moderation and restraint by all parties is essential to the satisfactory adjustment of labour disputes and the maintenance of the high level of production, without which there cannot be ample opportunities for employment.

The repatriation of the armed forces is now virtually completed. It is anticipated that the wives and children of veterans will almost all have been brought to Canada by the close of the present year. The demobilization of the wartime army, navy and air force is likewise practically accomplished. Foundations have been laid for the permanent peacetime defence forces.

A series of measures relating to war veterans has been enacted, with the object of making provision for the veterans, and for the dependents of the fallen, worthy of the service and sacrifice of Canada's armed forces.

In Canada, as in other countries, the housing shortage has grown more acute since the end of the war, despite the provision of a large supply of new housing. In order to increase the efficiency of governmental action, the responsibility for housing has been largely concentrated in one minister of the crown. The National Housing Act has been amended to expand facilities for the provision of housing.

The British North America Act has been amended by the United Kingdom Parliament in accordance with the request contained in a joint address adopted by both houses of parliament. The amendment will have the effect of maintaining more effectively the historic principle of representation by population, in the representation of the people in the House of Commons.

You have enacted a measure to clarify and define Canadian citizenship and to make it the distinctive status of the people of this country. The Immigration Act has also been amended to bring it into conformity with the revised definition of Canadian citizenship.

Other bills enacted include measures respecting the armed forces, the development and control of atomic energy, the National Research Council, the Department of External Affairs, the operation of crown companies, the Exchequer Court, the remuneration of judges, the investigation of combines, foreign exchange control, unemployment insurance, war crimes and the Federal District Commission.

The Dominion-Provincial Conference resumed its meetings on April 25, and adjourned on May 3. The conference not having reached unanimous agreement, proposals in respect to taxation were subsequently made which could be accepted by the provinces individually. These proposals have been accepted in principle by three provincial governments. Preliminary discussions are under way with certain other provinces. It is hoped that ultimately general agreement embracing all the provinces may be concluded.

Your approval has been given to the membership of Canada in the World Health Organization and in the United Nations Educational, Scientific and Cultural Organization. Canada

has continued to give the utmost support to the various agencies of the United Nations.

Early in the session, the Prime Minister visited the United Kingdom to join in consultations on matters of common concern with the Prime Ministers or their representatives of other nations of the British Commonwealth.

Canada is represented at the conference convoked to consider the treaties of peace with Italy and the Axis satellites of Southern and Eastern Europe which opened its proceedings in Paris on July 29, by a delegation presided over, at the outset, by the Prime Minister.

Members of the House of Commons:

I thank you for the provision you have made for all essential services.

The further measure of relief from the wartime burden of taxation to be effected at the beginning of the new year will be cordially welcomed.

Honourable Members of the Senate:
Members of the House of Commons:

May Divine Providence bless your deliberations and guide the nations in the establishment of a just and durable peace.

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